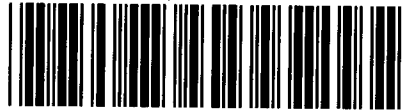




Control Number: 45185



Item Number: 179

Addendum StartPage: 0



Crystal Springs

WATER COMPANY

December 29, 2016

45185

RECEIVED
2017 JAN 10 AM 10:33
PUBLIC UTILITY COMMISSION
FILING CLERK

Public Utility Corporation
State of Texas

Re: Class B Water Company
Annual Report 2015


Sirs:

Crystal Springs Water Company has never used the NARUC Uniform System of Accounts for its annual report. We are now acquiring a software program to add this system to our regular accounting procedures.

Crystal Springs Water Company has not ever had a WWTP rate change. We installed our Timberland WWTP and established a tariff that is still in effect. Martin Realty & Land, Inc. was previously shown as owner of our Timberland system and the Country West WWTP that was constructed in the 80's. Crystal Springs Water Company was separated from Martin Realty & Land, Inc. in 2012, and is a totally separate water and sewer corporation, with Martin Realty & Land, Inc. having no ownership.

Crystal Springs Water Company is planning on requesting a rate increase for its WWTP operations but with a lack of cost records or dates of installation for much of the installation/remodel/expansion for both the Country West and Timberland plants, we have employed Water Engineers, Inc. of Houston, Texas to retro-engineer and evaluate the original costs of the systems/expansions so we can update these systems and evaluate/depreciate all phases bringing their costs/values up to date through 2015, including them in the NARUC Uniform System of Accounts.

Our 2015 Crystal Springs Water Company income tax return, included in the 2015 Annual Report, reflects a large outside construction process with TxDOT on the Grand Parkway (Highway 99) Toll Road Project.



Crystal Springs Water Company, Inc.
P.O. Box 603, Porter, TX 77365
Office: (281) 354-5136 * Fax: (281) 354-0549
www.cswci.com * support@cswwci.com

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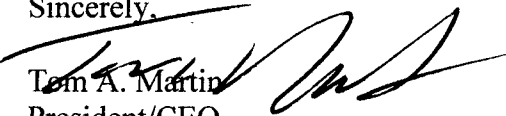
The toll road was constructed directly through the middle of our Timberland water and sewer systems. TxDot contracted with Crystal Springs Water Company to build over a million dollars in water and sewer infrastructures, connecting both sides of Timberland Estates. (The toll way went right through the middle of Timberland.)

This construction caused Crystal Springs Water to lose 88 connections and hundred of thousands of dollars of infrastructure previously installed. TxDot then ruled that Crystal Springs Water Company would not be reimbursed for our lost connections, infrastructure, etc. because we are a "municipal" type system, and by law they do not have to reimburse Crystal Springs Water Company for the lost facilities.

Litigation is pending for Crystal Springs Water Company to recover sizable monetary damages from TxDot. Our legal advisors requested that we do not try to evaluate these facilities until legal action is finalized.

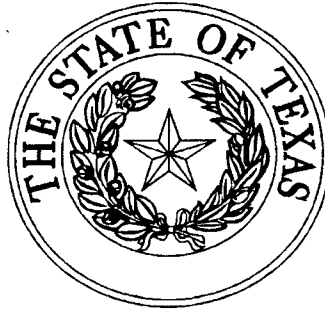
We will bring all the Crystal Springs Water Company water and sewer systems into our NARUC Accounting System in 2017. Hopefully, we will be able to file our 2016 Annual Report late in 2017 with all data current.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom A. Martin', is written over the printed name.

Tom A. Martin
President/CEO

Crystal Springs Water Company



**CLASS "B" WATER COMPANY
PUC ANNUAL REPORT
OF**

CCN Number
11373

Official Company Name:

Crystal Springs Water Company, Inc.

D/B/A Name(s)

**TO THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

For the Year Ended ____ *2015*

PUBLIC UTILITY COMMISSION OF TEXAS
1701 N. CONGRESS AVE., PO BOX 13326, AUSTIN, TX 78711-3326

Annual Report for Class B Water and/or Sewer Systems
Pursuant to TWC § 13.136 and Title 16 Texas Administrative Code (TAC) Chapter 24

I. UTILITY INFORMATION

- A. Utility Name: Crystal Springs Water Company, Inc.
List all assumed name(s) or d/b/a names: _____
- B. Street Address, City or Town & Zip code: 23449 Highway 59 North, Porter, TX 77365
County: Montgomery CCN No.: 11373
- C. List All PWS System names and numbers: _____
- D. List All WQ Permitted system names and numbers: _____
- E. Type of Ownership:
Corporation: ☒ Partnership: _____ Individual: _____ Other: _____
- F. If a corporation list names of the officers. If an individual or partnership list the name of the individual or each partner.
Tom A. Martin , CEO
Mark W. Martin, President/Development -- Larry W. Purcell, President/Operating Systems
- g. If the controlling ownership of this utility changed during the last twelve (12) months, state the date of ownership change and the name and address of the prior owner.

