

WESTERN ROCKCASTLE WATER ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>	<u>Change</u>
OPERATING REVENUES			
Water sales	\$ 1,888,107	\$ 1,906,828	\$ (18,721)
Penalties and fees	74,894	49,456	25,438
Miscellaneous	18,932	45,450	(26,518)
Total Operating Revenues	<u>1,981,933</u>	<u>2,001,734</u>	<u>(19,801)</u>
OPERATING EXPENSES			
Purchased water	685,327	700,044	(14,717)
Personnel costs	377,553	364,828	12,725
Directors fee	35,400	31,512	3,888
Office expense	33,027	36,061	(3,034)
Insurance	155,078	107,551	47,527
Transportation costs	35,294	32,564	2,730
Telephone and utilities	63,172	67,086	(3,914)
Materials, supplies, and plant expense	104,989	73,274	31,715
Professional services	16,400	27,037	(10,637)
Repairs and maintenance	51,137	50,131	1,006
Miscellaneous	10,232	25,697	(15,465)
Depreciation and bad debt	313,143	281,738	31,405
Total Operating Expenses	<u>1,880,752</u>	<u>1,797,523</u>	<u>83,229</u>
Operating Income	<u>101,181</u>	<u>204,211</u>	<u>(103,030)</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest income	3,016	2,607	409
Gain on sale of assets	-	3,500	(3,500)
Interest expense	(139,942)	(121,177)	(18,765)
Total Non-Operating Revenues (Expenses)	<u>(136,926)</u>	<u>(115,070)</u>	<u>(21,856)</u>
Change in Operating Income			
Before Capital Contributions	<u>(35,745)</u>	<u>89,141</u>	<u>(124,886)</u>
Proceeds From Capital Contributions	-	-	-
CHANGE IN EQUITY CAPITAL	<u>\$ (35,745)</u>	<u>\$ 89,141</u>	<u>\$ (124,886)</u>