

SPRING BAYOU WATER WORKS DISTRICT

Marksville, Louisiana

Compiled Financial Statements

December 31, 2016

DUCOTE & COMPANY
Certified Public Accountants
219 North Main Street
P. O. Box 309
Marksville, LA 71351

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA
As of and for the Year Ended December 31, 2016**

Table of Contents

	Page No.
Independent Accountants' Compilation Report	1
Basic Financial Statements:	
Statement of Net Assets	3
Statement of Revenues, Expenses, And Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-13
Supplementary Information:	
Schedule of Compensation, Other Benefits Paid To Agency Head	15
Supplemental Data Required by USDA	16

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Spring Bayou Water Works District
Marksville, Louisiana
Avoyelles Parish, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of the Spring Bayou Water Works District, as of and for the year ended December 31, 2016, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits and other payments to the agency head and supplementary data required by USDA are presented for purposes of additional analysis and are not required parts of the basic financial statements. This information is the representation of management. This information was subject to our compilation engagement, but we have not audited or reviewed the supplementary information, and accordingly, do not express an opinion, a conclusion, nor provided any assurance on such information.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement basic financial statements. The Management Discussion and Analysis, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.


Ducote & Company
Certified Public Accountants
Marksville, Louisiana
June 21, 2017

BASIC FINANCIAL STATEMENTS

SPRING BAYOU WATER WORKS DISTRICT
Marksville, Louisiana
Statement of Net Assets
December 31, 2016

ASSETS

Cash and cash equivalents	\$83,923
Accounts receivables	7,084
Restricted assets - cash and cash equivalents	26,335
Capital assets:	
Land	500
Machinery and equipment, net of accum depr	<u>433,851</u>
TOTAL ASSETS	<u><u>551,693</u></u>

LIABILITIES

Accounts payable	1,504
Accrued interest payable	128
Long term liabilities:	
Due within one year	6,913
Due in more than one year	<u>272,756</u>
TOTAL LIABILITIES	<u><u>281,301</u></u>

NET ASSETS

Invested in capital assets, net of related debt	161,467
Restricted for:	
Debt service	19,423
Unrestricted	<u>89,503</u>
TOTAL NET ASSETS	<u><u>\$270,392</u></u>

See accompanying notes and accountants' compilation report.

SPRING BAYOU WATER WORKS DISTRICT
Marksville, Louisiana
Statement of Revenues, Expenses,
And Changes in Fund Net Assets
Year Ended December 31, 2016

OPERATING REVENUES	
Charges for services	\$79,616
Membership dues	2,300
	81,916
Total operating revenues	81,916
 OPERATING EXPENSES	
Water purchased	17,324
Billing and professional fees	10,700
Casual labor	1,500
Depreciation	14,046
Insurance	2,262
Repairs and maintenance	244
Supplies	5,887
Utilities	295
Other costs	2,116
	54,375
Total operating expenses	54,375
OPERATING INCOME (LOSS)	27,542
 NON-OPERATING REVENUES (EXPENSES)	
Interest earned	54
Interest expense	(12,235)
	(12,181)
Total non-operating revenues (expenses)	(12,181)
Change in net assets	15,361
Net assets, beginning of year	255,032
Net assets, end of year	\$270,392

See accompanying notes and accountants' compilation report.

SPRING BAYOU WATER WORKS DISTRICT
Marksville, Louisiana
Statement of Cash Flows
Year Ended December 31, 2016

Cash Flows from Operating Activities	
Receipts from customers	\$81,132
Payments to suppliers for goods and services	<u>(40,640)</u>
Net cash provided (used) in operating activities	<u>40,491</u>
Cash Flows from Capital and Related Financing Activities:	
Principal payment on bonds	(6,617)
Interest paid on bonds	<u>(12,238)</u>
Net cash provided (used) in capital and related financing activities	<u>(18,855)</u>
Cash flows from Investing Activities:	
Interest received	<u>54</u>
Net cash provided (used) in investing activities	<u>54</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,690
Cash and cash equivalents, beginning of year	<u>88,570</u>
Cash and cash equivalents, end of year	<u><u>\$110,258</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	27,542
Adjustments to reconcile net earnings to net cash provided (used) by operating activities	
Depreciation	14,046
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(784)
Increase (decrease) in accounts payable	<u>(313)</u>
Net cash provided by operating activities	<u><u>\$40,491</u></u>

See accompanying notes and accountants' compilation report.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