- H. Date the utility was formed or incorporated: 1977
- I. Is the utility commonly owned or controlled by another corporation? ☐ Y ☒ NO
If yes, by whom? _____

PERSON TO CONTACT REGARDING THE INFORMATION SUPPLIED ON THESE FORMS

- A. Name and Title: Tom A. Martin / CEO
- B. Street Address, city, zip code: 23449 Highway 59 North, Porter, TX 77365
- C. Telephone Number with Area Code: 281-354-5136
Cell Phone Number with Area Code: 832-473-6258
Fax Number with Area Code: 281-354-6627
e-mail address: _____
- D. If not an officer, owner or employee, give name of firm employed by: _____
- E. List all entities under common control or ownership with this utility by entity name, CCN No(s), Public Water System (PWS) No(s). and name(s) of water system(s) owned and Water Quality (WQ) Discharge Permit No(s). and name(s) of wastewater systems owned, and contact information.
All water and sewer systems on attached list is owned by Crystal Springs Water Company, Inc.
- F. List all affiliates of the utility by entity name(s), CCN No(s). if any, PWS No. for each system owned and WQ Discharge Permit No. for each wastewater systems owned, including contact information.
See attached lists
- G. If the utility owner owns multiple CCN's, please list all CCN numbers owned: _____

Crystal Springs Water Co., Inc.
Systems

<u>County</u>	<u>Systems</u>	<u>ID#</u>
Montgomery	Afton Park	1700147
	Autumn Acres	1700756
	Bennett Woods	1700290
	Chaparral Place	1700434
	Chasewood	1700622
	Country West	1700435
	Deer Glen	1700322
	FM 1485	1700580
	Lake Louise	1700184
	Lake Creek Falls	1700719
	Live Oak	1700198
	Oak Creek II	1700432
	Oak Tree	1700695
	Ponderosa Pines	1700868
	Rolling Hill Oaks	1700058
	Tower Glen	1700433
	The Oaks	1700626
	Tower Woods	1700289
	Timberland	1700612
	Western Hill	1700629
	White Oak	1700613
	Willis-Waukegan	1700869
	Woodridge	1700075
	Winchester Place	1700466
Walker	Emerald Woods	2360044

Crystal Springs Water Co., Inc.

Waste Water Systems

Account	System/Owner	Address	Permit
23003532	Country West WWTP	Martin Realty & Land, Inc. P.O. Box 603 Porter, TX 77365	WQ0012621001
23004929	Timberland WWTP	Martin Realty & Land, Inc. P.O. Box 603 Porter, TX 77365	WQ0014081001
23006859	Forest Trace WWTP	Crystal Springs Water Co., Inc. P.O. Box 603 Porter, TX 77365	WQ0015261001 FY17
23006859	Ponderosa Pines WWTP (under construction)	Crystal Springs Water Co., Inc. P.O. Box 603 Porter, TX 77365	WQ0015349001 FY17
23006921	Lilliput Farms WWTP (under construction)	Crystal Springs Water Co., Inc. P.O. Box 603 Porter, TX 77365	WQ0015298001 FY17

- * Martin Realty & Land, Inc. owned 100% of Crystal Springs Water Co., Inc. until 12/31/2012. Crystal Springs is now a totally separate company/corporation. We have requested that TCEQ reflect the ownership change to show all systems owned by Crystal Springs Water Co., Inc.

Name of Utility:

Crystal Spring Water Company

Year End:

2015

2. BALANCE SHEETS (Does not reflect sewer systems' assets less depreciation)

<u>ASSETS</u>	End of Year mm/dd/yyyy	End of Prior Year mm/dd/yyyy
<u>UTILITY PLANT</u>		
101 Utility Plant in Service	\$ 4,640,063	\$ 4,132,183
103 Property held for Future Use		
105 Construction Work In Progress	\$ 86,000	
114, 115 Net Utility Plant Acquisition Adjustment		
TOTAL UTILITY PLANT	\$ 4,726,063	\$ 4,132,183
108 Less Accumulated Depreciation	\$ 1,210,626	\$ 1,064,500
110 Less Accumulated Amortization		
NET UTILITY PLANT	\$ 3,515,437	\$ 3,067,683
<u>CURRENT ASSETS</u>		
131-135 Cash	\$ 544,942	\$ 481,490
141-143 Accounts Receivable	\$ 42,090	\$ 31,645
144 Notes Receivable		
144-145 Accounts Receivable-Affiliates/Common Ownership		
151 Plant Materials and Supplies	\$ 72,000	\$ 42,000
162 Prepayments		
171-174 Other Current Assets		
TOTAL CURRENT ASSETS	\$ 659,032	\$ 555,135
<u>OTHER ASSETS and DEFERRED CHARGES</u>		
181 Deferred Debt Expense		
182-186 Deferred Charges/Debits		
190 Accum Deferred Income Taxes		
TOTAL OTHER ASSETS and DEFERRED CHARGES	\$ -	\$ -
<u>TOTAL ASSETS</u>	\$ 4,174,469	\$ 3,622,818
<u>LIABILITIES & EQUITY</u>		
<u>STOCKHOLDERS' EQUITY</u>		
201 Common Stock	\$ 2,975,000	\$ 2,975,000
211 Other paid in capital	\$ 882,925	\$ 673,320
215 Retained Earnings	\$ 380,704	\$ 379,015
TOTAL STOCKHOLDERS' EQUITY	\$ 4,238,629	\$ 4,027,335
<u>LONG-TERM DEBT</u>		
224 Long-term debt, excluding current portion	\$ -	\$ -
<u>CURRENT LIABILITIES</u>		
Current Portion of Long-term Debt		
231 Accounts Payable	\$ 30,000	\$ 15,000
232 Notes Payable (short-term debt)	\$ 778,856	\$ 643,966
233, 234 Payables to Affiliates/Common Ownership		
236 Accrued Taxes		
237 Accrued Interest		
241 0 Other Current Liabilities		
TOTAL CURRENT LIABILITIES	\$ 808,856	\$ 658,966
<u>OTHER LIABILITIES and DEFERRED CREDITS</u>		
252 Advances for Construction		
253 Other Deferred Credits		
255 Deferred Investment Tax Credits		
271-272 Net Contributions in Aid of Construction	\$ 188,298	\$ 188,298
281-283 Accumulated Deferred Inc Taxes		
TOTAL OTHER LIABILITIES and DEFERRED CREDITS	\$ 188,298	\$ 188,298
<u>TOTAL LIABILITIES & EQUITY</u>	\$ 5,235,783	\$ 4,874,599

Add National Association of Regulatory Utility Commissioners (NARUC) accounts as needed, and if not shown above

Note: Sewer Plant in service is being retro-engineered back to 1984 to determine total system cost basis less depreciation.
 Crystal Springs Water Company has never asked for a sewer rate increase so this cost basis will be determined in 2017
 with our NARUC Accounting System in place.

3. STATEMENT OF REVENUES

(Actual Revenues for the report year)				
Water CUSTOMER CLASS	Prior Year Reported yyyy (A)	Current Reporting Year yyyy (B)	Earnings Report adjustments (C)	Totals For Earnings Report Adjustments (D=B+C)
Metered Sales:				
5/8" or 3/4"	2,374,720	2,490,527		\$ 2,490,527
3/4"				\$ -
1"				\$ -
1 1/2"				
2"				
List all additional meter sizes				
				\$ -
SUB-TOTAL	2,374,720	2,490,527	\$ -	\$ 2,490,527

Unmetered Sales:				
Wholesale	\$ 88,926	\$ 83,837		\$ 83,837
				\$ -
				\$ -
				\$ -
				\$ -
List and explain if any rates are set on a basis other than meter size				\$ -
				\$ -
	\$ 88,926	\$ 83,837	\$ -	\$ 83,837
470 0 Late fees - Water	\$ 62,389	\$ 63,299		\$ 63,299
471-474 Other Revenue	\$ 61,969	\$ 68,615		\$ 68,615
TOTAL WATER REVENUE	2,588,004	2,706,278	\$ -	\$ 2,706,278

To Statement of Income

Sewer CUSTOMER CLASS	Prior Year Reported yyyy (A)	Current Reporting Year yyyy (B)	Earnings Report adjustments (C)	Totals For Earnings Report Adjustments (D=B+C)
Metered (measured) Sales (if any):				
	\$ 544,029	\$ 646,802		\$ 646,802
				\$ -
				\$ -
				\$ -
SUB-TOTAL	\$ 544,029	\$ 646,802	\$ -	\$ 646,802
Unmetered (flat rate) Sales				
Commercial		\$ 5,614		\$ 5,614
				\$ -
				\$ -
				\$ -
SUB-TOTAL	\$ -	\$ 5,614	\$ -	\$ 5,614
470.0 Late fees - Sewer	\$ 18,907	\$ 21,381		\$ 21,381
536 Other Revenue	\$ 37,445	\$ 47,886		\$ 47,886
TOTAL SEWER REVENUE	\$ 600,381	\$ 721,683	\$ -	\$ 721,683
TOTAL REVENUE	3,188,385	3,427,961	\$ -	\$ 3,427,961

