

Ebarb Waterworks District No. 1
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016



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Eugene W. Fremaux II
Certified Public Accountant

EBARD WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Ebarb Waterworks District No. 1
Zwolle, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Ebarb Waterworks District No. 1, Zwolle, Louisiana (the District), a component unit of the Sabine Parish Policy Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, 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 in accordance with accounting principles generally accepted in the United States of America; this includes 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 from 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 entity'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 entity'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 audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, a component unit of the Sabine Parish Police Jury, as of December 31, 2016, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 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 supplementary 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 basic 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, 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 and 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



EUGENE W. FREMAUX II, CPA
June 28, 2017

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$224,156 during the year.
- The District's assets exceeded its liabilities by \$142,841.
- Unrestricted net position increased by \$224,099 during 2016.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows, which provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements are prepared on an accrual basis of accounting, which is similar to the accounting used by most private sector companies.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

EBARB WATERWORKS DISTRICT NO. 1
 ZWOLLE, LOUISIANA
 MANAGEMENT DISCUSSION AND ANALYSIS
 YEAR ENDED DECEMBER 31, 2016

Condensed Statement of Net Position

	Dec. 31, 2016	Dec. 31, 2015
Current and other assets	\$ 467,322	\$ 388,357
Capital assets, net	<u>2,313,736</u>	<u>2,347,088</u>
Total assets	<u>\$ 2,781,058</u>	<u>\$ 2,735,445</u>
Current and other liabilities	\$ 291,851	\$ 445,202
Long-term debt	<u>2,346,366</u>	<u>2,371,558</u>
Total liabilities	<u>2,638,217</u>	<u>2,816,760</u>
Net Position:		
Invested in capital assets	-	-
Restricted	57,903	57,846
Unrestricted	<u>84,938</u>	<u>(139,161)</u>
Total net position	<u>142,841</u>	<u>(81,315)</u>
Total liabilities & net position	<u>\$ 2,781,058</u>	<u>\$ 2,735,445</u>

Condensed Statement of Activities

	<u>Year Ended</u>	
	Dec. 31, 2016	Dec. 31, 2015
Operating revenues	\$ 1,558,102	\$ 1,542,142
Operating expenses	<u>1,282,887</u>	<u>1,381,321</u>
Operating income (loss)	275,215	160,821
Nonoperating revenues (expenses)	(112,759)	(121,828)
Capital contributions	<u>61,700</u>	<u>42,933</u>
Change in net position	<u>\$ 224,156</u>	<u>\$ 81,926</u>

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

The District's net position as of December 31, 2016 increased by \$224,156 during the year, as compared to an increase of \$81,926 in 2015, primarily due to an increase in usage revenues, reduction in operating expenses and receipt of grant contributions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

During 2016, the District invested \$148,241 in capital assets. The majority of the amount was invested in expenditures related to the distribution system.

Debt repayments in 2016 amounted to \$198,772. Additional debt was incurred in the amount of \$38,855, primarily to purchase a tractor. Outstanding debt was reduced from \$2,565,466 to \$2,405,549.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect any significant changes in operations during the next year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors 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 Mr. P. M. Woods, President, P. O. Box 1366, Zwolle, LA 71486.

EBARB WATERWORKS DISTRICT NO.1
 ZWOLLE, LOUISIANA
 STATEMENT OF NET POSITION
 DECEMBER 31, 2016

ASSETS

Current assets:	
Cash and cash equivalents	\$ 26,067
Accounts receivable	280,155
Prepaid expenses	<u>907</u>
Total current assets	<u>307,129</u>
Non-current assets:	
Restricted cash and cash equivalents	160,193
Capital assets, net	<u>2,313,736</u>
Total non-current assets	<u>2,473,929</u>
Total assets	<u>2,781,058</u>

LIABILITIES

Current liabilities:	
Accounts payable	95,961
Current portion of long-term debt	194,027
Current portion of capital lease obligation	<u>1,863</u>
Total current liabilities	<u>291,851</u>
Current liabilities payable from restricted assets:	
Customer deposits	131,642
Capital lease obligation	3,202
Notes payable	<u>2,211,522</u>
Total current liabilities payable from restricted assets	<u>2,346,366</u>
Total liabilities	<u>2,638,217</u>

