



Control Number: 49879



Item Number: 11

Addendum StartPage: 0

J. F. FONTAINE & ASSOCIATES, INC.

Consulting Engineers

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P.O. Box 4187

Palestine, Texas 75802

2020 JUN -7 AM 10:02
FILED

January 2, 2020

Public Utility Commission of Texas

Attention: Filing Clerk

P.O. Box 13326

Austin, Texas 78711-3326

Re: Docket No. 49879

Application to Obtain or Amend a Water Certificate of
Convenience and Necessity (CCN)

Swift Water Supply Corporation (CCN # 11420)

in Nacogdoches County;

CN600703490; RN101275170

Dear Sirs/Madam:

Please find enclosed one (1) original and seven (7) copies of the requested financial information that was requested by phone to be submitted for the above referenced Docket No. 49879 (Swift Water Supply Corporation).

Please call or email our office (jffontaine@jffontaine.com) if you have any questions or require additional information. Thank you!

Sincerely,



Sean Conner, Project Manager

SC/ ela

encl:

J. F. Fontaine Assoc., Inc.

From: J. F. Fontaine & Assoc., Inc. [jffontaine@jffontaine.com]
Sent: Thursday, January 02, 2020 1:19 PM
To: 'Fred.Bednarski@puc.texas.gov'
Subject: Swift WSC - Docket # 49879
Attachments: Scan.pdf

Good afternoon,

Please see the attached financial information you requested before the holidays for your review. I have put the copies in the mail to Central Records today.

Thank you, Elissa

SWIFT WATER SUPPLY CORPORATION
Financial Statements
For the Years Ended December 31, 2018 and 2017

SWIFT WATER SUPPLY CORPORATION
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For the Years Ended December 31, 2018 and 2017

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Nacogdoches, TX 75961
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HALLS, JOHNSON, MCLEMORE,
REDFIELD & WHITE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Michael Halls, CPA
Gary Johnson, CPA
Terre McLemore, CPA
J.D. Redfield, CPA
Clint White, CPA

To the Board of Directors
Swift Water Supply Corporation

Management is responsible for the accompanying financial statements of Swift Water Supply Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to the Swift Water Supply Corporation.

Halls, Johnson, McLemore, Redfield & White LLP

HALLS, JOHNSON, MCLEMORE, REDFIELD & WHITE, LLP
Certified Public Accountants

February 4, 2019

SWIFT WATER SUPPLY CORPORATION
Statements of Financial Position
December 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 374,200	\$ 247,761
Certificates of Deposit	185,244	183,895
Accounts Receivable	31,477	32,425
Accrued Interest Receivable	235	82
Prepaid Insurance	2,336	2,188
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TOTAL CURRENT ASSETS	593,492	466,351
PROPERTY AND EQUIPMENT		
Land	40,525	40,525
Buildings	75,464	75,464
Distribution System	2,216,405	2,187,271
Well Costs	571,173	571,173
Legal & Engineering	53,503	53,503
Tanks	419,622	419,622
Interest During Construction	18,338	18,338
Equipment	57,209	57,209
Trucks & Auto	31,271	31,271
Office Equipment	18,083	18,083
	<hr/>	<hr/>
TOTAL	3,501,593	3,472,459
Less: Accumulated Depreciation	(2,200,804)	(2,090,045)
	<hr/>	<hr/>
NET PROPERTY AND EQUIPMENT	1,300,789	1,382,414
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,894,281	\$ 1,848,765
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,719	\$ 6,718
Payroll Taxes Payable	2,626	3,319
Child Support Payable	210	-
Member Deposits	81,850	82,650
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	91,405	92,687
	<hr/>	<hr/>
NET UNRESTRICTED ASSETS	1,802,876	1,756,078
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,894,281	\$ 1,848,765
	<hr/>	<hr/>

See accompanying notes and accountant's compilation report.