To Statement of Income

4. Statements of Income

	Water Test Year yyyy	Sewer Test Year yyyy	Total - Water and Sewer	Earnings Report adjustments	Adjusted for Earnings Report
	(a)	(b)	(c)	(d)	(e)=(c)+(d)
1 Total Revenue: 1	\$ 2,706,278	\$ 721,683	\$ 3,427,961	\$ 3,389,580	\$ 6,817,541
	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX
2 Operating Expenses:					
2 601.1/701.1 O & M Salaried Labor	\$ 511,622	\$ 150,457	\$ 662,079		
3 604/704 Employee Benefits	\$ 76,023	\$ 22,761	\$ 98,784		
4 6/731, 6/735, 6/736 O & M Contract labor	\$ 397,395	\$ 44,115	\$ 441,510		
5 620/720 Operating/Maint Supplies	\$ 512,569	\$ 128,142	\$ 640,711		
6 610/710 Purchased Water			\$ -		
7 615/715 Purchased Power			\$ -		
8 635/735 Testing Expense	\$ 39,093	\$ 25,102	\$ 64,195		
9 618/718 Chemicals	\$ 29,491	\$ 73,870	\$ 103,361		
10 656-659/756-759 Insurance	\$ 41,503	\$ 11,728	\$ 53,231		
11 601.2/701.2 General Office Salaries	\$ 192,000	\$ 48,000	\$ 240,000		
12 650/750 Transportation	\$ 154,547	\$ 29,437	\$ 183,984		
13 675 General Office Expenses	\$ 28,049	\$ 43,074	\$ 71,123		
14 632, 633, 634 Contract Acctg, legal, Mgnt	\$ 23,290	\$ 15,535	\$ 38,825		
15 666 Amortization- Rate Case Expense	\$ 12,294	\$ 16,059	\$ 28,353		
16 403 Depreciation Expense	\$ 282,892	\$ 144,810	\$ 427,702		
17 667-675 Other Misc. Expenses	\$ 4,379	\$ 1,873	\$ 6,252		
			XXXX	XXXX	XXXX
18 Taxes:					
18 409 Federal Income Taxes	*	--			
19 409 State Franchise Taxes/Reg Assess.	\$ 16,064		\$ 16,064		
20 408 All Other Taxes	\$ 81,324	\$ 22,932	\$ 104,256		
21 Total Expenses	\$ 2,402,535	\$ 777,895	\$ 3,180,430	\$ -	\$ -
			XXXX	XXXX	XXXX
22 Net Operating Income	\$ 304,756	\$ (55,233)	\$ 248,543	\$ 3,389,580	\$ 6,817,541
			XXXX	XXXX	XXXX
23 421, 433 Non-Operating Income	\$ 8,248	\$ 11,547	\$ 19,795		
24 Non-Operating Deductions:			XXXX	XXXX	XXXX
25 426 Other	\$ 37		\$ 37		
26 427 Interest	\$ 324		\$ 324		
27 Net Income	\$ 312,643	\$ (43,686)	\$ 267,977	\$ 3,389,580	\$ 6,817,541

1. Carried over from Statements of Revenues

* Federal Income Taxes are not reflected because Crystal Springs Water Company, Inc. is a Subchapter "S" Corporation, with income tax liabilities passed through to stockholders. We will review this with PUC officials and determine how to reflect Federal Income Taxes on our 2016 Annual Report.

PUC Water Annual Report
Page 5(a)

Name of Utility: Crystal Springs Water Company

Year End: 2015

6(a). Capital Structure

Year Ended mm/dd/yyyy

	Per Books	Adjustments for Earnings Report	Per Books Post Adjustment	Ratio
232 00 Short-Term Debt	\$ 778,856		\$ 778,856	0 00%
224 0 Long-Term Debt	\$ -		\$ -	0 00%
Common Equity				
201 0 Common Stock	\$ 2,975,000	\$ -	\$ -	
218 0 Proprietary Capital	\$ 882,925.00			
211 0 Misc. Paid-in-Capital				
215 0 Retained Earnings	\$ 380,704	\$ -	\$ -	
216 0 Reacquired Stock	\$ -	\$ -	\$ -	
Total Equity	\$ 4,238,629	\$ -	\$ -	0 00%
Total Capital	\$ 5,017,485	\$ -	\$ 778,856	0 00%

Debt Detail

Type	Principal Amount	Cost Rates	Interest Expense
232 0 Short Term Debt			
(Lender name A)	Various, see	0 00%	#VALUE!
(Lender name B)	attached sheets	0 00%	#VALUE!
(Lender name C)	\$ -	0 00%	\$ -
Total Short-Term Debt	\$ 778,856	#VALUE!	#VALUE!
224 0 Long-Term Debt.			
(Lender name D)		0 00%	\$ -
(Lender name E)		0 00%	\$ -
(Lender name F)		0 00%	\$ -
Total Long-Term Debt	\$ -	0 00%	\$ -

