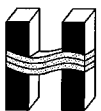


(ATTACHMENT F)



**HAYES ENGINEERING, INC.**  
TEXAS REGISTERED ENGINEERING FIRM F-1465  
2126 Alpine St. Longview, TX 75601-3401  
Tel.: (903) 758-2010 • Fax: (903) 758-2099

*SHARON W.S.C.*  
*CCN AMENDMENT APPLICATION*  
*WOOD COUNTY, TEXAS*

DATE : JUN. 2015  
SCALE : 1"=10,000'  
JOB NO. : SHARON

ATTACHMENT G

3.C.

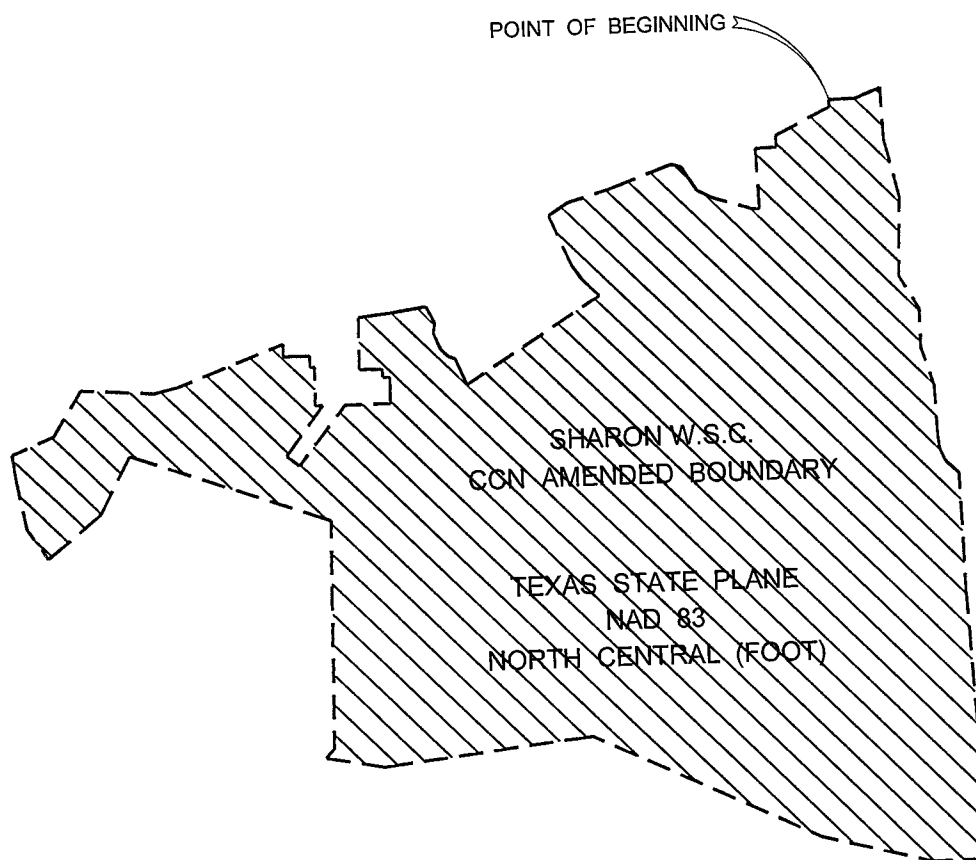
WRITTEN DESCRIPTION OF PROPOSED AREA

3.C. A written description of the proposed service area:

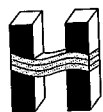
- Beginning on the Northeast county line of Wood and Upshur at the existing service area corner for Sharon W.S.C. CCN#10476 near F.M. 208, approximately 700 L.F. West from Ocelot Rd.
- The proposed service area will outline Sharon W.S.C., Big Wood Springs Water System, Fouke W.S.C., and Pritchett W.S.C. existing service areas.
- From the point of beginning 366.74' South direction,
- Thence 3168.10' S64°13'25.99"W,
- Thence 608.03' S30'W,
- Thence 1108.20' S88°48.43"W,
- Thence 3113.55' S2°10'39.18"E,
- Thence 374.62' N89°30'W,
- Thence 2148.26' N73°03'31.34"W,
- Thence 942.17' N62°57'45.12"W,
- Thence 1453.45' N32°42'36.31"W,
- Thence 533.87' N74°15'44.51"W,
- Thence 3436.18' S70°36'20.39"W,
- Thence 2341.17' S74°15'29.93"W,
- Thence 1220.70' S58°03'36.12"W,
- Thence 2864.31' S23°34'04.36"E,
- Thence 904.15' S35°02'09.01"E,
- Thence 1230.70' S45°16'27.52"E,
- Thence 8351.16' S58°21'19.67"W,
- Thence 1486.72' N23°40'16.66"W,
- Thence 529.48' N44°32'04.09"W,
- Thence 964.40' N22°21'29.95"W,
- Thence 522.94' N10°49'01.26"E,
- Thence 963.36' N28°35'02.01"W,
- Thence 1818.97' S82°19'23.58"W,
- Thence 1795.64' S83°47'53.37"W,
- Thence starting on the outline of Big Wood Springs Water System CCN,
- 2707.55' S30'W,
- Thence 1217.41' S89°30'E,
- Thence 416.91' South,
- Thence 378.98' S89°30'E,
- Thence 1389.65' S30'W,
- Thence 2408.22' N90°W,
- Thence 3935.70' S39°12'49.24"W,

