

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

Financial Statements and Auditor's Reports

Year Ended June 30, 2017

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, 2017

BOARD OF DIRECTORS

Chairman

Arnold Kunze

Vice-Chairman

Charles Stinnett

Secretary/Treasurer

Gary Rogers

Members

Jim Self

Greg Bisdee

BUSINESS MANAGER

Bill Giles

OPERATIONS MANAGER

Rick Lang

BOOKKEEPER

Peggy Pridmore

Wagoner County Rural Water District No. 4
Broken Arrow, Oklahoma
June 30, 2017

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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, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

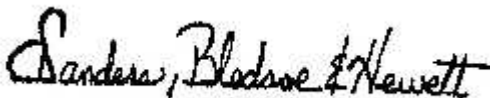
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 8, 2017

RURAL WATER DISTRICT NO. 4, WAGONER COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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, 2017. 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 \$2,608,366.
- The District had total investments of \$727,458 and earned a total of \$1,721 in interest in 2016-17. Interest rates continue to be minimal due to economic conditions.
- Membership numbers continued to be strong in 2016-17, with 10,890 total users at fiscal year-end. Substantial growth of the District is projected to continue.
- A rate increase of 1% was approved in 2016, effective 10-1-16. Another rate increase of 1% was approved in 2017, effective 10-1-17. These increases are necessary 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 Net Position, the Statement of Revenues, Expenses and Changes in Net Position, 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 position and the changes in them. You can think of the District's net position – 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 position 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.

Net Position, and Changes in Net Position

The District's Net Position were higher in 2016-17, increasing from \$14,942,020 to \$16,248,700. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's business-type activities.

Table 1 – Net Position:

	2016-17	2015-16	Variances
Current and other assets	\$ 2,941,258	2,584,109	357,149
Capital assets, net	23,218,240	23,286,489	(68,249)
Total Assets	<u>\$ 26,159,498</u>	<u>25,870,598</u>	<u>288,900</u>
Current liabilities	\$ 1,469,520	1,632,862	163,342
Long-term liabilities	8,441,278	9,295,716	854,438
Total Liabilities	<u>\$ 9,910,798</u>	<u>10,928,578</u>	<u>1,017,780</u>
Invest. In capital assets, net			
of related debt	\$ 13,789,410	12,770,593	1,018,817
Restricted	159,481	164,480	(4,999)
Unrestricted	2,299,809	2,006,947	292,862
Total Net Position	<u>\$ 16,248,700</u>	<u>14,942,020</u>	<u>1,306,680</u>

Net Position of the District increased by 8.0 percent (\$16,248,700 compared to \$14,942,020). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$2,006,947 to \$2,299,809.

Table 2 – Changes in Net Position:

	<u>2016-17</u>	<u>2015-16</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 5,502,028	5,280,366	221,662
Other revenue	167,027	143,943	23,084
Benefits units and installation	541,405	517,497	23,908
Interest	1,721	1,618	103
Total Revenues	<u>\$ 6,212,181</u>	<u>5,943,424</u>	<u>268,757</u>
Expenses:			
Salaries, taxes and benefits	\$ 1,622,898	1,572,872	(50,026)
Maintenance and repairs	584,317	621,022	36,705
Other expenses	1,394,879	1,182,770	(212,109)
Depreciation	959,735	992,010	32,275
Interest on debt	343,672	336,951	(6,721)
Total Expenses	<u>\$ 4,905,501</u>	<u>4,705,625</u>	<u>(199,876)</u>
Changes in Net Position	1,306,680	1,237,799	68,881
Net Position, Beginning	<u>14,942,020</u>	<u>13,704,221</u>	<u>1,237,799</u>
Net Position, Ending	<u><u>\$ 16,248,700</u></u>	<u><u>14,942,020</u></u>	<u><u>1,306,680</u></u>

The District's total revenues increased by 4.5 percent (\$268,757). The total cost of all services increased by 4.2 percent (\$199,876).

Fixed Assets

At June 30, 2017, the District had \$23,377,721 invested in fixed assets, net of depreciation, including land, buildings, the water system, vehicles and equipment. The District purchased some fixed assets in 2016-17, including water and sewer system improvements and office equipment, increasing total fixed assets by \$860,423.

Long-Term Debt

The District is indebted to Oklahoma Water Resources Board on three notes obtained for extensive water and sewer systems and extensions, one note from Branch Bank & Trust, one note from Rural Development, and one other CDBG note. The outstanding principal balance owed on the notes decreased from \$10,515,896 to \$9,428,830 during the 2016-17 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 2017-18 will remain much like previous years budgets.

