

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

Financial Statements and Auditor's Reports

Year Ended June 30, 2013

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, 2013

**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**

Peggy Pridmore

Wagoner County Rural Water District No. 4  
Broken Arrow, Oklahoma  
June 30, 2013

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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, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

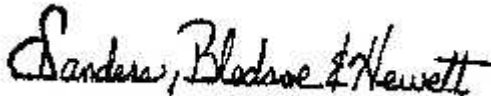
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2013, 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. That report is an integral part of an audit performed in accordance with

*Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-6 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 supplementary 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting generally accepted in the United States.

A handwritten signature in cursive script that reads "Sanders, Bledsoe & Hewett".

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

September 20, 2013

## **RURAL WATER DISTRICT NO. 4, WAGONER COUNTY**

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

**JUNE 30, 2013**

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, 2013. Please read it in conjunction with the District's financial statements that begin on page 11.

#### **FINANCIAL HIGHLIGHTS**

- The District's total operating revenues exceeded total operating expenses by \$2,711,530.
- The District had total investments of \$635,842 and earned a total of \$1,594 in interest in 2012-13. Interest rates continue to be minimal due to economic conditions.
- Membership numbers continued to be strong in 2012-13, with total users exceeding 9,800 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.

#### **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, 2013 the District had \$23,330,361 invested in fixed assets, net of depreciation, including land, buildings, the water system, vehicles and equipment. The District purchased some fixed assets in 2012-13, including minor water system improvements, increasing total fixed assets by \$164,804.

### **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 decreased from \$15,952,525 to \$14,864,716 during the 2012-13 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 2013-14 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. 239<sup>th</sup> East Ave., Broken Arrow, OK 74014 or call (918) 258-2331.



# 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  
Wagoner County Rural Water District No. 4  
Broken Arrow, 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 Wagoner County Rural Water District No. 4 (the District), Broken Arrow, Oklahoma, as of and for the year ended June 30, 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 September 20, 2013.

**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. We identified no deficiencies in the internal controls that we considered to be material weaknesses.

*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.

#### 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*.

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.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

September 20, 2013

**WAGONER COUNTY RURAL DISTRICT NO. 4**  
**Disposition of Prior Year Audit Findings**  
**June 30, 2013**

There were no prior year audit findings.

**WAGONER COUNTY RURAL DISTRICT NO. 4**  
**Schedule of Findings and Responses**  
**June 30, 2013**

**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.

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

NONE

WAGONER COUNTY RURAL WATER DISTRICT NO. 4  
Statement of Net Assets  
June 30, 2013

**ASSETS:**

Current Assets:

Cash and cash equivalents	\$ 1,874,859
Investments	635,842
Current portion of receivables	501,956
Prepaid assets	92,942
Total current assets	<u>3,105,599</u>

Noncurrent Assets:

Restricted cash-	
Sinking funds for debt service	824,423
Capital Assets-	
Land	301,890
Buildings	152,549
Plant, water and sewer systems, net	22,679,651
Automobiles and equipment, net	196,271
Total noncurrent assets	<u>24,154,784</u>

Other Assets:

Loan costs, net of depreciation	<u>150,999</u>
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Total Assets	<u>27,411,382</u>
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**LIABILITIES:**

Current Liabilities:

Accounts payable	455,651
Accrued liabilities	19,686
Current portion of long-term debt	990,209
Total current liabilities	<u>1,465,546</u>

Noncurrent Liabilities:

Long-term debt	<u>13,874,507</u>
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Total Liabilities	<u>15,340,053</u>
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**NET ASSETS:**

Invested in capital assets, net of related debt	8,465,645
Unrestricted assets	<u>3,605,684</u>
Total Net Assets	<u>\$ 12,071,329</u>

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

WAGONER COUNTY RURAL WATER DISTRICT NO. 4  
Statement of Activities  
For The Year Ended June 30, 2013

**Operating Revenues:**

Water and sewer sales	\$ 5,241,684
Other income from operations	683,892
Total revenue from operations	<u>5,925,576</u>

**Operating Expenses:**

Water costs and chemicals	455,646
Advertising	14,959
Professional fees	58,302
Repairs and maintenance	530,588
Office	34,393
Postage	50,095
Salaries and payroll taxes	1,021,646
Contracted services	32,873
Director fees	7,954
Dues and licenses	65,576
Equipment rental	3,877
Insurance	84,791
Employee insurance	390,100
Travel	4,848
Utilities	326,463
Retirement	30,885
Leak detection	12,679
Automotive	83,285
Uniforms	5,086
Total expenses from operations	<u>3,214,046</u>

Operating Income (Loss)	2,711,530
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**Non-Operating Revenues (Expenses):**

Interest income	1,594
Interest paid on long-term debt	(473,950)
Depreciation expense	(887,651)
Amortization expense	(31,063)
Total Non-Operating Revenues (Expenses)	<u>(1,391,070)</u>

