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Item Number: 25

Addendum StartPage: 0

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**L & T Waterworks, LLC**  
**Financial Statements**  
**Year Ended December 31, 2015**

**Holdredge Shaddox & Habibelahian, LLP**  
**Certified Public Accountants**  
**911 South Palestine**  
**Athens, Texas 75751**

25

# HOLDREDGE SHADDOX & HABIBELAHIAN, LLP

*Certified Public Accountants*

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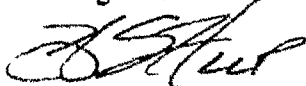
## Accountant's Compilation Report

To the Member  
L & T Waterworks, LLC  
Palestine, Texas

Management is responsible for the accompanying financial statements of L & T Waterworks, LLC, which comprise the statement of assets, liabilities, and member's deficiency in assets-tax basis as of December 31, 2015, and the related statements of revenues, expenses, and changes in member's deficiency in assets-tax basis and cash flows-tax basis for the year then ended, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, deficiency in assets, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Holdredge Shaddox & Habibelahian, LLP  
Certified Public Accountants  
Athens, Texas

December 22, 2016

**L & T Waterworks, LLC**  
**Statement of Assets, Liabilities, and Member's Deficiency in Assets-Tax Basis**  
**As of December 31, 2015**

	2015
<b>Assets</b>	
<b>Current Assets</b>	
Checking	\$ 2,206.18
Total Current Assets	2,206.18
<b>Property and Equipment</b>	
Transportation Equipment	53,261.61
Water Tower Improvements	19,700.00
Total Property and Equipment	72,961.61
Accumulated Depreciation	(15,972.00)
Net Property and Equipment	56,989.61
Total Assets	\$ 59,195.79
<b>Liabilities &amp; Member's Deficiency in Assets</b>	
<b>Current Liabilities</b>	
Current Portion of Long-term Debt	\$ 15,000.00
Total Current Liabilities	15,000.00
<b>Long-term Liabilities</b>	
N/P-Toyota Financial	46,661.61
N/P-Austin Bank	14,780.82
Total	61,442.43
Less Current Portion	(15,000.00)
Total Long-term Liabilities	46,442.43
<b>Deficiency in Assets</b>	
Member's Deficiency in Assets	(2,246.64)
Total Liabilities & Member's Deficiency in Assets	\$ 59,195.79

See accountant's compilation report.

**L & T Waterworks, LLC**  
**Statement of Revenues, Expenses, and Changes in Member's Deficiency in Assets-Tax Basis**  
**For the Year Ended December 31, 2015**

	2015
<b>Revenue</b>	
Receipts	\$ 79,808.79
Total Revenue	79,808.79
<b>Expense</b>	
Advertising and Promotion	367.00
Automobile	6,659.21
Bank Charges	10.49
Contract Labor	5,140.00
Depreciation	15,972.00
Insurance	3,356.16
Interest	250.13
Meals and Entertainment	894.18
Office Supplies	952.20
Postage	1,226.08
Repairs and Maintenance	3,637.13
Sample Test	8,272.47
Small Tools	564.47
Supplies	5,397.39
Telephone	3,048.71
Utilities	5,674.05
Total Expense	61,421.67
Net Income (Loss)	18,387.12
Member's Distributions	(20,633.76)
Member's Deficiency in Assets at End of Year	\$ (2,246.64)

See accountant's compilation report.

L & T Waterworks, LLC  
Statement of Cash Flows  
For the Year Ended December 31, 2015

<b>Cash Flows From Operating Activities</b>	
Net Income	\$ 18,387.12
Depreciation	<u>15,972.00</u>
Net Cash Provided by Operating Activities	34,359.12
<b>Cash Flows Used by Investing Activities</b>	
Purchases of Equipment	(72,961.61)
<b>Cash Flows from Financing Activities</b>	
Loans from Financial Institutions	69,261.61
Payments on Loans	(7,819.18)
Member Distributions	<u>(20,633.76)</u>
Net Cash Provided by Financing Activities	40,808.67
Net Increase in Cash and Cash Equivalents	2,206.18
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,206.18</u></u>

See accountant's compilation report.

L and T Waterworks, LLC (Projected Income)

<b>Current Assets</b>	<b>\$</b>	<b>Comment</b>
Cash	\$8,468.16	
A/R	\$10,201.33	
Inventory	\$80,000	
Other Current Assets	\$100,000	
<b>Total</b>	<b>\$201,669.49</b>	
<b>Fixed Assets</b>		
Longterm	\$0	
Land	\$0	
Building	\$12,000	
(Depreciation)	(\$8,000)	
Machinery and Equipment	\$80,000	
(Depreciation)	(\$50,000)	
Furniture and Fixtures	\$5,000	
(Depreciation)	(\$4,000)	
Other	\$0	
Net Fixed Assets	\$35,000	
<b>Total Assets</b>	<b>\$236,669.49</b>	
<b>Liabilities and Equity</b>		
A/P	\$19,200	
Wages	\$0	
Payroll Taxes	\$0	

L and T Waterworks, LLC (Projected Income)

Employee Benefits	\$0	
Interest Payable	\$10.00	
Short-term Notes	\$500.00	
Current Portion of Long-term Debt	\$6,000	
<b>Total Current Liabilites</b>	<b>\$25,710.00</b>	
<b>Long- Term Liabilities</b>		
Mortgage	\$0	
Other	\$0	
Total	\$0	
<b>Owner's Equity</b>		
Paid in Capital	\$20,000	
Net Income	\$80,000	
Total Equity	\$100,000	
<b>Total Liabilities and Equity</b>	<b>\$125,710.00</b>	
<b>TOTAL ASSETS</b>	<b>\$236,669.49</b>	
<b>TOTAL LIABILITES AND EQUITITES</b>	<b>\$125,710.00</b>	
<b>Difference</b>	<b>\$110,959.49</b>	