INTRODUCTION

The Spring Bayou Water Works District, Marksville, Louisiana was incorporated on October 9, 1990, under the provision of the Louisiana Revised Statutes 33:3814, by the Avoyelles Parish Police Jury. The District operates under a President-Board form of government, whose appointments are made by the Avoyelles Parish Police Jury. The members of the board receive \$15 per meeting attended. The District is responsible for maintaining and operating a water system within the boundaries of the district.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Spring Bayou Water Works District is considered a component unit of the Avoyelles Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting entity of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. FINANCIAL STATEMENTS

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for the enterprise fund. For these governments, basic financial statements and required supplemental information (RSI) consist of:

1. Management’s discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Spring Bayou Water Works District is a special-purpose government engaged only in business-type activities.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related to cash flows.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating expenses of the Spring Bayou Water Works District include the costs of the services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the department may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

D. RECEIVABLES

All receivables are generally shown net of an allowance for uncollectible accounts. These statements contain no provision for uncollectible accounts. The District is of the opinion that such an allowance would be immaterial to the financial statements taken as a whole.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

E. NET ASSETS

In the financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) laws through constitutional provisions or enabling legislation.

Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

F. CAPITAL ASSETS

Capital assets, which include land, the water system, buildings, and equipment are reported in the enterprise fund financial statements. All of the District’s capital assets are capitalized at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure – water system	25 - 40 years
Buildings	25 years
Equipment	5 – 10 years

G. LONG-TERM OBLIGATIONS

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

H. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. FAIR VALUE

The District measures and reports the financial assets at fair value. Fair value is defined as the prices that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date.

The three-level hierarchy discussed below indicates the extent and level of judgment used to estimate fair market value.

- Level 1* – Uses unadjusted quoted prices that are available in active markets for identical assets as of the reporting date;
- Level 2* – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets in active markets and quoted prices in markets that are not active. Level 2 also includes assets that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models are corroborated by readily observable data;
- Level 3* - Uses inputs that are unobservable, supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models that utilize management estimates of market participant assumptions. The District did not have any Level 3 assets as of the report date.

The following are the assets of the District that were accounted for at fair value on a recurring basis as of December 31, 2016. This table does not include assets and liabilities that are measured at historical cost or any other basis other than fair value.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. FAIR VALUE (continued)

<u>Description</u>	<u>12/31/2016</u>	<u>Fair Value at Reporting Date Using</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs Level (2)</u>	<u>Significant Unobservable Inputs Level (3)</u>
Cash/money market funds	\$110,258	\$110,258	\$0	\$0

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2016 the District has cash and cash equivalents (book balances) as follows:

Demand Deposits \$110,258

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2016, the District has \$110,319 (collected bank balances). These deposits are secured from risk by \$110,319 of federal deposit insurance.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. ACCOUNTS RECEIVABLE

At December 31, 2016, the District has net receivables of \$7084, as follows:

Water user fees	\$7,084
Allowance for uncollectible accounts	<u>0</u>
Net receivables	<u>\$7,084</u>

NOTE 5. LONG-TERM NOTES PAYABLE

The following is a summary of long-term debt (revenue bonds payable) activity for the year ended December 31, 2016:

Revenue bonds payable at January 1, 2016	\$286,286
Additions	0
Reductions	<u>(6,617)</u>
Revenue bonds payable at December 31, 2016	<u>\$279,669</u>

All outstanding debt at December 31, 2016, in the amount of \$279,669, are revenue bonds payable with maturities from 2021 until 2045 and interest rates of 4.25% and 4.50%. Loan principal and interest payable in the next fiscal year are \$6,913 and \$11,943, respectively. The individual bond issues are as follows:

	\$120,000 Bonds	\$233,000 Bonds
Original Issue Date	7/27/1994	5/24/2005
Interest Rate	4.50%	4.25%
Final Payment Date	2033	2045
Interest to Maturity	\$33,673	\$145,206
Principal outstanding	\$78,208	\$201,461
Funding Source	Water Fees	Water Fees

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM NOTES PAYABLE (continued)

The loans are due as follows:

Year Ending December 31,	Principal	Interest	Total
2017	6,913	11,943	18,856
2018	7,221	11,636	18,857
2019	7,542	11,314	18,856
2020	7,878	10,978	18,856
2021	8,229	10,627	18,856
2022- 2045	<u>241,886</u>	<u>122,381</u>	<u>364,267</u>
Totals	<u>\$279,669</u>	<u>\$178,879</u>	<u>\$458,548</u>

NOTE 6. RESTRICTED ASSETS

The bond covenants for the 1994 and 2005 water revenue bond issues, as discussed in Note 4 above, require the district to establish the following reserve accounts:

Water Reserve Fund - The District must transfer \$28 each month until the 2005 funded project is accepted by the District. Following acceptance by the District, the monthly deposit increases to \$66. In May 2006, the monthly deposit increased to \$79, until the account reaches a balance of \$18,856. In July 2034, when the 1994 Bond issue is fully retired, the funds on deposit in the Reserve Fund are to be reduced to \$12,246.

