

**DELAWARE COUNTY
RURAL WATER DISTRICT NO. 6
GROVE, OKLAHOMA**

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2013**

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
BOARD OF DIRECTORS
DECEMBER 31, 2013

BOARD OF DIRECTORS

Chairman

Mike Blecha

Vice-Chairman

John Hamilton

Secretary

Roy Pollan

Members

Ray Jones

Bookkeeper

Barbara Harrison

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
DECEMBER 31, 2013

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delaware County Rural Water District No. 6
Grove, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Delaware County Rural Water District No. 6 (the District), Grove, Oklahoma, as of and for the year ended December 31, 2013, 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

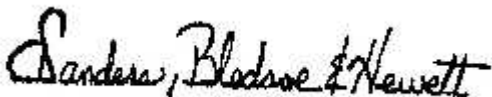
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 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 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 April 18, 2014 on our consideration of the District'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 District's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

RURAL WATER DISTRICT NO. 6, DELAWARE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

Our discussion and analysis of the Rural Water District No. 6, Delaware County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the District's financial statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The District's water sales and water purchases decreased in the 2013 fiscal year.
- The District's operating revenues exceeded operating expenses by \$87,818 during the 2013 fiscal year.
- Meter income increased in 2013, from \$6,340 to \$32,492.
- Interest earnings decreased in 2013, from \$3,220 to \$2,637.

Using This Report

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 94, 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 Assets, the Statement of Activities, 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 December 31, 2013, the District had \$1,192,730 invested in fixed assets, net of depreciation, including land, the water system and equipment.

Long-Term Debt

The District has two outstanding notes with the USDA, Rural Development. The notes were incurred to construct/improve the water system. At December 31, 2013 the District had outstanding long-term debt of \$511,698 on these notes.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending December 31, 2014, the District's operating budget is fairly consistent with prior years.

Customer water rates were last increased in 2011. However, if the current economic conditions continue and expenses continue to increase, another rate increase may become necessary.

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 P.O Box 452545, Grove, OK 74345 or call (918) 791-9922.



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
Delaware County Rural Water District No. 6
Grove, 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 Delaware County Rural Water District No. 6 (the District), Grove, Oklahoma, as of and for the year ended December 31, 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 April 18, 2014.

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. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in the internal controls that we considered to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 13-1, to be a material weakness.

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*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 cursive script that reads "Sanders, Bledsoe & Hewett".

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

April 18, 2014

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
DISPOSITION OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2013

12-01 *Finding* – Presently the same individual performs all accounting functions; receives utility service related payments and is responsible for service billing and adjustment, also makes bank deposits, writes checks and reconciles the monthly bank statements and prepares monthly financial reports. This is considered a lack of segregation of duties.

Recommendation – While it may not be cost effective to hire additional administrative staff that would be necessary in order to adequately segregate the responsibilities, the District should consider a formal evaluation of their risks associated with this lack of segregation of duties. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with the lack of segregation of duties.

Disposition – This continues to be a finding.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013

- 13-1 *Criteria* – The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the District’s assets and ensure accurate financial reporting.

Condition - Presently the same individual performs all accounting functions; receives utility service related payments and is responsible for service billing and adjustment, also makes bank deposits, writes checks and reconciles the monthly bank statements and prepares monthly financial reports.

Cause – The District’s limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect – Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the accounting functions, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation - While it may not be cost effective to hire additional administrative staff that would be necessary in order to adequately segregate the responsibilities, the District should consider a formal evaluation of their risks associated with this lack of segregation of duties. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with the lack of segregation of duties.

