

# **TRI-COUNTY SPECIAL UTILITY DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Creation of District**

Tri-County Special Utility District was formed on July 1, 1995 under Chapter 65 of the Texas Water Code as a conversion from a water supply corporation pursuant to the provisions of Texas Revised Civil Statutes, Article 1434a, for the purpose of furnishing a potable water utility service to District customers. Operating policies, rates, tariffs and regulations are governed by a Board of Directors duly elected by qualified voters within District boundaries.

As a political subdivision of the State of Texas, the District is exempt from federal income taxes, state and local sales and use taxes and local real and personal property taxes. The District has no taxing authority.

### **Compliance with debt service requirements**

Debt service, as described in NOTES B and D, is being managed and retired according to the provisions of the USDA - Rural Development.

### **Pension coverage for District employees**

The District participates in the Texas County and District Retirement System (TCDRS), a qualified pension plan under section 401(a) of the Internal Revenue Code. The District joined this system in August, 1999. Further information is disclosed in NOTE F.

### **Basis of accounting**

The accrual method of accounting is used to maintain the books of the District. This accounting method recognizes income when billed and expenses when incurred.

### **Statement of Cash Flows**

For purposes of the Statement of Cash Flows, cash equivalents are time deposits and short-term investments (valued at cost, which approximates market value) with an original maturity of three months or less, and not designated as part of the Reserve Fund.

### **Concentration of credit risk**

The District invests its excess and Reserve funds in FDIC/FSLIC-insured money market bank accounts and certificates of deposit. Guidelines are established by the Board of Directors relative to diversification and maturities that maintain safety and liquidity. Guidelines are reviewed periodically and are modified to take advantage of trends in yields and interest rates. The District has received a pledge of securities from the banks where deposits are in excess of \$250,000.

### **Inventory**

Inventory, consisting of pipe, pipe parts, valves and miscellaneous other parts, stored on District premises, is stated at cost, using the First-In, First-Out (FIFO) method, which does not exceed market.

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# TRI-COUNTY SPECIAL UTILITY DISTRICT NOTES TO THE FINANCIAL STATEMENTS

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Estimates

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

### Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided for using the straight-line method in amounts sufficient to amortize the cost of depreciable assets over their estimated useful live of 3-40 years, as follows:

<u>Description</u>	<u>Depreciation Years</u>	<u>Cost</u>	<u>Current</u>	<u>Accumulated</u>
Land		\$ 52,382	\$ 0	\$ 0
Distribution system	5 - 40	8,843,464	275,099	5,491,283
Building	25	88,983	1,191	59,859
Equipment - office	3 - 10	27,798	503	23,267
Equipment - operations	3 - 10	3,619,835	222,556	2,048,085
Organization costs*	5	15,410	0	15,410
Construction in Progress		0	0	0
		<u>\$12,647,872</u>	<u>\$ 499,349</u>	<u>\$ 7,637,904</u>

\*Organization costs were incurred to change the organizational form of government from a Water Supply Corporation to a Special Utility District. The District was created, effective July 1, 1995.

## NOTE B - RESERVE FOR EMERGENCY REPAIRS AND DEBT RETIREMENT

The District is required, as long as indebted to the Federal Government, currently in the form of loans and bonds, to deposit annually from its revenues one-tenth of its annual mortgage payments in an FDIC-insured Texas bank until the balance equals its annual mortgage payments. Withdrawals may be made only for emergency repairs, equipment obsolescence and revenue deficiencies during periods that water is not available to members.

At June 30, the reserve amount consisted of the following:

	<u>2012</u>	<u>2011</u>
Invested funds in reserve	\$ 149,568	\$ 148,086
Required maintenance level	<u>119,600</u>	<u>116,631</u>
Funds in excess of reserve requirement	<u>\$ 29,968</u>	<u>\$ 31,455</u>

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# TRI-COUNTY SPECIAL UTILITY DISTRICT NOTES TO THE FINANCIAL STATEMENTS

## NOTE C – CONSUMER DEPOSIT

A consumer deposit is required for \$100 per tap. The deposit shall be applied to the Final Water Service Bill, and any remaining deposit will be refunded to the consumer, no interest shall accrue or be paid on any deposit. At June 20, 2004, the District reclassified the member equity to the consumer deposit account. The balance transferred represented the balance in the member equity as of July 1, 1995, the date the District converted to a Special Utility District.

