

**RIVERBEND WATER RESOURCES DISTRICT**

**FINANCIAL STATEMENTS**

**For the Year Ended  
September 30, 2014**

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**ANNUAL FILING AFFIDAVIT**

THE STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_ }

\_\_\_\_\_ of the  
(Name of Duly Authorized District Representative)

\_\_\_\_\_  
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the \_\_\_\_\_ day of \_\_\_\_\_ its annual audit report for the fiscal year or period ended \_\_\_\_\_ and that copies of the annual audit report have been filed in the district office, located at \_\_\_\_\_

\_\_\_\_\_  
(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature of District Representative)

\_\_\_\_\_  
(Typed Name & Title of above District Representative)

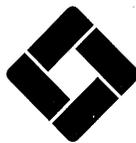
Sworn to and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
(Signature of Notary)

My Commission Expires On: \_\_\_\_\_  
Notary Public in the State of Texas.

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# HOLLIDAY, LEMONS, & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Riverbend Water Resources District

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Riverbend Water Resources District (District), as of and for the year ended September 30, 2014, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 risk 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.

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of September 30, 2014, 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 and the budgetary comparison information on pages 9 – 12 and page 25 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 the 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.

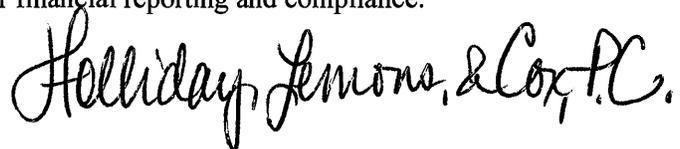
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Schedules required by the Texas Commission on Environmental Quality on pages 25 – 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules required by the Texas Commission on Environmental Quality have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reports 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.



March 3, 2015

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## **Financial Section**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Riverbend Water Resources District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Riverbend Water District for the fiscal year ended September 30, 2014.

### Financial Highlights

- In fiscal year 2014, the District's net position decreased 49% or \$156,339 to \$163,515.
- The District's operating revenue decreased 23% or \$69,538 to \$230,430.
- The District's expenses increased 120% or \$211,332 to \$387,166.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Riverbend Water Resources District's basic financial statements. The District's basic financial statements consists of fund financial statements and the noted to the financial statements. The report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**The financial statements** – The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The District's activities are functions that are intended to recover all or a significant portion of their costs through user fees and charges and are thus, considered as business-type activities.

The District, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses an enterprise fund, which is a type of proprietary fund, to account for its water and sewer operations. Although the District does not currently operate water and/or wastewater facilities, the District receives revenue from its participating members based on the number of gallons of water purchased by the entities.

### Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the basic financial statements.

### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Riverbend Water Resources District, assets exceeded liabilities by \$163,515 as of September 30, 2014.

## NET POSITION

	<u>2014</u>	<u>2013</u> <u>(as restated)</u>	<u>Change</u>
Assets			
Current assets	<u>\$ 191,715</u>	<u>319,854</u>	<u>(128,139)</u>
Liabilities			
Current liabilities	23,700	-	23,700
Non-current liabilities	<u>4,500</u>	-	<u>4,500</u>
Total liabilities	<u>28,200</u>	<u>-</u>	<u>28,200</u>
Net position			
Unrestricted	<u>163,515</u>	<u>319,854</u>	<u>(156,339)</u>
Total net position	<u>163,515</u>	<u>319,854</u>	<u>(156,339)</u>
Total liabilities and net position	<u>\$ 191,715</u>	<u>319,854</u>	<u>(128,139)</u>

At the end of fiscal year 2014, the District showed a positive balance in its unrestricted net position of \$163,515, which may be utilized in future years.

