

CADDO BASIN SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016

RUTHERFORD, TAYLOR & COMPANY, P.C.
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**CADDO BASIN SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016**

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CADDO BASIN SPECIAL UTILITY DISTRICT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF Hunt

I, _____ of the
(Name of Duly Authorized District Representative)

Caddo Basin Special Utility District
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the _____ day of _____, _____ its annual audit report for the fiscal period ended December 31, 2016 and that copies of the annual report have been filed in the District's office, located at _____
156 CR 1118, Greenville, Texas 75401
(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: _____, _____ By: _____
(Signature of District Representative)

(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, _____.

(SEAL)

(Signature of Notary)

My Commission Expires On: _____,
Notary Public of the State of Texas.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board:

We have audited the accompanying financial statements of the business type activities, which are the proprietary funds of the Caddo Basin Special Utility District (District), 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 an opinion 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 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 account 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, which are the proprietary funds of the Caddo Basin Special Utility District 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board during the year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules identified as Texas Supplementary Information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements.

The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary 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 May 5, 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 and compliance.

May 5, 2017
Greenville, Texas



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*

Members of the Board:

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 the business type activities, which are the proprietary funds of the Caddo Basin Special Utility District (District), 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, and have issued our report thereon dated May 5, 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 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.

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 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.

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.

Compliance and Other Matters

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 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 an instance of noncompliance that are required to be reported under *Government Auditing Standards* which is presented in the accompanying schedule of findings and questioned costs as item 16-01.

Report on Internal Control – Continued

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 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.

May 5, 2017
Greenville, Texas

Rutherford, Taylor & Company, P.C.

**CADDO BASIN SPECIAL UTILITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016**

Financial Statement Findings (Section I)

16-01 Expenditures Over Appropriations

Criteria: Texas Water Code, Section 49.057 establishes the legal basis for budget development in special utility districts. No funds may be expended in any manner other than as provided in the adopted budget.

Condition Found: The District over-expended functional expenditure categories during the year and at the year end.

Questioned Costs/Basis: None

Instances/Universe: Expenditures of the legally required budgeted funds are distributed into seven (7) functional expenditure categories. The District over-expended two (2) of the functional categories.

Effect: The District does not appear to have been in compliance with Texas Water Code, Section 49.057.

Recommendation: The District should conduct monthly reviews of budgetary authority with appropriate budget amendments approved by the Board prior to encumbrance and expenditures of funds.

**CADDO BASIN SPECIAL UTILITY DISTRICT
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2016**

Prior Year Findings (Section II)

15-01 Expenditures Over Appropriations

Condition: The District failed to correct its budget excesses in the current year. The excess amounts were similar in the current year.

Status: Ongoing

**CADDO BASIN SPECIAL UTILITY DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2016**

Corrective Action Plans (Section III)

16-01 Expenditures Over Appropriations

The District over-expended two functional categories at year end. In the future, the District will take measures to monitor transactions to ensure timely amendments are taken to the Board for approval, as necessary, and to ensure that all funds expended are provided for in the amended budget.

Contact Person: Leahmon Bryant

**CADDO BASIN SPECIAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

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

FINANCIAL HIGHLIGHTS

- The District’s Net Position was \$ 9,981,361 at December 31, 2016.
- During the year, the District’s expenses were \$ 290,314 less than the \$ 2,960,910 generated from charges for services and other revenues for business-type activities.
- During the year ended December 31, 2016 the District issued no new debt.

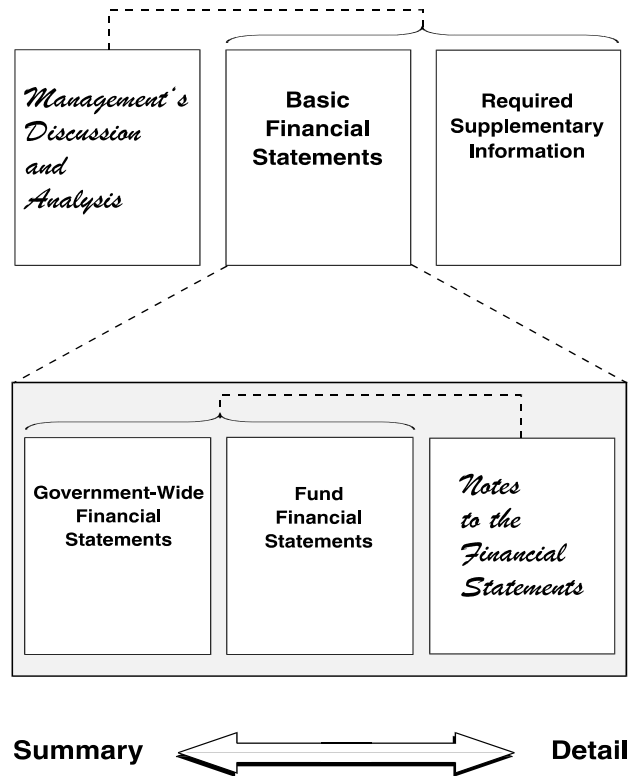
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements and required supplementary information. Management’s Discussion and Analysis provides an overview of the financial activities of the District. The basic financial statements include three statements that present a financial view of the District: The Statement of Fund Net Position presents financial information, including assets and liabilities, representing a one day snapshot; the Statement of Revenues, Expenses and Changes in Fund Net Position presents a review of operating and non-operating activities for the fiscal period; the Statement of Cash Flows reflects the inflows and outflows of cash resources.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as water sales.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District’s Annual Financial Report