A 1% rate increase, effective 10-1-17, will be used to keep up with the rising costs of water, chemicals, materials and supplies.

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

**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, 2017, 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 8, 2017.

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.

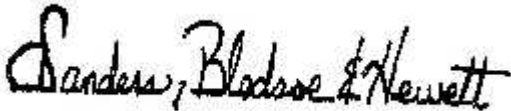
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 8, 2017

WAGONER COUNTY RURAL DISTRICT NO. 4
Disposition of Prior Year's Significant Deficiencies
June 30, 2017

There were no prior year significant deficiencies.

WAGONER COUNTY RURAL WATER DISTRICT NO. 4
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion was issued on the financial statements.
2. The audit disclosed no significant deficiencies 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 Generally Accepted Government Auditing Standards:

None

WAGONER COUNTY RURAL WATER DISTRICT NO. 4
Statement of Net Position
June 30, 2017

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 1,339,774
Investments	727,458
Current portion of receivables	580,634
Prepaid assets	107,165
Total current assets	<u>2,755,031</u>

Noncurrent Assets:

Restricted cash-	
Sinking funds for debt service	159,481
Capital Assets-	
Land	301,890
Buildings	97,166
Plant, water and sewer systems, net	22,653,296
Automobiles and equipment, net	165,888
Total noncurrent assets	<u>23,377,721</u>

Other Assets:

Loan costs, net of depreciation	<u>26,746</u>
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Total Assets	<u>26,159,498</u>
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LIABILITIES:

Current Liabilities:

Accounts payable	467,455
Accrued liabilities	14,513
Current portion of long-term debt	987,552
Total current liabilities	<u>1,469,520</u>

Noncurrent Liabilities:

Long-term debt	<u>8,441,278</u>
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Total Liabilities	<u>9,910,798</u>
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NET POSITION:

Invested in capital assets, net of related debt	13,789,410
Restricted assets	159,481
Unrestricted assets	2,299,809
Total Net Position	<u>\$ 16,248,700</u>

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

WAGONER COUNTY RURAL WATER DISTRICT NO. 4
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended June 30, 2017

Operating Revenues:

Water and sewer sales	\$ 5,502,028
Other income from operations	708,432
Total revenue from operations	<u>6,210,460</u>

Operating Expenses:

Water costs and chemicals	547,535
Advertising	13,163
Professional fees	44,853
Repairs and maintenance	584,317
P-Card billing	14,981
Office	31,472
Postage	55,065
Salaries and payroll taxes	1,144,415
Contracted services	37,665
Director fees	10,191
Dues and licenses	51,942
Equipment rental	21,028
Insurance	128,960
Employee insurance	444,833
Travel	5,754
Utilities	366,757
Retirement	33,650
Leak detection	11,111
Automotive	53,620
Uniforms	782
Total expenses from operations	<u>3,602,094</u>

Operating Income (Loss)	2,608,366
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Non-Operating Revenues (Expenses):

Interest income	1,721
Interest paid on long-term debt	(343,672)
Depreciation expense	(928,672)
Amortization expense	(31,063)
Total Non-Operating Revenues (Expenses)	<u>(1,301,686)</u>

Change in Net Position	1,306,680
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Total Net Position, beginning of period	<u>14,942,020</u>
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Total Net Position, end of period	<u><u>\$ 16,248,700</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, 2017

Cash Flows from Operating Activities:

Receipts from customers	\$ 6,404,996
Payments to employees	(1,144,415)
Payments to vendors	(2,604,338)
Net Cash Provided by Operating Activities	<u>2,656,243</u>

Cash Flows from Financing Activities:

Sale (purchase) of fixed assets	(860,423)
Principal paid on long-term debt	(1,087,066)
Interest paid on long-term debt	(366,326)
Net Cash Provided by (used in) Financing Activities	<u>(2,313,815)</u>

Cash Flows from Investing Activities:

Purchase of investments	9,328
Decrease in sinking fund	4,999
Interest earned on investments	1,721
Net Cash Provided by (used in) Investing Activities	<u>16,048</u>

Net Increase (Decrease) in Cash	358,476
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Cash and cash equivalents, beginning of period	<u>981,298</u>
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Cash and cash equivalents, end of period	<u><u>\$ 1,339,774</u></u>
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Reconciliation of operating income (loss) to net cash provided by operating activities:

Net Operating Income (Loss)	\$ 2,608,366
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation and Amortization	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(25,217)
(Increase) decrease in prepaid insurance	(190)
Increase (decrease) in accounts payable	74,145
Increase (decrease) in accruals	(861)
Net cash provided by operating activities	<u><u>\$ 2,656,243</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, 2017

Note A – Significant Accounting Policies

Nature of Organization

The Wagoner County Rural Water District No. 4 (the District) was created under the provisions of Title 82 of Oklahoma Statutes, Section 1324.1 – 1324.35 and the Laws of the State of Oklahoma. The purpose of this District is to provide water services to users.

