

**Okmulgee County Rural Water District No. 6
Mounds, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2014

Audited by

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

BROKEN ARROW, OK

Okmulgee County Rural Water District No. 6
Mounds, Oklahoma
Board of Directors
December 31, 2014

BOARD OF DIRECTORS

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Mary Smith

Vice-Chairman

Stanley Allen

Secretary/Treasurer

Glenn Shoaf

Members

Phillip Olden

Randy Fulbright

Daryle Fox

Mary Ann Seago

MANAGER

Rick Boone

MANAGER

Gina McCall

Okmulgee County Rural Water District No. 6
Mounds, Oklahoma
December 31, 2014

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Okmulgee County Rural Water District No. 6
Mounds, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Okmulgee County Rural Water District No. 5 (the District), Mounds, 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

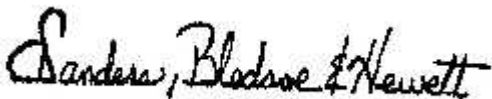
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended 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 February 16, 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 Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

RURAL WATER DISTRICT NO. 6, OKMULGEE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

Our discussion and analysis of the Rural Water District No. 6, Okmulgee 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 13.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$59,617. Overall, the District's cash and cash equivalents decreased by \$16,350 in the current fiscal year.
- The District earned \$1,771 in interest in 2014.
- The District was approved for a \$3,445,220 loan with Rural Development, and received 401,334 of loan proceeds in 2014. These funds are being used for further water system expansions and improvements.

Using This Report

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

Basis of Accounting

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

The Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of Assets, Liabilities and Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District's net assets and the changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to

measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District's water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

Fixed Assets

At December 31, 2014 the District had \$6,550,518 invested in fixed assets, net of depreciation, including buildings, the water system, vehicles and equipment. The District began a large expansion/improvement project in 2012, and added \$413,476 of fixed assets towards these projects in 2014, and also purchased a truck in 2014.

Long-Term Debt

The District was indebted to Rural Development for a \$2,238,186 note obtained for extensive extensions and improvements. The total approved proceeds are \$3,445,220. This has an interest rate of 3.375%, and the District has already begun making the scheduled monthly payments of \$13,092 towards this loan.

Economic Factors and Next Year's Budget and Rates

The District may be forced to make further increases if additional increases are made by their water sources.

The District will continue to make further water system expansions and improvements with the loan proceeds, which are needed by increased demands on the current system.

The District's budget for fiscal year 2015 will remain much like previous years budgets.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District Office at P.O. Box 340, Mounds, OK 74047 or call (918) 827-6350.



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
Okmulgee County Rural Water District No. 6
Mounds, 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 Okmulgee County Rural Water District No. 6 (the District), Mounds, 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 February 16, 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. We identified no deficiencies in the internal controls that we considered to be material weaknesses.

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

there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 16, 2015



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**Report On Compliance With Requirements Applicable To Each
Major Program And Internal Control Over Compliance In
Accordance With OMB Circular A-133**

Board of Directors
Okmulgee County Rural Water District No. 6
Mounds, Oklahoma

Compliance

We have audited the compliance of Okmulgee County Rural Water District No. 6, (the District) Mounds, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2014.

Internal Control Over Compliance

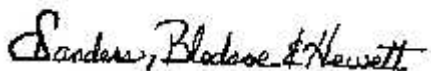
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be detected or prevented by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Directors, management and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 16, 2015

OKMULGEE COUNTY RURAL DISTRICT NO. 6
Disposition of Prior Year's Reportable Conditions
December 31, 2014

There were no prior year reportable conditions.

OKMULGEE COUNTY RURAL DISTRICT NO. 6
Schedule of Audit Results, Findings and Questioned Costs
December 31, 2014

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements.
2. The audit disclosed no reportable conditions in the internal controls.
3. The audit disclosed no instances of noncompliance.
4. The audit disclosed no reportable conditions in the internal controls over major programs.
5. An unqualified opinion was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. The program determined to be major is the Oklahoma Water Resources Board, Series 2012 Promissory Note.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The district was determined not to be a low-risk auditee.