**CADDO BASIN SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's Net Position was \$ 9,981,361 at year end.

Caddo Basin Special Utility District's Net Position			Table A-1
	2016	2015	Total Percentage Change 2015 - 2016
Assets:			
Cash and Cash Equivalents	\$ 334,303	\$ 908,937	-63.22%
Other Assets	396,495	325,848	21.68%
Restricted Assets	1,232,765	1,231,368	0.11%
Capital Assets	10,633,502	9,766,179	8.88%
Non-Current Assets	41,617	49,272	-15.54%
Total Assets	\$ 12,638,682	\$ 12,281,604	2.91%
Liabilities:			
Current Liabilities	\$ 464,903	\$ 385,547	20.58%
Long-term Liabilities	2,192,418	2,205,010	-0.57%
Total Liabilities	\$ 2,657,321	\$ 2,590,557	2.58%
Net Position:			
Net Investment in Capital Assets	\$ 8,980,191	\$ 7,849,641	14.40%
Restricted	415,746	1,166,767	-64.37%
Unrestricted	585,424	674,639	-13.22%
Total Net Position	\$ 9,981,361	\$ 9,691,047	3.00%

Cash balances decreased during the year for investment in capital assets for construction of buildings and other improvements to the District facilities. This can be seen as the capital assets increased during the year more than the depreciation reduced their value. Overall assets increased \$ 357,078 or just less than 2% for the year.

Total liabilities increased as well as amounts payable includes the fixed payoff of the Farmersville Pump Station project completed near year end. Long term debt in the form of bonds decreased \$ 270,000 as the annual debt principal was paid in accordance with the scheduled payments.

Net position, difference between assets and liabilities, increased slightly to reflect the earnings of the system during the year. Just under 90% is presented as investment in capital assets which reflects unavailable resources for future purposes.

**CADDO BASIN SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

Changes in Caddo Basin Special Utility District's Net Position			Table A-2
	2016	2015	Total Percentage Change 2015 - 2016
Operating Revenues:			
Charges for Services	\$ 2,924,312	\$ 2,567,578	13.89%
Total Revenues	\$ 2,924,312	\$ 2,567,578	13.89%
Operating Expenses:			
Water Utilities	\$ 2,638,189	\$ 2,381,390	10.78%
Total Expenses	\$ 2,638,189	\$ 2,381,390	10.78%
Nonoperating Revenues (Expenses):			
Interest Income	\$ 1,398	\$ 1,587	-11.91%
Interest Expense	(32,407)	(36,457)	-11.11%
Gain (Loss) on Sale of Fixed Asset	16,115	8,450	90.71%
Contributions from Customers	19,085	45,597	-58.14%
Net Nonoperating Revenues (Expenses)	\$ 4,191	\$ 19,177	-78.15%
Increase (Decrease) in Net Position	\$ 290,314	\$ 205,365	41.36%
Net Position - Beginning (January 1)	9,691,047	9,485,682	2.16%
Net Position - Ending (December 31)	\$ 9,981,361	\$ 9,691,047	3.00%

Revenues for the year increased \$ 356,734 or approximately 14% over the prior year. This increase was generally related to the addition of approximately 230 new connections.

Expenses for the delivery of potable water increased \$ 256,799 or just short of 11%. The increase was generally across all categories including payroll and related benefits, water supplies, infrastructure supplies and various other costs.

**CADDO BASIN SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the District had invested \$ 17,266,423 in a broad range of capital assets, including land, water distribution system, buildings, equipment and vehicles (see Table A-3).

