



Control Number: 47011



Item Number: 1

Addendum StartPage: 0



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

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

Docket Number: **47011**

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

RECEIVED
2017 MAR 31 PM 1:24
PUBLIC UTILITY COM-MISSION
FILING CLERK

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

Table of Contents

Purpose of Application	2
1. Applicant Information.....	2
2. Location Information.....	3
3. Map Requirements.....	5
4. New System Information or Utilities Requesting a CCN for the First Time	5
5. Existing System Information	6
6. Financial Information	9
7. Notice Requirements.....	10
OATH.....	12
Notice for Publication	13
Notice to Neighboring Systems, Landowners and Cities	15
Notice to Customers of IOUs in Proposed Area	17

Historical Balance Sheets	19
Historical Income Statement.....	20
Historical Expenses Statement	21
Projected Balance Sheets	22
Projected Income Statement	23
Projected Expenses Statement.....	24
Projected Sources And Uses Of Cash Statements	25

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

Purpose of Application

- ☐ Obtain
 ☐ New Water CCN
 ☐ New Sewer CCN
- ☒ Amend
 ☐ Water CCN# (s) 12383
- ☐ Amend
 ☐ Sewer CCN#(s) _____

1. Applicant Information

Applicant

Utility name: Utopia Water Supply Corp.

Certificate number: 12383

Street address (City/ST/ZIP/Code):

Mailing address(City/ST/ZIP/Code): P.O. Box 414, Utopia, TX 78884

Utility Phone Number and Fax: (830) 966-4186 email: utopiawsc@swtexas.net

Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: Joel D. Wilkinson, P.E. Title: Engineer

Mailing address: 4010 Manchaca Rd., Austin, TX 78704

Email: joelnwainc@sbcglobal.net Phone and Fax: (512) 462-3373

List all counties in which service is proposed:
UVALDE

A. Check the appropriate box and provide information regarding the legal status of the applicant:

- ☐ Investor Owned Utility ☐ Individual ☐ Partnership
- ☐ Home or Property Owners Association ☐ For-profit Corporation
- ☒ Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☐ Municipality ☐ District ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: _____
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- i. A copy of the Articles of Incorporation and By-Laws. Refer to Attachment No. 1
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State. 66118901
- iii. Identification of all board members including name, address, title, and telephone number. Refer to Attachment 2
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.
Refer to Attachment No: 3

2. Location Information

- A. Are there people already living in the proposed area? ☒ Yes ☐ No
- If YES, are any currently receiving utility service? ☐ Yes ☒ No
- If YES, from WHOM? _____

3. Map Requirements

Attach the following hard copy maps with each copy of the application:

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county. Refer to Exhibit 1
- B. A map showing only the proposed area by:
- i. metes and bounds survey certified by a licensed state or register professional land surveyor; or Refer to Exhibits 2a and 2b
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds. Refer to Attachment No. 5
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
- i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and Refer to Exhibits 3a, 3b and 3c.
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s). N/A

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

4. New System Information or Utilities Requesting a CCN for the First Time

Not Applicable

- A. Please provide the following information:
- i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied? ☐ Yes ☐ No

- i. If yes, please provide documentation of the denial of service and go to c.
 - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:
- D. Date of plat approval, if required: _____
 Approved by: _____
- E. Date Plans & Specifications submitted to the TCEQ for approval: _____
 Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.
- F. Date construction is scheduled to commence: _____
- G. Date service is scheduled to commence: _____

5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s):

2 3 2 0 0 4 5 ;

;

;

;

;

;

;

;

;

;

;

;

ii. Sewer system(s): TCEQ Discharge Permit number(s)

TCEQ Water System			TCEQ Sewer System		
Other:			Other:		
Total Water			Total Sewer		

- E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

Uvalde County permitted on-site sewerage facilities.

- F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

Not Applicable

- G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- the applicant, Refer to Attachment No. 8
- any retail public utility of the same kind already serving the proximate area; and
- any landowner(s) in the requested area.

- H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

- ☒ No, (skip the rest of this question and go to #6)
- ☐ Yes, Water

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
	0.00%

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems:

- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
- ii. Attach a proposed rate schedule or tariff.

❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**

C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant. Refer to Attachment No. 10 for the most recent financial audit. Refer to Attachment No. 10 page 7, for information relating to loan from lending institution within last three years.

❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. Notice For Publication:
The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
 - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
 - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area

Refer to Attachment No. 11

H. Notice to Customers:

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

- I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

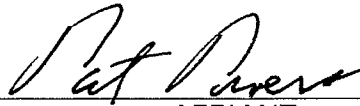
OATH

STATE OF TEXAS
COUNTY OF UVALDE

I, PAT POWERS, being duly sworn, file this application as President (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.



AFFIANT

(Utility's Authorized Representative)

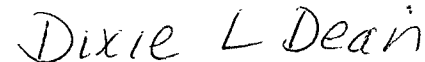
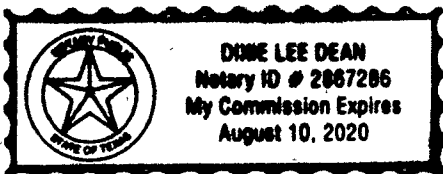
If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
This day 21st of March 20 17



NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

SEAL



PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES Aug 10, 2020

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO
PROVIDE WATER/SEWER UTILITY SERVICE IN
UVALDE COUNTY(IES), TEXAS

Name of Applicant UTOPIA WATER SUPPLY CORP. has filed an application for a
CCN to obtain or amend CCN No. (s) 12383 and to
decertify a portion(s) of _____ with the
~~(Name of Decertified Utility)~~

Public Utility commission of Texas to provide Water
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in Uvalde County

(ies).

The proposed utility service area is located approximately 0.5 miles south
[direction] of ~~downtown~~ the intersection of TX RR 187 & TX RR 1050 in Utopia, [City or Town] Texas, and is
generally bounded on the north by a westerly projection of Uvalde CR 354; on the east by
RR 187; on the south by Private Rd. 3800; and on the west by the Sabinal River.