Change in Net Assets	1,320,460
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Total Net Assets, beginning of period	<u>10,750,869</u>
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Total Net Assets, end of period	<u><u>\$ 12,071,329</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, 2013

**Cash Flows from Operating Activities:**

Receipts from customers	\$ 5,597,927
Payments to employees	(1,021,646)
Payments to vendors	(1,751,481)
	<hr/>
Net Cash Provided by Operating Activities	2,824,800
	<hr/>

**Cash Flows from Financing Activities:**

Sale (purchase) of fixed assets	(164,804)
Principal paid on long-term debt	(1,087,809)
Interest paid on long-term debt	(473,950)
	<hr/>
Net Cash Provided by (used in) Financing Activities	(1,726,563)
	<hr/>

**Cash Flows from Investing Activities:**

Liquidation of investments	(9,667)
Increase in sinking fund	(72,413)
Interest earned on investments	1,594
	<hr/>
Net Cash Provided by (used in) Investing Activities	(80,486)
	<hr/>

Net Increase (Decrease) in Cash	1,017,751
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Cash and cash equivalents, beginning of period	<hr/> 857,108
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Cash and cash equivalents, end of period	<hr/> <hr/> \$ 1,874,859
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**Reconciliation of operating income (loss) to net cash provided by operating activities:**

Net Operating Income (Loss)	\$ 2,711,530
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	99,421
(Increase) decrease in prepaid insurance	(17,352)
Increase (decrease) in accounts payable	31,190
Increase (decrease) in accruals	11
	<hr/>
Net cash provided by operating activities	<hr/> <hr/> \$ 2,824,800

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, 2013**

### **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, 2013 are detailed as follows:

Cash on hand	\$ 100
1st National Bank, Coweta, Ok-	
Operations account	210,822
Reserve account	1,292,541
Credit Card account	705
OWRB debt service account	16,259
E-check account	-
Payroll account	-
Water plant account	100
Rural Development account	181,109
Sewer account	1,020
Debt service account	349,823
Less: Outstanding checks	(177,620)
Total Cash	<u>\$ 1,874,859</u>

OWRB Debt Service:

Bank of New York-

Debt service accounts	<u>\$ 824,423</u>
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**WAGONER COUNTY RURAL WATER DISTRICT NO. 4**

**Broken Arrow, Oklahoma**

Notes to the Financial Statements

June 30, 2013

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

Investments

The District's investments are detailed as follows:

Edward Jones, Tulsa, Ok-	
Money Market	\$ 6,890
Government Bonds	350,816
Certificates of Deposit	228,136
First Bank & Trust, Wagoner, Ok-	
Certificate of deposit no. 17106	<u>50,000</u>
Total Investments	<u><u>\$ 635,842</u></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

	Category			Bank Balance	Carrying Amount
	(A)	(B)	(C)		
Cash	\$ 500,000	1,552,479		2,052,479	1,874,859
Investments	<u>300,000</u>	<u>335,842</u>		<u>635,842</u>	<u>635,842</u>
Total	<u><u>\$ 800,000</u></u>	<u><u>1,888,321</u></u>	<u><u>0</u></u>	<u><u>2,688,321</u></u>	<u><u>2,510,701</u></u>

Accounts Receivable

Billings for accounts receivable at June 30, 2013 were \$501,956. 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, 2013**

#### **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, 2013

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

The fixed asset information for the District is shown below:

	6/30/2012 Amount	Additions	Deletions	6/30/2013 Amount
Land	\$ 301,890	-	-	301,890
Buildings	276,916		-	276,916
Water & sewer sys.	33,173,159	127,781	-	33,300,940
Office equipment	211,767	4,224	-	215,991
Vehicles and equip.	636,061	32,799	-	668,860
Const. in progress	-	-	-	-
Total Fixed Assets	34,599,793	164,804	-	34,764,597
Less: Accumulated Depreciation	(10,546,585)	(887,651)	-	(11,434,236)
Total	<u>\$ 24,053,208</u>	<u>(722,847)</u>	<u>-</u>	<u>23,330,361</u>

Subsequent Events

Management has evaluated subsequent events through September 20, 2013, 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.

**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, 2013

**Note B – Long-Term Debt – cont'd**

	June 30,	
	2013	2012
Oklahoma Water Resources Board note payable, issued for \$4,625,000, dated 2004, variable interest, paid in monthly payments of \$32,385, until paid;	\$ 2,410,000	2,705,000
Oklahoma Water Resources Board note payable, issued for \$6,752,000, dated 1999, variable interest, semi-annual payments of \$225,019, until paid;	2,814,549	3,155,050
Oklahoma Water Resources Board note payable, issued for \$860,000, dated 2006, variable interest, paid in monthly payments of \$1,892, until paid;	185,150	341,600
Oklahoma Water Resources Board note payable, issued for \$390,000, dated 2000, variable interest, paid in monthly payments of \$1,325, until paid;	243,750	257,400
Rural Development note payable, issued for \$5,000,000, dated 2006, 4.125% interest, paid in monthly payments of \$21,550, until paid;	4,521,467	4,591,963
Oklahoma Water Resources Board note payable, issued for \$6,200,000, dated 2010, variable interest, paid in monthly payments of \$33,921, until paid;	4,676,050	4,884,428
CDBG Note with Wagoner County Economic Development Authority, 0% interest, payable in \$208 per month;	13,751	17,084
Less: Current maturities of long-term debt	(990,209)	(1,163,052)
Total Long-Term Debt	<u>\$ 13,874,508</u>	<u>14,789,473</u>