Caddo Basin Special Utility District's Capital Assets			Table A-3
	2016	2015	Total Percentage Change 2015 - 2016
Land and Improvements	\$ 101,844	\$ 101,844	0.00%
Construction in Progress	143,580	38,710	270.91%
Water Distribution System	15,828,961	14,796,039	6.98%
Vehicles	268,661	274,309	-2.06%
Machinery and Equipment	367,781	320,127	14.89%
Furniture and Office Equipment	102,440	284,423	-63.98%
Buildings	453,156	274,093	65.33%
Totals at Historical Cost	\$ 17,266,423	\$ 16,089,545	7.31%
Total Accumulated Depreciation	(6,632,921)	(6,323,366)	4.90%
Net Capital Assets	<u>\$ 10,633,502</u>	<u>\$ 9,766,179</u>	8.88%

Long Term Debt

At year end, the District had \$ 1,694,778 in debt outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Caddo Basin Special Utility District's Long Term Debt			Table A-4
	2016	2015	Total Percentage Change 2015 - 2016
Bonds Payable	\$ 1,690,000	\$ 1,960,000	-13.78%
Other Debt Payable	4,778	5,660	-15.58%
Total Debt Payable	<u>\$ 1,694,778</u>	<u>\$1,965,660</u>	-13.78%

**CADDO BASIN SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

BUDGET, ECONOMIC ENVIRONMENT AND RATES

The central northeast Texas region continues to experience an influx of residential home sites. This increase in home sites and the subsequent residences constructed appears to be continuing. This increase impacts the availability of water and the related infrastructure in the District. Operations will continue in future periods with expansion of infrastructure to provide potable water to those seeking services.

At this time, Caddo Basin Special Utility District is not aware of any decisions or conditions that would impact the District's operations through 2017.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Leahmon Bryant, General Manager for the District.

BASIC FINANCIAL STATEMENTS

CADDO BASIN SPECIAL UTILITY DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2016

		Enterprise Fund
		Water Utilities
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	334,303
Accounts Receivable		219,354
Prepaid Supplies and Materials		119,962
Prepaid Expenses		39,179
Due from Others		18,000
Total Current Assets	\$	730,798
Restricted Assets:		
Investments	\$	1,232,765
Total Restricted Assets	\$	1,232,765
Capital Assets:		
Land and Improvements	\$	101,844
Construction in Progress		143,580
Water Distribution System, net		9,762,036
Vehicles, net		135,120
Equipment, net		203,822
Office Equipment, net		17,551
Buildings, net		269,549
Total Capital Assets	\$	10,633,502
Non-Current Assets:		
Utility Deposits	\$	150
Unexpended Bond Issue Costs, net		41,467
Total Non-Current Assets	\$	41,617
Total Assets	\$	12,638,682

The accompanying notes are an integral part of this statement.

CADDO BASIN SPECIAL UTILITY DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2016

		Enterprise Fund
		Water Utilities
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$	160,003
Payroll Taxes Payable		2,243
Accrued Interest Payable		10,285
TCEQ Assessment Payable		12,372
Current Portion of Bonds Payable		280,000
Total Current Liabilities	\$	464,903
Non-Current Liabilities:		
Customer Deposits	\$	514,750
Deferred Revenue - Developer Contribution		262,890
Bond Payable less Current Portion		1,414,778
Total Non-Current Liabilities	\$	2,192,418
Total Liabilities	\$	2,657,321
NET POSITION		
Net investment in Capital Assets	\$	8,980,191
Restricted for:		
Debt Retirement		415,746
Unrestricted		585,424
Total Net Position	\$	9,981,361

The accompanying notes are an integral part of this statement.

CADDO BASIN SPECIAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

		Enterprise Fund
		Water Utilities
OPERATING REVENUES		
Water Sales	\$	2,390,085
Customer Charges/Fees		534,227
Total Operating Revenues	\$	2,924,312
OPERATING EXPENSES		
Payroll and Benefits	\$	638,761
Water Distribution System		1,046,611
Other Operating Costs		279,726
Professional and Legal Fees		13,864
Insurance		22,786
Amortization		7,655
Depreciation		628,786
Total Operating Expenses	\$	2,638,189
Operating Revenue (Expenses)	\$	286,123
NON-OPERATING REVENUE (EXPENSES)		
Interest Income	\$	1,398
Interest and Other Debt Expenses Paid		(32,407)
Contributions from Customers		19,085
Gain (Loss) on Sale of Fixed Asset		16,115
Net Non-Operating Revenue (Expenses)	\$	4,191
Increase (Decrease) in Net Position	\$	290,314
Total Net Position - Beginning (January 1)		9,691,047
Total Net Position - Ending (December 31)	\$	9,981,361

The accompanying notes are an integral part of this statement.