The total area being requested includes approximately 13 acres and _____
~~current customers.~~

A copy of the proposed service area map is available at (Utility Address and Phone
Number): 725 Main Street, Utopia, TX 78884 telephone: (830) 966-4186. Office hours are Mon. and Tues. 9AM-4PM

A request for a public hearing must be in writing. You must state (1) your name, mailing
address, and daytime telephone number; (2) the applicant's name, application number or
another recognizable reference to this application; (3) the statement, "I/we request a
public hearing"; (4) a brief description of how you or the persons you represent, would be
adversely affected by the granting of the application for a CCN; and (5) your proposed
adjustment to the application or CCN which would satisfy your concerns and cause you to
withdraw your request for a hearing.

Persons who wish to intervene or comment should file with the PUC at the following address:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea información en Español, puede llamar al 1-888-782-8477

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO
PROVIDE WATER/SEWER UTILITY SERVICE IN
UVALDE COUNTY(IES), TEXAS

To: _____ Date Notice Mailed _____ 20 17
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant Utopia Water Supply Corp. has filed an application for a
CCN to obtain or amend CCN No. (s) 12383 and to
decertify a portion(s) of _____ with the
(Name of Decertified Utility)

Public Utility Commission of Texas to provide _____ Water
(specify 1) water or 2) sewer or 3) water & sewer)
utility service in Uvalde County(ies).

The proposed utility service area is located approximately 0.5 miles south
[direction] of downtown the intersection of TX RR 187 & TX RR 1050 in Utopia, [City or Town] Texas, and is
generally bounded on the north by a westerly projection of Uvalde CR 354 ; on the east by
RR 187 ; on the south by Private Road 3800 ; and on the west by the Sabinal River.

See enclosed map of the proposed service area.

The total area being requested includes approximately 13 acres and _____
current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

**UTOPIA WATER SUPPLY CORPORATION
UVALDE COUNTY, TEXAS
CCN #12383 AMENDMENT APPLICATION**

LIST OF ATTACHMENTS

1. Articles of Incorporation and Bylaws [Item 1(i)]
2. Board Member List [Item 1(iii)]
3. Certificate of Account Status from Comptroller [Item 1(iv)]
4. Requests for Service [Item 2B(iv)]
5. Written Description of Proposed Service Area [Item 3C]
6. TCEQ Inspection Report [Item 5A(iv)]
7. Summary of Facilities [Item 5C]
8. Effect of Granting a Certificate Amendment Statement [Item 5G]
9. Ability to Provide Adequate Service Statement [Item 5I]
10. Audit and Financial Information [Item 6D]
11. List of Neighboring Utilities and Landowners [Item 7G]

LIST OF EXHIBITS

1. Proposed Service Area Map
- 2a. Projectable Digital Data Map of Proposed Service Area Addition
- 2b. Survey Plat of Proposed 13.382 Acre Service Area Addition
- 3a. Utopia WSC Water System Map
- 3b. Wells No. 1, 2 & 3 Site with Pumping/Storage Facilities
- 3c. Well No. 4 and Standpipe Site Facilities

ATTACHMENT NO. 1

Articles of Incorporation and Bylaws

UTOPIA WATER SUPPLY CORP.

BYLAWS

REVISED DECEMBER 13, 2010

BYLAWS
of
UTOPIA WATER SUPPLY CORPORATION

Bylaws of Utopia Water Supply Corporation, having been presented to the Board of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have custody of all monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer or assistant or deputy secretary, and the President or a designee of that office. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer, and other Board positions and/or employees entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. A person must be a member of the Corporation in order to serve as a Director. The Board of Directors shall consist of seven (7) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the third Monday of March, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer from among the Directors. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by state law.

Upon the death, resignation, or loss of membership status of a Director, a successor shall be appointed by a majority of the existing Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 2. Directors may be removed from office in the following manner, except as otherwise provided in Article V: Any Member or Director may present charges against a Director by filing such charges in writing with the Secretary-Treasurer of the Corporation. The charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed

Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 3. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of a Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of the other Directors to preside over the meeting. Any meeting convened to consider the removal of a Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or other Officer or Director has been made the subject of charges does not prevent such individual from continuing to act as Officer and/or Director. Any Director that has been removed under the provisions of the Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Business Organizations Code pertaining to duties and responsibilities of the Board of Directors:

ARTICLE V

Section 1. Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 2. Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a

third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

Section 5. In conducting their duties as members of the Board, Directors: (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs that have been prepared or presented by one or more officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care, on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the corporation, legal counsel, public accountants, or other persons provided the Directors reasonably believes

such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, on the third Monday of March, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Members holding five percent (5%) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum for the transaction of business.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including the proxy and/or ballot form which shall be the official proxy and/or ballot for such meetings; procedures for proper notification of the Membership of such meetings and delivery of the Corporation's official proxy and/or ballot forms to the Membership; procedures to determine, qualify and register the eligible voters for such meetings; and procedures for canvassing all votes and recording results of all elections at such meetings of the Membership.

Section 3: The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall notify the Membership of annual or special Membership meetings and deliver the Corporation's official proxy and/or ballot forms to the Membership; determine, qualify, and register the eligible voters for such meeting; validate proxies, determine presence of quorum for conducting the meeting, canvas all votes, and record the results of such elections. Should the individual holding the office of Secretary-Treasurer be running for re-election, the President

shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 4: After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand by a majority of the board members or one-third (1/3) of the Members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under Texas Business Organizations Code Section 22.156, and as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile to each Member;

Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two (2) hours before the meeting is convened. It shall be the responsibility of the President, or a designee of the office, to ensure that proper notice is posted and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting

could be considered at a regular or special meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water code. Funds allocated by the Board to a sinking fund for replacement, amortization of debts, and the payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014 (b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. Securities so purchased shall be deemed at all times to be part of the reserve fund account. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through Membership. A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold membership as a condition to receive service on a limited basis. Every persons (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial statues, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be as determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer service as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership, but each Member shall be entitled to only one vote regardless of the number of memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water and/or sewer service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to

the sum of twelve (12) charges of the Corporation's minimum monthly water and/or sewer rate unless previously approved by USDA Rural Development, RUS. Membership fees will be refundable.

