

Financial Statements

of

**Rural Water District No. 7
Wagoner County, Oklahoma**

December 31, 2012 and 2011



Clothier & Company CPA's P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rural Water District No. 7
Wagoner County, Oklahoma

We have audited the accompanying statements of assets, liabilities and fund balances- cash basis of Rural Water District No. 7, Wagoner County, Oklahoma, as of December 31, 2012 and 2011 and the revenues, expenses, and changes in fund balance – cash basis for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances – cash basis of Rural Water District No.7, as of December 31, 2012 and 2011, and the revenues, expenses, and changes in fund balance – cash basis and cash flows for the years then ended, on the basis of accounting described in Note 1.

Other-Matter

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the District's financial statements as a whole. The management's discussion and analysis on pages I through IV, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 or provide any assurance on it.

The budgetary comparison information on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.
Muskogee, Oklahoma
February 19, 2013

Rural Water District No. 7
Wagoner County, Oklahoma

Management Discussion and Analysis Report
February 7, 2013

Rural Water District No. 7 is a political subdivision of the State of Oklahoma organized in February, 1967, with its offices located in Wagoner County, Oklahoma. The District was formed to furnish water service to the residents of the district by constructing and maintaining a water system.

As the Board of Directors of the District, we offer readers of the District's financial statement this narrative overview and analysis of the financial and operational activities of the District for the calendar year ending December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

For additional information, the reader is invited to study the Independent Auditor's Report prepared by Clothier and Co. CPA's.

FINANCIAL HIGHLIGHTS

The Total Assets of the District exceeded its Total Current Liabilities and Total Long Term Liabilities at the close of this calendar year (2012) by \$1,050,627.

The District's Total Assets decreased by \$6,904 as compared to last year (2011).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of the Statement of Assets, Liabilities and Fund Balance, the Statement of Revenues, Expenses, and Changes in Fund Balances. These statements are designed to provide readers with a broad view of the District's finances, in a manner similar to a private sector business.

The actual statements will be found in the Independent Auditor's Report prepared by Clothier and Co. CPA's. This report consists of a condensed version of the information in the Independent Auditor's Report.

Assets, Liabilities, and Fund Balances Report

The Asset, Liabilities, and Fund Balances Report presents information on all of the District's assets, including current assets (cash, CD's, and employee advances), fixed assets (facilities, such as the water plant, office furniture, and trucks), and other assets (cash in reserve). This report also presents

information on all of the District's liabilities, things that the District is liable for, including current liabilities (taxes to be paid), long term liabilities (notes payable), and fund balances (undistributed earnings and current income or loss).

At the end of 2012, Total Assets were \$2,568,347 as compared to \$2,575,251 at the end of 2011, a decrease of .27%.

Total Current Liabilities at the end of 2012 were \$83,609 as compared with \$76,991 at the end of 2011, an increase of 7.92%. Total Long-Term Liabilities at the end of 2012 were \$1,434,111 as compared with \$1,510,318 at the end of 2011, a decrease of 5.31%.

Total Fund Balance was \$1,050,627 at the end of 2012 as compared with \$987,942 at the end of 2011, an increase of 5.97%.

Revenues, Expenses, and Changes in Fund Balances

The Receipts, Disbursements, and Changes in Fund Balances Report present information on the District's financial health. This statement is very similar to a business's profit and loss statement. It reports the income received from water sales and benefit unit sales, and the cost of providing potable water to the District's customers. Also reported are the operating expenses of the District, such as salaries, taxes, and other operating expenses. The result of this report is the net income or loss for the District. Net Income at the end of 2012 was \$62,685 as compared with \$77,417 at the end of 2011, a decrease of 23.50%.

Statement of Cash Flows

The Statement of Cash Flows presents information on the flow of cash from operating activities (cash received from customers and cash paid to employees and suppliers), cash flows from capital and related financing activities (payment of debt, purchases of property and equipment, depreciation expense, and increases in CD's).