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.

The District follows GASB issued Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government.” This statement established financial reporting requirements for state and local governments throughout the United States.

Cash and equivalents

The District’s cash accounts at June 30, 2017 are detailed as follows:

Cash on hand	\$ 100
Arvest Bank, Coweta, Ok-	
Operations account	428,211
Reserve account	765,974
Credit Card account	7,232
OWRB debt service account	33,373
E-check account	-
Payroll account	-
Water plant account	-
Rural Development account	285,143
Sewer account	-
Sewer debt service account	169,923
Plus: Outstanding deposits	2,440
Less: Outstanding checks	(352,622)
Total Cash	<u><u>\$ 1,339,774</u></u>
OWRB Debt Service:	
Bank of Oklahoma-	
Debt service accounts	<u><u>\$ 159,481</u></u>

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Broken Arrow, Oklahoma

Notes to the Financial Statements

June 30, 2017

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments are detailed as follows:

Edward Jones, Tulsa, Ok-	
Money Market	\$ 6,627
Government Bonds	485,614
Certificates of Deposit	185,217
First Bank & Trust, Wagoner, Ok-	
Certificate of deposit no. 17106	<u>50,000</u>
Total Investments	<u><u>\$ 727,458</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

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>Balance</u>	<u>Amount</u>
Cash	\$ 960,528	729,328		1,689,856	1,339,674
Investments	<u>300,000</u>	<u>427,458</u>		<u>727,458</u>	<u>727,458</u>
Total	<u><u>\$ 1,260,528</u></u>	<u><u>1,156,786</u></u>	<u><u>0</u></u>	<u><u>2,417,314</u></u>	<u><u>2,067,132</u></u>

Accounts Receivable

Billings for accounts receivable at June 30, 2017 were \$580,634. 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, 2017

Note A – Significant Accounting Policies – cont'd

Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents excluding restricted cash.

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 \$300 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

Any items purchased or constructed in excess of \$1,000 and a useful life of over two years is considered a fixed asset by the District, and will be depreciated over a specific time. 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, 2017

Note A – Significant Accounting Policies – cont'd

The fixed asset information for the District is shown below:

	6/30/2016 Amount	Additions	Deletions	6/30/2017 Amount
Land	\$ 301,890	-	-	301,890
Buildings	276,916	-	-	276,916
Water & sewer sys.	35,846,159	848,595	-	36,694,754
Office equipment	229,568	11,828	-	241,396
Vehicles and equip.	849,547	-	-	849,547
Const. in progress	-	-	-	-
Total Fixed Assets	37,504,080	860,423	-	38,364,503
Less: Accumulated Depreciation	(14,217,591)	(928,672)	-	(15,146,263)
Total	<u>\$ 23,286,489</u>	<u>(68,249)</u>	<u>-</u>	<u>23,218,240</u>

Risk Management

The District is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carrier commercial blanket of coverage and worker's compensation for risk of loss.

There has been no significant reduction in the District's insurance coverage from the previous year. In addition there have been no settlements in excess of the District's coverage in any of the prior three fiscal years.

Subsequent Events

Management has evaluated subsequent events through September 8, 2017, 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.

