

Financial Statements

of

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

December 31, 2013 and 2012



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 as described in Note 1, of Rural Water District No. 7, Wagoner County, Oklahoma, as of December 31, 2013 and 2012 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 statements 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 – modified cash basis of Rural Water District No.7, as of December 31, 2013 and 2012, and the revenues, expenses, and changes in fund balance – modified cash basis and cash flows for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through IV and 11 be presented to supplement the basic financial statements 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 supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management regarding 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 basic 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 10, 2014, on our consideration of Rural Water District No. 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 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 Rural Water District No. 7's internal control over financial reporting and compliance.



Clothier & Company, CPA's, P.C.
February 10, 2014

Rural Water District No. 7
Wagoner County, Oklahoma

Management Discussion and Analysis Report
February 13, 2014

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, 2013. 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 (2013) by \$987,942.

The District's Total Assets decreased by \$28,534 as compared to last year (2012).

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 2013, Total Assets were \$2,539,813 as compared to \$2,568,347 at the end of 2012, a decrease of 1.11%.

Total Current Liabilities at the end of 2013 were \$82,377 as compared with \$83,609 at the end of 2012, a decrease of 1.47%. Total Long-Term Liabilities at the end of 2013 were \$1,355,642 as compared with \$1,434,111 at the end of 2012, a decrease of 5.47%.

Total Fund Balance was \$1,101,794 at the end of 2013 as compared with \$1,050,627 at the end of 2012, an increase of 4.87%.

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 2013 was \$51,167 as compared with \$62,685 at the end of 2012, a decrease of 18.37%.

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 2013 were \$364,324. The source of this revenue was primarily Water Sales (90.49%) The remainder was made up of Benefit Unit Sales (1.29%), Penalties, Pipe and Supplies and Other Income (8.22%).

Cost of Sales for 2013 was \$29,931. Cost of Sales is made up of Water Purchases (4.64%), Repairs Equipment Hire (10.14%), Plant Supplies (81%), and Repair Supplies (4.22%).

Operating Expenses for 2013 was \$285,814. Operating Expenses is made up of Salaries (24.27%), Taxes (2.18%), Insurance (6.33%), Utilities (6.67%), Office Supplies and Postage (4.36%), Depreciation Expense (29.17%), Interest Expense (14.84%), Professional/ Loan Fees (2.65%), and other similar expenses (9.53%).

Other revenue came from Interest Income of \$2,588 in 2013.

This resulted in a Net Income for 2013 of \$51,167.

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.

Gary R. Crow
Chairman of the Board

OPERATIONAL HIGHLIGHTS

1. In 2013, we added 6 meters & pulled 5 for a gain of 1 meter.
2. We are working with ODOT in the moving and upgrading of a water line on Highway 16 from 25th Street through Gibson Station to 100th Street. This is for the widening of Highway 16.
3. A new plant assistant, Hank Craft, has been hired. He has received his "D" water license.
4. Big projects for this year include running 6 inch line from 70th Street to 60th Street (Three Rivers Cemetery) and looping the line from "The Berry Patch" to McDaniel's Salvage (25th Street).
5. Due to the number of violations this year. We brought in a chemist through Holloway, Updike and Bellen engineers to help resolve the issues.

Sincerely,
Brian Hathaway

RURAL WATER DIST. #7, WAGONER CO.

ASSETS, LIABILITIES AND FUND BALANCES- CASH BASIS

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ <u>145,428</u>	\$ <u>111,975</u>
Total Current Assets	<u>145,428</u>	<u>111,975</u>
 Fixed Assets		
Land	11,000	11,000
Loan Application Costs	60,896	60,896
Water District Facilities	2,703,863	2,687,656
Office Furn. & Fixtures	19,538	17,308
Autos And Trucks	29,496	29,496
Equipment Maintenance	65,844	60,506
Building & Improvements	110,558	64,640
Less: Accumulated Depreciation	<u>(934,504)</u>	<u>(851,137)</u>
Total Fixed Assets	<u>2,066,691</u>	<u>2,080,365</u>
 Other Assets		
Cash in Reserve	<u>327,694</u>	<u>376,007</u>
Total Other Assets	<u>327,694</u>	<u>376,007</u>
Total Assets	\$ <u><u>2,539,813</u></u>	\$ <u><u>2,568,347</u></u>

See accompanying footnotes and independent auditors' report.

RURAL WATER DIST. #7, WAGONER CO.