**CADDO BASIN SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Enterprise Fund Water Utilities
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,909,492
Cash Payments for Goods and Services	(1,483,281)
Cash Payments to Employees	(503,577)
Net Cash Provided by (Used for) Operating Activities	\$ 922,634
Cash Flows from Capital and Other Related Financing Activities:	
Principal Paid on Bonds Payable	\$ (270,000)
Interest Paid on Bonds Payable	(34,650)
Sale of Capital Assets	16,115
Acquisition of Capital Assets	(1,496,109)
Contributions from Developers	260,575
Net Cash Provided by (Used for) Capital and Other Related Financing Activities	\$ (1,524,069)
Cash Flows from Noncapital Financing Activities:	
Change in Customer Deposits	\$ 26,800
Net Cash Provided by (Used for) Noncapital Financing Activities	\$ 26,800
Cash Flows from Investing Activities:	
(Purchase) Sale of Investments	\$ (1,397)
Interest Received	1,398
Net Cash Provided by (Used for) Investing Activities	\$ 1
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (574,634)
Cash and Cash Equivalents - Beginning (January 1)	908,937
Cash and Cash Equivalents - Ending (December 31)	\$ 334,303
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Revenues (Expenses)	\$ 286,123
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	628,786
Amortization	7,655
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(14,820)
(Increase) Decrease in Prepaid Supplies and Materials	(49,692)
(Increase) Decrease in Prepaid Insurance and Other Fees	(10,098)
(Increase) Decrease in Due from Others	3,963
Increase (Decrease) in Accounts Payable	69,041
Increase (Decrease) in Payroll Taxes Payable	(487)
Increase (Decrease) in TCEQ Assessment Payable	2,163
Net Cash Provided by (Used for) Operating Activities	\$ 922,634

The accompanying notes are an integral part of this statement.

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

A. Summary of Significant Accounting Policies

The Caddo Basin Special Utility District (District) was approved by the voters within the District on May 6, 1989. The Caddo Basin Special Utility District is an organization as set forth under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

The Board of Directors (Board), a seven member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the Caddo Basin Special Utility District. Members of the Board are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units presented.

2. Basis of Presentation

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue and expenses. The fund type utilized by the District is described below:

a. Proprietary fund types include the following –

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

4. Budget

The Board adopts an annual budget for the Enterprise Fund. The Budget for the Enterprise Fund is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the General Manager of the District.

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

A. Summary of Significant Accounting Policies (Continued)

5. Property, Plant and Equipment

Additions to the utility system are recorded at cost or, if contributed property, at estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	5 - 40 years
Vehicles	5 - 7 years
Furniture & Equipment	5 - 10 years
Machinery & Equipment	5 - 10 years
Water Distribution System	5 - 40 years

6. Amortization of Equity Fee and Organizational Costs

The District has assets recorded in the basic financial statements entitled "Deferred Bond Issuance Costs." Generally accepted accounting principles require that the District capitalize the costs associated with these assets and amortize those costs over the life of the debt, and not less than 60 months, respectively, rather than expensing the entire amount in the year acquired. The expense associated with this amortization appears in the basic financial statements as "Amortization." The amount expensed during the twelve months ended December 31, 2016, was \$ 7,655. The amount recorded as assets (net of amortization) in the basic financial statements at year end, totaled \$ 41,467.

7. Prepaid Supplies and Materials

Prepaid supplies and materials consists of supplies and repair parts for the distribution system, valued at cost. The cost of supplies and materials is recorded as an expense when consumed rather than when purchased.

8. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of three months or less. Restricted assets and temporary investments are not included.

9. Retirement Plan

Substantially all full time employees of the Caddo Basin Special Utility District are covered by the Caddo Basin Special Utility Rural/Retirement Plan. Mass Mutual is the administrator of this 401(k) plan. This plan was adopted by the Board of Trustees effective January 30, 2012.

The pension plan provides pension benefits and death and disability benefits. A member may retire after reaching the age of 65.

Employees of the District have a mandatory five percent of their defined gross earnings deducted and placed in the plan with voluntary additional contributions to ten percent. If an employee leaves the employment of the District before five years of service, the accumulated contributions plus earned interest are refunded to the employee or the employee's designated beneficiary.

The District makes contributions to the pension plan equal to five percent of each employee's defined gross earnings. After three years of employment this contribution increases to six percent, after five years of employment this contribution increases to eight percent, and after ten years of employment this contribution increases to ten percent.

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

A. Summary of Significant Accounting Policies (Continued)

9. Retirement Plan (Continued)

For the year, the District's total payroll for all employees amounted to \$ 503,577. Covered payroll refers to all compensation paid by the District to active employees covered by the Caddo Basin Special Utility District Rural/Retirement Plan on which contributions to the 401(k) plan are based which amounted to \$ 473,448. During the year, the District contributed \$ 25,731.

In addition to the retirement plan as described above, the employees of the District are covered by Social Security.

10. Related Party Transactions

The District incurs expenses to board members in the amount of \$ 50 for each board meeting attended, in addition to expenses paid by board members. For the year, \$ 3,250 was paid to Board Members for meetings attended, and \$ 0 was reimbursed to board members during the year, for a total of \$ 3,250 paid to board members.

11. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave is paid to employees at one-half the rate of the employee's wages for unused time remaining at year end.

