

Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma

Financial Statements and Auditor's Reports

Year Ended June 30, 2012

Audited by

SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

BROKEN ARROW, OK

**Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma**

Board of Directors

June 30, 2012

BOARD OF DIRECTORS

Chairman

Arnold Kunze

Vice-Chairman

Tim Haslett

Secretary/Treasurer

Max Brissey

Members

Gary Rogers

Jim Self

BUSINESS MANAGER

Bill Giles

OPERATIONS MANAGER

Rick Lang

BOOKKEEPER

Donna Neeley

Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma
June 30, 2012

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

Independent Auditor's Report

Board of Directors
Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Wagoner County Rural Water District No. 4 (the District), Broken Arrow, 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting generally accepted in the United States.

The Management Discussion and Analysis on pages 5-6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 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.

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Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

August 27, 2012

RURAL WATER DISTRICT NO. 4, WAGONER COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Our discussion and analysis of the Rural Water District No. 4, Wagoner 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 13.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$1,901,723.
- The District had total investments of \$626,175 and earned a total of \$57,510 in interest in 2011-12. Interest rates continue to be minimal due to economic conditions.
- Membership numbers continued to be strong in 2011-12, with total users exceeding 9,600 at fiscal year-end. Substantial growth of the District is projected to continue.
- A rate increase was approved in 2011, effective 9-1-11, to keep up with the rising costs of water, chemicals, materials and supplies.
- The District received the remaining portion of the \$6,200,000 OWRB loan proceeds for the district wide improvement project, and received \$200,000 principal forgiveness from the federal government stimulus program.

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 June 30, 2012 the District had \$24,053,208 invested in fixed assets, net of depreciation, including land, buildings, the water system, vehicles and equipment. The District purchased several fixed assets in 2011-12, including water system improvements, increasing total fixed assets by \$2,115,199.

Long-Term Debt

The District is indebted to Oklahoma Water Resources Board on five notes obtained for extensive water and sewer systems and extensions, one note from Rural Development, and one other CDBG note. The outstanding principal balance owed on the notes increased from \$15,101,312 to \$15,952,525 during the 2011-12 fiscal year, due to receipt of OWRB loan proceeds in the amount of \$1,989,950 during the 2011-12 fiscal year.

Economic Factors and Next Year's Budget and Rates

The District will continue to accelerate payments on their long-term debt when possible.

The District's operating budget for fiscal year 2012-13 will remain much like previous years budgets.

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 9816 S. 239th East Ave., Broken Arrow, OK 74014 or call (918) 258-2331.



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
Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma

We have audited the financial statements of the Wagoner County Rural Water District No. 4 (the District), Broken Arrow, Oklahoma, as of and for the year ended June 30, 2012 and have issued our report thereon dated August 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we considered to be material weaknesses.

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

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

August 27, 2012



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

Board of Directors
Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma

Compliance

We have audited the compliance of Wagoner County Rural Water District No. 4, (the District) Broken Arrow, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

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



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

August 27, 2012

WAGONER COUNTY RURAL DISTRICT NO. 4
Disposition of Prior Year's Reportable Conditions
June 30, 2012

There were no prior year reportable conditions.

WAGONER COUNTY RURAL DISTRICT NO. 4
Schedule of Audit Results, Findings and Questioned Costs
June 30, 2012

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements.
2. The audit disclosed no reportable conditions in the internal controls.
3. The audit disclosed no instances of noncompliance.
4. The audit disclosed no reportable conditions in the internal controls over major programs.
5. An unqualified opinion was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. The program determined to be major is the Oklahoma Water Resources Board \$6,200,000 long-term note and expansion project.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The district was determined not to be a low-risk auditee.