Management Response – Management agrees with this finding, and will provide adequate staffing once annual collections increase enough to justify the extra expense.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
STATEMENT OF NET ASSETS
DECEMBER 31, 2013

ASSETS

Current assets:

Cash	\$ 44,413
Investments	137,843
Accounts receivable	8,306
Interest receivable	295
Prepaid insurance	1,310
Total current assets	<u>192,167</u>

Noncurrent assets:

Investment in debt service reserves	107,972
Capital assets:	
Fixed assets-property, plant & equipment	1,992,374
Less: Accumulated depreciation	<u>(799,644)</u>
Total noncurrent assets	<u>1,300,702</u>

Total Assets	<u>1,492,869</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued interest payable	1,180
Current portion of long-term debt	<u>30,235</u>
Total current liabilities	<u>31,415</u>

Noncurrent liabilities:

Long-term notes payable	<u>481,463</u>
Total noncurrent liabilities	<u>481,463</u>

Total Liabilities	<u>512,878</u>
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NET ASSETS

Invested in capital assets, net of related debt	681,032
Restricted for debt service	107,972
Unrestricted	<u>190,987</u>
Total Net Assets	<u>\$ 979,991</u>

The accompanying notes are an integral part of these financial statements.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Operating Revenues:	
Water sales	\$ 283,235
Meter income	32,492
Rental income	5,350
Reconnect and membership fees	793
Transfer fees	650
Total Operating Revenue	<u>322,520</u>
Operating Expenses:	
Water purchases	196,669
Bad debts	-
Contract labor	21,220
Dues and fees	885
Insurance	2,281
Maintenance	2,038
Professional fees	900
Rent	7,650
Office and postage	228
Telephone	1,501
Utilities	1,231
Miscellaneous expense	99
Total Operating Expenses	<u>234,702</u>
Operating income (loss)	87,818
Other Revenues (Expenses):	
Interest income	2,637
Interest expense	(25,873)
Depreciation expense	(49,129)
Total Other Revenues (Expenses)	<u>(72,365)</u>
Changes in Net Assets	15,453
Net Assets, Beginning of Year	<u>964,538</u>
Net Assets, End of Year	<u>\$ 979,991</u>

The accompanying notes are an integral part of these financial statements

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities:	
Receipts from customers	\$ 332,350
Payments to suppliers	(242,904)
Net Cash Provided (Used) by Operating Activities	<u>89,446</u>
Cash Flows from Investing Activities:	
Interest and dividends	<u>2,637</u>
Cash Flows from Financing Activities:	
Payments on long-term notes - principal	(72,559)
Interest paid	(25,716)
Net Cash Provided (Used) by Financing Activities	<u>(98,275)</u>
Net Increase (Decrease) in Cash	(6,192)
Cash and cash equivalents, beginning of year	<u>296,420</u>
Cash and cash equivalents, end of year	<u><u>\$ 290,228</u></u>

Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 87,818
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in Assets and Liabilities:	
Accounts receivable	1,787
Interest receivable	4
Accounts payable and accrued interest payable	(163)
Net cash provided by operating activities	<u><u>\$ 89,446</u></u>

The accompanying notes are an integral part of these financial statements

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note A – Summary of Significant Accounting Policies

Business Activity

Delaware County Rural Water District No. 6 (the District) was formed under the provisions of Title 82, O.S. 1981, Sections 1324.1-1324.26 inclusive. The District operates as a nontaxable government agency to service residents of the Delaware County Rural Water District No. 6. The District's primary income is from the sale of water to its members in an area west of Grove, Oklahoma.

Basis of Accounting

The financial statements are prepared on an accrual basis of accounting, which is in compliance with accounting principles generally accepted in the United States of America (GAAP), and which recognizes revenues when earned and expenses as incurred. Interest earnings on certificates of deposit are recorded when such interest is actually received by the District. Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

Financial Statement Presentation

In the financial statements, Financial Accounting Standards Board (FASB), (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Inventories

The District does not carry a significant inventory of materials and supplies. The cost of such items is recorded as an expense when purchased.

Income Taxes

The District is recognized as a tax-exempt organization under the Internal Revenue Code. Because the District is exempt from federal income tax, no provision for taxes has been made in the financial statements.