B. Capital Assets

The following is a summary of changes in capital assets for the year:

	Beginning Balances	Additions and Reclassifications	Deletions	Ending Balances
Land and Improvements	\$ 101,844	\$ -	\$ -	\$ 101,844
Construction in Progress	38,710	124,381	19,511	143,580
Water Distribution System	14,796,039	1,032,922	-	15,828,961
Vehicles	274,309	45,200	50,848	268,661
Machinery & Equipment	320,127	128,897	81,243	367,781
Office Equipment	284,423	5,157	187,140	102,440
Buildings	274,093	179,063	-	453,156
Totals at Historical Cost	\$ 16,089,545	\$ 1,515,620	\$ 338,742	\$ 17,266,423
Less Accumulated Depreciation for:				
Water Distribution System	\$ 5,525,519	\$ 541,406	\$ -	\$ 6,066,925
Vehicles	145,342	39,047	50,848	133,541
Machinery & Equipment	223,455	21,747	81,243	163,959
Office Equipment	267,972	4,057	187,140	84,889
Buildings	161,078	22,529	-	183,607
Total Accumulated Depreciation	\$ 6,323,366	\$ 628,786	\$ 319,231	\$ 6,632,921
Net Capital Assets	\$ 9,766,179	\$ 886,834	\$ 19,511	\$ 10,633,502

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

C. Restricted Assets

The District is required to maintain certain bank accounts to be in compliance with the bond covenants. At year end, the District had the following accounts restricted for these purposes:

American National Bank Accounts:	
Construction Fund	\$ 110,474
Bond Reserve	611,737
Bond Debt Payment	511,554
Total Restricted Assets	\$ 1,233,765

American National Bank – Construction Fund – This account represents the amount held in reserve for future capital improvements for Caddo Basin Special Utility District as designated by the Board.

American National Bank – Bond Debt Payment – This account represents the amount accumulated during the year to make principal and interest payments on the outstanding debt.

American National Bank – Bond Reserve - This account represents the amount held in reserve to remain in compliance with Section 13 of the Bond restrictions, which states, “the District shall maintain an account equal to the average annual debt service.”

D. Deposits, Securities and Investments

The District’s funds appear to be deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District’s day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District’s deposits appear to have been secured at all times throughout the fiscal year.

The District’s investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of “A” or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

D. Deposits, Securities and Investments (Continued)

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District did not appear to be significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District did not appear to be exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District did not appear to be exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

E. Long - Term Obligations

The following schedule presents changes in long-term debt for the year:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion of Debt
Bonds Payable	\$ 1,960,000	\$ -	\$ 270,000	\$ 1,690,000	\$ 280,000
Unammortized Bond Premium	5,660	-	882	4,778	-
Total Debt Payable	\$ 1,965,660	\$ -	\$ 270,882	\$ 1,694,778	\$ 280,000

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

E. Long - Term Obligations (Continued)

The following are outstanding debt at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Caddo Basin Special Utility District Utility System Revenue and Refunding Bonds, Series 2012	1.0 – 2.125%	\$ 2,735,000	\$ 1,690,000

Debt service requirements to maturity on revenue bonds at year end are as follows:

Year Ending December 31	Principal	Interest	Total Requirements
2017	\$ 280,000	\$ 30,600	\$ 310,600
2018	280,000	26,400	306,400
2019	285,000	22,200	307,200
2020	295,000	17,213	312,213
2021	300,000	11,313	311,313
2022 - 2026	250,000	5,313	255,313
Totals	<u>\$ 1,690,000</u>	<u>\$ 113,039</u>	<u>\$ 1,803,039</u>

The District is required to maintain certain deposits to satisfy the provisions of the debt authorization relating to the Series 2012 Bond issue. The deposits are identified in Section 13 and 14 of the debt authorization. The following describes these sections and the requirements:

Section 13 – Bond Fund

The required reserve is an amount equal to the average annual debt service. This balance was already funded at the time the 2012 Bonds were issued, so no new deposits were required at that time. As the total is now less than the required amount, monthly deposits in amounts equal to one-twelfth (1/12) of the deficiency shall begin and continue to be made until the required reserve has been restored. At year end, the following is reported:

Amount Required	\$ 103,533
Amount Available	<u>510,554</u>
Excess (Deficiency)	<u>\$ 407,021</u>

Section 14 – Reserve Fund

The Revenue fund is a restricted account to set aside monthly the amounts to retire the bond principal and interest for the current period. The following is reported:

Amount Required	\$ 312,213
Amount Available	<u>611,737</u>
Excess (Deficiency)	<u>\$ 299,524</u>

F. Customer Deposits

The District requires each new customer to pay \$150, which is held as a refundable deposit to secure payment of the customer's final water bill. At year end, the District's obligation totaled \$ 514,750.