NET POSITION

Invested in capital assets, net of related debt	-
Restricted for debt service	57,903
Unrestricted	<u>84,938</u>
Total net position	<u>\$ 142,841</u>

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

EBARB WATERWORKS DISTRICT NO. 1
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUNDNET POSITION
 YEAR ENDED
 DECEMBER 31, 2016

Operating revenues:	
Charges for services	\$ 1,558,102
Total operating revenues	<u>1,558,102</u>
Operating expenses:	
Advertising	1,833
Vehicle expense	31,814
Depreciation	181,593
Insurance	56,586
Legal and accounting	29,550
Licenses and permits	6,549
Repairs and maintenance	66,214
Miscellaneous	6,328
Office	43,192
Payroll taxes	27,907
Salaries and board per diem	355,206
Supplies	73,145
Telephone	18,507
Uniforms	10,164
Utilities	48,302
Water purchases	<u>325,997</u>
Total operating expenses	<u>1,282,887</u>
Operating income (loss)	<u>275,215</u>
Nonoperating revenues (expenses):	
Interest income	57
Interest expense	<u>(112,816)</u>
	<u>(112,759)</u>
Income (loss) before contributions	162,456
Capital contributions	<u>61,700</u>
Change in net position	224,156
Net position, beginning of year	<u>(81,315)</u>
Net position, end of year	<u>\$ 142,841</u>

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

**EBARB WATERWORKS DISTRICT NO. 1
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016**

Cash flows from operating activities:	
Receipts from customers	\$ 1,523,451
Payments to suppliers	(753,645)
Payments to employees	<u>(355,206)</u>
Net cash provided by operating activities	<u>414,600</u>
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(214,925)
Loan proceeds	38,855
Capital contributions	61,700
Interest paid	(112,816)
Payments for capital acquisitions	<u>(148,241)</u>
Net cash provided (used) by capital and related financing activities	<u>(375,427)</u>
Cash flows from investing activities:	
Interest received	<u>57</u>
Net cash provided by investing activities	<u>57</u>
Net increase (decrease) in cash and cash equivalents	39,230
Cash, cash equivalents and investments, beginning of year	<u>147,030</u>
Cash, cash equivalents and investments, end of year	<u><u>\$ 186,260</u></u>
Classified as:	
Unrestricted	\$ 26,067
Restricted	<u>160,193</u>
Total	<u><u>\$ 186,260</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>275,215</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	181,593
Receivables and prepaid expenses	(39,735)
Accounts payable	(11,748)
Customer guaranteed deposits	<u>9,275</u>
Total adjustments to operating income (loss)	<u>139,385</u>
Cash flows from operating activities:	<u><u>\$ 414,600</u></u>

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

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

The Ebarb Waterworks District No. 1 (the District), a political subdivision of the Sabine Parish Police Jury, was created by Louisiana Revised Statute 33:38.11 and adopted by the Police Jury on March 16, 1977. The District's purpose is to provide water service to any user within the geographical bounds of the District. The District is operated by a board that consists of up to five commissioners appointed by the Policy Jury.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The accompanying financial statements of the District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations. These financial statements do not include the transactions or activities of the Sabine Parish Police Jury. The District's financial statements follow the guidance mentioned in *GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District accounts for its activities in an enterprise fund. An enterprise fund is accounted for on an economic resources measurement focus. The fund is maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the accounting period incurred, if measurable. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result services provided in connection with the District's principal operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. All revenue and expense not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivables

All receivables are recognized based on the monthly amounts billed for water consumption of District customers. Uncollectible revenues are those accounts aged greater than 60 days. Uncollectible accounts are written off at the end of each year. As such, all outstanding receivables at the end of each year are deemed to be collectable and as such an allowance has not been recognized.

Restricted Assets

Based upon certain bond covenants, the District is required to establish and maintain prescribed amounts of resources (consisting of cash and cash equivalents) in special funds that can be used only to service outstanding debt. The requirements are as follows:

- a) Each month, there will be set aside into a fund called the "Water System Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the total principal and interest maturing in the ensuing year. Such amounts shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.
- b) Each month, there shall be set aside into a "Water System Reserve Fund" a sum at least equal to five percent (5%) of the annual debt payment until such time as there has been accumulated in said fund a sum equal to the highest combined principal and interest amount falling due in any year. Such money is to be maintained solely for the purpose of paying the principal and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.
- c) Funds will also be set aside into a "Depreciation and Contingency Fund" Money in this fund shall be used to pay the principal and interest on bonds for which there is not sufficient money in the Sinking or Reserve Fund.