- Thence 841.78' N50°47'10.76"W,
- Thence 3218.71' N37°39'00.11"E,
- Thence 382.61' N89°30'W,
- Thence 2014.99' N30'E,
- Thence 243.48' N89°30'W,
- Thence 590.60' N30'E,
- Thence 1391.32' N89°30'W,
- Thence 655.04' N30'E,
- Thence back on the outline of Sharon W.S.C. existing CCN, 5977.12' S70°07'13.37"W,
- Thence 1295.12' S77°59'08.80"W,
- Thence 3896.83' N85°22'13.01"W,
- Thence 2777.48' S33°09'01.94"W,
- Thence 2373.54' S68°30'45.62"W,
- Thence 1276.65' S7°56'13.16"E,
- Thence 2657.41' S10°36'03.48"E,
- Thence 1970.55' S34°18'49.37"E,
- Thence begin outline around the existing Fouke W.S.C. CCN, 3608.86' N51°36'51.96"E,
- Thence 3366.17' N28°43'49.28"E,
- Thence 11,171.97' S70°20'18.71"E,
- Thence 11,733.67' S30'W,
- Thence 789.59' S41°11'12.37"W,
- Thence coming off of the outline of Fouke W.S.C. CCN service area, 3,105.84' S79°13'34.21"E,
- Thence 11,132.18' N83°49'01.57"E,
- Thence 13,168.52' S64°51'26.16"E,
- Thence 6,017.12' S76°18'59.52"E,
- Thence 2,562.84' N89°16'15.14"E,
- Thence 878.89' N01°13'10.73"E,
- Thence the outline of Pritchett W.S.C. CCN service area for only 4,328.63' N30'E,
- Thence off of Pritchett W.S.C. CCN service area, 8,824.13' N3°14'17.42"W,
- Thence 2,837.76' N00°32'58.33"W,
- Thence 616.60' N6°37'57.43"W,
- Thence 2,602.10' N1°36'28.03"W,
- Thence 961.32' N46°57'01"W,
- Thence 753.40' N23°29'07.53"W,
- Thence 654.57' N6°13'01.22"W,
- Thence 2,555.76' N2°23'51.43"W,
- Thence 2,116.40' N17°57'12.59"W,
- Thence 1,943.73' N0°36'39.05"E,
- Thence 1,112.87' N28°39'01.21"W,
- Thence 993.91' N32°33'07.60"W,

- Thence 918.10' N2°58'19"W,
- Thence 3,174.80' N3°36'15.16"E
- Thence 705.78' N7°01'54.66"W,
- Thence 538.74' N16°37'12.27"W,
- Thence 1,841.44' N15°31'05.53"W,
- Thence 2,663.27' N2°44'13.54"W,
- Thence 1,307.05' S67°29'48.25"W,
- Thence 94.30' S88°11'36.29"W,
- Thence ending at 1,392.16' S88°11'36.29"W closing the proposed service area.



(ATTACHMENT G)



**HAYES ENGINEERING, INC.**

TEXAS REGISTERED ENGINEERING FIRM F-1465  
2126 Alpine St. Longview, TX 75601-3401  
Tel.: (903) 758-2010 • Fax: (903) 758-2099

*SHARON W.S.C.*  
*CCN AMENDMENT APPLICATION*  
*WOOD COUNTY, TEXAS*

DATE : JUN. 2015  
SCALE : 1"=10,000'  
JOB NO. : SHARON

ATTACHMENT H

3.D.

FACILITIES MAP

**OVERSIZED DOCUMENT(S)**

**TO VIEW**

**OVERSIZED DOCUMENT(S)**

**PLEASE GO TO**

**CENTRAL RECORDS**

**(512) 936-7180**



ATTACHMENT I

5.A.iv & 5.A.v.

TCEQ INSPECTION REPORT &  
ACTIONS TAKEN

[Questions or Comments >>](#)

[Query Home](#)
[Customer Search](#)
[RE Search](#)
[ID Search](#)
[Document Search](#)
[Search Results](#)
[Registration Detail](#)
[TCEQ Home](#)

## Central Registry

Detail of: **Public Water System/Supply Registration 2500020**

For: **SHARON WSC (RN101181618)**

LOCATED ON SH 37 S OF WINNSBORO IN WOOD CO

Registration **ACTIVE**

Status:

Held by: **SHARON WSC (CN600629117)**

**RESPONSIBLE PARTY**

Mailing Address: Not on file

### Notice of Violations Current TCEQ Rules

NOV Date	Status	Citation/Requirement Provision	Allegation	Classification	Self Reporting Indicator
10/21/2013	RESOLVED	30 TAC Chapter 290, SubChapter D 290.42(e)(3)(A) (Not applicable to CH)	Failure to provide disinfection equipment with a capacity at least 50 percent greater than the highest expected dosage.	MINOR	NO
08/06/2010	RESOLVED	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(D)(iii) (Not applicable to CH)	Failure to meet a service pump capacity of 2.0 gallons per minute per connection.	MODERATE	NO
02/18/2011	RESOLVED	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(D)(iii) (Not applicable to CH)	Failure to meet a service pump capacity of 2.0 gallons per minute per connection.	MODERATE	NO
10/21/2013	RESOLVED	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(D)(iii) (Not applicable to CH)	Failure to meet a service pump capacity of 2.0 gallons per minute per connection.	MODERATE	NO
08/06/2010	RESOLVED	30 TAC Chapter 291, SubChapter F 291.93(3) (Not applicable to CH)	Failure to submit a capacity planning report (Repeat 85%).	MINOR	NO
02/18/2011	RESOLVED	30 TAC Chapter 291, SubChapter F 291.93(3) (Not applicable to CH)	Failure to submit a capacity planning report (Repeat 85%).	MINOR	NO

# Summary of Investigation Findings

SHARON WSC

Investigation # 1105768

Investigation Date: 08/09/2013

, WOOD COUNTY,

Additional ID(s): 2500020

## OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 516927 Compliance Due Date: To Be Determined  
30 TAC Chapter 290.42(e)(3)(A)

### Alleged Violation:

Investigation: 1105768

Comment Date: 10/16/2013

Failure to provide disinfection equipment with a capacity at least 50 percent greater than the highest expected dosage to be applied at any time.

During the field investigation on August 9, 2013, the investigator observed that the rotometer readings in the chlorination rooms at Wells 7&8 did not allow for a 50% increase in value.

The rotometer at Well 7 read 22 and only had a maximum measurement of 25.  
The rotometer at Well 8 read 23 and only had a maximum measurement of 25.

**Recommended Corrective Action:** Please submit a compliance plan by November 21, 2013. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation, such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

## ALLEGED VIOLATION(S) NOTED AND RESOLVED ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 406883  
30 TAC Chapter 290.45(b)(1)(D)(iii)

### Alleged Violation:

Investigation: 828029

Comment Date: 07/29/2010

Failure to meet this Agency's "Minimum Water System Capacity Requirements", which include:

a service pump capacity of two or more pumps that have a total capacity of 2.0 gallons per minute (gpm) per connection, or a total capacity of at least 1,000 gpm and the ability to meet peak hourly demands with the largest pump out of service, whichever is less, at each pump station or pressure plane.

If the system provides 200 gallons per connection of elevated storage capacity, it must then provide two service pumps with a minimum combined capacity of 0.6 gpm per connection at each pump station or pressure plane.

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to these requirements by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 155, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-6967.

During the investigation on June 3-14, 2010, the investigator documented that the water system's service pumps provided a total of 2340 gpm. During that investigation, the water system reported that it served 2610 connections.

By pressure plane, the following values summarize the findings of the capacity calculations

Plants 1, 2, and 8 (887 connections).  
Required = 1774 gpm. Provided = 940 gpm.  
Results in 53%.

Plants 3, 5, and 6 (976 connections).  
Required = 1952 gpm. Provided = 900 gpm.  
Results in 46%.

Plants 4 and 7 (747 connections).  
Provides 200 gallons per connection of elevated capacity.  
Meets service pump capacity.

Investigation: 892916

Comment Date: 01/24/2011

On October 4, 2010, Hayes Engineering submitted correspondence to the TCEQ Tyler Region Office on behalf of Sharon Water Supply Corporation, which was sent in response to this alleged violation. Compliance documents for the service pump improvements were due by January 19, 2011.

On January 17, 2011, the engineer submitted a request for extended time to satisfy the deficiency by June 1, 2012. On January 24, 2011, the exception request was granted to the water system by Mr. Leroy Biggers, the Tyler Regional Director, extending their compliance deadline until June 1, 2012.

Investigation: 779264

Comment Date: 08/22/2011

On August 22, 2011, an in-house Record Review was conducted to document the status of this violation as being under a compliance schedule for completion on June 1, 2012.

Investigation: 1105768

Comment Date: 10/18/2013

This alleged violation is being resolved as noted in the "resolution" section.

**Resolution:** It was finally determined on October 18, 2013, that the wells pump/discharge directly into the elevated storage tanks, thus making the service pump capacity evaluation unnecessary. Having learned this new information, the investigator resolved this outstanding violation. It is further noted that this information should remain as part of future reports in order to avoid such confusion in the future.

## ADDITIONAL ISSUES

### Description

Item 1

### Additional Comments

During the record review portion of the investigation on August 9, 2013, the investigator documented that the system was testing 8-9 chlorine residuals throughout its distribution every day. It is worth noting that the rule only requires one distribution residual daily for each pressure plane. Since this system reportedly has three pressure planes, it should be sufficient to test only three (3) distribution residuals per day. The representative sample site locations must be rotated through regularly so that the whole distribution system is being sampled on an ongoing basis.

