

**Pushmataha County Rural Water District No. 1  
Clayton, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2013

Audited by

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

BROKEN ARROW, OK

Pushmataha County Rural Water District No. 1  
Clayton, Oklahoma  
Board of Directors  
December 31, 2013

**BOARD OF DIRECTORS**

**Chairman**

Gary Davis

**Vice Chairman**

Jeanne Little

**Secretary/Treasurer**

Betty Scott

**Members**

Edward Boykin

Larry Bell

**MANAGER/  
BOOKKEEPER**

Jerry Buchanan

Pushmataha County Rural Water District No. 1  
Clayton, Oklahoma  
December 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
Board of Directors	1
Table of Contents	2
Independent Auditor's Report	3
Management Discussion and Analysis	5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	7
Disposition of Prior Year's Reportable Conditions	9
Schedule of Audit Results	10
<u>COMBINED FINANCIAL STATEMENTS:</u>	
Statement of Net Assets	11
Statement of Activities	12
Statement of Cash Flows	13
Notes to Financial Statements	14
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Balance Sheet (comparative)	18
Statement of Revenue, Expenses and Changes in Retained Earnings (comparative)	19



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pushmataha County Rural Water District No. 1  
Clayton, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Pushmataha County Rural Water District No. 1 (the District), Clayton, Oklahoma, as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Opinions**

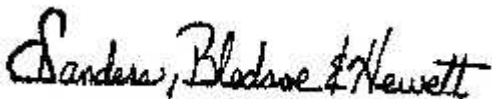
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

Pushmataha 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, Pushmataha County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2013. 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 \$25,405. Overall, the District had a net loss of \$24,955, and its cash and cash equivalents increased by \$7,314 in the current fiscal year. These amounts include \$45,861 in annual depreciation costs.
- Interest earnings decreased from \$1,628 in 2012 to \$812 in 2013. The District was able to retain all certificates of deposit in 2013, and was able to add an additional \$30,000 certificate of deposit.
- The District is indebted by one note only to the Oklahoma Office of Rural Development.
- The District increased water rates to their users in 2013 to keep up with increases in water purchase rates from Sardis Lake Water Authority.

**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, 2013, the District had \$985,043 invested in fixed assets, net of depreciation, including land, the water system, vehicles and equipment. The District made no system improvements to the water system in 2013, but purchased a new computer system.

### **Long-Term Debt**

The District is indebted to the Oklahoma Office of Rural Development on one note obtained for previously extensive extensions and the current water system. The outstanding principal balance owed on the note decreased from \$16,055 to \$4,099 during the 2013 fiscal year. The \$250,000 note, at 3.75% interest, is scheduled to be paid off in 2014. The District has satisfied the required reserve account balance required by the loan.

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

The District attempts to absorb Sardis Lake Water Authority rate increases, but may be forced to increase our customer rates if additional increases are made by the Authority.

The District's budget for fiscal year 2014 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 160, Clayton, OK 74536 or call (918) 569-4326.



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Pushmataha County Rural Water District No. 1  
Clayton, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Pushmataha County Rural Water District No. 1 (the District), Clayton, Oklahoma, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2014.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in the internal controls that we considered to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned



functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 13-1, to be a material weakness.

#### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 27, 2014

**PUSHMATAHA COUNTY RURAL DISTRICT NO. 1**  
**Disposition of Prior Year's Reportable Conditions**  
**December 31, 2013**

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.

**PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1**  
**Schedule of Audit Results**  
**December 31, 2013**

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:

13-1 – 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.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2013

ASSETS:

Current assets:

Cash	\$ 25,408
Investments	389,161
Accounts Receivable	24,972
Total current assets	<u>439,541</u>

Noncurrent assets:

Restricted cash and cash equivalents	17,967
Capital assets:	
Water distribution system-net	985,043
Total noncurrent assets	<u>1,003,010</u>

Total Assets	<u>1,442,551</u>
--------------	------------------

LIABILITIES:

Current liabilities:

Accounts payable	9,872
Accrued interest on long-term debt	13
Current portion of long-term debt	4,099
Total current liabilities	<u>13,984</u>

Noncurrent liabilities:

Refundable deposits	2,468
Long-term notes payable	0
Total noncurrent liabilities	<u>2,468</u>

Total Liabilities	<u>16,452</u>
-------------------	---------------

NET ASSETS:

Invested in capital assets, net of related debt	998,898
Restricted for debt service	17,967
Unrestricted	<u>409,234</u>
Total Net Assets	<u>\$ 1,426,099</u>

The accompanying notes are an integral part of the financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

Operating Revenues:	
Water revenue	\$ 255,161
Other sales and services	13,400
Total operating revenues	<u>268,561</u>
Operating Expenses:	
Salaries and taxes	71,961
Health insurance	5,664
Utilities and telephone	4,114
Depreciation	45,861
Water purchases	92,881
Office	1,459
Insurance	7,804
Repairs and maintenance	39,404
Postage	2,099
Vehicles	15,085
Dues and fees	3,527
Fuel	669
Professional fees	2,475
Miscellaneous	963
Total expenses from operations	<u>293,966</u>
Operating Income (Loss)	(25,405)
Non-Operating Revenues (Expenses):	
Interest income	812
Interest paid on long-term debt	(362)
Total Non-Operating Revenues (Expenses)	<u>450</u>
Change in Net Assets	(24,955)
Total Net Assets, beginning of period	<u>1,451,054</u>
Total Net Assets, end of period	<u><u>\$ 1,426,099</u></u>

The accompanying notes are an integral part of the financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities:

Receipts from customers	\$ 266,181
Payments to employees	(72,776)
Payments to vendors	<u>(172,917)</u>
Net Cash Provided by (used in) Operating Activities	<u>20,488</u>

Cash Flows from Financing Activities:

Capital assets purchased	(1,632)
Principal paid on long-term debt	(11,956)
Interest paid on long-term debt	<u>(398)</u>
Net Cash Provided by (used in) Financing Activities	<u>(13,986)</u>

Cash Flows from Investing Activities:

Interest earned on investments	<u>812</u>
--------------------------------	------------

Net increase (decrease) in cash and cash equivalents 7,314

Cash and cash equivalents, beginning of period 425,222

Cash and cash equivalents, end of period \$ 432,536

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

Operating Income (loss)	\$ (25,405)
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	45,861
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,380)
Increase (decrease) in accounts payable	<u>2,412</u>
Net cash provided by operating activities	<u><u>\$ 20,488</u></u>

The accompanying notes are an integral part of the financial statements

**PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**Note A – Significant Accounting Policies**

Business Activity

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

Basis of Accounting

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

Cash

The District's cash accounts are with the Shamrock Bank N.A., Clayton, Oklahoma, and are detailed as follows:

	December 31,	
	2013	2012
Operating Account	\$ 25,563	46,020
Less: Outstanding checks	(355)	(369)
Balance	<u>\$ 25,208</u>	<u>45,651</u>

Collateral Pledged

It appears that all funds were adequately insured by the \$250,000 of FDIC coverage and additional collateral pledged by the banking institution as of December 31, 2013.

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 payments on the notes payable, or \$15,726, at which time deposits in the reserve can be suspended. The reserve account funds have been deposited in an interest bearing savings account at Shamrock Bank N.A., Clayton, Oklahoma, which is insured by the federal government. At December 31, 2013 the restricted asset-investment reserve balance was \$17,967.

**PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

Investments

The District's investment accounts are with the Shamrock Bank N.A., Clayton, Oklahoma, and are detailed as follows:

	December 31,	
	2013	2012
Capital Account (savings)	\$ 36,955	39,973
Deposit Account (savings)	11,747	11,735
Depreciation Account (savings)	27,677	27,650
Certificate of Deposit no. 4041092 dated 6-15-13, due 6-15-14, @.30%	20,333	20,288
Certificate of Deposit no. 4041126 dated 10-13-13, due 10-13-14, @.30%	20,191	20,124
Certificate of Deposit no. 4900901, dated 2-21-13, due 2-21-14, @.35%	13,355	13,343
Certificate of Deposit no. 4040131 dated 8-13-13, due 8-13-14, @.30%	25,167	25,100
Certificate of Deposit no. 4040051 dated 7-9-13, due 1-9-14, @.20%	12,393	12,365
Certificate of Deposit no. 4040242 dated 9-11-13, due 9-11-14, @.20%	23,867	23,828
Certificate of Deposit no. 4040429 dated 5-12-13, due 5-12-14, @.30%	23,654	23,611
Certificate of Deposit no. 4040492 dated 12-7-13, due 12-7-14, @.30%	23,612	23,529
Certificate of Deposit no. 4040575 dated 8-21-13, due 8-21-14, @.30%	23,075	23,014
Certificate of Deposit no. 4040612 dated 11-6-13, due 11-6-14, @.30%	22,977	22,892
Certificate of Deposit no. 4040710 dated 8-10-13, due 8-10-14, @.30%	22,121	22,063
Certificate of Deposit no. 4040790 dated 11-6-13, due 5-6-14, @.20%	21,013	20,970
Certificate of Deposit no. 4040964 dated 9-24-13, due 9-24-14, @.30%	31,022	30,929
Certificate of Deposit no. 4041184 dated 3-7-13, due 3-7-14, @.35%	30,000	-
Total Investments	<u>\$ 389,159</u>	<u>361,414</u>

Fixed Assets

Fixed assets obtained prior to December 31, 1984, are carried at estimated cost, which is equivalent to the loan proceeds and grants obtained to finance the purchase of property, plant, and equipment. Subsequent additions are recorded at cost. Depreciation of the waterworks system and improvements is provided using the straight-line method based on a forty-year life. Equipment is depreciated over a five-year life. Depreciation expense for the year is presented as an operating expense and closed, along with other operating expenses, directly to retained earnings.



**PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

The fixed asset information for the District is shown below:

	12/31/2012 Amount	Additions	Deletions	12/31/2013 Amount
Land	\$ 2,000	-	-	2,000
Office equipment	47,393	1,632	-	49,025
Plant and water sys.	1,889,896	-	-	1,889,896
Vehicles	24,450	-	-	24,450
Total Fixed Assets	1,963,739	1,632	-	1,965,371
Less: Accumulated Depreciation	(934,467)	(45,861)	-	(980,328)
Total	<u>\$ 1,029,272</u>	<u>(44,229)</u>	<u>-</u>	<u>985,043</u>

**Note B – Accounts Receivable**

Billings for accounts receivable at December 31, 2013 were \$27,143. Allowance for doubtful accounts at December 31, 2013 was computed at \$2,171, or 8.00%.

**Note C – Long-Term Debt**

The District is indebted to the USDA Rural Development Program on one note obtained to finance system improvements. The notes are secured by system revenues and property, plant and equipment. Long-term debt at December 31 is summarized as follows:

	2013	2012
Note No. 91-06, issued for \$250,911, dated 2-1-75, at 3.75% interest, due in annual installments of \$12,347 (\$1,029.50 monthly), until paid;	\$ 16,055	16,055
Less: Current maturities of long-term debt	(11,956)	(11,424)
Total Long-Term Debt, Less Current Maturities	<u>\$ 4,099</u>	<u>4,631</u>

**PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**Note D- Contributed Capital**

Contributed capital was provided by grants from the Rural Economic and Community Development and other sources to assist in building and improving the water system totaling \$568,172. In 1999, water system equipment, valued at \$500,000, was donated to the District by the Choctaw Nation of Oklahoma. In 2000, a REAP grant was received from Oklahoma Water Resources Board in the amount of \$99,900. These funds were used to construct additional water system equipment. Also in 2000, a REAP grant was received from the Kiamichi Economic Development District of Oklahoma (KEDDO) in the amount of \$11,994, to assist in the purchase of a dump truck and backhoe trailer. In 2002, KEDDO contributed \$13,100 for the erection of a steel building for storage and maintenance of District equipment. In 2005, a REAP grant was received from the Oklahoma Water Resources board in the amount of \$99,999. These funds were used to construct additional water system equipment. Also in 2005, an Emergency grant was received from the USDA, Rural Development in the amount of \$130,800, to assist in building and improving the water system.