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

NONE

Section 3 – Findings and Questioned Costs for Federal Awards:

NONE

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Net Assets
December 31, 2014

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 1,468,774
Investments	104,580
Current portion of receivables	159,488
Prepaid assets	20,530
Total current assets	<u>1,753,372</u>

Non-current Assets:

Restricted cash-	
ORWA reserve certificate	1,000
Restricted investments-	
Rural Development reserve	154,509
Total restricted assets	<u>155,509</u>

Capital Assets-

Land	3,294
Buildings, net	95,789
Plant and water systems, net	6,316,440
Other capital assets, net	134,995
Total capital assets	<u>6,550,518</u>

Total non-current assets	<u>6,706,027</u>
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Total Assets	<u>8,459,399</u>
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LIABILITIES:

Current Liabilities:

Accounts payable	78,319
Accrued liabilities	43,500
Current portion of long-term debt	48,562
Total current liabilities	<u>170,381</u>

Noncurrent Liabilities:

Long-term debt	<u>3,189,624</u>
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Total Liabilities	<u>3,360,005</u>
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NET ASSETS:

Invested in capital assets, net of related debt	3,312,332
Unrestricted assets	<u>1,787,062</u>
Total Net Assets	<u><u>\$ 5,099,394</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Activities
For The Year Ended December 31, 2014

Operating Revenues:

Water sales	\$ 1,696,249
Fees and fines	61,566
Benefit unit sales	<u>27,680</u>
Total revenue from operations	<u>1,785,495</u>

Operating Expenses:

Water purchases	843,256
Salaries and benefits	281,306
Payroll taxes	21,449
Employee retirement	9,526
Group health insurance	75,804
Repairs and maintenance	26,579
Vehicle expense	19,298
Telephone	13,983
Insurance	38,078
Dues and fees	4,806
Office expense and postage	34,297
Depreciation	261,516
Professional fees	15,004
Utilities	36,895
Contract labor	8,875
Miscellaneous	<u>7,526</u>
Total expenses from operations	<u>1,698,198</u>

Operating Income (Loss)	87,297
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Non-Operating Revenues (Expenses):

Interest income	1,771
Interest paid on long-term debt	<u>(105,732)</u>
Total Non-Operating Revenues (Expenses)	<u>(103,961)</u>

Change in Net Assets	(16,664)
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Total Net Assets, beginning of period	<u>5,116,058</u>
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Total Net Assets, end of period	<u><u>\$ 5,099,394</u></u>
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The accompanying notes to the financial statements are an integral part of this statement

OKMULGEE 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	\$ 1,748,685
Payments to employees	(285,427)
Payments to vendors	<u>(1,151,551)</u>
Net Cash Provided by Operating Activities	<u>311,707</u>

Cash Flows from Financing Activities:

Acquisition of fixed assets	(413,476)
Loan proceeds from Rural Development	401,334
Principal paid on long-term debt	(52,115)
Interest paid on long-term debt	<u>(103,076)</u>
Net Cash Provided by (used in) Financing Activities	<u>(167,333)</u>

Cash Flows from Investing Activities:

Memberships purchased	27,680
Interest earned on investments	<u>1,771</u>
Net Cash Provided by (used in) Investing Activities	<u>29,451</u>

Net Increase (Decrease) in Cash	173,825
Cash and cash equivalents, beginning of period	<u>1,555,038</u>
Cash and cash equivalents, end of period	<u><u>\$ 1,728,863</u></u>

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating Income	\$ 59,617
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	261,516
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,731)
(Increase) decrease in prepaid insurance	1,042
Increase (decrease) in accounts payable	(8,384)
Increase (decrease) in accruals	<u>6,010</u>
Net cash provided by operating activities	<u><u>\$ 311,070</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies

Nature of Organization

The Okmulgee County Rural Water District No. 6 (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 establishes financial reporting requirements for state and local governments throughout the United States.

Cash and Equivalents

The District’s cash accounts at December 31st, are detailed as follows:

	December 31,	
	2014	2013
Cash on hand	\$ -	-
Arvest Bank, Tulsa, Ok-		
Revenue account	147,405	63,131
Operation & Maintenance account	677,393	656,655
Construction account	78,802	68,707
BancFirst, Jenks, Ok-		
Revenue account	-	-
Special account	124,457	124,395
Construction account	-	3,862
Less: Outstanding checks	-	-
American Heritage Bank, Sapulpa, Ok-		
Deprecation account (money mkt)	440,717	379,280
Total	<u>\$ 1,468,774</u>	<u>1,296,030</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments at December 31, 2014 are detailed as follows:

Grand Bank, Tulsa, Ok-		
Certificate of deposit no. 92197	\$	52,290
Certificate of deposit no. 92198		52,290
Triad Bank, Tulsa, Ok-		
Certificate of deposit no. 60072450		<u>154,509</u>
Total Investments	\$	<u><u>259,089</u></u>

Reserve Investment

In compliance with Rural Development loan covenants, the above certificate of deposit held at Triad Bank (\$154,509) is held by the District as a reserve investment.