## CHANGES IN NET POSITION

	<u>2014</u>	<u>2013</u> <u>(as restated)</u>	<u>Change</u>
Revenue			
Operating revenue	\$ 230,430	299,968	(69,538)
Expense			
Operating expenses	<u>387,166</u>	<u>175,834</u>	<u>211,332</u>
Operating income (loss)	(156,736)	124,134	(280,870)
Nonoperating revenues			
Interest income	<u>397</u>	<u>362</u>	<u>35</u>
Change in net position	<u>(156,339)</u>	<u>124,496</u>	<u>(280,835)</u>
Net position, beginning of year, as previously reported	319,854	(430,145)	749,999
Prior period adjustment		<u>625,503</u>	<u>(625,503)</u>
Net position, beginning of year, as restated	<u>319,854</u>	<u>195,358</u>	<u>124,496</u>
Net position, end of year	<u>\$ 163,515</u>	<u>319,854</u>	<u>(156,339)</u>

The District's had a decrease in net position during the year of \$156,339. The District's total operating revenues decreased by \$69,538 from fiscal year 2014 from the 2013 revenue. Charges for services for water fees received during fiscal year 2014 of \$205,430 were decreased from fiscal year 2013 of \$234,968 by \$29,538, or 13%. There was a decrease in grants revenue of \$65,000 and an increase in intergovernmental revenue of \$25,000 for the funding received from Southwest Arkansas Water District for shared consulting expenses.

The District's total expenses increased 120% or \$211,332 due primarily to an increase in salaries and engineering services.

### **Economic Factors and Next Year's Budget**

The District's economic position for 2014 remained stable. The estimated gallons of water produced in the region for the year neared six billion gallons. As the region's water needs continue to grow, so shall the responsibilities and economic position of the District.

In 2014 the District approved a business plan which identified five primary goals.

1. Establish the organization and budget of the District.
2. Build a new regional water treatment plant.
3. Educate the public on role and purpose of the District.
4. Strengthen the District's presence within the region, state and federal arenas.
5. Facilitate legislation to create a bi-state district.

A primary goal of the District is to provide a sustainable water supply and regional water treatment infrastructure for water user groups within the area. In early 2014 the District engaged MWH Engineering for preparing a regional water treatment facilities master plan. The objective of the study is to prove a business case for regional water supply and treatment needs over the next fifty years, recommend a preferred plan, and demonstrate project viability to the District and its key stakeholders. The plan will provide sufficient technical and financial information to promote regional support for a project.

Also, in early 2014 the District retained MWH Engineering to conduct a preliminary review of water supply availability in Northeast Texas and Southwest Arkansas. The study was amended in July to also analyze the availability of water for diversion from the Red River in Arkansas. The goal of the study is to discover the availability of water supplies for local needs and potential significant supplies available for export to other regions.

Midyear, the District began to assess the possibility of acquiring water and wastewater utilities from TexAmericas Center. In August, the Board affirmed the acquisition of TexAmericas utilities was warranted and entered into a Letter of Intent with TexAmericas Center to negotiate the transfer of water and wastewater services.

The initial focus of the District's 2015 budget will be to continue efforts started last year in preparing a regional water treatment facilities master plan and study the availability of water within the region. The impending transition of TexAmericas Center utilities in early 2015 will substantially change the District's financial position and responsibilities. The District's budget could evolve from annual revenue collection of roughly \$200,000 to around \$3 million dollars by year-end. Most of the year will entail managing the transition of utility services from TexAmericas Center.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information included in this report or requests for additional financial information, should be addressed to the District's Executive Director at 3930 Galleria Oaks, Texarkana, Texas 75503 or by telephone at 903-223-3905.

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## **Basic Financial Statements**

# RIVERBEND WATER RESOURCES DISTRICT

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## STATEMENT OF NET POSITION

### ENTERPRISE FUND

September 30, 2014

#### ASSETS

Cash	\$ 170,859
Accounts receivable	20,856
<b>TOTAL ASSETS</b>	<u>191,715</u>

#### LIABILITIES

##### Current liabilities:

Accounts payable	19,700
Accrued compensated absences	4,000
Total current liabilities	<u>23,700</u>

##### Noncurrent liabilities:

Accrued compensated absences	4,500
Total noncurrent liabilities	<u>4,500</u>

#### TOTAL LIABILITIES

28,200

#### NET POSITION

Unrestricted	163,515
<b>TOTAL NET POSITION</b>	<u>\$ 163,515</u>

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

# RIVERBEND WATER RESOURCES DISTRICT

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## STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION ENTERPRISE FUND For the Year Ended September 30, 2014

### OPERATING REVENUES

Charges for services	\$ 205,430
Intergovernmental revenue	25,000
Total operating revenues	<u>230,430</u>