Revenues, Cost of Sales, and Operating Expenses

Revenues of RWD #7 for 2012 were \$395,268. The source of this revenue was primarily Water Sales (90.44%) The remainder was made up of Benefit Unit Sales, Penalties and Pipe and Supplies (9.54%) and Other Income (.02%).

Cost of Sales for 2012 was \$47,518. Cost of Sales is made up of Water Purchases (7.06%), Repairs Equipment Hire (22.56%), Plant Supplies (69.69%), and Repair Supplies (.69%).

Operating Expenses for 2012 was \$288,672. Operating Expenses is made up of Salaries (26.98%), Taxes (2.26%), Employee Benefits (0.00%), Insurance (6.13%), Utilities (6.33%), Office Supplies and Postage (3.81%), Depreciation Expense (27.21%), Interest Expense (15.60%), Professional/ Loan Fees (2.75%), and other similar expenses (8.93%).

Other revenue came from Interest Income of \$3,607 in 2012.

This resulted in a Net Income for 2012 of \$62,685.

OPERATIONAL HIGHLIGHTS

1. In 2012, we added 8 meters & pulled 2 for a gain of 6 meters.
2. We are working with ODOT in the moving and upgrading a water line on highway 16 from 25th street through Gibson Station to 100th street. This is for the widening of highway 16.
3. All 4 water towers have been inspected and cleaned. This is an ongoing process every 2 years.
4. J. T. Carvell has retired. A new plant assistant, Vicki Davis, has been hired. She has received her "D" license.
5. Big projects for this year include running 6 inch line from 70th Street to 60th street (Three Rivers Cemetery) and looping line from "The Berry Patch" to McDaniel's Salvage (25th street).
6. More storage has been created at the plant from removing the old filters no longer in use.
7. There have been three violations this year. This was due to not having enough water being used through the dead end lines. The problem has been resolved by using automatic flushing valves.
8. The inside of the water basins have been repaired with rubberized coating. The outside of the basins will be sandblasted and painted in 2013.

Sincerely,
Brian Hathaway

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 operations, and to show the District's accountability for the money it receives. If you have questions about this report, contact the District's Office Manager at P.O. Box 67, Okay, Oklahoma 74446, or by telephone at 918-683-4737.

A handwritten signature in black ink, appearing to read "Gary R. Crow". The signature is fluid and cursive, with the first name "Gary" being more prominent than the last name "Crow".

Gary R. Crow
Chairman of the Board

Rural Water District No. 7 Wagoner County
Assets, Liabilities and Fund Balance - Cash Basis
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$111,975	\$132,561
Employee Advances	0	807
Total Current Assets	<u>111,975</u>	<u>133,368</u>
Fixed Assets		
Land	11,000	11,000
Loan Application Costs	60,896	60,896
Water District Facilities	2,687,656	2,622,375
Office Furniture/Fixtures	17,308	13,669
Autos/Trucks	29,496	29,496
Equipment	60,506	60,506
Building & Improvements	64,640	43,940
Less: Accumulated Depreciation	(851,137)	(772,598)
Total Fixed Assets	<u>2,080,365</u>	<u>2,069,284</u>
Other Assets		
Cash in Reserve	376,007	372,599
Total Other Assets	<u>376,007</u>	<u>372,599</u>
Total Assets	<u><u>\$2,568,347</u></u>	<u><u>\$2,575,251</u></u>
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accured Payroll Taxes	7,402	3,557
Current Maturities	76,207	73,434
Total Current Liabilities	<u>83,609</u>	<u>76,991</u>
Long Term Liabilities		
Notes Payable - OWRB	1,510,318	1,583,752
Less: Current Maturies	(76,207)	(73,434)
Total Long Term Liabilities	<u>1,434,111</u>	<u>1,510,318</u>
Fund Balance		
Fund Balance	987,942	910,525
Current Income (Loss)	62,685	77,417
Total Fund Balance	<u>1,050,627</u>	<u>987,942</u>
Total Liabilities and Fund Balance	<u><u>\$2,568,347</u></u>	<u><u>\$2,575,251</u></u>

See accompanying footnotes and independent auditors' report.