**CADDO BASIN SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

G. Litigation

The District does not appear to be involved in any litigation as of year end.

H. 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. During the fiscal year, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Change in Accounting Principles

In fiscal year 2016, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application*
 - Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
 - Statement No. 77, *Tax Abatement Disclosures*
- a) Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
- b) The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.
- c) Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.

J. Subsequent Events

Management of the District has reviewed subsequent events through May 5, 2017, the date the financial statements were made available for use.

TEXAS SUPPLEMENTARY INFORMATION (TSI)
(Other Supplementary Information)

**CADDO BASIN SPECIAL UTILITY DISTRICT
 SUPPLEMENTARY SCHEDULES INCLUDED WITHIN THIS REPORT
 YEAR ENDED DECEMBER 31, 2016**

<u>Exhibit ID</u>	<u>Exhibit Title</u>	<u>Page #</u>
	Independent Auditor's Report on Supplementary Schedules	30
	Budgetary Comparison – Enterprise Fund	31
TSI-1	Services and Rates	32
TSI-2	Enterprise Fund Expenditures	34
TSI-3	Temporary Investments	35
TSI-5	Long-Term Debt Service Requirements by Years	36
TSI-6	Changes in Long-Term Bonded Debt	37
TSI-7	Comparative Schedule of Revenues and Expenses Enterprise Fund - Five Years	38
TSI-8	Board Members, Key Personnel and Consultants	39

The following schedules are not applicable to this District.

- J. Analysis of Taxes Levied and Receivable

**RUTHERFORD,
TAYLOR &
COMPANY, P.C.**
Certified Public Accountants

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

Members of the Board:

In our opinion, the accompanying information is stated accurately in all material respects in relation to the basic financial statements, taken as a whole, of the Caddo Basin Special Utility District for the year ended December 31, 2016, which are covered by our opinion presented in the first section of this report.

The accompanying information is supplemental to the basic financial statements and is not essential for a fair presentation of financial position, changes in financial position or cash flows.

Our audit, which was made for the purpose of forming an opinion on the basic financial statements taken as a whole, included such tests of the accounting records, from which the supplementary information was compiled, and such other auditing procedures as we considered necessary in the circumstances.

May 5, 2017
Greenville, Texas

Rutherford, Taylor & Company, P.C.

**CADDO BASIN SPECIAL UTILITY DISTRICT
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Water Sales	\$ 1,965,000	\$ 1,965,000	\$ 2,390,085	\$ 425,085
Customer Charges/ Fees	437,250	437,250	534,227	96,977
Total Operating Revenues	\$ 2,402,250	\$ 2,402,250	\$ 2,924,312	\$ 522,062
OPERATING EXPENSES				
Payroll and Benefits	\$ 678,800	\$ 678,800	\$ 638,761	\$ 40,039
Water Distribution System	776,600	776,600	1,046,611	(270,011)
Other Operating Costs	279,680	279,680	279,726	(46)
Professional and Legal Fees	16,500	16,500	13,864	2,636
Insurance	25,000	25,000	22,786	2,214
Amortization	7,700	7,700	7,655	45
Depreciation	140,000	140,000	628,786	(488,786)
Total Operating Expenses	\$ 1,924,280	\$ 1,924,280	\$ 2,638,189	\$ (713,909)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	\$ 1,000	\$ 1,000	\$ 1,398	\$ 398
Interest Expense	(34,650)	(34,650)	(32,407)	2,243
Contributions from Customers	-	-	19,085	19,085
Gain (Loss) on Sale of Fixed Asset	-	-	16,115	16,115
Net Nonoperating Revenues (Expenses)	\$ (33,650)	\$ (33,650)	\$ 4,191	\$ 37,841
Increase (Decrease) in Net Position	\$ 444,320	\$ 444,320	\$ 290,314	\$ (154,006)
Net Position - Beginning (January 1)	9,691,047	9,691,047	9,691,047	-
Net Position - Ending (December 31)	\$ 10,135,367	\$ 10,135,367	\$ 9,981,361	\$ (154,006)

**CADDO BASIN SPECIAL UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2016**

1. Services provided by the District:

- | | | | | | |
|-------------------------------------|--|--------------------------|----------------------|--------------------------|------------|
| <input checked="" type="checkbox"/> | Retail Water | <input type="checkbox"/> | Wholesale Water | <input type="checkbox"/> | Drainage |
| <input type="checkbox"/> | Retail Wastewater | <input type="checkbox"/> | Wholesale Wastewater | <input type="checkbox"/> | Irrigation |
| <input type="checkbox"/> | Parks/Recreation | <input type="checkbox"/> | Fire Protection | <input type="checkbox"/> | Security |
| <input type="checkbox"/> | Solid Waste/Garbage | <input type="checkbox"/> | Flood Control | <input type="checkbox"/> | Roads |
| <input type="checkbox"/> | Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | | |
| <input type="checkbox"/> | Other (specify): | | | | |