Item 2

During the record review portion of the investigation on August 9, 2013, the investigator failed to look closely at the system's documentation of line repair activities/events. This additional issue is simply to remind the system that line repair records must contain a level of detail that assures the Agency that all necessary steps have been taken.

For each line break, records should indicate that a boil water notice was posted (or if not, why a boil water notice was not required), accompanied by appropriate documentation, such as special BacT disinfection results after line repairs, pressures during the repair, etcetera. [290.46(f)(3)(A)(vi), 290.46(g)]

Upon request, the investigator will gladly provide the operator with a form that may be helpful in tracking the necessary details in the event of a line break.



# Sharon Water Supply Corporation

---

TCEQ  
Tyler Division  
2916 Teague Dr.  
Tyler, Texas 75701-3734

RE: Track Number 516927

Dear Mr. Gibson,

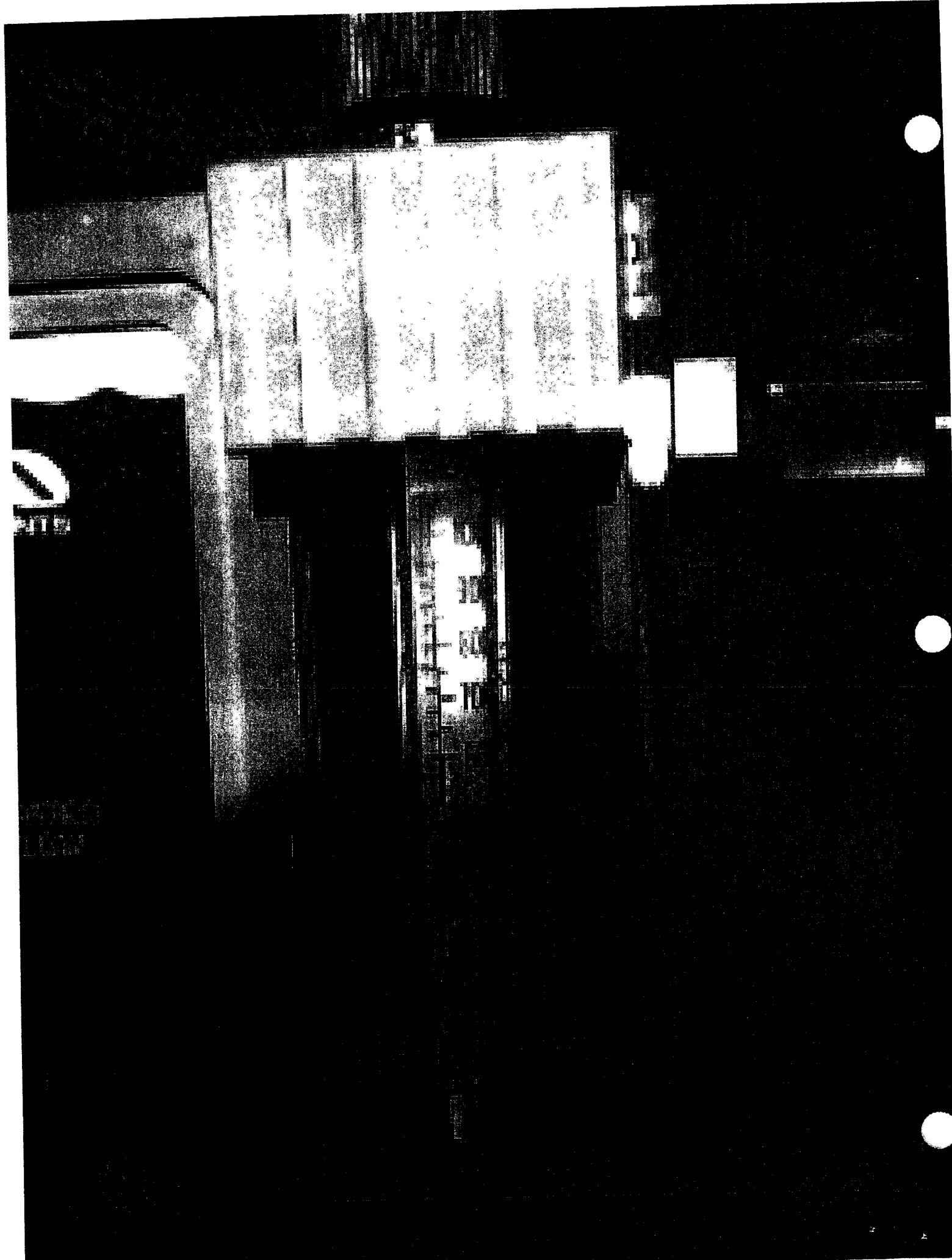
Attached are the pictures showing the new chlorinators that were placed at Well 7 and Well 8 to get us in compliance.

Also, on the additional issues, Ms. Smith suggested a form to be used on line breaks. Is this a required form and, if so, where can I get a copy?