# WAGONER COUNTY RURAL WATER DISTRICT NO. 4

## Balance Sheet

June 30, 2013

<u>ASSETS</u>	JUNE 30,	
	2013	(memo only) 2012
Current Assets:		
Cash and cash equivalents	\$ 1,874,859	857,108
Investments	635,842	626,175
Accounts receivable	501,956	601,377
Prepaid insurance	92,942	75,590
Total current assets	3,105,599	2,160,250
Restricted Assets:		
Sinking funds for debt service	824,423	752,010
Fixed Assets:		
Land	301,890	301,890
Buildings	276,916	276,916
Water distribution system	16,465,460	16,337,679
Water plant	8,448,795	8,448,795
Sewer system	8,386,685	8,386,685
Office equipment	215,991	211,767
Vehicles and equipment	668,860	636,061
Total fixed assets	34,764,597	34,599,793
Less: accumulated depreciation	(11,434,236)	(10,546,585)
Total fixed assets (net)	23,330,361	24,053,208
Other Assets:		
Loan costs (net of amortization)	150,999	182,062
Total Assets	\$ 27,411,382	27,147,530
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 454,475	423,285
Accrued payroll tax	1,176	1,357
Accrued interest on long-term debt	19,686	19,494
Current maturities of long-term debt	990,209	1,163,052
Total current liabilities	1,465,546	1,607,188
Long-Term Debt, less current maturities:		
Notes payable	13,874,507	14,789,473
Total Liabilities	15,340,053	16,396,661
Fund Equity:		
Investments in capital assets, net of related debt	8,465,645	8,100,683
Retained earnings	3,605,684	2,650,186
Total fund equity	12,071,329	10,750,869
Total Liabilities and Fund Equity	\$ 27,411,382	27,147,530

WAGONER COUNTY RURAL WATER DISTRICT NO. 4  
Statement of Revenue, Expenses and Changes in Retained Earnings  
For The Year Ended June 30, 2013

	2012-13	(memo only) 2011-12
Revenue from Operations:		
Water and sewer services	\$ 4,084,972	3,882,632
Sewer services	1,156,712	1,104,619
Benefit units	193,850	180,006
Installation fees	79,947	77,249
Other income	410,095	423,367
Total revenue from operations	<u>5,925,576</u>	<u>5,667,873</u>
Expenses from Operations:		
Water costs and chemicals	455,646	756,417
Advertising	14,959	15,323
Professional fees	58,302	27,528
Repairs and maintenance	530,588	747,055
Office	34,393	32,900
Postage	50,095	49,722
Salaries and payroll taxes	1,021,646	1,015,964
Contracted services	32,873	32,956
Director fees	7,954	8,234
Dues and licenses	65,576	68,666
Equipment rental	3,877	4,766
Insurance	84,791	86,045
Employee insurance	390,100	394,634
Travel	4,848	4,798
Utilities	326,463	322,884
Retirement	30,885	26,350
Leak detection	12,679	8,600
Automotive	83,285	103,073
Uniforms	5,086	4,601
Total expenses from operations	<u>3,214,046</u>	<u>3,710,516</u>
Net Income (Loss) from Operations	2,711,530	1,957,357
Non-operating revenues (expenses):		
Interest earnings	1,594	1,876
Liquidation of ORWAAG investment	0	(55,000)
Interest paid on long-term debt	(473,950)	(425,258)
Depreciation expense	(887,651)	(828,455)
Amortization expense	(31,063)	(31,063)
Total non-operating revenues (expenses)	<u>(1,391,070)</u>	<u>(1,337,900)</u>
Net Income (Loss)	1,320,460	619,457
Fund equity, beginning of period	<u>10,750,869</u>	<u>10,131,412</u>
Fund equity, end of period	<u>\$ 12,071,329</u>	<u>10,750,869</u>

WAGONER COUNTY RURAL WATER DISTRICT NO. 4  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grantor's/ Pass-through No.</u>	<u>Program or Award Amount</u>	<u>Balance at 7/1/11</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Balance at 6/30/12</u>
<u>Environmental Protection Agency-</u>							
<u>Passed Through the Okla. Water Resources Board:</u>							
<u>Safe Drinking Water State Revolving Fund-</u>							
OWRB Loan, \$6,200,000 Expansion Project	66.468	ORF-10-0001-DW	<u>\$ 204,121</u>	<u>0</u>	<u>204,121</u>	<u>204,121</u>	<u>0</u>