2. Retail Rates Based on 5/8" Meter:

Most prevalent type of meter (if not a 5/8"): _____

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1000 Gallons Over Minimum		Usage Levels	
WATER:	\$ 20.00	0	N	\$ 4.15	0	to	10,000
				\$ 7.50	10,001	to	unlimited

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 61.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered		0	x1.0	0.0
≤ 3/4"		3,965	x1.0	3,965.0
1"		1	x2.5	2.5
1 1/2"		1	x5.0	5.0
2"		13	x8.0	104.0
3"		0	x15.0	0.0
4"		1	x25.0	25.0
Total Water		3,981		4,101.5
Total Wastewater		0	x1.0	0.0

**CADDO BASIN SPECIAL UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2016**

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	<u>306,040,000</u>
Gallons billed to customers:	<u>256,129,000</u>
Water Accountability Loss %:	<u>11.59 %</u>

4. Standby Fees: District does not levy standby fees.

5. Location of District:

County(ies) in which district is located. Hunt and Collin

Is the District located entirely in one county? Yes _____ No X

Is the District located within a city? Entirely _____ Partly X Not at all _____

City(ies) in which district is located. Farmersville, Celeste, Merit, Caddo Mills, Greenville, Nevada, Royse City, Josephine

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely _____ Partly X Not at all _____

ETJ's in which district is located. Farmersville, Celeste, Merit, Caddo Mills, Greenville, Nevada, Royse City, Josephine

Is the general membership of the Board appointed by an office outside the district?
Yes _____ No X Elected X

If Yes, by whom? n/a

**CADDO BASIN SPECIAL UTILITY DISTRICT
 ENTERPRISE FUND EXPENSES
 YEAR ENDED DECEMBER 31, 2016**

Payroll and Benefits	\$	638,761
Water Distribution System		1,046,611
Other Operating Costs		279,726
Professional and Legal Fees		13,864
Insurance		22,786
Amortization		7,655
Depreciation		628,786
Interest and Other Debt Expense		32,407
Total Expenses	\$	2,670,596

Number of persons employed by the District:

Full Time	10
Part Time	0

**CADDO BASIN SPECIAL UTILITY DISTRICT
 TEMPORARY INVESTMENTS
 YEAR ENDED DECEMBER 31, 2016**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
<u>Enterprise Fund</u>					
American National Bank Accounts:					
Construction Fund *	9383878	0.2500%	08/02/13	\$ 110,474	\$ -
Bond Reserve *	2000014809	0.1000%	N/A	611,737	-
Revenue Bond Payment *	2000014577	0.1000%	N/A	510,554	-
Total Temporary Investments				<u>\$ 1,232,765</u>	<u>\$ -</u>

* The District's interest-bearing investments do not accrue interest due to interest being paid monthly.

**CADDO BASIN SPECIAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SERIES 2012 - BY YEAR
YEAR ENDED DECEMBER 31, 2016**

Year Ending December 31	Principal	Interest	Total Requirements
2017	\$ 280,000	\$ 30,600	\$ 310,600
2018	280,000	26,400	306,400
2019	285,000	22,200	307,200
2020	295,000	17,213	312,213
2021	300,000	11,313	311,313
2022	250,000	5,313	255,313
Totals	<u>\$ 1,690,000</u>	<u>\$ 113,039</u>	<u>\$ 1,803,039</u>

**CADDO BASIN SPECIAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
YEAR ENDED DECEMBER 31, 2016**

	<u>Bond Issues</u> Series 2012
Interest Rate	1.0% - 2.15%
Dates Interest Payable	03/01 - 09/01
Maturity Date	09/01/2022
Beginning Bonds Outstanding	\$ 1,960,000
Bonds Sold During the Fiscal Year	-
Bonds Retired During the Fiscal Year	<u>270,000</u>
Ending Bonds Outstanding	<u>\$ 1,690,000</u>
Interest Paid During the Fiscal Year	\$ 34,650

Paying Agent's Name and City

American National Bank, Greenville, Texas

Bond Authority:	Tax Bonds	Other Bonds	Revenue Bonds
Amount Authorized By Voters	\$ -	\$ -	\$ -
Amount Issued	\$ -	\$ -	\$ -
Remaining To Be Issued	\$ -	\$ -	\$ -
Debt Service Fund cash and temporary investment balances as of December 31, 2016:			\$ 510,554
Average annual debt service payment (Principal and Interest) for remaining term of all debt:			\$ 300,507