Rural Water District No. 7 Wagoner County
Revenues, Expenses and Changes in Fund Balance-Cash Basis
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue		
Water Sales	\$357,477	\$402,190
Benefit Unit Sales	12,073	9,000
Penalties, Pipe & Supplies	25,633	22,888
Other Income	85	0
Total Revenue	<u>395,268</u>	<u>434,078</u>
Cost of Sales		
Water Purchases	3,358	6,448
Repair Supplies	327	13,061
Repairs Equipment Hired	10,719	17,209
Plant Supplies	33,114	27,115
Total Cost of Sales	<u>47,518</u>	<u>63,833</u>
Gross Profit	<u>347,750</u>	<u>370,245</u>
Operating Expenses		
Salaries	77,873	74,679
Payroll Taxes	6,526	6,438
Employee Benefits	0	4,856
Insurance Expense	17,698	15,198
Truck Expense	5,631	6,136
Licenses, Permits, Dues	6,039	5,890
Utilities	18,276	21,645
Telephone	4,757	4,073
Accounting/Audigint	2,915	2,900
Postage	4,023	3,638
Office Supplies	6,987	5,630
Professional Fees	72	378
Bad Debts	0	10,666
Depreciation	78,539	77,866
Loan Fees	7,936	8,045
Miscellaneous	1,024	1,306
Donations	659	0
Lab Tests	3,680	3,305
Advertising/Promotion	993	0
Interest Expense	45,044	44,495
Total Operating Expenses	<u>288,672</u>	<u>297,144</u>
Operating Income	<u>59,078</u>	<u>73,101</u>

See accompanying footnotes and independent auditors' report.

	<u>2012</u>	<u>2011</u>
Other Revenue (Expenses)		
Interest Income	3,607	4,316
Total Other Revenue (Expenses)	<u>3,607</u>	<u>4,316</u>
Net Change in Fund Balance	62,685	77,417
Fund Balance - Beginning of Year	<u>987,942</u>	<u>910,525</u>
Fund Balance - End of Year	<u><u>\$1,050,627</u></u>	<u><u>\$987,942</u></u>

See accompanying footnotes and independent auditors' report.

Rural Water District No. 7 Wagoner County
Statement of Cash Flows
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Cash received from customers	\$ 395,183	\$ 419,966
Cash received from other sources	85	14,112
Cash paid to employees	(77,873)	(74,679)
Cash paid to suppliers	(47,518)	(63,833)
Other operating payments	(82,564)	(98,876)
Net Cash Flows from Operating Activities	<u>187,313</u>	<u>196,690</u>
Cash Flows From Capital and Related		
Financing Activities:		
Proceeds from issuance of debt	0	0
Payment of debt	(73,434)	(71,267)
Acquisition and construction of capital assets	(89,620)	(11,058)
Payment of Interest	(45,044)	(44,495)
Net Cash (Used) By Capital and Related		
Financing Activities	<u>(208,098)</u>	<u>(126,820)</u>
Cash Flows From Investing Activities:		
Decrease (Increase) in certificates of deposit	(3,408)	(83,900)
Receipt of interest and dividends	3,607	4,316
Net Cash Provided (Used) By Investing Activities	<u>199</u>	<u>(79,584)</u>
Net Increase (Decrease) In Cash	(20,586)	(9,714)
Cash Beginning of Year	132,561	142,275
Cash End of Year	<u>\$ 111,975</u>	<u>\$ 132,561</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating income (loss)	\$ 59,078	\$ 73,101
Add depreciation expense	78,539	77,866
Add interest expense	45,044	44,495
(Increase)/Decrease in Current Assets:		
Accounts receivables, net	0	0
Employee advance	807	0
Increase/(Decrease) in Current Liabilities:		
Accounts payable	0	0
Accrued expenses	3,845	1,228
Customer deposits	0	0
Net Cash Flows from Operating Activities	<u>\$ 187,313</u>	<u>\$ 196,690</u>

See accompanying footnotes and independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Rural Water District No. 7 is a political subdivision of the State of Oklahoma organized in February of 1967, with its offices located in Wagoner County, Oklahoma. The District was formed to furnish water service to the residents of the district by constructing and maintaining a water system.