## NOTE D – LONG TERM DEBT

The District is indebted to USDA-Rural Development for improvements to the system. Deeds of Trust on the entire water system assets and revenues are used as collateral. Details regarding the USDA-RD note and bonds are listed below.

Note Number	Interest Rate	Maturity Date	Monthly Payment	Current	Non-Current
91 - 12	6.38%	9/23/2028	\$ 6,960	\$ 33,097	\$ 776,021
<b>Bonds</b>					
S 2005 B	4.50%	1/16/2047	N/A	\$ 15,000	\$ 1,138,000
S 2006 B	4.38%	5/18/2047	N/A	\$ 10,000	\$ 765,000

\* Payments on bonds are made twice per year. One payment is principal and interest; the second is interest only.

Aggregate annual maturities of long-term debt for the five subsequent fiscal years beginning June 30, 2009 are as follows:

	N/P 91 - 12	S 2005 B	S 2006 B
2012	33,097	15,000	11,000
2013	35,270	16,000	11,000
2014	37,585	16,000	12,000
2015	40,053	17,000	12,000
2016	42,682	18,000	13,000
Thereafter	620,431	1,071,000	716,000
Total	\$ 809,118	\$ 1,153,000	\$ 775,000

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# **TRI-COUNTY SPECIAL UTILITY DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

## **NOTE E – INVESTED FUNDS**

The District has invested funds with various financial institutions as of June 30, 2012 and 2011, as follows.

<u>2012</u>	<u>Interest</u>	<u>Maturity</u>	<u>Amount</u>
	<u>Rate</u>		
Educators Credit Union	0.100%	Demand	\$ 25
Educators Credit Union	0.800%	5/26/2013	43,595
Compass Bank - Marlin	0.498%	8/4/2012	100,000
Member's Choice Credit Union	0.500%	Demand	67
Member's Choice Credit Union	1.050%	10/23/2012	150,000
Member's Choice Credit Union	1.000%	7/29/2013	100,000
Enterprise Bank - Mart	0.850%	2/22/2013	100,000
Citizen's State Bank - CD (#9792)	1.000%	11/13/2012	75,988
Citizen's State Bank - CD (#10831)	1.000%	8/9/2012	102,162
			<u>\$ 671,837</u>
<u>Reserve</u>			
Citizen's State Bank - 9CD (#9830)	1.000%	6/24/2013	<u>\$ 149,568</u>

<u>2011</u>	<u>Interest</u>	<u>Maturity</u>	<u>Amount</u>
	<u>Rate</u>		
Educators Credit Union	0.68%	Demand	\$ 25
Educators Credit Union	1.20%	5/26/2012	43,092
Compass Bank - Marlin	0.46%	8/4/2011	100,000
Member's Choice Credit Union	1.50%	10/22/2011	150,000
Member's Choice Credit Union	1.60%	7/29/2011	100,000
Member's Choice Credit Union	0.55%	Demand	66
Enterprise Bank - Mart	1.15%	2/22/2012	100,000
Citizen's State Bank - CD (#9792)	1.59%	5/13/2012	75,235
Citizen's State Bank - CD (#10831)	1.64%	8/9/2010	101,107
			<u>\$ 669,525</u>
<u>Reserve</u>			
Citizen's State Bank - CD (#9830)	1.24%	6/24/2011	<u>\$ 148,086</u>

## **NOTE F – EMPLOYEE BENEFIT PLANS**

The District has a defined contribution plan (the plan) covering all employees from time of hire. The District makes a contribution to the plan equal to 3.98% and 4.20% of each participant's compensation for the fiscal years ended June 30, 2012 and 2011, respectively. Total employer contributions were \$11,628 and \$10,457 for the fiscal years ended June 30, 2012 and 2011, respectively.

# ALTON D. THIELE, P. C.

Certified Public Accountant  
300 E. Avenue C  
P.O. Box 808  
BELTON, TX 76513-0808

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Tri-County Special Utility District  
Marlin, Texas 76661

We have audited the financial statements of Tri-County Special Utility District for the year ended June 30, 2012 and have issued our report thereon dated September 21, 2012. We conducted the audit in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America.