### OPERATING EXPENSES

Accounting and audit	19,550
Bank service fees	20
Car allowance	7,200
Conference and seminars	2,951
Dues and memberships	893
Employee benefits	8,658
Insurance	2,607
Meeting expense	3,536
Miscellaneous	1,190
Office expense and supplies	3,973
Payroll taxes	10,438
Rent	6,600
Salaries and wages	138,500
Telephone	2,757
Consulting	52,825
Engineering services	111,117
Web design and maintenance	2,610
Legal and professional fees	8,976
Travel expenses	2,765
Total operating expense	<u>387,166</u>

Operating income (loss) (156,736)

### NONOPERATING REVENUES

Interest income	397
Total nonoperating revenues	<u>397</u>

Change in net position (156,339)

Net position, beginning of year, as previously reported (540,617)

Prior period adjustment 860,471

Net position, beginning of year, as restated 319,854

Net position, end of year \$ 163,515

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

# RIVERBEND WATER RESOURCES DISTRICT

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## STATEMENT OF CASH FLOWS ENTERPRISE FUND For the Year Ended September 30, 2014

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 215,086
Cash paid to suppliers	(228,966)
Cash paid to employees	(130,000)
Cash received from other water district	25,000
Net cash used by operating activities	<u>(118,880)</u>
<b>Cash flows from investing activities:</b>	
Interest received	397
Net cash provided from investing activities	<u>397</u>
Net decrease in cash	(118,483)
Cash, beginning of year	<u>289,342</u>
Cash, end of year	<u><u>\$ 170,859</u></u>

### Reconciliation of net income to net cash used by operating activities

<b>Operating income (loss)</b>	<u>\$ (156,736)</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
(Increase) decrease in assets:	
Accounts receivable	9,656
Increase (decrease) in liabilities:	
Accounts payable	19,700
Accrued compensated absences	8,500
Total adjustments	<u>37,856</u>
Net cash used by operating activities	<u><u>\$ (118,880)</u></u>

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

# RIVERBEND WATER RESOURCES DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Organization and Operations of the Reporting Entity

The Riverbend Water Resources District (District) is a political subdivision of the State of Texas created with the passage of Texas Senate Bill 1223 in 2009, pursuant to the authority granted by Section 59, Article XVI of the Texas Constitution. This provision authorizes the legislature to create agencies to develop and conserve the natural resources of the State of Texas. In establishing the District, legislature delegated to it all the powers enumerated under Article 49 of the Texas Water Code along with the express authority to contract with other states and political subdivisions of other states of the United States in the performance of the District's lawful duties.

In 2011 the Texas Legislature re-organized composition of the District Board of Directors and appointed a temporary conservator with the passage of HB 3847. The temporary conservator served as the District's administrator until July 4, 2012. The current Board of Directors were appointed January 2012, drew lots to determine staggered terms, with three of the directors serving three-year terms and two of the directors serving four-year terms. The District Board consists of two directors appointed by the City of Texarkana, TX, one director appointed by the City of New Boston, one director appointed by TexAmericas, and one director appointed by multiple general law communities within the region.

The District currently serves fifteen (15) organizations including the cities of Annona, Atlanta, Avery, De Kalb, Hooks, Leary, Maud, Nash, New Boston, Redwater, Texarkana, TX, Wake Village and TexAmericas Center, Red River and Bowie Counties. The organizations served by the District desire to procure certain services from the District and participate in the funding of the development of District projects in exchange for a specified fee and dollar-for-dollar credits towards participation in future water purchases should the District develop such capability, and the District is willing to provide such services and agree to such credits. Organizations served by the District agree to pay or dedicate to the District a fee of \$0.045 per 1,000 gallons of potable water processed through Lake Texarkana Water Supply Corporation facilities that each organization purchases from the City of Texarkana, Texas.

#### B. Measurement Focus and Basis of Accounting

For financial reporting purposes, the District reports its operations on an enterprise fund basis. Enterprise funds (a proprietary fund type) are accounted for on a flow of economic resources measurement focus. This measurement focus provides that all assets and liabilities associated with operations are included on the Statement of Net Position.