**CADDO BASIN SPECIAL UTILITY DISTRICT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
ALL PROPRIETARY FUND TYPES
FIVE PERIODS ENDED DECEMBER 31, 2016**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUE				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
OPERATING REVENUE										
Water Sales	\$ 2,390,085	\$ 2,161,143	\$ 1,906,352	\$ 1,944,026	\$ 2,021,316	81.73%	84.17%	84.31%	88.16%	90.12%
Customer Charges/Fees	534,227	406,435	354,806	261,176	221,677	18.27%	15.83%	15.69%	11.84%	9.88%
TOTAL OPERATING REVENUE	\$ 2,924,312	\$ 2,567,578	\$ 2,261,158	\$ 2,205,202	\$ 2,242,993	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES										
Payroll and Benefits	\$ 638,761	\$ 609,784	\$ 641,804	\$ 615,329	\$ 572,320	21.84%	23.75%	28.38%	27.90%	25.52%
Water Distribution System	1,046,611	840,402	685,643	717,846	645,436	35.79%	32.73%	30.32%	32.55%	28.78%
Other Operating Costs	279,726	276,159	254,281	313,020	306,058	9.57%	10.76%	11.25%	14.19%	13.65%
Professional and Legal Fees	13,864	13,189	11,747	8,945	12,362	0.47%	0.51%	0.52%	0.41%	0.55%
Insurance	22,786	20,277	20,594	5,871	15,752	0.78%	0.79%	0.91%	0.27%	0.70%
Amortization	7,655	7,655	7,655	7,655	3,953	0.26%	0.30%	0.34%	0.35%	0.18%
Depreciation	628,786	613,924	579,232	477,205	438,591	21.50%	23.91%	25.62%	21.64%	19.55%
TOTAL OPERATING EXPENSES	\$ 2,638,189	\$ 2,381,390	\$ 2,200,956	\$ 2,145,871	\$ 1,994,472	90.22%	92.75%	97.34%	97.31%	88.92%
NET OPERATING REVENUE (EXPENSES)	\$ 286,123	\$ 186,188	\$ 60,202	\$ 59,331	\$ 248,521	9.78%	7.25%	2.66%	2.69%	11.08%
NONOPERATING REVENUE (EXPENSES)										
Gain (Loss) on Sale of Fixed Assets	\$ 16,115	\$ 8,450	\$ 2,000	\$ 8,265	\$ -	0.55%	0.33%	0.09%	0.37%	0.00%
Interest Income	1,398	1,587	2,098	1,094	3,037	0.05%	0.06%	0.09%	0.05%	0.14%
Interest and Other Debt Expense	(32,407)	(36,457)	(41,977)	(46,004)	(26,617)	-1.11%	-1.42%	-1.86%	-2.09%	-1.19%
Customer Contributions	19,085	45,597	98,116	115,054	-	0.65%	1.78%	4.34%	5.22%	0.00%
NET NONOPERATING REVENUE (EXPENSES)	\$ 4,191	\$ 19,177	\$ 60,237	\$ 78,409	\$ (23,580)	0.14%	0.75%	2.66%	3.56%	-1.05%
NET REVENUE (EXPENSES)	\$ 290,314	\$ 205,365	\$ 120,439	\$ 137,740	\$ 224,941	9.93%	8.00%	5.33%	6.25%	10.03%

**CADDO BASIN SPECIAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
YEAR ENDED DECEMBER 31, 2016**

Complete District Mailing Address: 156 CR 1118, Greenville, Texas 75401
 District Business Telephone Number: 903-527-3504
 Submission Date of the most recent District Registration Form: September, 2012
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 600

	<u>Term of Office (Elected or Appointed or Date Hired)</u>		<u>Fees of Office Paid 12/31/2016</u>		<u>Expense Reimbursements 12/31/2016</u>	<u>Title at Year End</u>
--	--	--	---	--	--	------------------------------

Names:

Board Members:

Jerry Leinart	2013-2016 (Elec)	\$	450	\$	-	President
William E. Daniel	2014-2017 (Elec)	\$	450	\$	-	Vice-Pres.
Nolan E. Jones	2013-2016 (Elec)	\$	450	\$	-	Sec/Tres
Gary Greenwood	2015-2015 (Elec)	\$	250	\$	-	Director
Gene Martin	2015-2018 (Elec)	\$	350	\$	-	Director
Charlie Patterson	2013-2016 (Elec)	\$	400	\$	-	Director
Mickey Pierson	2015-2018 (Elec)	\$	450	\$	-	Director
Don Hall	2013-2016 (Elec)	\$	450	\$	-	Director

Key Administrative Personnel:

Leahmon F. Bryant	1/15/1994	\$	158,824	\$	-	General Manager
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Consultants:

Daniel & Brown, Inc.		\$	28,673	\$	-	Engineer
Rutherford, Taylor & Company, P.C.		\$	11,300	\$	-	Auditor