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

NONE

Section 3 – Findings and Questioned Costs for Federal Awards:

NONE

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Statement of Net Assets

June 30, 2012

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 857,108
Investments	626,175
Current portion of receivables	601,377
Prepaid assets	<u>75,590</u>
Total current assets	<u>2,160,250</u>

Noncurrent Assets:

Restricted cash-	
Sinking funds for debt service	752,010
Capital Assets-	
Land	301,890
Buildings	166,395
Plant, water and sewer systems, net	23,382,385
Automobiles and equipment, net	<u>202,538</u>
Total noncurrent assets	<u>24,805,218</u>

Other Assets:

Loan costs, net of depreciation	<u>182,062</u>
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Total Assets	<u>27,147,530</u>
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LIABILITIES:

Current Liabilities:

Accounts payable	424,642
Accrued liabilities	19,494
Current portion of long-term debt	<u>1,163,052</u>
Total current liabilities	<u>1,607,188</u>

Noncurrent Liabilities:

Long-term debt	<u>14,789,473</u>
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Total Liabilities	<u>16,396,661</u>
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NET ASSETS:

Invested in capital assets, net of related debt	8,100,683
Unrestricted assets	<u>2,650,186</u>
Total Net Assets	<u>\$ 10,750,869</u>

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

WAGONER COUNTY RURAL WATER DISTRICT NO. 4Statement of Activities
For The Year Ended June 30, 2012**Operating Revenues:**

Water and sewer sales	\$ 5,244,506
Other income from operations	<u>367,733</u>
Total revenue from operations	<u>5,612,239</u>

Operating Expenses:

Water costs and chemicals	756,417
Advertising	15,323
Professional fees	27,528
Repairs and maintenance	747,055
Office	32,900
Postage	49,722
Salaries and payroll taxes	1,015,964
Contracted services	32,956
Director fees	8,234
Dues and licenses	68,666
Equipment rental	4,766
Insurance	86,045
Employee insurance	394,634
Travel	4,798
Utilities	322,884
Retirement	26,350
Leak detection	8,600
Automotive	103,073
Uniforms	<u>4,601</u>
Total expenses from operations	<u>3,710,516</u>

Operating Income (Loss)	1,901,723
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Non-Operating Revenues (Expenses):

Interest income	57,510
Liquidation of ORWAAG investment	(55,000)
Interest paid on long-term debt	(425,258)
Depreciation expense	(828,455)
Amortization expense	<u>(31,063)</u>
Total Non-Operating Revenues (Expenses)	<u>(1,282,266)</u>

Change in Net Assets	619,457
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Total Net Assets, beginning of period	<u>10,131,412</u>
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Total Net Assets, end of period	<u><u>\$ 10,750,869</u></u>
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The accompanying notes to the financial statements are an integral part of this statement

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Statement of Cash Flows For the Year Ended June 30, 2012

Cash Flows from Operating Activities:

Receipts from customers	\$ 5,585,777
Payments to employees	(1,015,964)
Payments to vendors	<u>(2,582,210)</u>
Net Cash Provided by Operating Activities	<u>1,987,603</u>

Cash Flows from Financing Activities:

Sale (purchase) of fixed assets	(2,115,199)
OWRB loan proceeds received	1,989,950
Principal paid on long-term debt	(1,138,538)
Interest paid on long-term debt	<u>(425,457)</u>
Net Cash Provided by (used in) Financing Activities	<u>(1,689,244)</u>

Cash Flows from Investing Activities:

Liquidation of investments	(8,700)
Decrease in sinking fund	69,411
Interest earned on investments	<u>57,510</u>
Net Cash Provided by (used in) Investing Activities	<u>118,221</u>

Net Increase (Decrease) in Cash 416,580

Cash and cash equivalents, beginning of period 440,528

Cash and cash equivalents, end of period \$ 857,108

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

Net Operating Income (Loss)	\$ 1,901,723
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	26,221
(Increase) decrease in prepaid insurance	33,163
Increase (decrease) in accounts payable	22,364
Increase (decrease) in accruals	<u>4,132</u>
Net cash provided by operating activities	<u><u>\$ 1,987,603</u></u>

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

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Broken Arrow, Oklahoma

Notes to the Financial Statements

June 30, 2012

Note A – Significant Accounting Policies

Basis of Accounting

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

New Reporting Standard

In June 1999, the GASB issued Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government.” This statement establishes new financial reporting requirements for state and local governments throughout the United States. It creates new information and restructures much of the information that governments have presented in the past.