ARTICLE XI

When necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE XII

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

(a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or right of participation arose.

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water and/or sewer service unless each condition for water

and/or sewer service is met as provided in the Corporation's published rates, charges, and conditions of service. Water and/or sewer service provided by the Corporation as a result of stock, Membership or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a persons or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water and/or sewer service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a cancelled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water and/or sewer service is requested, subject to compliance with the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary here-in-above provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a membership.

ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the direction of the Board. The Board shall set the salary for the manager.

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a member should surrender the membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water and/or sewer service shall be discontinued and the obligation to pay for

water and/or sewer service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due the Corporation. Any remaining balance from the membership fee will be refunded to the former member. In the event Membership is terminated, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water and/or sewer service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater, or both, that is exempt from ad valorem taxation. By application for and acceptance of membership in the Corporation, each member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be January 1st to December 31st.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XVIII

Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be

insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, URS, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender their membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the

public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members present, whether in person or by proxy, at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United State of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XXI

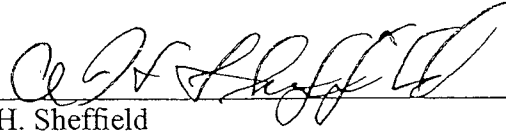
The seal of the Corporation shall consist of a circle within which shall be inscribed "UTOPIA WATER SUPPLY CORPORATION".

ARTICLE XXII

The Corporation pledges its assets for use in performing the functions of the corporation as provided by law and the Corporation's Articles of Incorporation.

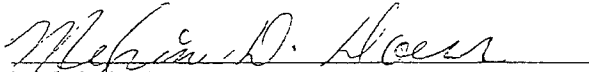
ARTICLE XXIII

The above Bylaws were adopted by a majority vote of the Board of Directors of the Utopia Water Supply Corporation, at a meeting held on the 13th day of December, 2010.



A. H. Sheffield
President

Attest



Melvin D. Doerr
Secretary/Treasurer

Séal

ATTACHMENT NO. 2

List of Board Members

,

Utopia Water Supply Corp.

P. O. Box 414

Utopia, Texas 78884

Board of Directors 2016

Pat Powers..... President 830-966-3712, POB 36, Utopia, TX 78884

Danielle Woods Vice President 830-688-1659, POB 291, Utopia, TX

Kent Kepler Sec/Treasurer 830-966-3344, POB 665, Utopia, TX

Tom Bomer.....Director 830-941-0040, POB 974, Utopia, TX

Erma Schaefer.....Director 830-275-2695, POB 27, Utopia, TX

Margaret Martin.....Director 830-966-4191, POB 956, Utopia, TX

ATTACHMENT NO. 3

Certificate of Account Status from Comptroller



Franchise Tax Account Status

As of : 03/08/2017 15:32:21

This Page is Not Sufficient for Filings with the Secretary of State

UTOPIA WATER SUPPLY CORPORATION

Texas Taxpayer Number 17422813943

Mailing Address 725 MAIN STREET UTOPIA, TX 78884-0000

Right to Transact Business in Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 06/24/1983

Texas SOS File Number 0066118901

Registered Agent Name KENT L KEPLER

Registered Office Street Address 725 MAIN STREET UTOPIA, TX 78884

ATTACHMENT NO. 4

Written Requests for Service [Item 2B(iv)]

Utopia Water Supply Corporation

P. O. Box 414, Utopia, TX 78884.
830-966-4186

Received
OCT 10 2016

10/3/16

Joel,

Mr. Killough submitted this today in response to your request for additional information.

Regards,
Cathy Comparetto
Office Manager

To: Members of the Utopia Water Board
From : Chance Dean and Morris Killough.

RE: Requesting the Utopia water Board to include a 13.382 Acre tract of land located just south of Utopia into the UWSC service area.

1. We are requesting the Utopia Water service Corporation to extend their service area to include our 13.382 acre tract of land.
2. Intended use is to provide water to a residential home that will be used to house guests, clients and vacation rentals. This will be an individual meter.
3. Intended use will also include to supply water to as many as eight (8) individual rental cabins. Would like all cabins supplied by a single meter. Or multiple meters if the regulations do not allow for several structures tapping off one Meter.

There is a great water well located on the property so all premise watering, irrigation and other water uses will be from existing well. The UWSC meters will be strictly for household and potable use.

Morris Killough
ML

ATTACHMENT NO. 5

Written Description of Proposed Service Area (Item 3C)

KOCH & KOCH LAND SURVEYORS, INC.
P.O. BOX 246 707 FM 1796 D'HANIS, TEXAS 78850
Office: 830-363-7331 Fax: 830-363-7441
E-Mail: kochkoch@swtexas.net
(TBPLS Firm Registration/License No. 10005800)

FOR DEED TO MORRIS B. KILLOUGH & CHANCE DEAN
13.382 ACRE TRACT

THE STATE OF TEXAS)
COUNTY OF UVALDE)

Field Notes of a perimeter/boundary survey of a 13.382 acre tract of
land, made for Morris B. Killough, Chance Dean, Jack B. Preston, Jr.,
& Ruth Ann Hunter, et vir.