6(b). RATE BASE AND EARNINGS CALCULATION

RATE BASE SUMMARY

Description	Water (a)	Sewer (b)	Total (c) = (a) + (b)	Reference (schedule)
1 Additions:	xxxx	xxxx	xxxx	
2 Utility plant	4640063	2461010		5(a) & 5(b)
3 Materials and supplies	68533	34000		2
4 Working cash (capital) (attach schedule)	544942			
5 Prepayments				2
6 Other (attach schedule or itemize)	736988	581493		
7 TOTAL ADDITIONS (Add Lines 2 through 6)	5990526	3076503		
8 Deductions	xxxx	xxxx	xxxx	
9 Reserve for depreciation (Accumulated)	1510765	Pending		2
10 Advances for construction	188298			2
11 Contributions in aid of construction				2
12 Accumulated deferred income taxes				2
13 Accumulated deferred investment tax credits				2
14 Other (attach schedule or itemize)				2
15 TOTAL DEDUCTIONS (Add lines 9 through 14)	1699063			
16 RATE BASE (Line 7, less Line 15)	4291463	Pending		

EARNINGS CALCULATION

17 Return (Note 1)	#####
18 Rate of Return (Line 17/line 16)	0 00%
19 Earned Return on Ending Equity (Notes 2, 3)	0 00%

Note 1 Schedule 4 Statements of Income, line 26 plus line 27

Note 2 Based on reported capital structure in Schedule 6 Capital Structure Earnings

Note 3 Line 19 (above) will automatically calculate correctly only after Schedule 4 Statements of Income, Schedule 7 Rate of Return, and the above portions of this schedule (tab) have been completed

Name of Utility: Crystal Springs Water Company Year End: 2015

7. Rate of Return

Year Ended mm/dd/yyyy

	Balance	Capital Structure %	Cost Rates	Weighted Cost of Capital (c)=(a) x (b)
	(a)	(b)	(c)	
224.0 Long-Term Debt	-	0.00%	0.00%	0.00%
Common Equity*	-	0.00%	0.00%	0.00%
Total		0.00%		0.00%

*If the company currently has an authorized return on equity (ROE), enter that ROE in column (c) and provide the docket number in which that ROE was granted here ==>>>

N/A

If the company does not currently have an authorized ROE, enter in column (c) the ROE Moody's BAA Bond rating plus 6 percentage points. Utilities may obtain the current Moody's BAA Bond rating by emailing the PUC at water@puc.state.tx.us (this will in virtually every circumstance be different from the ROE that is actually earned) and place an "X" here ==>>>

N/A

This is not applicable to Crystal Springs Water Co.Inc. at this time.

Name of Utility: Crystal Springs Water Year End: 2015

8. Connection Count

METERED CUSTOMERS BY METER SIZE

Number of Customers						
(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line	Meter size/ descriptio n	End of Prior Year	Additions or change	End of Report Year	Meter Ratios	Meter Equivalencies
Water				(C + D)		(E x F)
1	5/8" x 3/4"	3293		3392	1	3392
2	3/4"				1.5	
3	1"	9		10	2.5	25
4	1 1/2"				5	
5	2"				8	
6	List all Additional meter sizes					
7	Unmetered					
8		3302	0	3402		3417
Sewer						
9		1403		1385		1385
10						
11						
12						
13		1403	0	1385		1385

Total Water

Total Sewer

Name of Utility: Crystal Springs Water Company **Year End: 2015**

9. VOLUMETRIC INFORMATION

	(Report in 1,000 gallons)	Report Year
	Description	
1.	Water Pumped	280,307,256
2.	Purchased Water	--
3.	Total Water Produced (1. + 2.)	280,307,256
4.	Total Water Sold	231,658,600
5.	Water Lost (3 - 4)	48,648,656

CRYSTAL SPRINGS WATER COMPANY, INC.

DEPRECIATION SCHEDULE

12/31/15

Table 3B (Summary)