Cash and equivalents

The District’s cash accounts at June 30, 2012 are detailed as follows:

Cash on hand	\$ 100
1st National Bank, Coweta, Ok-	
Operations account	389,509
Reserve account	312,658
Managers account	367
OWRB debt service account	29,233
E-check account	8,365
Payroll account	5,379
Water plant account	100
Rural Development account	63,428
Sewer account	24,110
Debt service account	164,624
Less: Outstanding checks	(140,765)
Total Cash	<u>\$ 857,108</u>
 OWRB Debt Service:	
Bank of New York-	
Debt service accounts	<u>\$ 752,010</u>

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Broken Arrow, Oklahoma

Notes to the Financial Statements

June 30, 2012

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments are detailed as follows:

Edward Jones, Tulsa, Ok-	
Money Market	3,221
Government Bonds	371,733
Certificates of Deposit	201,221
First Bank & Trust, Wagoner, Ok-	
Certificate of deposit no. 17106	50,000
Total Investments	<u>\$ 626,175</u>

Collateral Pledged

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name

(C) Uncollateralized

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>		
Cash	\$ 500,000	497,873		997,873	857,108
Investments	300,000	326,175		626,175	626,175
Total	<u>\$ 800,000</u>	<u>824,048</u>	<u>0</u>	<u>1,624,048</u>	<u>1,483,283</u>

Accounts Receivable

Billings for accounts receivable at June 30, 2012 were \$601,377. No allowance for doubtful accounts was computed because the effect of bad debts on the financial statements is not considered material.

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Broken Arrow, Oklahoma

Notes to the Financial Statements

June 30, 2012

Note A – Significant Accounting Policies – cont'd

Prior Year Information

Prior year financial statement information is included in the other supplementary information section for comparative purposes only. No opinions are issued on these amounts, and are included as memorandum.

Retirement and Deferred Compensation Plans

The District has no formal retirement plan, but does offer employees a qualified Section 457 Deferred Compensation Plan. The District matches employee's contributions up to \$200 per month. There are no post-employment benefits provided.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance, including workers compensation, for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Fixed Assets

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

Land	n/a
Office furniture & fixtures	5 years
Equipment & tools	5 years
Transportation equipment	5 years
Water & sewer system	40 years
Buildings	25 years
Computer equipment	3 years

WAGONER COUNTY RURAL WATER DISTRICT NO. 4**Broken Arrow, Oklahoma**

Notes to the Financial Statements

June 30, 2012

Note A – Significant Accounting Policies – cont'd

The fixed asset information for the District is shown below:

	6/30/2011 Amount	Additions	Deletions	6/30/2012 Amount
Land	\$ 301,890	-	-	301,890
Buildings	276,916		-	276,916
Water & sewer sys.	27,171,589	6,001,570	-	33,173,159
Office equipment	207,523	4,244	-	211,767
Vehicles and equip.	568,312	67,749	-	636,061
Const. in progress	3,958,364	-	(3,958,364)	-
Total Fixed Assets	32,484,594	6,073,563	(3,958,364)	34,599,793
Less: Accumulated Depreciation	(9,718,130)	(828,455)	-	(10,546,585)
Total	<u>\$ 22,766,464</u>	<u>5,245,108</u>	<u>-</u>	<u>24,053,208</u>

Note B – Long-Term Debt

Long-Term Debt consists of seven long-term notes; five to the Oklahoma Water Resources Board, one to Rural Development and one to Wagoner County Economic Development Authority (CDBG).

WAGONER COUNTY RURAL WATER DISTRICT NO. 4**Broken Arrow, Oklahoma**

Notes to the Financial Statements

June 30, 2012

Note B – Long-Term Debt – cont'd

	June 30,	
	2012	2011
Oklahoma Water Resources Board note payable, issued for \$4,625,000, dated 2004, variable interest, paid in monthly payments of \$32,385, until paid;	\$ 2,705,000	2,985,000
Oklahoma Water Resources Board note payable, issued for \$6,752,000, dated 1999, variable interest, semi-annual payments of \$225,019, until paid;	3,155,050	3,495,386
Oklahoma Water Resources Board note payable, issued for \$860,000, dated 2006, variable interest, paid in monthly payments of \$1,892, until paid;	341,600	427,200
Oklahoma Water Resources Board note payable, issued for \$390,000, dated 2000, variable interest, paid in monthly payments of \$1,325, until paid;	257,400	270,050
Rural Development note payable, issued for \$5,000,000, dated 2006, 4.125% interest, paid in monthly payments of \$21,550, until paid;	4,591,963	4,659,615
Oklahoma Water Resources Board note payable, issued for \$6,200,000, dated 2010, variable interest, paid in monthly payments of \$33,921, until paid;	4,884,428	3,244,477
CDBG Note with Wagoner County Economic Development Authority, 0% interest, payable in \$208 per month;	17,084	19,584
Less: Current maturities of long-term debt	(1,163,052)	(1,022,631)
Total Long-Term Debt	<u>\$ 14,789,473</u>	<u>14,078,681</u>