ASSETS, LIABILITIES AND FUND BALANCES- CASH BASIS

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Current Liabilities		
Accrued Payroll Tax	\$ 3,728	\$ 4,672
State W/H Payable	0	2,730
Current Maturities	<u>78,649</u>	<u>76,207</u>
Total Current Liabilities	<u>82,377</u>	<u>83,609</u>
 Long Term Liabilities		
Notes Payable	1,434,291	1,510,318
Less: Current Maturities	<u>(78,649)</u>	<u>(76,207)</u>
Total Long Term Liabilities	<u>1,355,642</u>	<u>1,434,111</u>
 Fund Balance		
Fund Balance	1,050,627	987,942
Current Income (Loss)	<u>51,167</u>	<u>62,685</u>
Total Fund Balance	<u>1,101,794</u>	<u>1,050,627</u>
Total Liabilities and Fund Balance	\$ <u><u>2,539,813</u></u>	\$ <u><u>2,568,347</u></u>

See accompanying footnotes and independent auditors' report.

RURAL WATER DIST. #7, WAGONER CO.

**RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES- CASH BASIS**

For the Periods Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue		
Water Sales	\$ 329,678	\$ 357,477
Benefit Unit Sales	4,693	12,073
Penalties, Pipe and Supplies	<u>29,953</u>	<u>25,633</u>
Total Revenue	<u>364,324</u>	<u>395,183</u>
Cost of Sales		
Water Purchases	1,389	3,358
Repairs Supplies	1,262	327
Repairs Equipment Hire	3,037	10,719
Plant Supplies	<u>24,243</u>	<u>33,114</u>
Total Cost of Sales	<u>29,931</u>	<u>47,518</u>
Gross Profit	<u>334,393</u>	<u>347,665</u>
Operating Expenses		
Salaries	69,369	77,873
Payroll Taxes	6,230	6,526
Insurance Expense	18,097	17,698
Truck Expense	6,527	5,631
Bank Fees	64	0
Licenses, Permits, Dues	347	6,039
Utilities	19,053	18,276
Telephone	4,563	4,757
Accounting and Auditing	3,540	2,915
Postage	5,509	4,023
Office Supplies and Exp.	6,966	6,987
Professional Fees	0	72
Depreciation	83,367	78,539
DEQ FEES	5,984	0
Loan Fees	7,560	7,936
Miscellaneous	283	1,024
Donations	50	659
Lab Tests	5,904	3,680
Advertising & Promotion	<u>0</u>	<u>993</u>
Total Expenses	<u>243,413</u>	<u>243,628</u>
Operating Income	<u>90,980</u>	<u>104,037</u>
Other Revenue (Expenses)		
Interest Income	2,588	3,607
Interest Expense	<u>42,401</u>	<u>45,044</u>
Total Other Income	<u>(39,813)</u>	<u>(41,352)</u>
Net Income (Loss)	\$ <u><u>51,167</u></u>	\$ <u><u>62,685</u></u>

See accompanying footnotes and independent auditors' report.

Rural Water District No. 7 Wagoner County
STATEMENT OF CASH FLOWS
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Cash received from customers	\$ 364,324	\$ 395,183
Cash received from other sources	0	85
Cash paid to employees	(69,369)	(77,873)
Cash paid to suppliers	(29,931)	(47,518)
Other operating payments	(94,351)	(82,564)
Net Cash Flows from Operating Activities	<u>170,673</u>	<u>187,313</u>
Cash Flows From Capital and Related		
Financing Activities:		
Proceeds from issuance of debt	0	0
Payment of debt	(76,027)	(73,434)
Acquisition and construction of capital assets	(69,693)	(89,620)
Payment of Interest	(42,401)	(45,044)
Net Cash (Used) By Capital and Related		
Financing Activities	<u>(188,121)</u>	<u>(208,098)</u>
Cash Flows From Investing Activities:		
Decrease (Increase) in certificates of deposit	48,313	(3,408)
Receipt of interest and dividends	2,588	3,607
Net Cash Provided (Used) By Investing Activities	<u>50,901</u>	<u>199</u>
Net Increase (Decrease) In Cash	33,453	(20,586)
Cash Beginning of Year	111,975	132,561
Cash End of Year	<u>\$ 145,428</u>	<u>\$ 111,975</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating income (loss)	\$ 51,167	\$ 59,078
Add depreciation expense	83,367	78,539
Add interest expense	42,401	45,044
Less interest income	(2,588)	
(Increase)/Decrease in Current Assets:		
Accounts receivables, net	0	0
Employee advance	0	807
Increase/(Decrease) in Current Liabilities:		
Accounts payable	0	0
Accrued expenses	(3,674)	3,845
Customer deposits	0	0
Net Cash Flows from Operating Activities	<u>\$ 170,673</u>	<u>\$ 187,313</u>

See accompanying footnotes and independent auditors' report.

Rural Water District No. 7
Wagoner County, Oklahoma
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012

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 modified cash basis of accounting where revenues are recognized when received and expenses are recognized when paid. Other modifications to the cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes. 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 accounts 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.

Rural Water District No. 7
Wagoner County, Oklahoma

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, 2013 was \$1,434,291.