Said 13.382 acre tract of land lying and being situated 0.7 mile
south of Utopia, on and west of F.M. Hwy. No. 187, on the Sabinal
River, in Uvalde County, Texas; about 30.6 miles N 30° E of the City
of Uvalde, the County Seat; all within Sur. No. 934, Valentine Perez,
Original Grantee, Abst. No. 367. Said 13.382 acre tract being in
most part the following:

1.) all of an 11.97 acres, as conveyed to Jack B. Preston, Jr.,
and Ruth Ann Hunter, by Jack B. Preston, Jr. and Ruth Ann Hunter,
Co-Trustees, by Warranty Deed dated February 18, 2014, and recorded
in Instrument No. 2014000555, of the Official Public Records of said
County;

2.) all of said 11.97 acres, as conveyed to Jack B. Preston,
Sr., by Jack B. Preston, Sr. and Ruth A. Preston, by General Warranty
Deed dated January 16, 2009, and recorded in Instrument No.
20009000500, of the Official Public Records of said County;

3.) all of a 1.22 acre tract, as conveyed to Larry D. and Ruth
Ann Hunter, by Jack B. and Ruth Preston, by Warranty Deed dated April
1, 1989, and recorded in Vol. 292, Pages 574-575, of the Deed Records
of said County; and

4.) all of a 0.11 acre tract, as conveyed to Larry D. and Ruth
Ann Hunter, by Jack B. and Ruth Preston, by Quitclaim Deed dated
April 1, 1989, and recorded in Vol. 292, Pages 576-577, of the Deed
Records of said County.

Said 13.382 acre tract being bounded on the northeast by the
southwest R.O.W. line of said F.M. Hwy. No. 187; on the easternmost
south by the north R.O.W. line of Private Road No. 3800, and the
remainder of The H.F. and Inez Donoho Revocable Trust 120 acre tract,
as recorded in Vol. 344, Pages 407-408, of the Official Public

Records of said County (described as "Second Tract" -- Vol. 172, Pages 585-587, Deed Records); on the easternmost west, upper south, and westernmost east by the Robert M. Bomer, et ux. 4.39 acre tract, as recorded in Instrument No. 2006003044, of the Official Public Records of said County; on the westernmost south by The H.F. and Inez Donoho Revocable Trust 62-1/2 acre tract, as recorded in Vol. 344, Pages 407-408, of the Official Public Records of said County (described as "First Tract" -- Vol. 172, Pages 585-587, Deed Records); on the westernmost west, lower north, and upper west, from south to north, by the said H.F. and Inez Donoho Revocable Trust 62-1/2 acre tract, and the Ada C. Gazaway, et vir. 14.519 acre tract, as recorded in Instrument No. 2015003499, of the Official Public Records of said County; and on the upper north, in most part, by the Kevin J. Foto, et ux. 0.1861 acre tract (Lot 18 of the Moore Subdivision -- Cabinet 1, Slide 146 B, Plat Records), as recorded in Vol. 289, Pages 434-435, of the Deed Records of said County. Said 13.382 acre tract fully encompassing a single-story tile house and other improvements, with no overlapping thereof, and being more fully described by metes and bounds, as follows:

BEGINNING at a 3/4" Steel Pin found in the southwest R.O.W. line of said F.M. Hwy. No. 187; at the S.E. corner of said Foto 0.1861 acre tract, the S.E. corner of said Lot 18 of said Moore Subdivision; for the N.E. corner of said Preston/Hunter 11.97 acres, and the N.E. corner of this tract; said 3/4" Steel Pin being distant 80.21 ft. S 33° 26' 52" E (with said R.O.W. line) of a 5/8" Steel Pin found at the N.E. corner of said Lot 18; and also being distant 1986.66 ft. EAST (calculated from existing records) of the west line of said Sur. No. 934, the east line of Sur. No. 935, Jose Calderon;

THENCE with the southwest R.O.W. line of said F.M. Hwy. No. 187; along the northeast side of said Preston/Hunter 11.97 acres and said Hunter 1.22 acre tract, respectively; with the northeast side of this tract, unfenced, S 33° 14' 04" E, crossing a paved private driveway, 996.25 ft. to a 5/8" Steel Pin set for corner, at the beginning of a circular curve to the right; and thence with the arc of said curve to the right, whose central angle is 03° 50' 57"; whose radius is 4523.66 ft.; whose chord bears S 31° 08' 49" E 303.84 ft., at a curve length of 112.26 ft. pass the E.S.E. corner of said Preston/Hunter 11.97 acres, the N.E. corner of said Hunter 1.22 acre tract; a total curve length of 303.90 ft. to a 3/4" Steel Pin found at the intersection of the southwest R.O.W. line of said F.M. Hwy. No. 187, with the north R.O.W. line of said Private Road No. 3800 (at its east terminal); for a N.E. corner of the remainder of said Donoho Revocable Trust 120 acre tract, the S.E. corner of said Hunter 1.22 acre tract, and the E.S.E. corner of this tract;

THENCE leaving the southwest R.O.W. line of said F.M. Hwy. No. 187; and with the north R.O.W. line of said Private Road No. 3800, and a north side of the remainder of said Donoho Revocable Trust 120 acre tract; along the south sides of said Hunter 1.22 acre tract and said Hunter 0.11 acre tract, respectively; with the easternmost south side of this tract, S 72° 27' 55" W, unfenced, at 331.68 ft. pass a 1/2" Steel Pin found 2.3 ft. southeast of a 6" cedar "H-brace" post, at the S.W. corner of said 1.22 acre tract, the S.E. corner of said 0.11 acre tract; total 404.53 ft. to a 5/8" Steel Pin set at a N.W. corner of said Private Road No. 3800; in the east side of said Bomer 4.39 acre tract; for a N.W. corner of the remainder of said Donoho Revocable Trust 120 acre tract, the S.W. corner of said Hunter 0.11 acre tract, and the easternmost S.W. corner of this tract;

THENCE with the east, north, and west sides of said Bomer 4.39 acre tract; along the easternmost west, upper south, and westernmost east sides of this tract, unfenced, as follows:

N 19° 55' 15" E, with the west side of said Hunter 0.11 acre tract; at 41.03 ft. pass a point on line 0.55 ft. east of the center of a 2-way cedar fence corner post; and thence diverging westerly from existing fence; total 164.83 ft. to a 1/2" Steel Pin found at the S.W. corner of a concrete wall of an old bridge, in the west side of said Hunter 1.22 acre tract, at the North corner of said Hunter 0.11 acre tract, a S.E. corner of said Preston/Hunter 11.97 acres, and the N.E. corner of said Bomer 4.39 acre tract; for corner;

N 70° 07' 44" W, now and continuing with the upper south side of said Preston/Hunter 11.97 acres (until noted); passing under electric transmission lines bearing N 12° 10' 10" W into this described tract, 312.85 ft. to a 1/2" Steel Pin found in a bottom, for corner;

N 67° 09' 41" W, at 385.16 ft. pass a 1/2" Steel Pin found on the middle east bank of said Sabinal River, and thence descending said east bank; total 455.16 ft. to a point (no pin set) in the center of said River; at the N.W. corner of said Bomer 4.39 acre tract; for the westernmost southeast re-entrant corner of said Preston/Hunter 11.97 acres, and the southeast re-entrant corner of this tract; and

THENCE S 13° 15' 00" W, with the center of said Sabinal River, downstream, 238.29 ft. to a point (no pin set), in the center of said River; in the west side of said Bomer 4.39 acre tract; at a N.E. corner of said Donoho Revocable Trust 62-1/2 acre tract; for the westernmost S.E. corner of said Preston/Hunter 11.97 acres, and the westernmost S.E. corner of this tract;

THENCE leaving the center of said River and the west side of said Bomer 4.39 acre tract; and with a north side of said Donoho Revocable Trust 62-1/2 acre tract; along the westernmost south side of said Preston/Hunter 11.97 acres, and the westernmost south side of this tract, WEST, unfenced, ascending the west bank of said River, 78.92 ft. to a 5/8" Steel Pin set at a northeast re-entrant corner of said Donoho Revocable Trust 62-1/2 acre tract; for the S.W. corner of said Preston/Hunter 11.97 acres, and the W.S.W. corner of this tract;

THENCE with the upper east side of said Donoho Revocable Trust 62-1/2 acre tract, and the south and east sides of said Gazaway 14.519 acre tract, respectively; along the westernmost west, lower north, and upper west sides of said Preston/Hunter 11.97 acres, and the westernmost west, lower north, and upper west sides of this tract, unfenced (unless noted), as follows:

N 22° 20' 00" E 379.72 ft. to a 3/4" Steel Pin found on the high west bank of said Sabinal River, for corner;

N 02° 06' 23" W 115.08 ft. to a 1/2" Steel Pin found in an east-west fence, in the south side of said Gazaway 14.519 acre tract; at the N.N.E. corner of said Donoho Revocable Trust 62-1/2 acre tract, the W.N.W. corner of said Preston/Hunter 11.97 acres, for corner;

S 89° 00' 00" E, with said east-west fence, at 14 ft. pass a 3-way fence corner post, and thence continuing unfenced, descending the west bank of said River; total 175.83 ft. to a point (no pin set) in the center of said Sabinal River, at the S.S.E. corner of said Gazaway 14.519 acre tract, for corner;

N 40° 59' 21" E, now and continuing with the center of said Sabinal River, upstream, 53.56 ft. to a point (no pin set), for corner;

N 09° 00' 00" W 365.00 ft. to a point (no pin set), for corner; and

THENCE N 27° 10' 00" W, passing under electric transmission lines bearing S 66° 46' 15" E into this described tract, 163.61 ft. to a point (no pin set) in the center of said Sabinal River; in the east side of said Gazaway 14.519 acre tract; at the N.N.W. corner of said Preston/Hunter 11.97 acres, and the N.N.W. corner of this tract;

THENCE leaving the east side of said Gazaway 14.519 acre tract and the center of said Sabinal River; and with the upper north side of said Preston/Hunter 11.97 acres, and the upper north side of this tract, S 89° 53' 29" E, ascending the east bank of said River; at 78.81 ft. pass a 5/8" Steel Pin set (replaced found 1/2" Steel Pin) on line, on the middle east bank of said River, at the S.W. corner of

Cont. Page 5 of 5, Morris B. Killough -- 13.382 Acre Tract.

said Foto Lot 18 of said Moore Subdivision, and thence with the south side of said Foto Lot 18; passing under electric transmission lines bearing S 33° 59' 19" E into this described tract; total 254.44 ft. to the place of BEGINNING:

Note: Bearings noted herein are true geodetic (surface) bearings (relative to true north) based on Global Navigation Satellite System (GNSS) observations (WGS '84 Datum).

Surveyed: April 25, 2016.

Field Crew Personnel: Spencer J. Burrell
Michael J. Koch

THE STATE OF TEXAS)
COUNTY OF MEDINA)

I, Hilmar A. Koch, a Registered Professional Land Surveyor of the State of Texas, do hereby state that the foregoing legal description and accompanying plat correctly represent an actual survey made under my supervision, on the ground, on the date given.



Hilmar A. Koch
Registered Professional
Land Surveyor No. 2082

ATTACHMENT NO. 6

TCEQ Inspection Report (October 29, 2014)

Subject: Utopia WSC

From: Deshaune Blake (deshaune.blake@tceq.texas.gov)

ATTACHMENT NO. 6

To: joelnwainc@sbcglobal.net;

Date: Wednesday, March 8, 2017 4:03 PM

Please let me know if I may be of further assistance. Please also note, that the entity had only one outstanding violation, and based upon the documentation, that violation is resolved. An investigation, to close out that remaining violation has not yet been conducted.