The accrual basis of accounting is utilized by the District for financial reporting. Under the accrual basis of accounting, income is recorded when earned and expenses are recorded at the time liabilities are incurred. The Statement of Revenue, Expenses, and Changes of Net Position present increases (income) and decreases (expenses) in District net position.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues include service charges and related fees for acting as the designee and local sponsor

# RIVERBEND WATER RESOURCES DISTRICT

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## *Notes to Financial Statements continued.*

and agent for the member organizations regarding certain matters and supervising performance of agreements between the member organizations and the City of Texarkana, Texas as well as revenue received from the Southwest Arkansas Water District (SWAWD) for shared consulting expenses based on the agreement between the District and SWAWD dated March 24, 2014 and amended June 26, 2014. Operating expenses include all necessary costs related to the performance and administration of the District's ongoing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **C. Financial Reporting**

The District's basis financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

### **D. Assets, Liabilities and Net Position**

#### 1. Use of Estimates

The preparation of the basic 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 changes in net position during the reporting period. Actual results could differ from those estimates.

#### 2. Cash

Cash and cash equivalents are considered to be cash on hand and cash on deposit.

#### 3. Receivables

Accounts receivable are considered fully collectible; accordingly, no allowance for doubtful accounts is required. In the event an account in whole or in part becomes uncollectible in the future, such amount will be charged to operations when that determination is made.

#### 4. Compensated Absences

The District's policy is to permit the employee to accumulate earned vacation leave. Accumulated vacation time is accrued at year-end to account for the District's obligation to the employee for the amount owed. The employee earns 15 days of vacation each year, or 120 hours. The unused vacation can be carried forward from year to year and will be paid out upon termination unless the employee resigns. The employee also receives 10 days each year of sick time. Unused sick time does not carry forward from year to year and is not payable upon termination. No accrual for sick time is reported.

# RIVERBEND WATER RESOURCES DISTRICT

*Notes to Financial Statements continued.*

## 5. Budgetary Policies

The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

## 6. Net Position

Unrestricted net position is the net amount of the assets and liabilities that are not included in the determination of the net investment in capital assets or restricted net position. Sometimes the District may fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### NOTE 2 – CASH

The District’s cash balance as of September 30, 2014 was \$170,859.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The District’s demand deposit account, and time and saving deposit accounts with financial institutions are each insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. As of September 30, 2014, the District’s deposits were adequately covered by the FDIC.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment in a single financial institution. The District does not have written policy covering concentration of credit risk.

### NOTE 3 – ACCOUNTS RECEIVABLE

The District’s accounts receivable as of September 30, 2014 was \$20,856. The District considers all accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts is recorded. In the event an account in whole or in part becomes uncollectible in the future, such amount will be charged to operations when that determination is made.

### NOTE 4 – COMPENSATED ABSENCES

Changes to compensated absences for the fiscal year ending September 30, 2014, were as follows:

	<i>Balance</i> <i>October 1,</i> <i>2013</i>	<i>Earned</i>	<i>Taken</i>	<i>Balance</i> <i>September 30,</i> <i>2014</i>	<i>Current</i> <i>Portion</i>	<i>Long-term</i> <i>Portion</i>
Compensated absences	\$ -	15,000	(6,500)	8,500	4,000	4,500

# **RIVERBEND WATER RESOURCES DISTRICT**

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*Notes to Financial Statements continued.*

## **NOTE 5 – UNRESTRICTED NET POSITION**

The District's unrestricted net position as of September 30, 2014 was \$163,515.

## **NOTE 6 – INTERGOVERNMENTAL REVENUE**

The District received \$25,000 from Southwest Arkansas Water District to aid in securing the services of a third-party consultant, MWH Americas, Inc. (MWH), to prepare a high-level summary regarding available water supply estimates for Northeast Texas and Southwest Arkansas.