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Balance Sheet
June 30, 2012

	JUNE 30,	
	2012	(memo only) 2011
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 857,108	440,528
Investments	626,175	672,475
Accounts receivable	601,377	627,598
Prepaid insurance	75,590	108,753
Total current assets	<u>2,160,250</u>	<u>1,849,354</u>
Restricted Assets:		
Sinking funds for debt service	<u>752,010</u>	<u>821,421</u>
Fixed Assets:		
Land	301,890	301,890
Buildings	276,916	276,916
Water distribution system	16,337,679	10,346,109
Water plant	8,448,795	8,448,795
Sewer system	8,386,685	8,376,685
Office equipment	211,767	207,523
Vehicles and equipment	636,061	568,312
Construction in progress	-	3,958,364
Total fixed assets	<u>34,599,793</u>	<u>32,484,594</u>
Less: accumulated depreciation	<u>(10,546,585)</u>	<u>(9,718,130)</u>
Total fixed assets (net)	<u>24,053,208</u>	<u>22,766,464</u>
Other Assets:		
Loan costs (net of amortization)	<u>182,062</u>	<u>213,125</u>
Total Assets	<u>\$ 27,147,530</u>	<u>25,650,364</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 423,285	400,921
Accrued payroll tax	1,357	397
Accrued interest on long-term debt	19,494	16,322
Current maturities of long-term debt	<u>1,163,052</u>	<u>1,022,631</u>
Total current liabilities	<u>1,607,188</u>	<u>1,440,271</u>
Long-Term Debt, less current maturities:		
Notes payable	<u>14,789,473</u>	<u>14,078,681</u>
Total Liabilities	<u>16,396,661</u>	<u>15,518,952</u>
Fund Equity:		
Investments in capital assets, net of related debt	8,100,683	7,665,152
Retained earnings	<u>2,650,186</u>	<u>2,466,260</u>
Total fund equity	<u>10,750,869</u>	<u>10,131,412</u>
Total Liabilities and Fund Equity	<u>\$ 27,147,530</u>	<u>25,650,364</u>

WAGONER COUNTY RURAL WATER DISTRICT NO. 4
Statement of Revenue, Expenses and Changes in Retained Earnings
For The Year Ended June 30, 2012

	2011-12	(memo only) 2010-11
Revenue from Operations:		
Water and sewer services	\$ 5,244,506	4,774,507
Other income	367,733	254,534
Total revenue from operations	<u>5,612,239</u>	<u>5,029,041</u>
Expenses from Operations:		
Water costs and chemicals	756,417	524,322
Advertising	15,323	21,806
Professional fees	27,528	23,035
Repairs and maintenance	747,055	692,729
Office	32,900	45,261
Postage	49,722	42,830
Salaries and payroll taxes	1,015,964	997,254
Contracted services	32,956	26,427
Director fees	8,234	8,714
Dues and licenses	68,666	38,615
Equipment rental	4,766	5,104
Insurance	86,045	83,304
Employee insurance	394,634	382,953
Travel	4,798	3,963
Utilities	322,884	300,902
Retirement	26,350	18,725
Leak detection	8,600	44,517
Automotive	103,073	67,050
Uniforms	4,601	4,802
Total expenses from operations	<u>3,710,516</u>	<u>3,332,313</u>
Net Income (Loss) from Operations	1,901,723	1,696,728
Non-operating revenues (expenses):		
Interest earnings	57,510	33,403
Liquidation of ORWAAG investment	(55,000)	-
Interest paid on long-term debt	(425,258)	(486,947)
Depreciation expense	(828,455)	(765,014)
Amortization expense	(31,063)	(31,063)
Total non-operating revenues (expenses)	<u>(1,282,266)</u>	<u>(1,249,621)</u>
Net Income (Loss)	619,457	447,107
Fund equity, beginning of period	<u>10,131,412</u>	<u>9,684,305</u>
Fund equity, end of period	<u><u>\$ 10,750,869</u></u>	<u><u>10,131,412</u></u>