Prior Year Information

Prior year information is shown on the financial statements for comparative purposes only. No assurance is given on prior year amounts.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note B – Cash and Investments

Cash

The District's accounts are with Grand Savings Bank, Grove, Oklahoma, and Cornerstone Bank, Southwest City, Missouri, and are detailed as follows:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Revenue account, Grand Savings Bank	\$ 44,413	53,000
Meter account (restricted), Cornerstone Bank	<u>19,680</u>	<u>19,602</u>
Total	<u>\$ 64,093</u>	<u>72,602</u>

The District has the opportunity to obtain additional pledged collateral from the banks where they have funds. Such collateral provides additional security for the District's funds in excess of the \$250,000 Federal Deposit Insurance Corporation insurance limits at each institution. At December 31, 2013, no District funds at any bank exceeded the \$250,000 FDIC maximum coverage amount.

Investments

The District had the following outstanding investments at December 31, 2013:

Bank of Oklahoma, Tulsa, Oklahoma:	
Certificate of deposit No. 2118,	
due 2-15-14, at .18%	\$ 23,592
Grand Saving Bank, Grove, Oklahoma:	
Certificate of deposit No. 43376330,	
due 1-28-14, at .50%	93,225
BOSC, Inc., Tulsa, Oklahoma:	
Brokerage Account	<u>21,026</u>
Total	<u>\$137,843</u>

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note B – Cash and Investments – cont'd

Restricted Asset – Investment Reserves

In compliance with Rural Economic and Community Development regulations, cash reserves have been established to collect up to one year's payment on the notes payable at which time deposits in the reserve can be suspended. When necessary, these funds may be utilized with proper approval of the Rural Economic and Community Development. The reserve account funds have been deposited in an interest-bearing certificate of deposit at Grand Savings Bank, Grove, Oklahoma, which is insured by the federal government and a super-now checking account at Cornerstone Bank, Southwest City, Missouri. At December 31, 2013, the restricted asset – reserve is detailed as follows:

Grand Savings Bank, Grove, Oklahoma Certificate of deposit No. 34525630, due, 3-3-15, at 1.85% (restricted)	\$ 88,292
The Cornerstone Bank, Southwest City, Missouri Super-now checking account	<u>19,680</u>
Total	<u>\$ 107,972</u>

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, interest bearing checking accounts, time deposit accounts and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Note C – Accounts Receivable

Receivables from water consumers at December 31, 2013 were \$8,306. These amounts consist primarily of charges for water services. No allowance for doubtful accounts or a related charge for bad debts has been recorded in these financial statements

Note D – Property, Plant, and Equipment

Fixed assets are carried at cost with depreciation being provided using the straight-line method. The District's policy is to capitalize assets of \$1,000 or more. The following schedule summarizes the estimated useful lives of the various fixed asset categories and acquisitions for the year ended December 31, 2013.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note D – Property, Plant, and Equipment – cont'd

	Balance December 31, 2012	Acquired	(Disposed)	Balance December 31, 2013
Land	\$ 21,030	-	-	21,030
Water Lines - 40 yrs	1,965,162	-	-	1,965,162
Equipment - 7 yrs	6,182	-	-	6,182
Sub-Total	1,992,374	0	0	1,992,374
Less: Accum. Depr.	(750,514)	(49,129)	0	(799,643)
Total	<u>\$ 1,992,374</u>	<u>(49,129)</u>	<u>0</u>	<u>1,192,731</u>

Note E – Long-Term Debt

Long-term debt as of December 31 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Note 91-01, 5.0 percent, mortgage payable to the Office of Rural Development, required monthly installments of \$2,893. The loan is secured by a pledge of real estate and equipment.	\$ 235,387	301,511
Note 91-05, 4.875 percent, mortgage payable to the Office of Rural Development, required monthly installments of \$1,673. The loan is secured by a pledge of real estate and equipment.	<u>276,311</u>	<u>282,746</u>
Sub-Total	511,698	584,257
Less: current maturities	<u>(30,235)</u>	<u>(26,531)</u>
Total	<u>\$ 481,463</u>	<u>557,726</u>

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note E – Long-Term Debt - cont'd

The scheduled maturities for the next five (5) years, and in total thereafter, are detailed as follows:

2014	\$ 30,235
2015	31,773
2016	33,390
2017	35,088
2018	36,873
2019-23	152,939
2024-28	60,702
Thereafter	<u>130,698</u>
Total	<u>\$ 511,698</u>

Restricted funds for this debt are retained in a certificate of deposit with Grand Savings Bank, Grove, Oklahoma and a savings account with Cornerstone Bank, Southwest City, Missouri, and are shown in the Investment schedule in note section B.