### Compliance


As part of obtaining reasonable assurance about whether Tri-County Special Utility District's financial statements are free of material misstatement, we have performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Governmental Auditing Standards.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Tri-County Special Utility District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition, in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, USDA Rural Services, and Texas Commission on Environmental Quality. However, this report is a matter of public record and its distribution is not limited.



Belton, Texas  
September 21, 2012

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**ALTON D. THIELE, P. C.**

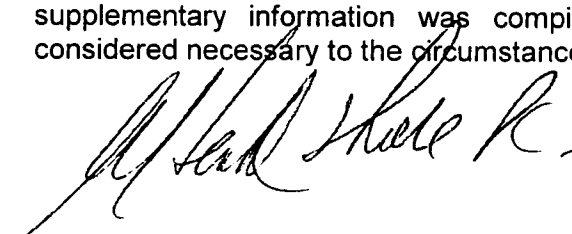
Certified Public Accountant  
300 E. Ave. C  
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BELTON, TX 76513-0808

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION**

To the Board of Directors  
Tri-County Special Utility District  
Marlin, TX 76661

In our opinion, the accompanying supplemental information is stated fairly in all material respects in relation to the financial statements, taken as a whole, of Tri-County Special Utility District for the year ended June 30, 2012. The accompanying information is supplemental to the financial statements and is not essential for a fair presentation of the financial position, the results of its operations and the cash flows.

Our examination, which was made primarily for the purpose of forming an opinion of the 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 were considered necessary to the circumstances.



September 21, 2012  
Belton, TX 76513

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**TRI-COUNTY SPECIAL UTILITY DISTRICT**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN FUND NET ASSETS**  
**ACTUAL AND BUDGET**  
**June 30, 2012**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Water Sales	\$ 1,446,411	\$ 1,150,000	\$ 296,411
Installation Fees	41,500	38,500	3,000
Reconnects	34,120	33,800	320
Other Revenues	23,177	13,425	9,752
<b>TOTAL OPERATING REVENUES</b>	<b>1,545,208</b>	<b>1,235,725</b>	<b>309,483</b>
<b>OPERATING EXPENSES</b>			
Auto Expense	44,808	30,000	(14,808)
Bad Debt Expense	1,368	1,000	(368)
Depreciation	499,349	450,000	(49,349)
Dues and Subscriptions	14,307	18,000	3,693
Employee Compensation and Benefits	357,296	328,000	(29,296)
Insurance	29,992	38,000	8,008
Materials and Supplies	87,143	90,000	2,857
Miscellaneous	5,542	5,000	(542)
Office Expense	16,096	14,000	(2,096)
Professional Fees	18,057	15,000	(3,057)
System Repairs and Maintenance	98,052	128,300	30,248
Power for Pumping	119,819	140,000	20,181
Telephone	8,719	10,000	1,281
<b>TOTAL OPERATING EXPENSES</b>	<b>1,300,548</b>	<b>1,267,300</b>	<b>(33,248)</b>
<b>OPERATING INCOME</b>	<b>244,660</b>	<b>(31,575)</b>	<b>(276,235)</b>
<b>NONOPERATING INCOME (EXPENSE)</b>			
Gain (Loss) on Sale of Assets	-	-	-
Interest Income	9,026	20,000	(10,974)
Gains/Losses Unrealized Holdings	-	-	-
Gains/Losses Realized Holdings	-	-	-
Interest Expense	(140,396)	(148,000)	7,604
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>(131,370)</b>	<b>(128,000)</b>	<b>(3,370)</b>
<b>CHANGE IN FUND NET ASSETS</b>	<b>\$ 113,290</b>	<b>\$ (159,575)</b>	<b>\$ (272,865)</b>

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
SERVICE AND RATES  
JUNE 30, 2012**

1. Services Provided by the District: Delivery of potable water
2. Retail Service Provider

Retail Rates Based on 5/8" Meter

Most prevalent type of meter: 3/4", regulatory assessment fee 0.5% of minimum charge plus usage.