Thank you,

Ms. De'Shaune Blake, Environmental Investigator

Texas Commission on Environmental Quality

Public Water Supply Program

San Antonio Region-13

14250 Judson Rd., San Antonio, TX 78233

210-403-4033 direct

210-490-3096 main

210-545-4329 fax

deshaune.blake@tceq.texas.gov

Attachments

- 0905_001.pdf (10.31MB)
- 0905_060.pdf (1.63MB)

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



Received
DEC - 9 2016

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

October 26, 2015

CERTIFIED MAIL NO.: 91 7199 9991 7036 0449 5172
RETURN RECEIPT REQUESTED

Mr. A. H. Sheffield, President
Utopia WSC
P. O. Box 414
Utopia, Texas 78884

Re: Additional Compliance Documentation Needed for the Comprehensive Compliance Investigation at:
Utopia WSC, FM 1050 and Houston St. and 181 CR 357, Utopia, Uvalde County, Texas
Regulated Entity No.: RN101256980, TCEQ ID No.: 2320045
Investigation No.: 1287269

Dear Mr. Sheffield:

The Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office has received the compliance documentation that you submitted beginning December 02, 2014 through May 20, 2015, for the alleged violations noted during the investigation of the above-referenced facility conducted on October 29, 2014. The compliance documentation contained in your response appears to indicate that the majority of the problems documented during the investigation have been corrected. However, information is still needed for the alleged violation listed in the enclosed summary. Please submit to our office by January 13, 2016, a written description of corrective action taken and the required compliance documentation demonstrating that this remaining alleged violation has been resolved.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to protect the State's environment. We look forward to receiving your response for the remaining alleged violations. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements.

If you or members of your staff have any questions, please feel free to contact Ms. De'Shaune Blake at the San Antonio Region Office at
(210)403-4033.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joy Thurston-Cook".

Joy Thurston-Cook, Water Section Team Leader
San Antonio Region Office

JTC/db/eg

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

UTOPIA WSC	Investigation # 1287269
, UVALDE COUNTY,	Investigation Date: 10/16/2015
Additional ID(s): 2320045	

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

Track No: 555019 Compliance Due Date: 01/13/2016
30 TAC Chapter 290.121(a)

Alleged Violation:

Investigation: 1205216

Comment Date: 12/12/2014

Failure to provide an accurate and up-to-date system monitoring plan.

At the time of the investigation, the monitoring plan did not include a schematic map.

12/05/2014- A copy of a schematic map was provided; however well #4 and the standpipe plant with pressure maintenance facilities was not included.

30 TAC 290.121(a)— All public water systems shall maintain an up-to-date chemical and microbiological monitoring plan. Monitoring plans are subject to the review and approval of the executive director. A copy of the monitoring plan must be maintained at each water treatment plant and at a central location.

Investigation: 1287269

Comment Date: 10/19/2015

This violation remains outstanding.

12/02/2014- A copy of a system monitoring plan was provided; however, the schematic map still did not include well #4 and the standpipe plant with pressure maintenance facilities.

Recommended Corrective Action: Provide by the compliance due date, a copy of an accurate and up-to-date monitoring plan. Also, ensure that an entry point sampling location has been installed and identified for Well #4.

ATTACHMENT NO. 7

**UTOPIA WATER SUPPLY CORPORATION
CCN #12383 AMENDMENT**

**ITEM 5C.SUMMARY OF SYSTEM CAPACITIES & COMPLIANCE ACTION
STATEMENT FOR 85% CAPACITY COMPLIANCE**

CAPACITY OF EXISTING FACILITIES

Number of RCE ¹⁾	TCEQ Criteria ²⁾	Available Capacity		Capacity Required 264	85% Capacity Compliance
		100%	85%		
Number of Wells					
Approved (Wells 3 and 4) ⁽³⁾	2				
Unapproved (Wells 1 and 2) ⁽⁴⁾	2				
Well Capacity (gpm)					
Approved	0.6 gpm/conn.	340 gpm	289 gpm	158	Yes
Filtration Capacity (SF)	2 gpm/SF on Max. Day	200 gpm	170 gpm	158	N/A ⁵⁾
Total Storage (gallons)	200 gal/conn	151,000 gal	128,350 gal	52,800	Yes
Total Elevated (gallons)	100 gal/conn	86,000 gal	73,100 gal	26,400	Yes ⁶⁾
Total Elevated (gallons)	200 gal/conn	86,000 gal	73,100 gal	52,800	Yes ⁷⁾
Total Service Pump					
Capacity (gpm)	2 gpm/conn	500 gpm	425 gpm	528	N/A ⁷⁾
Total Service Pump					
Capacity (gpm) ⁷⁾	0.6 gpm/conn	500 gpm	425 gpm	158	Yes
Pressure Tank (gallons)	20 gal/conn	2,500 gal	2,125 gal	1,300	Yes
Distribution System	1.5gpm/connection w/ 35 psi residual pressure				Yes

NOTES:

- 1) RCE is Residential Connection Equivalent(s) as of March 6, 2017.
- 2) TCEQ criteria for more than 250 connection is listed.
- 3) Well No. 3 was drilled in August 2008 and Well No. 4 was drilled in December 2013.
- 4) Wells No. 1 and 2 were drilled in 1985. Cartridge filtration for groundwater under the influence (GUI) required for approval.
- 5) Gravity Filter served Wells No. 1 and 2 and is not required for Wells No. 3 and 4.
- 6) Entire 86,000 gallon standpipe is elevated storage for area below ground elevation 1,420'.
- 7) If 200 gallons per connection elevated storage is provided, two service pumps with a minimum combined capacity of 0.6 gpm /connection is required.

COMPLIANCE STATEMENT: All system capacities are operating at less than 85 percent.

Prepared by:

Joel D. Wilkinson 03/09/2017
Neptune-Wilkinson Associates, Inc. TBPE Firm#F-359



ATTACHMENT NO. 8

Effect of Granting a Certificate of Amendment (Item 5G(i))

UTOPIA WATER SUPPLY CORPORATION

CCN #12383 AMENDMENT

ITEM 5G. EFFECT OF GRANTING A CERTIFICATE OF AMENDMENT

5G. Explain in detail the effect of granting of an amendment including, but not limited to, regionalization, compliance and economic effects on the following:

- i. applicant
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

This proposed Amendment will provide public water service to an approximate 13 acre area which adjoins Utopia WSC's CCN 12383 Water Service Area along a portion of it's southerly boundary line in the area between State Highway 187 and the Sabinal River. Public water supply to the Amendment area will enable the owner of the property (Applicant) to convert a residence into rental use and to construct 8 rental cabins.