	<u>Original Cost</u>	<u>Years in Svc</u>	<u>Annual Dep.</u>	<u>Accum. Dep</u>	<u>Net Book Value</u>
<u>Office Equipment</u>					
Computer Systems	\$35,426	2/10	\$3,542	\$18,914	\$37,710
Copy Mch 3/12	\$10,061	2/13	\$1,006	\$ 2,846	\$ 4,196
Sign 5/07	\$10,321	8/8	\$1,032	\$ 8,947	\$ 1,374
Network Sys/Software 10/12	<u>\$ 9,550</u>	3/7	<u>\$ 955</u>	<u>\$ 3,418</u>	<u>\$ 6,132</u>
	\$65,357		\$6,535	\$34,125	\$31,232
<u>Vehicles</u>					
Toyota 14 Truck 2/14	\$51,907	1/10	\$10,381	\$18,997	\$ 32,910
Toyota 14 Truck 8/14	\$51,831	1/5	\$10,366	\$14,616	\$ 37,215
Toyota 13 Truck 3/13	\$40,430	2/10	\$ 8,086	\$22,883	\$ 17,547
Toyota 11 Truck 3/11	\$34,744	4/9	\$ 6,948	\$33,003	\$ 1,741
Toyota 12 Truck 4/12	\$36,024	3/8	\$ 7,204	\$26,417	\$ 9,607
Dodge 1Ton 11/14	<u>\$24,109</u>	1 /2	<u>\$ 4,821</u>	<u>\$ 5,592</u>	<u>\$18,517</u>
	\$239,045		\$47,806	\$121,508	\$117,537
<u>Heavy Equipment</u>					
John Deere Excavator	\$187,100	2/11	\$18,710	\$54,496	\$132,654
Tractor 5/06	\$ 13,400	9/8	\$ 1,340	\$12,954	\$ 406
Kubota Excavator 5/12	\$ 51,484	3/8	\$ 5,148	\$18,877	\$ 32,607
Bobcat Mower 9/07	\$ 6,995	8/3	\$ 699	\$ 5,766	\$ 1,229
Front-end Loader 11/9	\$ 20,884	6/7	\$ 2,088	\$12,862	\$ 8,022
Kubota Excavator 3/10	\$ 26,461	5/9	\$ 2,646	\$15,214	\$ 11,297
Bobcat T-200 2/09	\$ 23,000	6/10	\$ 2,300	\$15,709	\$ 7,291
Kubota Excavator 8/15	\$114,864	0/5	\$11,486	\$ 9,533	\$105,331
Komatsu Backhoe 2/12	\$ 20,332	3/11	\$ 2,033	\$ 7,949	\$ 12,383
Bobcat Mower 7/12	\$ 7,680	3/6	\$ 768	\$ 2,688	\$ 4,992
John Deer 7000 Dozer 2/16	\$ 55,903	--	\$ 5,590	--	
John Deere 544 Loader 12/13	<u>\$ 88,500</u>	2/1	<u>\$ 8,850</u>	<u>\$18,408</u>	<u>\$ 70,092</u>
	\$616,603		\$61,658	\$194,506	\$386,304

SUMMARY

	<u>Original Cost</u>	<u>Annual Dep.</u>	<u>Accum. Dep</u>	<u>Net Book Value</u>
Systems	\$4,640,063	\$166,893	\$1,210,626	\$3,025,468
Office Equipment	\$ 65,357	\$ 6,535	\$ 34,125	\$ 31,232
Vehicles	\$ 239,045	\$ 47,806	\$ 121,508	\$ 117,537
Heavy Equipment	\$ 616,603	\$ 61,658	\$ 194,506	\$ 386,304
Totals:	\$5,561,068	\$282,892	\$1,510,765	\$3,560,541

CRYSTAL SPRINGS WATER COMPANY, INC.
SYSTEMS SUMMARY 12/31/15

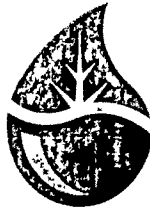
ORIGINAL COST + DEPRECIATION SCHEDULE

Table III B Summary

<u>System</u>	<u>Original Cost</u>	<u>Years in Svc</u>	<u>Annual Dep.</u>	<u>Accum. Dep.</u>	<u>Net Book Value</u>
Bennett/C Oaks	\$235,095	37/1	\$ 7,867	\$ 70,199	\$133,788 *1
Autumn Acres	\$126,679	6/9	\$ 3,630	\$ 17,923	\$108,756
Afton Park	\$ 90,629	35/0	\$ 3,967	\$ 48,377	\$ 42,252
Chapparral	\$ 47,904	33/1	\$ 2,178	\$ 22,181	\$ 13,547*1
Chasewood	\$109,855	17/6	\$ 4,196	\$ 35,704	\$ 74,181
Country West	\$369,670	33/6	\$14,230	\$152,861	\$132,452 *1
Deer Glen	\$607,161	35/9	\$20,661	\$273,931	\$333,228
Forest Trace	\$507,884	0/1	\$17,575	\$ 3,264	\$504,620
FM 1485	\$ 44,453	21/5	\$ 2,407	\$ 16,682	\$ 26,980
Live Oak	\$ 103,753	37/9	\$ 6,274	\$ 54,165	\$ 49,588
Oak Creek II	\$ 47,114	34/11	\$ 1,950	\$ 24,619	\$ 22,495
Rolling Hill	\$146,299	37/6	\$ 4,844	\$ 68,320	\$ 77,204
Timberland Estates	\$1,019,947	18/7	\$28,224	\$160,130	\$858,113
Tower Woods	\$ 57,482	36/7	\$ 3,144	\$ 21,967	\$ 35,759
Tower Glen	\$120,283	34/6	\$ 4,981	\$ 54,708	\$ 65,575
Western Hills	\$ 93,816	17/6	\$ 3,852	\$ 33,730	\$ 65,086
Whispering Pines	\$151,376	37/6	\$ 5,098	\$ 86,707	\$ 1,799*1
White Oak	\$112,007	18/6	\$ 3,652	\$ 33,590	\$ 73,291
Winchester	\$ 42,663	30/11	\$ 2,327	\$ 19,056	\$ 16,499 *1
Woodridge	\$ 35,107	35/0	\$ 1,948	\$ 22,152	\$ 12,952
Lake Louise	\$ 85,863	37/6	\$ 4,551	\$ 46,896	\$ 38,967
The Oaks	\$ 59,769	33/6	\$ 1,926	\$ 22,256	\$ 37,513
Emerald Woods	\$193,357	37/6	\$ 7,208	\$ 83,622	\$101,361
Oak Tree	\$ 209,841	11/6	\$ 7,581	\$ 42,631	\$167,210
Lake Creek Falls	\$ 82,419	30/1	\$ 2,619	\$ 23,107	\$ 59,312
Total:	\$4,640,067	--	\$166,893	\$1,218,626	\$3,025,468