	Minimum Charge		Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum	Usage	
Regular Rate	\$ 37.00	*	n/a	N	\$ -	0	- 2,000
					\$ 3.25	2,001	- 10,000
					\$ 3.50	10,001	- 20,000
					\$ 3.75	20,001	- 30,000
					\$ 4.00	30,001	- 40,000
					\$ 4.25	40,001	- 50,000
					\$ 5.25	50,001	- 60,000
					\$ 5.50	60,001	- >

(\* Minimum billing for 0 to 2000 gallons has an additional TCEQ assessment fee of 0.5% (\$0.18), based on the dollar amount of water billed.)

Drought Management Plan Rates: Same Price Year Round

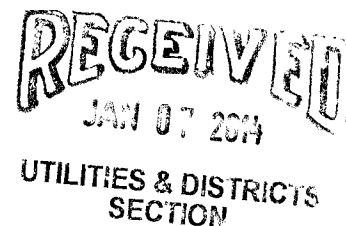
3. Total water consumption during the year:  
 Gallons pumped into system 239,851,000  
 Gallons billed to customers 177,114,119
4. Standby Fees: None
5. Location of District Offices: approximately 2 miles east of Marlin on Hwy 7  
 Counties in which the District is located: Robertson, Falls, McLennan, and Limestone

Is the District located entirely within one county? No

Is the District located within a City? No

Is the District located within a city's extra territorial jurisdiction (ETJ)? No

Are Board Members appointed by an office outside the district? No, the citizens of the District duly elect them.





**TRI-COUNTY SPECIAL UTILITY DISTRICT**  
**SCHEDULE OF WATER FUND EXPENDITURES**  
**June 30, 2012**

<b>CURRENT</b>		
Personnel (including benefits)	\$	357,296
Professional Fees		
Auditing		4,520
Legal		8,804
Engineering		10,708
Financial Advisor		-
Other		-
Contracted Services		
Bookkeeping		-
General Manager		-
Appraisal District		-
Tax Collector		-
Other		-
Utilities		119,819
Repair and Maintenance; Materials and Supplies		185,195
Administrative Expenditures		
Directors' Fees		-
Office Expense		16,096
Insurance		29,992
Other		23,961
Capital Outlay		
Acquisition of Fixed Assets		5,188
Solid Waste Disposal		-
Fire Fighting		-
Park and Recreation		-
Other: Depreciation & Vehicle expense		<u>544,157</u>
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b><u>1,305,736</u></b>
Number of personnel employed by the District		
Full Time at June 30, 2012		7
Part Time at June 30, 2012		0

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
SCHEDULE OF TEMPORARY INVESTMENTS  
JUNE 30, 2012**

	Interest Rate	Maturity	Amount
Compass Bank - Marlin	.498%	8/04/2012	100,000
Educators Credit Union	.800%	5/26/2013	43,595
Educators Credit Union	.500%	Demand	25
Member's Choice Credit Union	.500%	Demand	67
Member's Choice Credit Union	1.050%	11/22/2012	150,000
Member's Choice Credit Union	1.000%	7/29/2012	100,000
Enterprise Bank	.850%	2/22/2013	100,000
Citizen's State Bank - 9792	1.000%	8/09/2012	102,162
Citizen's State Bank - 10831	1.000%	5/13/2012	75,988
			<u>\$671,837</u>
Reserve			
Citizen's State Bank - 9830	1.000%	6/24/2013	\$149,568

All accrued interest is received monthly. The three Citizen's State Bank CD's include interest while the interest on the remaining CD's is sent directly to the District for deposit in the operating account.

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
ANALYSIS OF TAXES LEVIED AND RECEIVABLE  
JUNE 30, 2012**

The District does not levy taxes.

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS  
JUNE 30, 2012**

The District is indebted to USDA Rural Development (formally Farmers Home Administration (FmHA)) for improvements to the system. Deeds of Trust on the entire water system assets and revenues are used as collateral. Details regarding the FmHA note are listed below.

