

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

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2014**

Audited by

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

BROKEN ARROW, OK

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
BOARD OF DIRECTORS
DECEMBER 31, 2014

BOARD OF DIRECTORS

Chairman

Mike Blecha

Vice-Chairman

John Hamilton

Secretary

Roy Pollan

Members

Ray Jones

Bookkeeper

Barbara Harrison
Shelly Aikman

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
DECEMBER 31, 2014

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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, 2014, 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

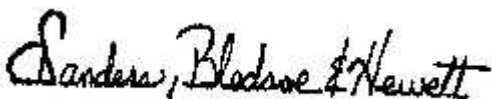
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended 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 March 13, 2015 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, 2014

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, 2014. 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 increased in the 2014 fiscal year.
- The District's operating revenues exceeded operating expenses by \$72,633 during the 2014 fiscal year.
- Meter income decreased in 2014.
- Interest earnings increased in 2014, from \$2,637 to \$3,893.

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, 2014, the District had \$1,144,416 invested in fixed assets, net of depreciation, including land, the water system and equipment. The District purchased a computer in 2014.

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, 2014 the District had outstanding long-term debt of \$440,393 on these notes.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending December 31, 2015, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2015.

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 14-1, 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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

March 13, 2015

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
DISPOSITION OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2014

13-01 *Finding* – Presently the same individual performs all accounting functions; receives utility service related payments and is responsible for service billing and adjustments, 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, 2014

- 14-1 *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 adjustments, 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, 2014

ASSETS

Current assets:

Cash	\$ 22,235
Investments	141,621
Accounts receivable	6,562
Interest receivable	298
Prepaid insurance	1,330
Total current assets	<u>172,046</u>

Noncurrent assets:

Investment in debt service reserves	109,036
Capital assets:	
Fixed assets-property, plant & equipment	1,993,251
Less: Accumulated depreciation	<u>(848,835)</u>
Total noncurrent assets	<u>1,253,452</u>

Total Assets	<u>1,425,498</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued interest payable	1,042
Current portion of long-term debt	<u>33,874</u>
Total current liabilities	<u>34,916</u>

Noncurrent liabilities:

Long-term notes payable	<u>406,519</u>
Total noncurrent liabilities	<u>406,519</u>

Total Liabilities	<u>441,435</u>
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NET ASSETS

Invested in capital assets, net of related debt	704,023
Restricted for debt service	109,036
Unrestricted	<u>171,004</u>
Total Net Assets	<u>\$ 984,063</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, 2014

Operating Revenues:	
Water sales	\$ 299,562
Meter income	12,680
Rental income	5,700
Reconnect and transfer fees	1,350
Reimbursements	1,077
Total Operating Revenue	<u>320,369</u>
Operating Expenses:	
Water purchases	210,783
Contract labor	17,779
Dues and fees	650
Insurance	3,173
Maintenance	2,455
Professional fees	925
Rent	7,800
Office and postage	548
Telephone	2,104
Utilities	1,484
Miscellaneous expense	35
Total Operating Expenses	<u>247,736</u>
Operating income (loss)	72,633
Other Revenues (Expenses):	
Interest income	3,893
Interest expense	(49,192)
Depreciation expense	(23,262)
Total Other Revenues (Expenses)	<u>(68,561)</u>
Changes in Net Assets	4,072
Net Assets, Beginning of Year	<u>979,991</u>
Net Assets, End of Year	<u>\$ 984,063</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, 2014

Cash Flows from Operating Activities:	
Receipts from customers	\$ 322,111
Payments to suppliers	(247,895)
Net Cash Provided (Used) by Operating Activities	<u>74,216</u>
Cash Flows from Investing Activities:	
Interest and dividends	3,893
Acquisition of fixed assets	(877)
Net Cash Provided (Used) by Investment Activities	<u>3,016</u>
Cash Flows from Financing Activities:	
Payments on long-term notes - principal	(71,305)
Interest paid	(24,140)
Net Cash Provided (Used) by Financing Activities	<u>(95,445)</u>
Net Increase (Decrease) in Cash	(17,336)
Cash and cash equivalents, beginning of year	<u>290,228</u>
Cash and cash equivalents, end of year	<u><u>\$ 272,892</u></u>

Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 72,633
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in Assets and Liabilities:	
Accounts receivable	1,744
Interest receivable	(3)
Prepaid insurance	(20)
Accounts payable and accrued interest payable	(138)
Net cash provided by operating activities	<u><u>\$ 74,216</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, 2014

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, 2014

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:

	December 31,	
	2014	2013
Revenue account, Grand Savings Bank	\$ 22,235	44,413
Meter account (restricted), Cornerstone Bank	20,744	19,680
Total	<u>\$ 42,979</u>	<u>64,093</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, 2014, 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, 2014:

Bank of Oklahoma, Tulsa, Oklahoma:	
Certificate of deposit No. 2118,	
due 2-15-15	\$ 23,635
Grand Saving Bank, Grove, Oklahoma:	
Certificate of deposit No. 43376330,	
due 1-28-15	93,797
BOSC, Inc., Tulsa, Oklahoma:	
Brokerage Account	<u>22,545</u>
Total	<u>\$ 139,977</u>

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014, 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)	\$ 93,797
The Cornerstone Bank, Southwest City, Missouri Super-now checking account	<u>20,744</u>
Total	<u>\$ 114,541</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, 2014 were \$6,562. 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, 2014.