There are no other retail public utilities providing water service within ten (10) miles of the Amendment area and Utopia WSC has the most probable future water supply capacity to provide service economically. The granting of this CCN Amendment will allow public water supply to be available from the nearest public water supply.

The owners of the approximate 13 acres have submitted written request to Utopia WSC for inclusion of their property into the Utopia WSC's service area (copy of the request is provided in Attachment No. 4). Subdividing of the property for development purposes has not been proposed.

Water supply to the Property for which water service is requested is now provided by private well.

ATTACHMENT NO. 9

- Ability to Provide Adequate Service (Item 5I)

**UTOPIA WATER SUPPLY CORPORATION
CCN #12383 AMENDMENT**

ITEM 5I. ABILITY TO PROVIDE ADEQUATE SERVICE

- 5I. Describe the ability of the applicant to provide adequate service, including meeting the standards of the TCEQ, taking both the following items into consideration.
- i. the current and projected density, and
 - ii. the land use of the requested area.

Utopia WSC has an existing 86,000 gallon standpipe which can provide gravity flow to areas below ground elevation 1,420' by the construction of distribution line to the area requesting to be served. The current land use is limited to single family residence and activities related to such land use.

Attachment No. 7 provides a Summary of System Capacities. Currently Utopia WSC serves residential connection equivalents and all facilities are in compliance with the 85% capacity requirement.

ATTACHMENT NO. 10

Audit and Financial Information (December 31, 2015)

EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email edecpa@hotmail.com

August 3, 2016

Received
DEC - 9 2016

To the Board of Directors
Utopia Water Supply Corporation

We have audited the financial statements of Utopia Water Supply Corporation for the year ended December 31, 2015, and have issued our report thereon dated August 3, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 30, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Utopia Water Supply Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation is based on the estimated useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible accounts based on historic collection percentages. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 3, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of Utopia Water Supply Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ede & Company, LLC

Ede & Company, LLC
Certified Public Accountants

Utopia Water Supply Corporation

Annual Financial Report
For the Year Ended December 31, 2015

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-7

EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email edecpa@hotmail.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Utopia Water Supply Corporation

We have audited the accompanying financial statements of Utopia Water Supply Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utopia Water Supply Corporation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ede & Company, LLC

Ede & Company, LLC
Knippa, Texas
August 3, 2016

Utopia Water Supply Corporation
Statement of Financial Position
December 31, 2015

A S S E T S

CURRENT ASSETS

Cash	\$ 85,576.56
Accounts Receivable - Net	10,523.34
Inventory	3,541.40
Total Current Assets	<u>99,641.30</u>

FIXED ASSETS

Office Equipment	12,673.63
Plant & Equipment	<u>1,068,270.91</u>
	1,080,944.54
Less: Accumulated Depreciation	(697,909.97)
Easements	2.00
Land	<u>45,899.83</u>
Total Fixed Assets	<u>428,936.40</u>

TOTAL ASSETS	<u><u>\$ 528,577.70</u></u>
--------------	-----------------------------

L I A B I L I T I E S & N E T A S S E T S

CURRENT LIABILITIES

Accounts Payable	\$ 2,973.44
Assessment Fees Payable	563.85
Accrued Payroll Taxes	1,010.78
Current Portion of Long-term Debt	<u>17,338.59</u>
Total Current Liabilities	<u>21,886.66</u>

OTHER LIABILITIES

Memberships	13,755.00
Notes Payable	<u>158,081.43</u>
Total Other Liabilities	<u>171,836.43</u>

TOTAL LIABILITIES	<u>193,723.09</u>
-------------------	-------------------

NET ASSETS

Net Assets - Temporarily Restricted	-
Net Assets - Unrestricted	<u>334,854.61</u>
Total Net Assets	<u>334,854.61</u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 528,577.70</u></u>
--------------------------------	-----------------------------

The Notes to the Financial Statements are an integral part of this statement.

Utopia Water Supply Corporation

Statement of Activities

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Water Sales	\$ 112,505.01	-	\$ 112,505.01
Late Fees, Reconnects & Installation	27,591.90	-	27,591.90
Total Revenues	<u>140,096.91</u>	<u>-</u>	<u>140,096.91</u>
EXPENSES			
Contracted Services	375.00		375.00
Personnel	64,071.53		64,071.53
Repairs	9,696.23		9,696.23
Insurance	8,177.06		8,177.06
Supplies	6,948.39		6,948.39
Utilities	7,446.28		7,446.28
Professional Fees	4,220.73		4,220.73
Travel and Training	2,774.96		2,774.96
Depreciation	28,094.34		28,094.34
Office Expense	2,545.36		2,545.36
Water Testing	2,359.96		2,359.96
Bad Debt	115.40		115.40
Dues & Licenses	607.00		607.00
Rent	5,202.24	-	5,202.24
State Fees	687.50		687.50
Other	-	-	-
Total Expenses	<u>143,321.98</u>	<u>-</u>	<u>143,321.98</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES FROM OPERATIONS	<u>(3,225.07)</u>	<u>-</u>	<u>(3,225.07)</u>
NON-OPERATING REVENUES & EXPENSES			
Interest Income	178.08	-	178.08
Interest Expense	<u>(8,313.37)</u>	<u>-</u>	<u>(8,313.37)</u>
Total Non-Operating Revenue & Expenses	<u>(8,135.29)</u>	<u>-</u>	<u>(8,135.29)</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(11,360.36)	-	(11,360.36)
NET ASSETS AT BEGINNING OF YEAR	<u>346,214.97</u>	<u>-</u>	<u>346,214.97</u>
NET ASSETS AT END OF YEAR	<u>\$ 334,854.61</u>	<u>\$ -</u>	<u>\$ 334,854.61</u>

The Notes to the Financial Statements are an integral part of this statement.