Basis of Accounting

The financial statements of the District are prepared using the cash basis of accounting where revenues are recognized when received and expenses are recognized when paid. This is a comprehensive basis of accounting other than generally accepted accounting principles.

The District's financial statements are prepared using a method other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District had the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, it has chosen not to do so.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid instruments with maturities of three months or less at the date of their acquisition. Funds held in reserve are not considered to be part of cash.

Funds on Deposit

The District maintains the following account for funds deposited with a fully insured bank:

Operating Account - Gross revenues of the District are to be deposited to this account and then transferred to the Money Market/Savings account when funds exceed two months expenses (about \$30,000). The reasonable and necessary current expenses of operating and maintaining the District for each month are also paid from this account.

Money Market/Savings Account - Depository account for excess funds from the Operating Account. This account will maintain a balance that the board determines necessary. The excess funds will be transferred to the Cash in Reserve.

Cash in Reserve - This fund consists of certificates of deposit. The excess funds from the Money Market/Savings Account are transferred to the different certificates of deposits up to twice a year.

Property and Equipment

Property and equipment are recorded at cost, with depreciation provided on a straight-line method over the estimated useful lives of the assets.

Benefit Units

Residents wishing water services are required to purchase a benefit unit at \$1,500.00. In accordance with Article 6, Section 3 of the By Laws, consideration paid for benefit units is considered a donation.

Income Tax

As a political subdivision of the State of Oklahoma, the District is exempt from income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures as of the date of the financial statements. Accordingly, actual results could differ from those estimates.

2. LONG-TERM DEBT

Rural Water District No. 7 secured a 20 year loan from the Oklahoma Water Resource Board for a new water plant in August 2007. The original loan amount is \$1,850,000. The security for the note includes a pledge and assignment of revenues derived by Rural Water District No. 7. The note bears interest at a rate of 3.26% per annum plus an administrative fee at the rate of .5% per annum on the out standing balance of disbursed loan proceeds. Payments are made twice a year in March and September. The interest payments began in March 2008. The principal payments began September 19, 2009. The outstanding balance as of December 31, 2012 was \$1,510,318.

The following is a schedule of the future payments on the outstanding balance:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$76,027	\$41,729	\$117,756
2014	78,561	39,584	118,145
2015	81,179	37,368	118,547
2016	83,767	35,176	118,943
2017	86,676	32,714	119,390
2018-2022	478,592	125,290	603,882
2023-2027	563,873	53,089	616,962
Thereafter	61,643	859	62,502
Totals	<u>\$1,510,318</u>	<u>\$365,809</u>	<u>\$1,876,127</u>

3. CONCENTRATION OF CREDIT RISK

Rural Water District No. 7 maintains its cash, savings, and certificates of deposits at First Bank and Trust Company and Arvest Bank in Wagoner, Oklahoma. The balance of accounts held by First Bank as of year-end is \$474,614, which is above the \$250,000 guaranteed by the Federal Deposit Insurance Corporation for each bank. Protection has been provided by First Bank and Trust Company for the balance above \$250,000 by purchasing bonds as collateralized deposits in the amount of \$300,000. All deposits were insured or collateralized at December 31, 2012.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Additions	Accumulated Depreciation	Book Value
Land	\$11,000	\$0	\$0	\$11,000
Water District Facilities	2,622,375	65,281	(726,595)	1,961,061
Office Furniture/Fixture	13,669	3,639	(13,504)	3,804
Autos/ Trucks	29,496	0	(29,496)	0
Maintenance Equipment	60,506	0	(28,100)	32,406
Loan Application Costs	60,896	0	(16,917)	43,979
New Water Plant	43,940	20,700	(36,525)	28,115
	<u>\$2,841,882</u>	<u>\$89,620</u>	<u>(\$851,137)</u>	<u>\$2,080,365</u>