## **NOTE 7 – 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 other claims of various natures. The District participates in the Texas Water Conservation Association Risk Management Fund (Fund) to ensure the appropriate insurance has been acquired for the fund year in relation to District operations and assets in the event of a loss. The District has workers compensation coverage, general liability, errors and omissions liability, and automobile insurance through the Fund. The District maintains general liability coverage of \$1,000,000, errors and omissions liability coverage of \$1,000,000 per claim and \$1,000,000 annual aggregate, and automobile insurance coverage of \$1,000,000. The District has a deductible of \$1,000 under the policies. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

## **NOTE 8 – CONTINGENCIES**

### **Litigation**

In the ordinary course of operations, the District is subject to claims from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

### **Water fees**

Operating revenue for the District represent fees paid by the member organizations for future water credits should the District develop a project with the capability of providing potable water. Each one dollar in advances may be exchanged for one dollar in credits that the District will accept for the purchase of water.

Should certain outside influences beyond the District's control prohibit the District in proceeding with the project, the District will have no liability to refund any advances made by the member organizations. However, if the District decides, within five (5) years of the effective date of the agreement with the member organizations, that it does not wish to develop, construct or operate the project, other than the reasons stated in the preceding sentence, the District will repay advances made by the member organizations, together with any interest at the Federal Reserve Bank of New York prime rate minus one percent (1%) as posted on the date of the advance. The District management believes that the likelihood that the advances paid by the member organizations will be refunded is remotely possible. The amount of advances paid by each member organization by year is as follows:

# RIVERBEND WATER RESOURCES DISTRICT

*Notes to Financial Statements continued.*

<i>Member Organization</i>	<i>2014</i>	<i>2013</i>	<i>Prior Years</i>	<i>Total</i>
City of Annona	\$ 427	\$ 498	\$ 764	\$ 1,690
City of Atlanta	14,879	16,119	7,440	38,438
City of Avery	1,207	1,409	7,847	10,463
City of DeKalb	4,109	4,794	7,922	16,826
City of Hooks	7,236	7,839	20,860	35,935
City of Leary	1,241	964		2,205
City of Maud	2,521	2,731	7,059	12,312
City of Nash	3,813	4,060	1,811	9,684
City of New Boston	19,026	22,197	41,055	82,278
City of Redwater	5,037	5,673	3,472	14,181
City of Texarkana, TX	123,706	144,324	462,219	730,250
City of Wake Village	8,809	10,277	23,755	42,841
Red River County				-
TexAmericas Center	13,418	14,082	34,453	61,952
Unknown			6,846	6,846
Total	<u>\$ 205,430</u>	<u>\$ 234,968</u>	<u>\$ 625,503</u>	<u>\$ 1,065,901</u>

## NOTE 9 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

The Governmental Accounting Standards Board recently issued the following statements not yet implemented by the District. The statements which might impact the District are as follows:

Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013 will be effective for the year ending September 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

## NOTE 10 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to unrestricted net position to correct the amount of deferred revenue recorded in previous years. In prior years water fees collected were recorded as deferred revenue. Upon further examination of the contracts with the member organizations, it was determined that the amounts collected for water fees should, in fact, be recognized as revenue in the year collected since the District had “earned” the fees by fulfilling the services required by the contracts. A prior period adjustment was made effective October 1, 2013 to increase unrestricted net position by \$860,471 and a corresponding decrease in deferred revenue.

# **RIVERBEND WATER RESOURCES DISTRICT**

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*Notes to Financial Statements continued.*