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Broken Arrow, Oklahoma

Notes to the Financial Statements

June 30, 2017

Note B – Long-Term Debt

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

	June 30,	
	2017	2016
Oklahoma Water Resources Board note payable, issued for \$6,752,000, dated 1999, variable interest, semi-annual payments of \$225,019, until paid;	\$ 1,112,389	1,546,756
Branch Bank & Trust note payable, issued for \$1,585,000, dated 2014, variable interest, semi-annual payments, until paid;	240,000	480,000
Oklahoma Water Resources Board note payable, issued for \$390,000, dated 2000, variable interest, paid in monthly payments of \$1,325, until paid;	-	115,200
Rural Development note payable, issued for \$5,000,000, dated 2006, 4.125% interest, paid in monthly payments of \$21,550, until paid;	4,208,574	4,291,694
Oklahoma Water Resources Board note payable, issued for \$6,200,000, dated 2010, variable interest, paid in monthly payments of \$33,921, until paid;	3,864,116	4,075,995
CDBG Note with Wagoner County Economic Development Authority, 0% interest, payable in \$208 per month;	3,751	6,251
Less: Current maturities of long-term debt	<u>(987,552)</u>	<u>(1,220,180)</u>
Total Long-Term Debt	<u><u>\$ 8,441,278</u></u>	<u><u>9,295,716</u></u>

WAGONER COUNTY RURAL WATER DISTRICT NO. 4

Balance Sheet

June 30, 2017

<u>ASSETS</u>	JUNE 30,	
	2017	(memo only) 2016
Current Assets:		
Cash and cash equivalents	\$ 1,339,774	981,298
Investments	727,458	718,130
Accounts receivable	580,634	555,417
Prepaid insurance	107,165	106,975
Total current assets	2,755,031	2,361,820
Restricted Assets:		
Sinking funds for debt service	159,481	164,480
Fixed Assets:		
Land	301,890	301,890
Buildings	276,916	276,916
Water distribution system	19,511,182	18,648,247
Water plant	8,448,795	8,448,795
Sewer system	8,734,778	8,749,117
Office equipment	241,395	229,567
Vehicles and equipment	849,548	849,548
Total fixed assets	38,364,504	37,504,080
Less: accumulated depreciation	(15,146,264)	(14,217,591)
Total fixed assets (net)	23,218,240	23,286,489
Other Assets:		
Loan costs (net of amortization)	26,746	57,809
Total Assets	\$ 26,159,498	25,870,598
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 465,659	391,514
Accrued payroll tax	1,796	2,657
Accrued interest on long-term debt	14,513	18,511
Current maturities of long-term debt	987,552	1,220,180
Total current liabilities	1,469,520	1,632,862
Long-Term Debt, less current maturities:		
Notes payable	8,441,278	9,295,716
Total Liabilities	9,910,798	10,928,578
Fund Equity:		
Investments in capital assets, net of related debt	13,789,410	12,770,593
Retained earnings	2,459,290	2,171,427
Total fund equity	16,248,700	14,942,020
Total Liabilities and Fund Equity	\$ 26,159,498	25,870,598

WAGONER COUNTY RURAL WATER DISTRICT NO. 4
Statement of Revenue, Expenses and Changes in Retained Earnings
For The Year Ended June 30, 2017

	2016-17	(memo only) 2015-16
Revenue from Operations:		
Water services	\$ 3,992,614	3,938,178
Sewer services	1,509,414	1,342,188
Benefit units	385,541	371,253
Installation fees	155,864	146,244
Other income	167,027	143,943
Total revenue from operations	<u>6,210,460</u>	<u>5,941,806</u>
Expenses from Operations:		
Water costs and chemicals	547,535	417,266
Advertising	13,163	13,483
Professional fees	44,853	25,992
Repairs and maintenance	584,317	621,022
P-Card billing	14,981	0
Office	31,472	39,009
Postage	55,065	58,898
Salaries and payroll taxes	1,144,415	1,102,934
Contracted services	37,665	52,316
Director fees	10,191	6,556
Dues and licenses	51,942	34,598
Equipment rental	21,028	20,804
Insurance	128,960	123,201
Employee insurance	444,833	437,518
Travel	5,754	6,628
Utilities	366,757	326,262
Retirement	33,650	32,420
Leak detection	11,111	9,188
Automotive	53,620	48,310
Uniforms	782	259
Total expenses from operations	<u>3,602,094</u>	<u>3,376,664</u>
Net Income (Loss) from Operations	2,608,366	2,565,142
Non-operating revenues (expenses):		
Interest earnings	1,721	1,618
Interest paid on long-term debt	(343,672)	(336,951)
Depreciation expense	(928,672)	(960,947)
Amortization expense	(31,063)	(31,063)
Total non-operating revenues (expenses)	<u>(1,301,686)</u>	<u>(1,327,343)</u>
Net Income (Loss)	1,306,680	1,237,799
Retained earnings, beginning of period	<u>14,942,020</u>	<u>13,704,221</u>
Retained earnings, end of period	<u><u>\$ 16,248,700</u></u>	<u><u>14,942,020</u></u>