*1 9/86 Rate Case required \$200,000 reduction in Book Value. Systems marked with * reduced book value to add up to the \$200,000 reduction.

QB Account Number	Payment to	12/31/15 Balance	Principle Paid	Interest Paid	Interest Rate
12538	Kubota	\$107,225.30	\$7,658.96	0	0%
12555	John Deere Financial	\$38,995.53	\$57,568.76	\$1,336.00	1.90%
12556	Woodforest Bank	0	\$299,617.59	\$16,059.75	4.75%
12558	Capital One Auto Fin.	\$11,405.88	\$8,816.53	\$471.71	2.90%
12587	Prosperity Bank (sewer plant)	\$517,770.83	\$10,534.86	\$4,918.66	5.5%
12578	Toyota Financial Services	\$28,967.54	\$8,812.00	\$636.80	1.90%
12557	John Deere Financial	\$38,840.92	\$17,746.18	\$2,906.90	5.99%
12579	Chase Auto Finance	\$35,650.31	\$9,104.08	\$1,170.68	2.89%
12586	BBVA Compass	0	\$100,000.00	\$853.04	
TOTALS		\$778,856.31	\$519,858.96	\$28,353.54	



Crystal Springs

WATER COMPANY

December 27, 2016

Public Utility Corporation
State of Texas

RE: Crystal Springs Water Co., Inc.
US Income Tax Return
"S" Corporation 2015

Sirs;

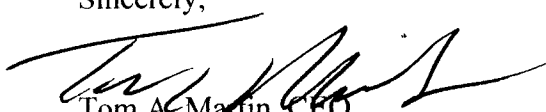
Crystal Springs Water Co., Inc. 2015 US Income Tax Return shows a total of \$4,852,858 total income. \$1,443,159 of this is non operating systems revenue from a contract with TxDot for a highway project (Grand Parkway, Highway 99) that separated our entire water and sewer system for Timberland, ID1700612, requiring extensive boring, relocating lift stations, water and sewer lines, etc. in Timberland Estates, reflecting \$974,163 income, less many accounting adjustments for that project. Crystal Springs Water Co., Inc's income for our operating systems was \$267,977.

This is a complicated return due to the fact that our Timberland system lost 88 connections, hundreds of thousands of dollars in infrastructure, etc.

TxDot refused to compensate Crystal Springs Water Co., Inc. for the lost connections, infrastructure, etc because they regarded Crystal Springs Water Co., Inc. as a "municipal" system and by state law, they were not required to compensate Crystal Springs Water Co., Inc.

Crystal Springs Water Co., Inc. has pending litigation against TxDot to recover these lost assets. We cannot evaluate our lost infrastructure to determine our basis for a rate of return until this case is settled. Hopefully, we will settle it in 2017 and can return to a completed annual report.

Sincerely,



Tom A. Martin, CEO
Crystal Springs Water Co., Inc.

Crystal Springs Water Company, Inc.