The District requires a customer deposit upon initial account opening for use of the District owned water meter at each residence or business. The District must hold the deposits in a separate bank account until the customer's account is closed and at that time the deposit is returned to the customer.

Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District is charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Fund Net Position. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets,

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to expenses as incurred. Major expenditures for renewals and betterments are capitalized.

Compensated Absences

All full time employees of the District earn annual and sick leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities less deferred inflows of resources. The net investment in capital assets component consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when constraints are placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.

The unrestricted component of net position is all other net position that is not included in the determination of net investment of capital assets and the restricted component of net position.

The District's policy is to use unrestricted funds first, followed by restricted resources as they are needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$186,260 at December 31, 2016. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2016 the District's bank balances of these deposits were fully covered by FDIC insurance, and therefore were not exposed to custodial credit risk.

3. RESTRICTED ASSETS

At December 31, 2016 the District had the following restricted assets:

Cash and cash equivalents for debt service	\$ 57,903
Cash for customer deposits	<u>102,290</u>
Total	<u>\$160,193</u>

4. CAPITAL ASSETS

A summary of changes in capital assets for 2016 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Land	\$ 77,530	\$ -	\$ -	\$ 77,530
Buildings	45,192		-	45,192
Distribution system	4,623,839	81,215	-	4,705,054
Vehicles	113,959		-	113,959
Equipment	103,741	40,234	-	143,975
Construction in Progress	<u>78,950</u>	<u>26,792</u>	-	<u>105,742</u>
Total	<u>\$ 5,043,211</u>	<u>\$ 148,241</u>	<u>\$ -</u>	<u>\$ 5,191,452</u>

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

A summary of changes in accumulated depreciation for 2016 follows:

	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Land	\$ -	\$ -	\$ -	\$ -
Buildings	21,100	3,262	-	24,362
Distribution system	2,492,714	161,532	-	2,654,246
Vehicles	95,520	8,275	-	103,795
Equipment	86,788	8,525	-	95,313
Construction in Progress	-	-	-	-
Total	<u>\$2,696,122</u>	<u>\$ 181,594</u>	<u>\$ -</u>	<u>\$2,877,716</u>

5. CONCENTRATION OF WATER SUPPLY

During 2016, the District obtained approximately 82% of water sold from other water districts within the parish.

6. LITIGATION

The District was not involved in any litigation at December 31, 2016.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of asset; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured loss to the District.

8. VIOLATION OF DEDT COVENANTS

As discussed in Note 1 under significant accounting policies for restricted cash, the District is required to make monthly deposits into various reserve accounts under the terms of its current debt obligations. While the District has made some monthly deposits into these reserve accounts and is current on its required principal payments, the District is not making the minimum monthly payments as required under the terms of the agreement and therefore is not in compliance with its debt covenants. As of December 31, 2016 the District had \$57,903 deposited in the reserve accounts, which is less than the required amount of approximately \$264,500.

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

9. LEASE OBLIGATIONS

The following is a schedule of future minimum lease payments and the present value of the net future minimum lease payments as of December 31, 2016:

Year ending December 31,	Amount
2017	\$ 2,130
2018	2,130
2019	<u>1,243</u>
Total minimum payments required	5,503
Less amount representing interest	<u>(438)</u>
Present value of minimum lease payment:	5,065
Less current portion	<u>(1,863)</u>
Long-term portion	<u>\$ 3,202</u>

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 28, 2017, and determined that no events have occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

11. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for 2016:

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016	Current Amounts
Revenue Bonds-1982	\$ 224,450	\$ -	\$ 40,286	\$ 184,164	\$ 42,132
Revenue Bonds-1990	1,608,663	-	90,396	1,518,267	94,539
Revenue Bonds-1993	522,276	-	24,067	498,209	25,170
Revenue Bonds-2006	116,095	-	1,862	114,233	1,945
Community Resource Group Loan	10,903	-	10,903	-	-
Certificate of Indebtedness-2016	-	7,775	-	7,775	7,775
Certificate of Indebtedness-2016	-	31,080	3,670	27,410	5,760
Certificate of Indebtedness-2012	31,200	-	21,560	9,640	9,640
Certificate of Indebtedness-2014	51,879	-	6,028	45,851	7,066
Total	<u>\$ 2,565,466</u>	<u>\$ 38,855</u>	<u>\$ 198,772</u>	<u>\$ 2,405,549</u>	<u>\$ 194,027</u>