## **NOTE 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, management of the District has evaluated events and transactions for potential recognition or disclosure through March 3, 2015, the date the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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# RIVERBEND WATER RESOURCES DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
ENTERPRISE FUND  
For the Year Ended September 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 204,962	204,962	205,430	468
Intergovernmental revenue		25,000	25,000	-
Total operating revenues	<u>204,962</u>	<u>229,962</u>	<u>230,430</u>	<u>468</u>
<b>OPERATING EXPENSES</b>				
Accounting and audit	27,000	21,000	19,550	1,450
Bank service fees	150	150	20	130
Car allowance	7,200	7,200	7,200	-
Conference and seminars		3,000	2,951	49
Dues and memberships	305	1,000	893	107
Employee benefits	16,444	9,100	8,658	442
Insurance	2,854	9,900	2,607	7,293
Meeting expense	1,560	4,000	3,536	464
Miscellaneous	5,000	2,500	1,190	1,310
Office expense and supplies	1,200	4,500	3,973	527
Payroll taxes	9,945	10,500	10,438	62
Rent	6,000	6,600	6,600	-
Salaries and wages	130,000	130,000	138,500	(8,500)
Telephone	3,000	3,200	2,757	443
Consulting	50,400	54,000	52,825	1,175
Engineering services	1,200	102,500	111,117	(8,617)
Web design and maintenance	1,000	3,000	2,610	390
Legal and professional fees		12,500	8,976	3,524
Travel expenses	4,000	3,000	2,765	235
Total operating expenses	<u>267,258</u>	<u>387,650</u>	<u>387,166</u>	<u>484</u>
Operating income (loss)	<u>(62,296)</u>	<u>(157,688)</u>	<u>(156,736)</u>	<u>952</u>
<b>NONOPERATING REVENUES</b>				
Interest income	-	-	397	397
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>397</u>	<u>397</u>
Change in net position	<u>(62,296)</u>	<u>(157,688)</u>	<u>(156,339)</u>	<u>1,349</u>
Net position, beginning of year, as previously reported	(540,617)	(540,617)	(540,617)	-
Prior period adjustment	<u>860,471</u>	<u>860,471</u>	<u>860,471</u>	<u>-</u>
Net position, beginning of year, as restated	<u>319,854</u>	<u>319,854</u>	<u>319,854</u>	<u>-</u>
Net position, end of year	<u>\$ 257,558</u>	<u>162,166</u>	<u>163,515</u>	<u>1,349</u>

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## **SUPPLEMENTARY INFORMATION**

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# RIVERBEND WATER RESOURCES DISTRICT

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## SUPPLEMENTARY INFORMATION SCHEDULE OF ENTERPRISE FUND EXPENSES For the Year Ended September 30, 2014

<b>Personnel Expenses (including benefits)*</b>	<b>\$ 154,358</b>
<b>Professional Fees:</b>	
Auditing	18,000
Legal	8,976
Engineering	111,117
Consulting	52,825
<b>Contracted Services:</b>	
Bookkeeping	1,550
<b>Administrative Expenses:</b>	
Office Supplies	3,973
Insurance	2,607
Other Administrative Expenses	<u>33,760</u>
<b>TOTAL EXPENSES</b>	<b><u><u>\$ 387,166</u></u></b>

\* Number of persons employed by the District: 1 Full-Time 0 Part-Time

# RIVERBEND WATER RESOURCES DISTRICT

## SUPPLEMENTARY INFORMATION

### COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES - FIVE YEARS ENDED Last Five Years

	Amounts				
	(Audited) 2014	(Audited) 2013	(Audited) 2012	(Unaudited) 2011	2010
<b>OPERATING REVENUES</b>					
Charges for services	\$ 205,430	\$ 65,000	\$ -	\$ 28,530	\$ -
Intergovernmental revenue	25,000	-	-	-	-
Total operating revenues	<u>230,430</u>	<u>65,000</u>	<u>-</u>	<u>28,530</u>	<u>-</u>
<b>OPERATING EXPENSES</b>					
Accounting and audit	19,550	8,750	12,449	5,150	-
Bank service fees	20	59	429	46	-
Car allowance	7,200	3,300	-	-	-
Conferences and seminars	2,951	128	656	-	-
Dues and memberships	893	303	-	-	-
Employee benefits	8,658	3,672	-	-	-
Insurance	2,607	2,862	2,329	-	-
Meeting expense	3,536	2,288	269	-	-
Miscellaneous	1,190	-	-	-	-
Office expense and supplies	3,973	4,396	121	91	-
Payroll taxes	10,438	4,220	-	-	-
Reimbursement	-	2,659	-	-	-
Rent	6,600	3,300	-	-	-
Salaries and wages	138,500	55,167	-	-	-
Telephone	2,757	1,336	-	-	-
Consulting	52,825	32,460	40,908	-	-
Engineering services	111,117	-	-	-	-
Web design and maintenance	2,610	-	-	-	-
Legal and professional fees	8,976	46,140	144,377	-	-
Travel expenses	2,765	4,794	-	-	-
Total operating expense	<u>387,166</u>	<u>175,834</u>	<u>201,538</u>	<u>5,287</u>	<u>-</u>
Operating income (loss)	<u>(156,736)</u>	<u>(110,834)</u>	<u>(201,538)</u>	<u>23,243</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	397	362	406	38	-
Total nonoperating revenues (expenses)	<u>397</u>	<u>362</u>	<u>406</u>	<u>38</u>	<u>-</u>
Change in net position	<u>\$ (156,339)</u>	<u>\$ (110,472)</u>	<u>\$ (201,132)</u>	<u>\$ 23,281</u>	<u>\$ -</u>

Note: Fiscal year 2011 was the first year of operations for the District.