Utöpia Water Supply Corporation
Statement of Cash Flow
For the Year Ended December 31, 2015

Cash Provided by Operations	
Changes in Net Assets	\$ (3,225.07)
Items Not Affecting Cash:	
Depreciation,	28,094.34
Working Capital Generated From Operations	<u>24,869.27</u>
 (Increase) Decrease in Working Capital	
Accounts Receivable	(590.48)
Inventory	(160.40)
Accounts Payable	905.06
Accrued Payroll Taxes	168.74
Assessment Fees Payable	(72.86)
Memberships	550.00
Net Cash Provided by Operations	<u>25,669.33</u>
 Investing Activities	
Inflows:	
Earnings on Investments	178.08
Outflows:	
Purchase of Assets	(1,627.24)
Total Cash from Investing Activities	<u>(1,449.16)</u>
 Financing Activities	
Inflows:	
Proceeds from Issuance of Long-term Debt	-
Outflows:	
Interest Paid on Long-term Debt	(8,313.37)
Principal Paid on Long-term Debt	(16,576.87)
Total Cash From Financing Activities	<u>(24,890.24)</u>
 Increase (Decrease) in Cash and Cash Equivalents	(670.07)
 Beginning Cash and Cash Equivalents	<u>86,246.63</u>
 Ending Cash and Cash Equivalents	<u>\$ 85,576.56</u>

The Notes to the Financial Statement are an integral part of this statement.

UTOPIA WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: Summary of Significant Accounting Policies

A. Nature of Activities

Utopia Water Supply Corporation is a non-profit organization dedicated to providing a safe, economical supply of water to residents of Utopia, Texas, and the surrounding area. Major sources of revenue are water sales and related revenues.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Corporation recognizes income and expenses according to the accrual basis of accounting, thereby recognizing income when earned and expenses when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Taxes

The Corporation is exempt from Federal Income Taxes under Section 501(c)(12) of the Internal Revenue Code. The Corporation is classified by the Internal Revenue Service as an organization that is not a private foundation. The organization files information returns in the US. With few exceptions, the organization is no longer subject to US federal income tax examinations by tax authorities for years before 2012.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results may vary from estimates.

F. Subsequent Events

Subsequent events were evaluated through August 3, 2016, which is the issuance date of the audit report.

UTOPIA WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2: Cash

The Corporation considers cash and cash equivalents to be: currency on hand; demand deposits; and short-term, highly-liquid investments that are readily convertible to known amounts of cash. The carrying amount of the Corporation's cash was \$85,576.56; and the bank balances were \$88,623.40 at December 31, 2015. This amount was fully insured by the Federal Deposit Insurance Corporation.

NOTE 3: Accounts Receivable

The Corporation takes a bad debt deduction for accounts receivable over 90 days past due. The Corporation recognizes income on bad debt recoveries.

On December 31, 2015, trade accounts receivable were \$10,865.50. The Corporation records as an allowance for uncollectible accounts, the amount of any accounts over 30 days old. The allowance for uncollectible accounts was on December 31, 2015 was \$342.16.

NOTE 4: Inventory

The inventory, for financial statement purposes, is valued at the lower of cost or market on a first-in, first-out basis.

NOTE 5: Depreciable Assets and Depreciation

Depreciable assets are recorded at historical cost. Depreciation over the estimated useful lives of the assets is determined on the straight-line method for financial reporting purposes. The estimated useful lives used to compute depreciation are: office equipment, 5 years; water plant, and distribution system, 7 to 20 years. Accumulated depreciation at December 31, 2015 was \$697,909.97 and the current year addition to depreciation was \$28,094.34.

NOTE 6: Land and Easements

The Corporation records land and easements at cost. The land and easements are capitalized as assets and are not depreciated.

UTOPIA WATER SUPPLY CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7: Long Term Debt

The long term debt as of December 31, 2015 is as follows:

	Balance Outstanding 1/1/2015	Issued During Year	Retired During Year	Balance Outstanding 12/31/2015	Interest Rate	Maturity Date
First State Bank	\$ <u>191,996.89</u>	\$ <u>-</u>	\$ 16,576.87	\$ <u>175,420.02</u>	4.5%	6/20/2024

The annual requirements to retire the long term debts are as follows:

December 31	Principal	Interest	Total
2016	\$ 17,338.59	\$ 7,539.21	\$ 24,877.80
2017	18,135.14	6,742.66	24,877.80
2018	18,968.28	5,909.52	24,877.80
2019	19,839.67	5,038.13	24,877.80
2020	20,751.08	4,126.72	24,877.80
Thereafter	<u>80,387.26</u>	<u>6,643.85</u>	<u>87,031.11</u>
	\$ <u>175,420.02</u>	\$ <u>36,000.09</u>	\$ <u>211,420.11</u>

First State Bank of Uvalde Loan #3374 dated January 13, 2014 in the original amount of \$200,000.00 is payable in monthly payments of \$2,073.15. It is secured by water plant assets.

UTOPIA WATER SUPPLY CORPORATION

CCN #12383 AMENDMENT

ITEM 7G(i). LIST OF NEIGHBORING UTILITIES AND CITIES

There are no neighboring utilities with CCNs or cities within 5 miles of proposed area.

**ITEM 7D. LIST OF OWNERS OF PROPERTY, 25 ACRES AND GREATER, WITHIN
PROPOSED AMENDED SERVICE AREA**

There are no owners of property, 25 acres and greater, within the proposed area.

6- OVERSIZED MAP(S)

**To View
OVERSIZED Map**

Or

Documents

You can call CENTRAL RECORDS

Main Line

(512) 936-7180