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>
2014	\$78,649	\$39,359	\$118,008
2015	81,255	37,153	118,408
2016	83,831	34,972	118,803
2017	86,727	32,520	119,247
2018	89,601	30,087	119,688
2019-2023	494,473	125,950	620,423
2024-2028	519,755	36,940	556,695
Thereafter	0	0	0
Totals	<u>\$1,434,291</u>	<u>\$336,981</u>	<u>\$1,771,272</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 \$472,951, 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 \$300,000 by purchasing bonds as collateralized deposits in the amount of \$300,000. All deposits were insured or collateralized at December 31, 2013.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Additions	Accumulated Depreciation	Book Value
Land	\$11,000	\$0	\$0	\$11,000
Water District Facilities	2,695,238	7,575	(793,500)	1,909,313
Office Furniture/Fixture	17,308	3,280	(14,715)	5,873
Autos/ Trucks	29,496	0	(29,496)	0
Maintenance Equipment	60,506	5,338	(34,404)	31,440
Loan Application Costs	60,896	0	(20,977)	39,919
New Water Plant	64,640	45,918	(41,412)	69,146
	<u>\$2,939,084</u>	<u>\$62,111</u>	<u>(\$934,504)</u>	<u>\$2,066,691</u>

5. WATER RATES

The District raised its rates June 1, 2013. The new rates are as follows:

0-1,000 Gallons (minimum)	\$25.00
Next 1,000 Gallons	\$4.25
Next 1,000 Gallons	\$4.75
Next 1,000 Gallons	\$5.25
Next 1,000 Gallons	\$5.75
Next 1,000 Gallons	\$6.25
Next 1,000 Gallons	\$6.75
Next 1,000 Gallons	\$7.25
Next 1,000 Gallons	\$7.75
Next 1,000 Gallons	\$8.25
Next 1,000 Gallons	\$8.75
Next 10,000 Gallons (per thousand)	\$9.25
All Over 20,000 Gallons (per thousand)	\$9.50

Rural Water District No. 7
Wagoner County, Oklahoma

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, 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 financial statements of Rural Water District No. 7 Wagoner County, Oklahoma, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collective comprise Rural Water District No. 7's basic financial statements, and have issued our report thereon dated February 10, 2014.

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 principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rural Water District No. 7's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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.

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. 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.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Clothier & Company, CPA's, P.C.

February 10, 2014

Rural Water District No. 7 Wagoner County
BUDGET TO ACTUAL COMPARISON
December 31, 2013

	Original	Final	Actual	Variance
Water Sales	375,000	375,000	329,678	(45,322)
Penalties	12,000	12,000	11,485	(515)
Benefit Units	14,000	14,000	4,693	(9,307)
Other Service Charges	17,200	17,200	18,468	1,268
Interest Income	4,000	4,000	2,588	(1,412)
Total Income	<u>422,200</u>	<u>422,200</u>	<u>366,912</u>	<u>(55,288)</u>
Water Purchased	4,000	4,000	1,389	(2,611)
Repairs Supplies	1,500	1,500	1,262	(238)
Repairs Equipment Hires	15,000	15,000	3,037	(11,963)
Plant Supplies	35,000	35,000	24,243	(10,757)
Salaries	80,000	80,000	69,369	(10,631)
Payroll Taxes	7,000	7,000	6,230	(770)
Insurance Expense	18,000	18,000	18,097	97
Truck Expense	6,000	6,000	6,527	527
Licenses, Permits, Dues & Sub.	0	0	6,331	6,331
Utilities	20,000	20,000	19,053	(947)
Telephone	4,900	4,900	4,563	(337)
Accounting & Auditing	3,000	3,000	3,540	540
Postage	4,100	4,100	5,509	1,409
Office Supplies & Expenses	7,000	7,000	7,030	30
Bad Debts	2,000	2,000	0	(2,000)
Depreciation	43,000	43,000	83,367	40,367
Miscellaneous	9,000	9,000	333	(8,667)
Lab Tests	5,000	5,000	5,904	904
Professional Fees	500	500	0	(500)
Capital Outlay	0	0	62,111	62,111
Total Operating Expenses	<u>265,000</u>	<u>265,000</u>	<u>327,895</u>	<u>62,895</u>
OWRB Debt Service	<u>125,316</u>	<u>125,316</u>	<u>125,988</u>	<u>672</u>
Total Expenses	<u>390,316</u>	<u>390,316</u>	<u>453,883</u>	<u>63,567</u>
Net Income (Loss)	<u>31,884</u>	<u>31,884</u>	(86,971)	<u>(118,855)</u>
Add back capital outlay			62,111	
Add back principal payment on LTD			76,027	
Change in Fund Balance			<u>51,167</u>	

See accompanying footnotes and independent auditors' report.