<u>Note Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Monthly Payment</u>	<u>Current</u>	<u>Non-Current</u>
91-12	6.38%	9/23/2028	\$6,960	\$33,097	\$776,021

Aggregate annual maturities of long-term debt for the five subsequent fiscal years as of June 30, 2012 are as follows:

2012	33,097
2013	35,270
2014	37,585
2015	40,053
2016	42,682
Thereafter	620,431
Total	<u>\$809,118</u>

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
CHANGE IN LONG-TERM BONDED DEBT  
JUNE 30, 2012**

	<u>Bond Issues</u>		
	<u>Series 2005</u>	<u>Series 2006</u>	<u>Total</u>
Interest Rate	4.50%	4.38%	
Dates Interest Payable	08/16; 02/16	08/16; 02/16	
Maturity Dates	01/16/47	05/18/47	
Beginning Bonds Outstanding	\$ 1,167,000.00	\$ 785,000.00	\$ 1,952,000.00
Bonds Sold During Fiscal Year	\$ -	\$ -	\$ -
Bonds Retired During the Fiscal Year	<u>\$ (14,000.00)</u>	<u>\$ (10,000.00)</u>	<u>\$ (24,000.00)</u>
Ending Bonds Outstanding	<u>\$ 1,153,000.00</u>	<u>\$ 775,000.00</u>	<u>\$ 1,928,000.00</u>
Interest Paid During the Fiscal Year	\$ 52,200.00	\$ 34,125.00	\$ 86,325.00

**Paying Agent's Name & City**

Series 2005	Citizens State Bank	Marlin, TX
Series 2006	Citizens State Bank	Marlin, TX

Bond Authority:	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized	\$ -	\$ 2,050,000.00	\$ -
Amount Issued	\$ -	\$ 2,039,000.00	\$ -
Remaining To Be Issued	\$ -	\$ -	\$ -

Average annual debt service payment (Principal and Interest)  
for remaining term of all bonded debt:

<u>2005</u>	<u>2006</u>	<u>Total</u>
<u>\$ 66,852.00</u>	<u>\$ 44,230.00</u>	<u>\$ 111,082.00</u>

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SERIES 2005 BOND - BY YEARS  
JUNE 30, 2012**

Fiscal Year	Series 2005 Bond			Total
	Remaining Principal	Principal Due 08/16	Interest Due 08/16 & 02/16	
Issued	1,219,000.00			
2008	1,207,000.00			-
2009	1,194,000.00	13,000.00	53,730.00	66,730.00
2010	1,180,000.00	14,000.00	53,145.00	67,145.00
2011	1,166,000.00	14,000.00	52,515.00	66,515.00
2012	1,151,000.00	15,000.00	51,885.00	66,885.00
2013	1,135,000.00	16,000.00	51,210.00	67,210.00
2014	1,119,000.00	16,000.00	50,490.00	66,490.00
2015	1,102,000.00	17,000.00	49,770.00	66,770.00
2016	1,084,000.00	18,000.00	49,005.00	67,005.00
2017	1,065,000.00	19,000.00	48,195.00	67,195.00
2018	1,045,000.00	20,000.00	47,340.00	67,340.00
2019	1,025,000.00	20,000.00	46,440.00	66,440.00
2020	1,004,000.00	21,000.00	45,540.00	66,540.00
2021	982,000.00	22,000.00	44,595.00	66,595.00
2022	959,000.00	23,000.00	43,605.00	66,605.00
2023	935,000.00	24,000.00	42,570.00	66,570.00
2024	910,000.00	25,000.00	41,490.00	66,490.00
2025	883,000.00	27,000.00	40,365.00	67,365.00
2026	855,000.00	28,000.00	39,150.00	67,150.00
2027	826,000.00	29,000.00	37,890.00	66,890.00
2028	796,000.00	30,000.00	36,585.00	66,585.00
2029	764,000.00	32,000.00	35,235.00	67,235.00
2030	731,000.00	33,000.00	33,795.00	66,795.00
2031	696,000.00	35,000.00	32,310.00	67,310.00
2032	660,000.00	36,000.00	30,735.00	66,735.00
2033	622,000.00	38,000.00	29,115.00	67,115.00
2034	583,000.00	39,000.00	27,405.00	66,405.00
2035	542,000.00	41,000.00	25,650.00	66,650.00
2036	499,000.00	43,000.00	23,805.00	66,805.00
2037	454,000.00	45,000.00	21,870.00	66,870.00
2038	407,000.00	47,000.00	19,845.00	66,845.00
2039	358,000.00	49,000.00	17,730.00	66,730.00
2040	307,000.00	51,000.00	15,525.00	66,525.00
2041	253,000.00	54,000.00	13,230.00	67,230.00
2042	197,000.00	56,000.00	10,800.00	66,800.00
2043	138,000.00	59,000.00	8,280.00	67,280.00
2044	77,000.00	61,000.00	5,625.00	66,625.00
2045	13,000.00	64,000.00	2,880.00	66,880.00
		<u>1,194,000.00</u>	<u>1,279,350.00</u>	<u>2,473,350.00</u>