P.O. Box 603, Porter, TX 77365

Office: (281) 354-5136 * Fax: (281) 354-0549

www.cswci.com * support@cswwci.com



Form 1120S

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

2015

For calendar year 2015 or tax year beginning 2015, ending

A S election effective date 1/01/2012	TYPE OR PRINT	CRYSTAL SPRINGS WATER CO., INC. P.O. BOX 603 PORTER, TX 77365	D Employer identification number 74-2090542
B Business activity code number (see instrs) 221300			E Date incorporated 1/02/1979
C Check if Schedule M-3 attached <input type="checkbox"/>			F Total assets (see instructions) \$ 1,506,326.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If 'Yes,' attach Form 2553 if not already filed**H** Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change
(4) ☐ Amended return (5) ☐ S election termination or revocation**I** Enter the number of shareholders who were shareholders during any part of the tax year 7**Caution.** Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

INCOME	1 a Gross receipts or sales	1 a	4,852,821.
	b Returns and allowances	1 b	
	c Balance. Subtract line 1b from line 1a	1 c	4,852,821.
	2 Cost of goods sold (attach Form 1125-A)	2	
	3 Gross profit. Subtract line 2 from line 1c	3	4,852,821.
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)	4	37.
DEDUCTIONS SEE INSTRUCTIONS	5 Other income (loss) (see instrs - att statement)	5	
	6 Total income (loss). Add lines 3 through 5	6	4,852,858.
	7 Compensation of officers (see instructions - attach Form 1125-E)	7	125,000.
	8 Salaries and wages (less employment credits)	8	657,080.
	9 Repairs and maintenance	9	
	10 Bad debts	10	
	11 Rents	11	75,136.
	12 Taxes and licenses	12	107,582.
	13 Interest	13	28,319.
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14	114,879.
	15 Depletion (Do not deduct oil and gas depletion.)	15	
	16 Advertising	16	
	17 Pension, profit-sharing, etc. plans	17	18,395.
	18 Employee benefit programs	18	87,877.
	19 Other deductions (attach statement) SEE STATEMENT 1	19	2,396,450.
20 Total deductions. Add lines 7 through 19	20	3,610,718.	
21 Ordinary business income (loss). Subtract line 20 from line 6	21	1,242,140.	
TAX AND PAYMENTS	22 a Excess net passive income or LIFO recapture tax (see instructions)	22 a	
	b Tax from Schedule D (Form 1120S)	22 b	
	c Add lines 22a and 22b (see instructions for additional taxes)	22 c	
	23 a 2015 estimated tax payments and 2014 overpayment credited to 2015	23 a	
	b Tax deposited with Form 7004	23 b	
	c Credit for federal tax paid on fuels (attach Form 4136)	23 c	
	d Add lines 23a through 23c	23 d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	0.
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
27 Enter amount from line 26 Credited to 2015 estimated tax Refunded	27		

Sign
Here

I declare under penalty of perjury that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

TAXPAYER'S COPY

Signature of officer _____ Date _____ CEO Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid
Preparer
Use Only

Print/Type preparer's name Preparer's signature Date Check ☐ if self-employed PTIN

MAX LIDIAK, CPA M. Lidiak 8/16/16 P01261994

Firm's name LIDIAK AND ASSOCIATES, P.C. Firm's EIN 76-0030420

Firm's address 19203 E CIBOLO CREEK COURT CYPRESS, TX 77433 Phone no 281-556-5657

BAA For Paperwork Reduction Act Notice, see separate instructions.

SPSA0105L 08/13/15

Form 1120S (2015)

Crystal Springs Water Company, Inc
(Company Name)

VERIFICATION

OATH

(To be made by the officer having control of the accounting of the respondent)

State of Texas

as:

County of Montgomery

Tom A. Martin
(Name of affiant)

makes oath and says that he/she is

CEO
(Official title of affiant)

of Crystal Springs Water Co., Inc
(Exact legal title or name of the respondent)

The signed officer has reviewed the report

Based on the officer's knowledge, the report does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading

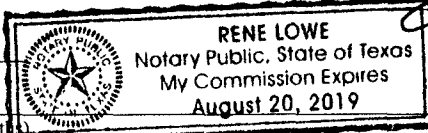
Based on such officer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report

He/she swears that all other statements contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including 1/1/15 to and including 12/31/15

Subscribed and sworn to and before me, a Notary Public
in and for the State and County above-named, this 29 day of December 2016

My commission expires Aug 20 2019

Rene Lowe
(Signature of officer authorized to administer oaths)



[Signature]
(Signature of affiant)

SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

State of Texas

as

County of Montgomery

Mark W. Martin, President

(Name of affiant)

(Official title of affiant)

of Crystal Springs Water Co., Inc

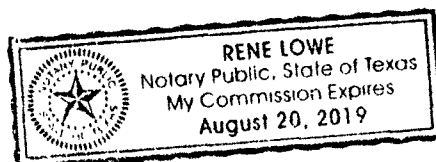
(Exact legal title or name of the respondent)

that he/she has carefully examined the foregoing report, that he/she swears that all statements of fact contained in the said report are true, and that the said report is a correct and statement of the business and affairs of the above named respondent during the period of time from and including 1/1/15 to and including 12/31/15

Subscribed and sworn to before me, a Notary Public
in and for the State and County above-named, this 29 day of December 2016

My commission expires Aug 20, 2019

Rene Lowe
(Signature of officer authorized to administer oaths)



[Signature]
(Signature of affiant)