Sincerely,

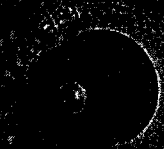
A handwritten signature in cursive script that reads "Vanessa Stone".

Vanessa Stone  
General Manager



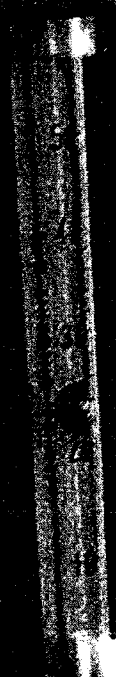
*impco*

GAS CHROMATOGRAPH



RED INDICATES  
NO OIL OR INSUFFLOW

IMPCO INSTRUMENTS  
CINCINNATI, OH 45215  
GAS CHROMATOGRAPH





ATTACHMENT J

5.G.

EFFECT OF GRANTING CERTIFICATE AMENDMENT

5.G. Effect of Granting CCN Amendment:

5.G.i. Sharon WSC will benefit by adding the proposed area and its customers.

5.G.ii. No other retail public utility is located in nor currently serving the proximate area.

5.G.iii. Landowners within the area description will benefit by receiving a safe and reliable water source and service.

ATTACHMENT K

6.B.

1) FINANCIAL STATEMENTS

2) RATE SCHEDULE

**Sharon Water Supply Corporation**

6175 North State Hwy 37  
Winnsboro, TX 75494

**FINANCIAL STATEMENTS**

December 31, 2014

**Fisher, McMurphy & Associates**

*Certified Public Accountant*

310 N Franklin Street  
Winnsboro, TX 75494

Telephone 903 342-3581  
Telefax 903 342-6455

**Fisher, McMurphy & Associates, CPA, PLLC**  
310 N. Franklin Street  
Winnsboro, TX 75494

Telephone (903) 342-3581

Fax (903) 342-6455

February 20, 2015

To the Board of Directors  
Sharon Water Supply Corporation  
Winnsboro, TX 75494

We have compiled the accompanying balance sheet of Sharon Water Supply Corporation (a Corporation), a non-profit organization, as of December 31, 2014, and the related statement of income and retained earnings and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

We are not independent with respect to Sharon Water Supply Corporation.

Fisher, McMurphy & Associates, CPA, PLLC



The CPA. Never Underestimate The Value.®

# SHARON WATER SUPPLY CORPORATION

Balance Sheet  
As of December 31, 2014

## ASSETS

### Current Assets

Cash and Cash Equivalents	\$	272,753
Certificates of Deposits		207,739
Accounts Receivable		108,944
Allowance for Doubtful Accounts		(802)
Prepaid Supplies		208,228
Prepaid Expenses		17,630

Total Current Assets \$ 814,492

### Property and Equipment

Building & Improvements	\$	194,750
Furniture and Equipment		622,021
Water Distribution System		7,402,618
Construction in Progress		1,012,565
Land		62,409
Less: Accumulated Depreciation		(4,555,877)

Net Property and Equipment \$ 4,738,486

**TOTAL ASSETS** \$ **5,552,978**

# SHARON WATER SUPPLY CORPORATION

Balance Sheet  
As of December 31, 2014

## LIABILITIES & EQUITY

### Liabilities

#### Current Liabilities

Accounts Payable	\$	854
AFLAC Insurance Payable		1,399
Accrued Wages and Taxes		40,275
TCEQ Assessment Payable		7,145
Current Portion of Long-Term Debt		<u>78,567</u>

Total Current Liabilities \$ 128,240

#### Long-Term Liabilities

Long-Term Debt Less Current Portion	\$	1,422,364
Membership Deposits		<u>318,600</u>

Total Long-Term Liabilities \$ 1,740,964

Total Liabilities \$ 1,869,204

### Equity

Retained Earnings	\$	<u>3,683,774</u>
-------------------	----	------------------

Total Equity \$ 3,683,774

**TOTAL LIABILITIES & EQUITY** \$ 5,552,978

# SHARON WATER SUPPLY CORPORATION

## Statement of Income & Retained Earnings

For the Year Ending December 31, 2014

### Operating Income

Water Sales	\$ 1,416,799
Tap Connection Fees	59,527
Penalty and Late Fees	52,030
Other Income	413
<b>Total Operating Income</b>	<b>\$ 1,528,769</b>

### Operating Expenses

Advertising	\$ 2,415
Bad Debts	1,912
Chemicals	27,783
Contract and Temporary Labor	105,592
Credit Card Fees	6,560
Depreciation Expense	364,648
Dues and Fees	12,479
Easement Expense	4,938
Employee Training	8,492
Insurance Expense	152,974
Interest Expense	48,615
Office Expense	29,379
Payroll Expenses	413,968
Payroll Taxes	32,697
Professional Fees	11,852
Repairs and Maintenance	136,308
Retirement Plan Expense	28,693
Software Maintenance	15,227
Supplies	4,905
Test Holes	33,675
Uniforms	2,622
Utilities	124,837
Vehicle Expense	39,457
<b>Total Operating Expenses</b>	<b>\$ 1,610,028</b>
<b>Excess Operating Income Over (Under) Operating Expenses</b>	<b>(81,259)</b>