Amount retired @ June 30, 2012

\$ 14,000.00

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SERIES 2006 BOND - BY YEARS  
JUNE 30, 2012**

Fiscal Year	Series 2006 Bond			
	Remaining	Principal	Interest	Total
	Principal	Due 08/16	Due 08/16 & 02/16	
Issued	820,000.00			
2008	812,000.00			-
2009	803,000.00	9,000.00	35,131.25	44,131.25
2010	794,000.00	9,000.00	34,737.50	43,737.50
2011	784,000.00	10,000.00	34,343.75	44,343.75
2012	774,000.00	10,000.00	33,906.25	43,906.25
2013	763,000.00	11,000.00	33,456.75	44,456.75
2014	752,000.00	11,000.00	32,987.50	43,987.50
2015	740,000.00	12,000.00	32,506.25	44,506.25
2016	728,000.00	12,000.00	31,981.25	43,981.25
2017	715,000.00	13,000.00	31,456.25	44,456.25
2018	702,000.00	13,000.00	30,887.50	43,887.50
2019	688,000.00	14,000.00	30,318.75	44,318.75
2020	673,000.00	15,000.00	29,706.25	44,706.25
2021	658,000.00	15,000.00	29,050.00	44,050.00
2022	642,000.00	16,000.00	28,393.75	44,393.75
2023	625,000.00	17,000.00	27,693.75	44,693.75
2024	608,000.00	17,000.00	26,950.00	43,950.00
2025	590,000.00	18,000.00	26,206.25	44,206.25
2026	571,000.00	19,000.00	25,418.75	44,418.75
2027	551,000.00	20,000.00	24,587.50	44,587.50
2028	531,000.00	20,000.00	23,712.50	43,712.50
2029	510,000.00	21,000.00	22,837.50	43,837.50
2030	488,000.00	22,000.00	21,918.75	43,918.75
2031	465,000.00	23,000.00	20,956.25	43,956.25
2032	441,000.00	24,000.00	19,950.00	43,950.00
2033	416,000.00	25,000.00	18,900.00	43,900.00
2034	390,000.00	26,000.00	17,806.25	43,806.25
2035	362,000.00	28,000.00	16,668.75	44,668.75
2036	333,000.00	29,000.00	15,443.75	44,443.75
2037	303,000.00	30,000.00	14,175.00	44,175.00
2038	272,000.00	31,000.00	12,862.50	43,862.50
2039	239,000.00	33,000.00	11,506.25	44,506.25
2040	205,000.00	34,000.00	10,062.50	44,062.50
2041	169,000.00	36,000.00	8,575.00	44,575.00
2042	132,000.00	37,000.00	7,000.00	44,000.00
2043	93,000.00	39,000.00	5,381.25	44,381.25
2044	52,000.00	41,000.00	3,675.00	44,675.00
2045	9,000.00	43,000.00	1,881.25	44,881.25
		<u>803,000.00</u>	<u>833,031.75</u>	<u>1,636,031.75</u>