**Percent of Fund Total Revenues**

<u>(Audited)</u> <u>2014</u>	<u>(Audited)</u> <u>2013</u>	<u>(Audited)</u> <u>2012</u>	<u>(Unaudited)</u> <u>2011</u>	<u>2010</u>
89.2 %	100.0 %	- %	100.0 %	- %
10.8	-	-	-	-
<u>100.0</u>	<u>100.0</u>	<u>-</u>	<u>100.0</u>	<u>-</u>
8.5	13.5	-	18.1	-
0.0	0.1	-	0.2	-
3.1	5.1	-	-	-
1.3	0.2	-	-	-
0.4	0.5	-	-	-
3.8	5.6	-	-	-
1.1	4.4	-	-	-
1.5	3.5	-	-	-
0.5	-	-	-	-
1.7	6.8	-	0.3	-
4.5	6.5	-	-	-
-	4.1	-	-	-
2.9	5.1	-	-	-
60.1	84.9	-	-	-
1.2	2.1	-	-	-
22.9	50	-	-	-
48.2	-	-	-	-
1.1	-	-	-	-
3.9	71	-	-	-
1.2	7	-	-	-
<u>168.0</u>	<u>270.5</u>	<u>-</u>	<u>18.5</u>	<u>-</u>
<u>(68.0)</u>	<u>(170.5)</u>	<u>-</u>	<u>81.5</u>	<u>-</u>
0.2	0.6	-	0.1	-
<u>0.2</u>	<u>0.6</u>	<u>-</u>	<u>0.1</u>	<u>-</u>
<u>(67.8) %</u>	<u>(170.0) %</u>	<u>- %</u>	<u>81.6 %</u>	<u>- %</u>

# RIVERBEND WATER RESOURCES DISTRICT

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## SUPPLEMENTARY INFORMATION LIST OF BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS For the Year Ended September 30, 2014

Complete District Mailing Address: 3930 Galleria Oaks, Texarkana, TX 75503

District Business Telephone Number: (903) 223-3905

Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): 04/30/2012

Limit on Fees of Office that a Director may receive during a fiscal year: \$0

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid* (FYE Date)</u>	<u>Expense Reimburse- ments (FYE Date)</u>	<u>Title at Year End</u>
<b>Board Members:</b>				
Fred Milton	(Appointed) 01/12-01/16	\$ -	\$ -	Chairman
Kelly Mitchell	(Appointed) 01/12-01/15	\$ -	\$ -	Vice Chairman
Marshall Wood	(Appointed) 01/12-01/16	\$ -	\$ -	Secretary
Sean Rommel	(Appointed) 01/12-01/15	\$ -	\$ -	Treasurer
James Carlow	(Appointed) 01/12-01/15	\$ -	\$ -	At-Large
<b>Key Administrative Personnel:</b>				
Scott L. Albert	5/14/2013	\$ 130,000	\$ 4,264	Executive Director
<b>Consultants:</b>				
MWH Americas, Inc.	10/25/2011	\$ 52,262		Engineers
CLB Engineers, Inc.	5/15/2014	\$ 38,000		Engineers
Vail & Knauth, LLP	2/14/2012	\$ 18,000		Auditor
Cross Oak Group	3/4/2013	\$ 21,000		Consultant
Strategic Government Resources, Inc.	10/17/2013	\$ 15,000		Consultant
Economists.com, LLC	5/15/2014	\$ 11,700		Consultant

\* Fees of Office are the amounts actually paid to a director during the district's fiscal year.

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## **Overall Internal Controls and Compliance Section**

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# HOLLIDAY, LEMONS, & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## **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***

To the Board of Directors  
Riverbend Water Resources District

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 Riverbend Water Resources District (District), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 3, 2015.

### **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.

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ARKANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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.

*Holliday, Lemons & Cox, P.C.*

March 3, 2015

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