Contingency Fund - The 1994 bond issue requires a \$30 per month transfer to the contingency fund. In May 2005 the District accepted the 2005 expansion project and the 2005 bond issue requires a transfer of \$28 each month. A total transfer of \$58 is made each month to the contingency fund, until the account reaches a balance of \$18,856.

As of December 31, 2016, the District was in compliance with the reserve requirements for the bond issues.

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

A summary of changes in general fixed assets for 2016 as follows:

	<u>Balance 12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>
Land	\$500	\$0	\$0	\$500
Building	15,000	0	0	15,000
Water System	<u>605,058</u>	<u>0</u>	<u>0</u>	<u>605,058</u>
Total Capital Assets	620,558	0	0	620,558
Less Accum Depr	<u>(172,161)</u>	<u>(\$14,046)</u>	<u>\$0</u>	<u>(186,207)</u>
Net Capital Assets	<u><u>\$448,397</u></u>			<u><u>\$434,351</u></u>

NOTE 8. BOARD MEMBER PER DIEM

Name	Address	Telephone	Position	Per Diem
Donna DeSoto	172 Fins & Feathers, Marksville, LA 71351	318-253-8709	President	\$180
James DeSoto	172 Fins & Feathers, Marksville, LA 71351	318-253-8709	Vice-President	180
Patrick Bordelon	143 Fins & Feathers, Marksville, LA 71351	318-253-8709	Sec/Treas	180
Dale Lambert	760 Boggy Bayou Rd, Marksville, LA 71351	318-253-0564	Board Member	<u>180</u>
				<u><u>\$720</u></u>

NOTE 9. LITIGATION AND CONTINGENCIES

At December 31, 2016, the Spring Bayou Water Works District, Marksville, Louisiana was not involved in any litigation that would materially affect the financial statements.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 21, 2017, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2016, that required recognition or disclosure in the financial statements

SUPPLEMENTAL INFORMATION

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA
SCHEDULE 1**

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

**December 31, 2016
(Without Audit)**

Agency Head: Donna Desoto, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits:	
Insurance	0
Retirement	0
Car allowance	0
Vehicle provided by government	0
Per diem	180
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Professional dues	0
Special meals	0
	<u>0</u>
	<u>\$180</u>

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA
Schedule 2
Supplemental Data Required by USDA
(Without Audit)**

1. All Borrowers

- a. Are deposited funds in institutions insured by the Federal Government? Yes
- b. Are you exempt from Federal Income Tax? Yes
- c. Are Local, State, and Federal taxes paid current? Yes
- d. Is corporate status in good standing with the State? Yes
- e. List kinds and amounts of insurance and fidelity bonds:

Insurance Coverage	Policy No	Company	Amount Of Coverage	Expiration Date of Policy
Property Ins	2CX4204	Evanston Ins Co	\$ 50,000	July 2017
Liability Ins	2CX4204	Evanston Ins Co	\$ 2,000,000	July 2017
Fidelity Bond	#00901574TX	Universal Surety	\$ 40,000	October 2017
	#00901594TX	Universal Surety	\$ 40,000	October 2017

2. Recreation and Grazing Association Borrowers Only
Not applicable

3. Water and/or Sewer Utility Borrowers Only

Water Utility:

- a. Water purchased or produced (CU FT – GAL) 3,434,800 GAL
- b. Water Sold (CU FT – GAL) 3,610,550 GAL
- d. Number of users – water 265

4. Water Rates

Commercial and Residential Rates:

- \$18.00 Monthly Minimum for first 1,000 gallons
- \$6.00 Per each additional 1,000 gallons

5. Other Utilities

Not applicable

6. Health Care Borrowers Only

Not applicable

7. Distribution of All Cash and Investments

	Construction	Revenue	Debt Svc	Op & Maint	Reserve	All Others	Total
Cash Accts	\$0	\$73,543	\$0	\$0	\$0	\$0	\$73,543
Savings	0	10,380	0	13,770	12,565	0	36,715
	\$0	\$83,923	\$0	\$13,770	\$12,565	\$0	\$110,258

8. Aged Accounts Receivable

	0-30	31-60	61-90	91 & Older	Total
Dollar Values	\$7,084	\$0	\$0	\$0	7,084
Number of Accts	265	0	0	0	265