Amount retired @ June 30, 2012      \$    9,000.00

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES  
FOR THE FIVE YEARS DATED AS OF JUNE 30, 2012**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>					
Water Sales	\$ 1,446,411	\$ 1,197,729	\$ 1,126,404	\$ 1,027,305	\$ 988,516
Installation Fees	41,500	44,250	28,500	85,421	36,954
Reconnect Fees	34,120	33,070	32,980	29,267	31,685
Other Income	23,177	5,267	6,052	9,890	10,269
Interest and Other Income	<u>9,026</u>	<u>15,419</u>	<u>19,678</u>	<u>46,429</u>	<u>48,290</u>
<b>TOTAL REVENUES</b>	<b>1,554,234</b>	<b>1,295,735</b>	<b>1,213,614</b>	<b>1,198,312</b>	<b>1,115,714</b>
<b>EXPENDITURES</b>					
Auto Expense	44,808	38,619	30,131	36,676	34,171
Bad Debts	1,368	1,520	518	2,078	5,395
Depreciation	499,349	504,677	498,746	293,549	274,603
Dues and Subscriptions	14,307	18,940	12,825	13,143	9,021
Employee Compensation and Benefits	357,296	327,922	319,793	278,976	279,100
Insurance	29,992	33,533	27,229	32,123	33,839
Material and Supplies	87,143	86,960	102,029	105,331	108,148
Miscellaneous	5,542	3,170	3,648	12,395	11,934
Office expense	16,096	13,968	11,583	19,442	17,812
Professional Fees	18,057	9,867	10,396	16,137	14,588
Power for Pumping	119,819	140,975	131,893	135,700	137,579
System Repairs and Maintenance	98,052	63,811	70,413	58,369	24,063
Telephone	8,719	9,059	9,739	0	0
Interest	140,396	143,238	140,557	145,835	77,986
Theft loss	0	0	735	0	0
(Gain) / Loss on sale of assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,078</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,440,944</u></b>	<b><u>1,396,259</u></b>	<b><u>1,370,235</u></b>	<b><u>1,153,832</u></b>	<b><u>1,028,239</u></b>
<b>EXCESS REVENUES (EXPENSES)</b>	<b><u>\$ 113,290</u></b>	<b><u>\$ (100,524)</u></b>	<b><u>\$ (156,621)</u></b>	<b><u>\$ 44,480</u></b>	<b><u>\$ 87,475</u></b>
 Total Active Retail Water Connections	 1,634	 1,611	 1,608	 1,592	 1,577

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
COMPARATIVE STATEMENT OF REVENUE AND EXPENSES  
FOR THE FIVE YEARS DATED AS OF JUNE 30, 2012  
(CONTINUED)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>					
Water Sales	93.06%	92.44%	88.60%	89.12%	93.53%
Installation Fees	2.67%	3.42%	3.31%	3.48%	2.74%
Reconnect Fees	2.20%	2.55%	2.84%	2.24%	2.72%
Other Income	1.49%	0.41%	0.92%	0.77%	0.11%
Interest and Other Income	<u>0.58%</u>	<u>1.19%</u>	<u>4.33%</u>	<u>4.38%</u>	<u>0.89%</u>
<b>TOTAL REVENUES</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>EXPENDITURES</b>					
Auto Expense	2.88%	2.98%	3.06%	4.85%	2.16%
Bad Debts	0.09%	0.12%	0.48%	0.05%	
Depreciation	32.13%	38.95%	24.61%	26.32%	30.94%
Dues and Subscriptions	0.92%	1.46%	0.81%	1.11%	0.75%
Employee Benefits	22.99%	25.31%	4.86%	3.98%	3.42%
Insurance	1.93%	2.59%	3.03%	4.07%	5.95%
Material and Supplies	5.61%	6.71%	9.69%	8.22%	7.27%
Miscellaneous	0.36%	0.24%	1.07%	0.20%	0.12%
Office expense	1.04%	1.08%	1.60%	1.59%	2.87%
Legal and Professional	1.16%	0.76%	1.31%	0.46%	0.48%
Power for Pumping	7.71%	10.88%	12.33%	13.26%	11.95%
System Repairs and Maintenance	6.31%	4.92%	2.16%	4.92%	3.27%
Taxes, Other	0.56%	0.70%	0.00%	0.00%	0.14%
Interest	9.03%	11.05%	6.99%	6.16%	7.67%
Theft loss	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on sale of assets	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>TOTAL EXPENDITURES</b>	<u>92.71%</u>	<u>107.76%</u>	<u>72.00%</u>	<u>94.48%</u>	<u>100.15%</u>
<b>EXCESS REVENUES (EXPENSES)</b>	<u>7.29%</u>	<u>-7.76%</u>	<u>28.00%</u>	<u>5.52%</u>	<u>(0.15%)</u>