SWIFT WATER SUPPLY CORPORATION
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018	2017
UNRESTRICTED NET ASSETS		
UNRESTRICTED REVENUES AND GAINS		
Water Sales, Meter Sales, Connection Fees, etc.	\$ 490,903	\$ 415,020
Interest Income	2,004	1,156
TOTAL UNRESTRICTED REVENUES AND GAINS	492,907	416,176
EXPENSES		
Utilities	61,729	61,357
Office Supplies and Expenses	10,235	14,287
Bank Charges	1,752	-
Continuing Education	3,593	1,197
Salaries	115,959	117,326
Contract Labor	24,234	30,650
Repairs and Maintenance	68,819	53,372
Chemicals	12,207	16,098
Professional Fees	3,875	6,550
Insurance	13,859	12,907
Depreciation	110,759	107,746
Dues and Fees	9,883	7,126
Taxes	9,205	9,356
TOTAL EXPENSES	446,109	437,972
INCREASE IN UNRESTRICTED NET ASSETS	46,798	(21,796)
NET UNRESTRICTED ASSETS AT BEGINNING OF YEAR	1,756,078	1,777,874
NET UNRESTRICTED ASSETS AT END OF YEAR	\$ 1,802,876	\$ 1,756,078

See accompanying notes and accountant's compilation report.

SWIFT WATER SUPPLY CORPORATION
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 46,798	\$ (21,796)
Adjustment to reconcile increase/decrease in net assets to net cash provided by operating activities:		
(Increase) Decrease in Certificates of Deposit	(1,349)	(755)
(Increase) Decrease in Accrued Interest Receivable	(153)	-
Depreciation	110,759	107,746
(Increase) Decrease in Accounts Receivable	948	1,178
(Increase) Decrease in Prepaid Expenses	(148)	(320)
Increase (Decrease) in Accounts Payable	1	(742)
Increase (Decrease) in Accrued Taxes	(693)	(987)
Increase (Decrease) in Child Support Payable	210	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>156,373</u>	<u>84,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	<u>(29,134)</u>	<u>(170,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Member Deposits	<u>(800)</u>	<u>325</u>
NET INCREASE (DECREASE) IN CASH	126,439	(85,550)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>247,761</u>	<u>333,311</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 374,200</u>	<u>\$ 247,761</u>

See accompanying notes and accountant's compilation report.

SWIFT WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2018 and 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Swift Water Supply Corporation ("the water supply") is a non-profit corporation established August 30, 1964 to furnish a water supply for general farm use and domestic purposes to individuals residing in the rural community of Swift located in Nacogdoches County, Texas. The water supply derives its revenues from water sales to members. A five member elected board of directors governs the water supply. The board has the responsibility to significantly influence operations and the primary responsibility for fiscal matters.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from these estimates and assumptions.

BAD DEBTS

Bad debts are accounted for using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effects of using this method approximate those of the allowance method.

PROPERTY AND EQUIPMENT

The water supply capitalizes property and equipment with an estimated useful life exceeding one year. Property and equipment are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the property ranging from 10 to 25 years.

INCOME TAXES

The water supply is exempt from federal income tax under Internal Revenue Code Section 501 (c)(12). Form 990, Return of Organization Exempt from Income Tax, is filed annually and is generally subject to examination by the IRS for three years from the date of filing.

INVENTORIES

Inventories of the water supply are considered immaterial and are not reflected in the financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such instruments.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, the water supply considers all cash accounts not subject to withdrawal restrictions or penalties, to be cash or cash equivalents.

SWIFT WATER SUPPLY CORPORATION
Notes to Financial Statements
December 31, 2018 and 2017

SUBSEQUENT EVENTS

The water supply has evaluated subsequent events through February 4, 2019, the date which the financial statements were available to be issued.

CONCENTRATIONS OF CREDIT RISK

At December 31, 2018 and 2017, the water supply's bank balances (checking accounts and certificates of deposit) had a combined value of \$559,445 and \$431,656, respectively. These funds are held at numerous financial institutions throughout the area. At December 31, 2018, the water supply's accounts held at Austin Bank exceeded FDIC insurable limits by \$23,752. At December 31, 2017, the water supply's accounts held at Austin Bank exceeded FDIC insurable limits by \$22,827.