# SHARON WATER SUPPLY CORPORATION

## Statement of Income & Retained Earnings

For the Year Ending December 31, 2014

<b>Other Income/Expense</b>	
Gain/(Loss) on Sale of Assets	\$ 21,000
Contributions from Members	19,079
Scrap Metal Proceeds	3,218
Interest Income	1,393
<b>Total Other Income/Expense</b>	<u>\$ 44,690</u>
<b>Net Income/(Loss)</b>	\$ (36,569)
<b>Retained Earnings-Beginning of Year</b>	\$ 3,720,281
<b>Prior Period Adjustment</b>	<u>62</u>
<b>Retained Earnings-End of Year</b>	<u><u>\$ 3,683,774</u></u>

# SHARON WATER SUPPLY CORPORATION

## Statement of Cash Flows

For the Year Ending December 31, 2014

### Cash flows from operating activities:

Net Income (Loss)	\$ (36,569)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used In) Operating Activities:	
Depreciation	364,648
Decrease (Increase) In:	
Accounts Receivable	7,172
Prepaid Expenses	(67,399)
Increase (Decrease) In:	
Accounts Payable	66
Accrued Wages and Taxes	(139)
Other Liabilities	147
Prior Period Adjustment to Prepaids	62
Total Adjustments	<u>\$ 304,557</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 267,988</u>

### Cash Flows From Investing Activities

Capital Expenditures	\$ (1,216,645)
Net Cash Provided By (Used In) Investing Activities	<u>\$ (1,216,645)</u>

### Cash Flows From Financing Activities

Long-Term Debt Borrowings	\$ 1,095,994
Long-Term Debt Repayments	(96,113)
Change in Membership Deposits	4,425
Net Cash Provided By (Used In) Financing Activities	<u>\$ 1,004,306</u>

Net Increase (Decrease) in Cash and Cash Equivalents	\$ 55,649
------------------------------------------------------	-----------

Cash and Cash Equivalents at Beginning of Period	<u>\$ 424,843</u>
--------------------------------------------------	-------------------

Cash and Cash Equivalents at End of Period	<u><u>\$ 480,492</u></u>
--------------------------------------------	--------------------------

SHARON WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

A. Statement of Operations

Sharon Water Supply Corporation (Corporation) is a not-for-profit entity organized under the laws of the State of Texas. The Corporation exists to provide potable water to unincorporated areas of Wood, Camp and Upshur counties in Northeast Texas. Management rests with the Board of Directors elected by the members. The Board controls the issuance of contracts, payment of funds, investment decisions and establishment of accounting.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The Corporation's financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This basis of accounting recognizes revenues in the accounting period in which they are earned, and expenses in the accounting period in which the liability is incurred, regardless of when the related cash flows take place.

2. Basis of Presentation

The Financial Accounting Standards Board issued Accounting Standards Codification Topic 958, Financial Statements of Not-for-Profit Organizations (ASC 958). ASC 958 provides standards for external financial statements of certain types of nonprofit organizations. Member owned utility Corporations do not meet the definition of a not-for-profit organization under ASC 958. As such, these financial statements are presented in the format of a small business.

3. Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, investments are considered cash equivalents.

5. Fair Value of Financial Instruments

The carrying amount of the Corporation's cash, investments and debt approximates market value at December 31, 2014.

6. Federal Income Taxes

Sharon Water Supply Corporation is exempt from Federal Income Taxes under Section 501 (C) (12) of the Internal Revenue Code. This exemption was approved by the Internal Revenue Service and the service has identified the Corporation as an entity other than a private foundation. The Corporation is required to file an Annual Information Return, Form 990 with the internal Revenue Service.

SHARON WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

B. Summary of Significant Accounting Policies (continued)

7. Depreciation

Depreciation of property, plant and equipment is provided on a straight-line method over the estimated useful lives of the assets. The following lists the classes of property, plant and equipment and their respective depreciable lives.

Water Distribution System	15-40 Years
Buildings	31-50 Years
Furniture and Equipment – Office	5-10 Years
Equipment	3-10 Years
Vehicles	5-10 Years

8. Current and Long-Term Notes

Allocations between current and long-term notes are classified according to the requirements within the next twelve months as compared to the requirements after the next twelve months.

9. Prepaid Supplies

Prepaid supplies consist of items paid for in the current period to be used in the following accounting period. Prepaid materials and supplies consist of supplies and repair parts for the distribution system, valued at average cost. The cost of materials and supplies is recorded as an expense when consumed rather than when purchased.

10. Contributions in Aid of Construction

Amounts received to partially or fully cover the cost of line extension or other plant additions are reported as revenue in the financial statements. Contributions for 2014 totaled \$19,080.

11. Compensated Absences

Employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues, and is recorded as an expense as it is paid. The Corporation's liability was \$6,350 at December 31, 2014.