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**TRI-COUNTY SPECIAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
JUNE 30, 2012**

Complete District Mailing Address: 5212 Hwy. 7, Marlin, Texas 78626

District Business Telephone Number: 254-803-3553

Submission Date of the most recent District Registration Form (TWC Sections 36.056 and 49.054):

Limit on Fees of Office that a Director may receive during a fiscal year: n/a

(Set by Board Resolution - TWC Section 49.060)

<u>Names</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid (FYE date)</u>	<u>Expense Reimbursements (FYE date)</u>	<u>Title at Year End</u>
Basil Margiotta	3 yrs Elected Expires 5/2013	n/a	n/a	President
Correne Dragoo	3 yrs Elected Expires 5/2014	n/a	n/a	Vice President
Ken Tomlinson	3 yrs Elected Expires 5/2015	n/a	n/a	Secretary/Treasurer
Charles Stone	3 yrs Elected Expires 5/2013	n/a	n/a	Director
A.C. Howlett	3 yrs Elected Expires 5/2013	n/a	n/a	Director
Ronald Haptonstall	3 yrs Elected Expires 5/2015	n/a	n/a	Director
Larry Kroll	3 yrs Elected Expires 5/2015	n/a	n/a	Director
Harold Stillings	3 yrs Elected Expires 5/2014	n/a	n/a	Director
Mack Joyner	3 yrs Elected Expires 5/2014	n/a	n/a	Director
<u>Consultants</u>				
Duff Consulting Engineers	Annual	\$24,515		Engineers
Alton D Thiele, PC	Annual	\$4,520		Auditor
Patricia Coy & Associates, L.L.C.	Annual	\$8,804		Attorneys

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TRI-COUNTY SPECIAL UTILITY DISTRICT  
5212 HIGHWAY 7 EAST  
P O BOX 976  
MARLIN, TEXAS 76661  
PHONE: 254-803-3553

RATE SCHEDULE

Tri-County S.U.D. Residential Water Rate Schedule:

MINIMUM MONTHLY CHARGE (per connection)  
Standard 5/8" X 3/4" meter \$37.00  
State required regulatory fee (amount X .005)

RATE SCHEDULE

0-2000 gallons	37.00
2001 – 10,000 gallons	3.25 per thousand gallons
10,001 – 20,000 gallons	3.50 per thousand gallons
20,001 – 30,000 gallons	3.75 per thousand gallons
30,001 – 40,000 gallons	4.00 per thousand gallons
40,001 – 50,000 gallons	4.25 per thousand gallons
50,001 – 60,000 gallons	5.25 per thousand gallons
60,001 or more gallons	5.50 per thousand gallons

Late Payment	10.00 (Fee applied if not received by the due date)
Reconnect Fee	70.00 (Fee applied for reconnecting service)
Returned Check Fee	30.00 (Fee applied for a returned check)
Meter Study	125.00 (Hydraulic Study)

The District shall mail all bills on or about the 25th day of the month. All bills shall be due by the 10<sup>th</sup> of the following month; If the 10<sup>th</sup> of the month is on a weekend or holiday, the next due date for payment purposes shall be the next day the District is open for business after said holiday or weekend; a bill is considered late if not received in the office by five o'clock p.m. on the due date. Payments made by mail shall be considered late if received in the office after five o'clock PM (5:00 p.m.) on the due date, regardless of the postmark on the envelope.

Final notices (late notices) shall be mailed on the day following the due date and charged \$10.00. Late payments are due in the office by 9:30 AM on the 20<sup>th</sup> of the month. The disconnection date will be the 20<sup>th</sup> of the month, and if the meter is locked off, then the fee to turn the water back on will be \$70.00. For the final notice billing, if the 20<sup>th</sup> day of the month is on a weekend or holiday, the next due date for payment purposes shall be the next day the District is open for business after said holiday or weekend. For all disputed payment deadlines, the date shown on each bill will determine the due date and the date of disconnection. Reconnections are made during regular business hours only!

For question on billing issues or meter readings, please call the office at 254-803-3553.  
Office hours are Monday through Friday – 8:00 a.m. – 5:00 p.m. (Closed 12:00 – 1:00 p.m. for lunch)

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