Note F – Commitments

The District contracts with the Grove Municipal Service Authority (GMSA) to provide water to the District, perform all maintenance of the District's water distribution system and provide installation of new services. The District's members pay the GMSA for the monthly water service. Included in the monthly billing is the District's base fee of \$21.80 per member, which is collected and remitted to the District by GMSA.

The agreement is for five years and contains options for seven consecutive terms of five year contracts.

Note G -Insurance and Surety Bond Coverage

At December 31, 2013, the District had appropriate coverage against all major perils.

Note H – Subsequent Events

Management has evaluated subsequent events through April 18, 2014, 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.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6

BALANCE SHEET
DECEMBER 31, 2013

December 31,

			(memo only)
<u>ASSETS</u>	2013	2012	
Current Assets:			
Cash in banks	\$ 44,413	53,000	
Investments	137,843	137,142	
Accounts receivable	8,306	10,093	
Interest receivable	295	299	
Prepaid insurance	1,310	1,466	
Total current assets	192,167	202,000	
Restricted Assets:			
Debt service reserves - cash and cash equivalents	19,680	19,602	
Debt service reserves - investments	88,292	86,677	
Total restricted assets	107,972	106,279	
Property, Plant, and Equipment:			
Land	21,030	21,030	
Water distribution system	1,965,162	1,965,162	
Equipment	6,182	6,182	
Sub-total	1,992,374	1,992,374	
Less: accumulated depreciation	(799,644)	(750,515)	
Total property, plant, and equipment	1,192,730	1,241,859	
Total Assets	\$ 1,492,869	1,550,138	
<u>LIABILITIES AND MEMBER EQUITY</u>			
Current Liabilities:			
Accounts payable and accrued interest on debt	\$ 1,180	1,343	
Current portion of long-term debt	30,235	26,531	
Total current liabilities	31,415	27,874	
Long-term Debt, Less Current Maturities:			
Notes payable	481,463	557,726	
Total Liabilities	512,878	585,600	
Member Equity:			
Contributed capital	689,507	689,507	
Retained earnings	290,484	275,031	
Total member equity	979,991	964,538	
Total Liabilities and Member Equity	\$ 1,492,869	1,550,138	

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	(memo only) 2012
Operating Revenues:		
Water sales	\$ 283,235	\$ 332,905
Meter income	32,492	6,340
Rental income	5,350	5,405
Reconnect and membership fees	793	802
Transfer fees	650	900
Total Operating Revenue	<u>322,520</u>	<u>346,352</u>
Operating Expenses:		
Water purchases	196,669	212,308
Bad debts	-	237
Contract labor	21,220	23,580
Dues and fees	885	527
Insurance	2,281	2,165
Maintenance	2,038	29,015
Professional fees	900	900
Rent	7,650	7,800
Office and postage	228	297
Telephone	1,501	1,468
Utilities	1,231	1,086
Miscellaneous expense	99	495
Total Operating Expenses	<u>234,702</u>	<u>279,878</u>
Operating Revenues Over (Under) Operating Expenses	87,818	66,474
Other Revenues (Expenses):		
Interest income	2,637	3,220
Depreciation expense	(49,129)	(49,129)
Interest expense on debt	(25,873)	(35,630)
Total Other Revenues (Expenses)	<u>(72,365)</u>	<u>(81,539)</u>
Increase (Decrease) in Retained Earnings	15,453	(15,065)
Retained Earnings, Beginning of Year	<u>275,031</u>	<u>290,096</u>
Retained Earnings, End of Year	<u><u>\$ 290,484</u></u>	<u><u>\$ 275,031</u></u>