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

	Balance December 31, 2013	Acquired	(Disposed)	Balance December 31, 2014
Land	\$ 21,030	-	-	21,030
Water Lines - 40 yrs	1,965,162	-	-	1,965,162
Equipment - 7 yrs	6,182	877	-	7,059
Sub-Total	1,992,374	877	0	1,993,251
Less: Accum. Depr.	(799,643)	(49,192)	0	(848,835)
Total	<u>\$ 1,992,374</u>	<u>(48,315)</u>	<u>0</u>	<u>1,144,416</u>

Note E – Long-Term Debt

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

	<u>2014</u>	<u>2013</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.	\$ 170,838	235,387
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>269,555</u>	<u>276,311</u>
Sub-Total	440,393	511,698
Less: current maturities	<u>(33,874)</u>	<u>(30,235)</u>
Total	<u>\$ 406,519</u>	<u>481,463</u>

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note E – Long-Term Debt - cont'd

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

2015	\$ 33,874
2016	35,599
2017	37,410
2018	39,313
2019	41,315
2020-24	72,470
2025-29	63,728
Thereafter	<u>116,684</u>
Total	\$ <u>440,393</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, 2014, the District had appropriate coverage against all major perils.

Note H – Subsequent Events

Management has evaluated subsequent events through March 13, 2015, 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, 2014

December 31,

			(memo only)
	<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:			
Cash in banks		\$ 22,235	44,413
Investments		141,621	137,843
Accounts receivable		6,562	8,306
Interest receivable		298	295
Prepaid insurance		1,330	1,310
Total current assets		<u>172,046</u>	<u>192,167</u>
Restricted Assets:			
Debt service reserves - cash and cash equivalents		20,744	19,680
Debt service reserves - investments		88,292	88,292
Total restricted assets		<u>109,036</u>	<u>107,972</u>
Property, Plant, and Equipment:			
Land		21,030	21,030
Water distribution system		1,965,162	1,965,162
Equipment		7,059	6,182
Sub-total		<u>1,993,251</u>	<u>1,992,374</u>
Less: accumulated depreciation		<u>(848,835)</u>	<u>(799,644)</u>
Total property, plant, and equipment		<u>1,144,416</u>	<u>1,192,730</u>
Total Assets		<u>\$ 1,425,498</u>	<u>1,492,869</u>
<u>LIABILITIES AND MEMBER EQUITY</u>			
Current Liabilities:			
Accounts payable and accrued interest on debt		\$ 1,042	1,180
Current portion of long-term debt		33,874	30,235
Total current liabilities		<u>34,916</u>	<u>31,415</u>
Long-term Debt, Less Current Maturities:			
Notes payable		<u>406,519</u>	<u>481,463</u>
Total Liabilities		<u>441,435</u>	<u>512,878</u>
Member Equity:			
Contributed capital		689,507	689,507
Retained earnings		294,556	290,484
Total member equity		<u>984,063</u>	<u>979,991</u>
Total Liabilities and Member Equity		<u>\$ 1,425,498</u>	<u>1,492,869</u>

DELAWARE COUNTY RURAL WATER DISTRICT NO. 6
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	(memo only) 2013
Operating Revenues:		
Water sales	\$ 299,562	283,235
Meter income	12,680	32,492
Rental income	5,700	5,350
Reconnect and transfer fees	1,350	1,443
Reimbursements	1,077	-
Total Operating Revenue	<u>320,369</u>	<u>322,520</u>
Operating Expenses:		
Water purchases	210,783	196,669
Contract labor	17,779	21,220
Dues and fees	650	885
Insurance	3,173	2,281
Maintenance	2,455	2,038
Professional fees	925	900
Rent	7,800	7,650
Office and postage	548	228
Telephone	2,104	1,501
Utilities	1,484	1,231
Miscellaneous expense	35	99
Total Operating Expenses	<u>247,736</u>	<u>234,702</u>
Operating Revenues Over (Under) Operating Expenses	72,633	87,818
Other Revenues (Expenses):		
Interest income	3,893	2,637
Depreciation expense	(49,192)	(49,129)
Interest expense on debt	(23,262)	(25,873)
Total Other Revenues (Expenses)	<u>(68,561)</u>	<u>(72,365)</u>
Increase (Decrease) in Retained Earnings	4,072	15,453
Retained Earnings, Beginning of Year	<u>290,484</u>	<u>275,031</u>
Retained Earnings, End of Year	<u><u>\$ 294,556</u></u>	<u><u>290,484</u></u>