**Note E- Water Usage**

Water purchased, sold, and lost by the District is detailed as follows:

	<u>2013</u>	<u>2012</u>
Gallons purchased	28,897,600	30,593,000
Gallons sold	<u>25,321,900</u>	<u>27,100,800</u>
Total loss	<u><u>3,575,700</u></u>	<u><u>3,492,200</u></u>
Gallons lost (percentage)	<u><u>12.37%</u></u>	<u><u>11.42%</u></u>

**Note F – Subsequent Events**

Management has evaluated subsequent events through February 27, 2014, 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.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1  
BALANCE SHEET  
DECEMBER 31, 2013

	DECEMBER 31,	
	2013	(memo only) 2012
<u>ASSETS</u>		
Current Assets:		
Cash on hand	\$ 200	200
Cash in bank	25,208	45,651
Investments	389,161	361,414
Accounts receivable	24,972	22,592
Total Current Assets	<u>439,541</u>	<u>429,857</u>
Fixed Assets:		
Water distribution system	1,965,371	1,963,739
Less: accumulated depreciation	(980,328)	(934,467)
Total Fixed Assets (net of depreciation)	<u>985,043</u>	<u>1,029,272</u>
Restricted Assets:		
Investment reserves	<u>17,967</u>	<u>17,957</u>
Total Assets	<u>\$ 1,442,551</u>	<u>1,477,086</u>
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 9,872	7,460
Meter deposits	2,468	2,468
Accrued interest	13	49
Current maturities of long-term debt	4,099	11,424
Total Current Liabilities	<u>16,452</u>	<u>21,401</u>
Long-Term Debt, less current maturities:		
Notes payable	<u>0</u>	<u>4,631</u>
Total Liabilities	<u>16,452</u>	<u>26,032</u>
Equity:		
Contributed capital	1,423,965	1,423,965
Retained earnings	2,134	27,089
Total Equity	<u>1,426,099</u>	<u>1,451,054</u>
Total Liabilities and Equity	<u>\$ 1,442,551</u>	<u>1,477,086</u>

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR YEAR ENDED DECEMBER 31, 2013

	2013	(memo only) 2012
Revenue from operations:		
Water revenue	\$ 255,161	240,390
Installations and connections	3,710	1,145
Benefit units	4,150	1,800
Parts reimbursements	5,454	234
Miscellaneous	86	1,150
Total revenue from operations	<u>268,561</u>	<u>244,719</u>
Expenses from operations:		
Salaries and taxes	71,961	70,392
Health insurance	5,664	5,490
Utilities and telephone	4,114	3,916
Depreciation	45,861	44,422
Water purchases	92,881	74,025
Office	1,459	995
Insurance	7,804	7,709
Repairs and maintenance	39,404	25,669
Postage	2,099	2,070
Vehicles	15,085	14,995
Dues and fees	3,527	3,571
Fuel	669	558
Professional fees	2,475	2,425
Miscellaneous	963	396
Total expenses from operations	<u>293,966</u>	<u>256,633</u>
Net Income (Loss) From Operations	(25,405)	(11,914)
Non-operating revenue:		
ODOT Reimbursement	0	102,050
Interest earnings	812	1,628
Total non-operating revenue	<u>812</u>	<u>103,678</u>
Non-operating expenses:		
Interest paid on long-term debt	(362)	(801)
Net Income (Loss)	(24,955)	90,963
Retained earnings, beginning of period	<u>27,089</u>	<u>(63,874)</u>
Retained earnings, end of period	<u>\$ 2,134</u>	<u>27,089</u>