5. WATER RATES

The District raised its rates June 1, 2012. The new rates are as follows:

0 - 1,000 Gallons (minimum)	\$23.80
Next 1,000 Gallons	\$4.14
Next 1,000 Gallons	\$4.66
Next 1,000 Gallons	\$5.18
Next 1,000 Gallons	\$5.69
Next 1,000 Gallons	\$6.21
Next 1,000 Gallons	\$6.73
Next 1,000 Gallons	\$7.25
Next 1,000 Gallons	\$7.76
Next 1,000 Gallons	\$8.28
Next 10,000 Gallons (per thousand)	\$8.80
Over 20,000 Gallons (per thousand)	\$9.32

6 – SUBSEQUENT EVENTS

Rural Water District No. 7 has evaluated subsequent events through the date which the financial statements were available to be issued with none found.



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

To the Board of Directors
Rural Water District No. 7
Wagoner County, Oklahoma

We have audited the financial statements of Rural Water District No. 7 Wagoner County, Oklahoma, as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated February 19, 2013. 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.

As described in Note 1, the District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America.

Internal Control Over Financial Reporting

Management of Rural Water District No. 7 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Rural Water District No. 7's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rural Water District No. 7's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the organization, Oklahoma Water Resources Board, and State of Oklahoma Auditor and Inspector and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clothier & Company CPA's". The signature is written in dark ink and is positioned above the printed name of the firm.

Clothier & Company, CPA's, P.C.
February 19, 2013

Rural Water District No. 7 Wagoner County
BUDGET TO ACTUAL COMPARISON
December 31, 2012

	Original	Final	Actual	Variance
Water Sales	402,000	402,000	357,477	(44,523)
Penalties	9,000	9,000	10,140	1,140
Benefit Units	12,000	12,000	12,073	73
Other Service Charges	15,100	15,100	15,578	478
Interest Income	4,000	4,000	3,607	(393)
Total Income	442,100	442,100	398,875	(43,225)
Water Purchased	7,000	7,000	3,358	(3,642)
Repairs Supplies	2,500	2,500	327	(2,173)
Repairs Equipment Hires	15,000	15,000	10,719	(4,281)
Plant Supplies	29,000	29,000	33,114	4,114
Salaries	77,000	77,000	77,873	873
Payroll Taxes	7,000	7,000	6,526	(474)
Insurance Expense	17,000	17,000	17,698	698
Truck Expense	6,500	6,500	5,631	(869)
Licenses, Permits, Dues & Sub.	0	0	6,039	6,039
Utilities	25,000	25,000	18,276	(6,724)
Telephone	4,500	4,500	4,757	257
Accounting & Auditing	3,000	3,000	2,915	(85)
Postage	4,000	4,000	4,023	23
Office Supplies & Expenses	6,000	6,000	6,987	987
Bad Debts	5,000	5,000	0	(5,000)
Depreciation	60,000	60,000	78,539	18,539
Miscellaneous	9,000	9,000	3,917	(5,083)
Lab Tests	5,000	5,000	3,680	(1,320)
Professional Fees	500	500	72	(428)
Plant Expansion	0	0	0	0
Total Operating Expenses	283,000	283,000	284,451	1,451
OWRB Debt Service	126,000	126,000	125,173	(827)
Total Expenses	409,000	409,000	409,624	624
Net Income (Loss)	33,100	33,100	(10,749)	(43,849)
Add back principal payment on LTD			73,434	
Change in Fund Balance			62,685	

See accompanying footnotes and independent auditors' report.