12. Accounts Receivable

Water and other trade receivables are reported in the balance sheet at outstanding principal. Trade receivables are short-term receivables. Water sales are billed to customers monthly and are due on the 15<sup>th</sup> of the month. A \$10.00 late fee is charged monthly until paid. The meter is locked for nonpayment after the 25<sup>th</sup> and a fee of \$75.00 is charged. If the bill is not paid 10 days later, the meter is pulled and membership is forfeited. Water receivables are written off after the customer has been disconnected for at least ninety days. Other trade receivables are written off at the time they are deemed uncollectible. An allowance for water and other trade receivables is recorded, when deemed appropriate, based on a review of aged receivables and expected recoveries.

The concentrated geographical area in which the Corporation operates potentially subjects its trade receivables to credit risk.

SHARON WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

C. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>December 31, 2014</u>
Cash on Hand	N/A	N/A	\$ 700.
First National Bank	N/A	.10%	72,196.
City National Bank-Operating	N/A	.10%	136,868.
Mineola Community Bank	N/A	N/A	62,989.
			<u>\$ 272,753.</u>

The following investments are also considered cash equivalents. They are presented on the Balance Sheets in the line item, "Certificates of Deposits".

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>December 31, 2014</u>
City National Bank-CD.	1/17/15	.55	\$ 79,662.
City National Bank-CD.	1/27/15	.55	26,554.
First National Bank-CD.	12/19/15	1.0	101,523.
			<u>\$ 207,739.</u>

The Corporation's general operating account was maintained at City National Bank, Winnsboro, Texas. This institution is a member of the Federal Deposit Insurance Corporation (FDIC). Pledged securities were provided by City National Bank to cover amounts in excess of FDIC insurance during this year.

D. Loans

The Corporation maintains four loans with City National Bank, Winnsboro, Texas.

Loans Payable at year end:	<u>2014</u>
City National Bank	\$ 361,563.
Maturity Date – February 3, 2020	
Interest Rate – 5.00%	
City National Bank	51,294.
Maturity Date – August 26, 2021	
Interest Rate – 4.25%	
City National Bank	36,396.
Maturity Date – January 7, 2019	
Interest Rate – 5.5%	

SHARON WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

D. Loans (continued)

City National Bank Line of Credit	1,051,678.
Maturity Date – May 14, 2015*	
Interest Rate – 4.75	<u>                    </u>
Total Loans Payable	\$ 1,500,931.
Amount due in one year	<u>78,567.</u>
Long-Term Loans Payable	<u>\$ 1,422,364.</u>

\*The Line of Credit with City National Bank will be refinanced at the maturity date. Until that date, only interest payments are being made. Therefore, the balance of this note has not been included in the current portion on long-term debt.

C. Pension Plan

The Corporation has a defined contribution pension plan for all employees that are least 21 years of age, have a minimum of 1 year of service and work at least 1,000 hours per year. The Corporation contributes 7 percent of eligible salaries and employees can contribute up to 15 percent. The Corporation's cost for the plan was \$28,693 for 2014.

D. Property, Plant & Equipment

Property, plant & equipment used in the Corporation's operations are recorded at historical cost or estimated historical cost if actual historical cost is not available. Material expenses that increase the estimated useful life of the assets are capitalized. Expenses with a unit value of \$500 and maintenance and repairs, renewals and betterments which do not extend the asset's useful life are charged to expense when incurred.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Land	\$ 62,409.	\$		\$ 62,409.
Construction in Progress	0.	1,012,565		1,012,565.
Buildings & Improvements	194,750.			194,750.
Furniture, Equipment & Vehicles	603,547.	87,747.	69,273.	622,021.
Water Distribution System	<u>7,286,285.</u>	<u>116,333.</u>	<u>                    </u>	<u>7,402,618.</u>
Capital Assets at Historical Cost	<u>\$8,146,991.</u>	<u>\$1,216,645.</u>	<u>\$ 69,273.</u>	<u>\$9,294,363.</u>
Less Accumulated Depreciation for:				
Building & Improvements	\$ 109,892.	\$ 6,178.	\$	\$ 116,070.
Furniture, Equipment & Vehicles	484,781.	49,848.	69,273.	465,356.
Water Distribution System	<u>3,665,829.</u>	<u>308,622.</u>	<u>                    </u>	<u>3,974,451.</u>
Capital Assets at Historical Cost	<u>\$4,260,502.</u>	<u>\$364,648.</u>	<u>\$ 69,273.</u>	<u>\$4,555,877.</u>
Property, Plant & Equipment, Net	<u>\$ 3,886,489.</u>	<u>\$851,997.</u>	<u>\$                    </u>	<u>\$4,738,486.</u>

SHARON WATER SUPPLY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

E. Risk Management

The Corporation 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 natural disasters. During 2014, the Corporation purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

F. Litigation

The Corporation does not appear to be involved in any litigation as of December 31, 2014.