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	\$ 624,457	844,317		1,468,774	1,468,774
Investments	<u>259,089</u>	<u></u>	<u></u>	<u>259,089</u>	<u>259,089</u>
Total	<u><u>\$ 883,546</u></u>	<u><u>844,317</u></u>	<u><u>0</u></u>	<u><u>1,727,863</u></u>	<u><u>1,727,863</u></u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies – cont'd

Accounts Receivable

Billings for accounts receivable at December 31, 2014 were \$159,488. No allowance for doubtful accounts was computed because the effect of bad debts on the financial statements is not considered material.

Prior Year Information

Prior year financial statement information is included in the other supplementary information section for comparative purposes only. No opinions are issued on these amounts, and are included as memorandum.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance, including workers compensation, for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Fixed Assets

Fixed assets are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	5 years
Transportation equipment	5 years
Water & sewer system	50 years
Buildings	25 years
Computer equipment	3 years

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies – cont'd

The fixed asset information for the District is shown below:

	12/31/2013 Amount	Additions	Deletions	12/31/2014 Amount
Land	\$ 3,294	-		3,294
Buildings	212,931	-	-	212,931
Plant and water sys.	8,521,778	364,306	-	8,886,084
Vehicles and equip.	472,409	45,876	-	518,285
Total Fixed Assets	9,207,118	410,182	-	9,620,594
Less: Accumulated Depreciation	(2,808,560)	(261,516)	-	(3,070,076)
Total	<u>\$ 6,398,558</u>	<u>148,666</u>	<u>-</u>	<u>6,550,518</u>

Note B – Long-Term Debt

Long-Term Debt consists of one 2012 note to the Office of Rural Development for water system expansion and improvements. This note is for a total of \$3,445,220, at a rate of 3.375%. The District received \$1,681,748 of these proceeds in the 2013 fiscal year, and received \$401,334 in 2014. The District is required to make monthly payments of \$13,092 on this note, and began making payments in 2012. At December 31, 2014, the outstanding balance was \$3,238,186.

The scheduled maturities for future years, based on the current balance, are detailed as follows:

2015	\$ 48,562
2016	50,226
2017	51,948
2018	53,729
2019-23	297,563
2024-28	352,179
2029-33	416,819
2034+	<u>1,967,160</u>
Total	<u>\$ 3,238,186</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note C – Employee Retirement Plan

The District has adopted a simplified employee pension (SEP) plan, which is self-directed and noncontributory. The District contributes 4% of the employee gross pay of each qualifying employee. Employees are eligible for the plan after two years of full-time employment and have attained the age of twenty-one years. The contribution by the District is computed and paid once a year, normally in December. For the 2014 fiscal year, the District contributed \$9,526.

Note D – Subsequent Events

Management has evaluated subsequent events through February 16, 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.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Balance Sheet
December 31, 2014

<u>ASSETS</u>	<u>DECEMBER 31,</u>	
	<u>2014</u>	<u>(memo only) 2013</u>
Current Assets:		
Cash and cash equivalents	\$ 1,468,774	1,296,030
Investments	104,580	104,266
Accounts receivable	159,488	150,757
Prepaid insurance	20,530	21,572
Total current assets	<u>1,753,372</u>	<u>1,572,625</u>
Restricted Assets:		
ORWA reserve certificate	1,000	1,000
Rural Development reserve investment	<u>154,509</u>	<u>153,742</u>
Total restricted assets	<u>155,509</u>	<u>154,742</u>
Fixed Assets:		
Land	3,294	3,294
Building	212,931	212,931
Plant and water systems	8,886,084	8,521,778
Vehicles and equipment	<u>518,285</u>	<u>472,409</u>
Total fixed assets	9,620,594	9,210,412
Less: accumulated depreciation	<u>(3,070,076)</u>	<u>(2,808,560)</u>
Total fixed assets (net)	<u>6,550,518</u>	<u>6,401,852</u>
Total Assets	<u>\$ 8,459,399</u>	<u>8,129,219</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 75,488	83,747
Payroll and taxes payable	2,831	2,956
Accrued vacation and sick leave	36,613	31,346
Accrued interest on long-term debt	6,887	6,144
Current maturities of long-term debt	<u>48,562</u>	<u>60,532</u>
Total current liabilities	<u>170,381</u>	<u>184,725</u>
Long-Term Debt, less current maturities:		
Notes payable - Rural Development	<u>3,189,624</u>	<u>2,828,436</u>
Total Liabilities	<u>3,360,005</u>	<u>3,013,161</u>
Fund Equity:		
Member capital	1,697,074	1,669,394
Retained earnings	<u>3,402,320</u>	<u>3,446,664</u>
Total fund equity	<u>5,099,394</u>	<u>5,116,058</u>
Total Liabilities and Fund Equity	<u>\$ 8,459,399</u>	<u>8,129,219</u>