

Control Number: 43587



Item Number: 32

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2016 FEB 11 AM 9:39
PUBLIC UTILITY COMMISSION
CLERK

February 5, 2016

Public Utility Commission
Central Records
1701 N. Congress P.O. Box 13326
Austin, Texas 78711-3326

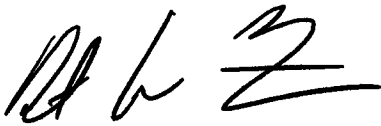
Re: Docket No. 43587 - Application of Trinity RTC GP, LLC. To Obtain Water and Sewer Certificates of Convenience and Necessity (CCN) in Harris County

Enclosed please find the Applicant's revised response to the Commission Staff's first request for information based on the information supplied by Commission Staff during our meeting on January 26th.

Staff 1-5 Response: Debt to Equity Ratio for 2014 is 0.87. Debt Coverage Ratio for 2014 is 1.36.

Please see the attached letter from the Applicant's CPA for an explanation of these revisions. Should you have any further questions concerning these responses, please do not hesitate to contact me.

Sincerely,



Bret W. Fenner, P.E.
B & D Environmental, Inc.

Enclosures

Robert L. Brown
CERTIFIED PUBLIC ACCOUNTANT AND BUSINESS CONSULTANT

February 1, 2016

Public Utility Commission

To Whom it may concern:

This letter will set out certain financial ratios for the 2014 calendar year for Trinity RCT, LP for purposes of their application with the Public Utility Commission. The 2014 financial statements have been recast to present "Excess Revenue Over Expenses" (Net Income) before interest expense, depreciation and amortization. A copy of the recast 2014 financial statements accompany this letter.

Two ratios will be presented:

- Long-term debt to equity (assets),
- Debt Service Ratio

Long-term Debt to Equity (Assets)

Long-term Debt = \$1,552,062.59

Equity (Assets) = \$1,783,978.44

$\$1,552,062.59 / \$1,783,978.44 = .87$

Debt Service Ratio

Excess revenue over expenses before interest expense, depreciation, and amortization = \$143,912.76

Interest expense = \$82,957.89

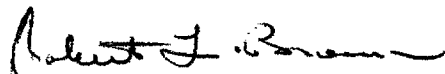
2014 Principal reduction = \$22,827.51

$\$143,912.76 / (\$82,957.89 + \$22,827.51)$

$\$143,912.76 / \$105,785.40 = 1.36$

I will be happy to discuss the foregoing or to answer any questions that may arise.

Sincerely,



Robert L. Brown, CPA

Enclosures

cc: Mr. Donald G. Clements

TRINITY RCT, LP
STATEMENT OF ASSETS, LIABILITIES AND
PARTNERS' CAPITAL - INCOME TAX BASIS
DECEMBER 31, 2014

ASSETS

Current Assets		
Cash		
Accounts Receivable - TSO		\$ 23,977.82
Escrow - Tax, Insurance, and Reserves		10,000.00
		<u>22,267.35</u>
Total Current Assets		56,245.17
Fixed Assets		
Land	\$ 305,165.00	
Equipment	4,775.00	
Improvements	323,925.00	
Mobile Homes	97,549.81	
	<u>731,414.81</u>	
Less: Accumulated Depreciation	(135,081.00)	596,333.81
Other Assets		
Goodwill	1,651,095.64	
Capitalized Refinancing Costs	30,000.00	
Capitalized Closing Costs	20,555.82	
	<u>1,701,651.46</u>	
Less: Accumulated Amortization	(570,252.00)	1,131,399.46
Total Assets		<u>\$ 1,783,978.44</u>

LIABILITIES AND PARTNERS' CAPITAL

Current Liabilities		
Security Deposits		\$ 29,833.00
Ad Valorem Taxes Payable		24,825.01
Current Portion of Long-Term Debt		<u>24,561.35</u>
Total Current Liabilities		79,219.36
Long-Term Debt		
Mortgage Payable	\$ 1,552,062.59	
Less: Current Portion of Long-Term Debt	<u>(24,561.35)</u>	1,527,501.24
Partners' Capital		
Partners' Capital		<u>177,257.84</u>
Total Liabilities and Partners' Capital		<u>\$ 1,783,978.44</u>

See accountant's compilation report

TRINITY RCT, LP
STATEMENT OF REVENUE, EXPENSES AND
PARTNERS' CAPITAL - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenue	
Rental Income - Net	
Interest Income	\$ 471,470.20
	<u>10.84</u>
Total Revenue	<u>471,481.04</u>
Expenses	
Accounting and Tax	4,753.67
Automobile Expense	1,449.02
Bank Charges	668.25
Cable - TV/Internet	25,097.77
Commissions	1,700.00
Eviction Expense	468.00
Insurance	8,654.87
Lab Fees and Supplies	179.60
Lawn Maintenance	5,482.50
Legal	2,250.00
Licenses, Permits and Fees	1,424.58
Management Fees	30,594.00
Miscellaneous Expense	400.00
Office Expense	1,802.44
Personnel Expenses	45,034.05
Repairs and Maintenance	87,871.22
Taxes - Ad Valorem	28,903.98
Telephones	310.00
Utilities	34,902.05
Waste Removal	<u>15,078.28</u>
Total Expenses	<u>297,024.28</u>
Excess Revenue Over Expenses Before Interest Expense, Depreciation, and Amortization	174,456.76
Other Income and (Expense)	
Amortization	(112,943.00)
Depreciation	(21,499.00)
Interest Expense	<u>(82,957.89)</u>
Total Other Income and (Expense)	(217,399.89)
Excess Expenses Over Revenue	(42,943.13)
Partners' Capital - Beginning	350,368.81
Less: Partners' Distributions	<u>(130,167.84)</u>
Partners' Capital - Ending	<u>\$ 177,257.84</u>

See accountant's compilation report