- 4) to present a Non-Standard Service Contract to the Applicant, and
  - 5) to provide other services as required by the Corporation for such investigation. A non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)
24. **Bulk Water Sales.** Water can be sold in bulk form at \$5.00/1000 gallons.
25. **Schedule of Most Used Fees**

**RATE SCHEDULES**  
RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL

**5/8" X 3/4" METER**

BASE RATE		\$28.00
0-----10,000		4.00 per thousand
10,000-----15,000		5.00 per thousand
15,000-----25,000		6.00 per thousand
25,000-----50,000		7.00 per thousand
50,000-----100,000		8.00per thousand
100,000-----over		9.00 per thousand

**3/4" X 3/4" METER**

BASE RATE		\$39.50
0-----10,000		4.00 per thousand
10,000-----15,000		5.00 per thousand
15,000-----25,000		6.00 per thousand
25,000-----50,000		7.00 per thousand
50,000-----100,000		8.00 per thousand
100,000-----over		9.00 per thousand

**1" METER**

BASE RATE		\$62.50
0-----10,000		4.00 per thousand
10,000-----15,000		5.00 per thousand
15,000-----25,000		6.00 per thousand
25,000-----50,000		7.00 per thousand
50,000-----100,000		8.00 per thousand
100,000-----over		9.00 per thousand



**1 ½ " METER**

BASE RATE \_\_\_\_\_ \$120.00

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**2" METER**

BASE RATE \_\_\_\_\_ \$189.00

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**3" DISP METER**

BASE RATE \_\_\_\_\_ \$212.00

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**3" CMPD METER**

BASE RATE \_\_\_\_\_ \$373.00

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**3" TURB METER**

BASE RATE \_\_\_\_\_ \$407.50

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand

50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**4" CMPD METER**

BASE RATE	_____	\$580.00
0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**4" TURB METER**

BASE RATE	_____	\$695.00
0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**6" CMPD METER**

BASE RATE	_____	\$1155.00
0-----10,000	_____	4.00per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**6" TURB METER**

BASE RATE	_____	\$1442.50
0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**8" CMPD METER**

BASE RATE\_\_\_\_\_ \$1845.00

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

**10" CMPD METER**

BASE RATE\_\_\_\_\_ \$2650.00

0-----10,000	_____	4.00 per thousand
10,000-----15,000	_____	5.00 per thousand
15,000-----25,000	_____	6.00 per thousand
25,000-----50,000	_____	7.00 per thousand
50,000-----100,000	_____	8.00 per thousand
100,000-----over	_____	9.00 per thousand

TEXAS WATER ASSESSMENT FEE----- .5% of total bill

SCHEDULE OF INSTALLATION FEES

RESIDENTIAL, COMMERCIAL AND INDUSTRIAL

NEW SERVICE (TAP AND BOX REQUIRED):

MEMBERSHIP FEE.....	\$ 150.00
INSTALLATION FEE.....	500.00
EQUITY BUY-IN FEE.....	<u>1100.00</u>
TOTAL.....	\$ 1750.00

- Bore &/or line extension is added to "Installation Fee"  
*\*\*EBI shall be charged on all new taps for meters*

NEW SERVICE (TAP AND BOX IN GROUND):

MEMBERSHIP FEE.....	\$ 150.00
EASEMENT FEE.....	\$30.00
PROCESSING FEE.....	\$50.00
INSTALLATION FEE.....	\$200.00
TOTAL.....	\$ 430.00

RELOCATION OF MEMBER'S METER WITH SAME TAP & BOX:

INSTALLATION FEE.....	\$ 350.00
-----------------------	-----------

- New meter location shall not exceed 25' from existing meter box, shall utilize existing corporation stop valve and service line (no public road crossings allowed). If relocation involves trenching or boring beyond the 25' maximum, see tariff "Schedule of Other Fees" for additional rates.

SCHEDULE OF OTHER FEES

RESIDENTIAL, COMMERCIAL AND INDUSTRIAL

TRANSFER FEE.....	\$ 230.00
CUSTOMER SERVICE INSPECTION.....	\$ 75.00
INSUFFICIENT CHECK FEE.....	\$25.00
METER LOCK.....	\$ 75.00
SERVICE CALL.....	\$ 37.50
FLOW RESTRICTION DEVICE – each install/each remove.....	\$50.00
TEMPORARY METER SET (GOOD FOR 10 DAYS) .....	\$100.00
LATE CHARGES ON WATER COLLECTIBLES.....	\$ 10.00
*LINE EXTENSION BY TRENCH.....( \$ 2.00 a foot minimum or cost)	
*LINE EXTENSION BY BORE.....	
(\$800.00 up, depends on size of bore and whether County Road or State Highway)	

*\*Main installations & line extensions shall be by Sharon Water Supply Corporation.*

- 26. Fines for Dual Connections - \$200.00
- 27. Meter Test Fee - \$45.00
- 28. Meter Tampering Fee - \$200.00

ATTACHMENT L

7.G.iii.

NEIGHBORING CITIES & SYSTEMS

## Sharon W.S.C., CCN #10476

### Neighboring Systems and Cities within two (2) miles:

Fouke WSC    CCN #10488

156 FM 1254

Mineola, TX 75773

Big Woods Springs Water System    CCN #12367

Wood County, TX

Pritchett W.S.C.    CCN#10478

3670 SH 155 South

Gilmer, TX 75645