The following is a summary schedule by years of future payments under the above debt:

Year ending <u>December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 194,027	\$ 105,339	\$ 299,366
2018	184,843	96,198	281,041
2019	193,493	87,547	281,040
2020	202,601	78,439	281,040
2021	160,452	69,935	230,387
2022-2026	840,642	240,301	1,080,943
2027-2031	555,577	58,447	614,024
2032-2036	20,471	14,049	34,520
2037-2041	25,467	9,053	34,520
2042-2046	27,976	4,243	32,219
Total	<u>\$ 2,405,549</u>	<u>\$ 763,551</u>	<u>\$ 3,169,100</u>

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

The terms of the individual debt issues of the District are as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>
Revenue Bonds-1982	4.500%	2021	\$ 569,804
Revenue Bonds-1990	4.500%	2029	2,194,968
Revenue Bonds-1993	4.500%	2032	778,650
Revenue Bonds-2006	4.375%	2046	129,000
Certificate of Indebtedness-2016	5.750%	2017	7,705
Certificate of Indebtedness-2016	5.500%	2021	31,080
Certificate of Indebtedness-2012	0-5.5%	2017	100,000
Certificate of Indebtedness-2014	5.600%	2022	61,032
Total			<u>\$ 3,872,239</u>

**EBARB WATERWORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

12. COMPENSATION PAID TO BOARD MEMBERS

Per diem payments to Board members during 2016 are as follows:

P. M. Woods	\$1,440
Benny Garcie	1,320
Donald Garcie	1,260
Harold Ledford	900
Pete Nugent	1,020

**EBARB WATER WORKS DISTRICT NO. 1
ZWOLLE, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2016**

EXHIBIT D

Agency Head: P. M. Woods

<u>Purpose</u>	<u>Amount</u>
Per diem	\$ 1,440
Lodging	0
Travel	<u>388</u>
Total	<u>\$ 1,590</u>

**EBARB WATER DISTRICT #1, EBARB LOUISIANA
UNAUDITED SUMMARY OF UTILITY SERVICE CUSTOMERS
DECEMBER 31, 2016**

EXHIBIT E

<u>Type of Customers</u>	<u>Numbers of Customers</u>
Residential	3358
Non-Residential	<u>47</u>
	<u>3,405</u>

See Independent Auditor's Report.

**EBARB WATER DISTRICT #1, EBARB LOUISIANA
UNAUDITED SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2016**

EXHIBIT F

<u>Insurer</u>	<u>Expiration Date</u>	<u>Coverage</u>	<u>Limits</u>
Louisiana Worker's Compensation Corp.	January 01, 2018	Workers' Compensation	
		Bodily Injury by Accident	\$1,000,000 each accident
		Bodily Injury by Disease	\$1,000,000 policy limit
		Bodily Injury by Disease	\$1,000,000 each employee
American Alternative Insurance Corp.	February 8, 2018	Commercial General Liability	\$3,000,000
		Deductible	\$1,000
		Property Deductible	\$1,000,000 \$1,000
		Automobile Liability Deductible	\$1,000,000 \$500
		Errors and Omissions Deductible	\$1,000,000 \$0

See Independent Auditor's Report.

**EBARB WATER DISTRICT #1, EBARB LOUISIANA
UNAUDITED LIST OF GOVERNING BODY POSITIONS AND TERMS
DECEMBER 31, 2016**

EXHIBIT G

<u>Name</u>	<u>Position</u>	<u>Address</u>	<u>Telephone Number</u>
PM Woods	President	P.O. Box 93, Zwolle, LA 71486	(318) 645-9721
Robert Conyer	Commissioner	895 Village Drive, Zwolle, LA 71486	(318) 256-0091
Donald Garcie	Secretary/ Treasurer	101 Rock Hill Ln, Noble, LA 71462	(318) 645-9212
Benny Garcie	Commissioner	P.O. Box 493, Zwolle, LA 71486	(318) 508-2931
Peter Nugent	Vice President	1269 Parkside Dr., Zwolle, LA 71486	(318) 645-7791

See Independent Auditor's Report.

**EBARB WATER DISTRICT #1, EBARB LOUISIANA
RATE LIST
DECEMBER 31, 2016**

EXHIBIT H

<u>Rate List</u>	
Security deposit	\$100.00
Security deposit renters	\$200.00
Late Charge	10% of current charges
New meter box (customer installed)	\$55.00
New meter box (ewd#1 installed)	\$65.00
Move water meter (10 feet or less)	\$100.00
Impact Fee	\$250.00
Road bore fee	\$1350.00
Short tap fee	\$950.00
One inch meter (meter itself)	\$500.00
DHH fee	\$1.00/month
Lock replacement	\$20.00
Transfer Fee	\$75.00
Replace cut-off valve	\$50.00
Replace water meter	\$50.00
NSF check	\$25.00
Pull meter	\$75.00
Reconnect for nonpayment	\$50.00
Service call	\$50.00
Base rate residential after 1 st 1,000	\$25.50/1,000 gallons \$6.75/1,000
Base rate commercial after 1 st 10,000	\$62.50/10,000 gallons \$12.05/1,000
Bulk water rate	\$12.05/1,000 gallons
Base rate non-residential after 1 st 1,000	\$25.50/1,000 gallons \$6.75/1,000

See Independent Auditor's Report.

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 Commissioners
Ebarb Waterworks District No. 1
Zwolle, Louisiana

We have audited, in accordance with the 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 financial statements of Ebarb Waterworks District No. 1 (the District), a component unit of the Sabine Parish Police Jury, of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 28, 2017.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under

Government Auditing Standard and are described in the accompanying schedule of findings and questioned costs as items 2016-01 and 2016-02.

Purpose of this Report

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a long horizontal flourish extending to the right.

EUGENE W. FREMAUX II, CPA
June 28, 2017

EBARB WATERWORKS DISTRICT NO. 1
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2016

CURRENT YEAR

2016-01 Restricted Cash – Customer Deposits

Criteria: An escrow account is maintained by the District to hold required deposits paid by customers upon the establishment of water services. These deposits are refunded to customers upon service termination for accounts that are current.

Condition: In prior years the District has not been depositing the required amounts into this account, and has withdrawn funds which did not represent refunds to customers. See prior year finding 2015-01. In 2016 the correct amounts of deposits were made into this account, and additional amounts were deposited which reduced the shortage from \$66,121 at December 31, 2015 to \$29,352 at December 31, 2016.

Cause: Management needed funds to cover short-term cash needs of the District.

Effect: The District is not in compliance with established policies and state regulations regarding customer deposits.

Recommendation: The District needs to continue to handle customer deposits in accordance with policy, and to implement a plan to reimburse the escrow account to the appropriate amount.

View of Responsible Official and Planned Corrective Action: The District will continue to follow the customer deposit policy and expects to be in complete compliance by the end of 2017.

2015-02 Noncompliance with Debt Covenants

Criteria: In accordance with the terms of its bond agreements, the District is required to make monthly deposits into a Reserve Fund equal to 5% of the payments being made into a Sinking Fund until an amount equal to the highest combined principal and interest requirements for any year Bond and any additional Parity Bonds is on deposit. In addition, the District is to deposit into a Depreciation and Contingency Fund a sum of 5% of the amount paid into the Sinking Fund. When a sum equal to the Debt Service requirement has been accumulated in the Reserve Fund, the monthly payments into the Contingency Fund shall be increased to an amount to 10% of the amount being paid monthly into the Sinking Fund. These accounts have a balance of \$57,903 at December 31, 2016, which is below the required amount of \$264,500.

Condition: The District has been making some deposits into these accounts, but has not been depositing the required amounts into these accounts. See prior year finding 2015-02 (initial year of finding – 1996).

Cause: Management needed funds to cover short-term cash needs of the District.

Effect: The District is not in compliance with debt covenants.

EBARB WATERWORKS DISTRICT NO. 1
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2016

Recommendation: The District needs to develop a plan to ensure future adherence to its bond covenants.

View of Responsible Official and Planned Corrective Action: The District will continue to make deposits into these accounts as cash flow from operations permit. Additional funding of these accounts has begun in 2017, however management believes it will take a number of years to restore these reserve accounts to the proper balances.

PRIOR YEAR

See above current year findings.