

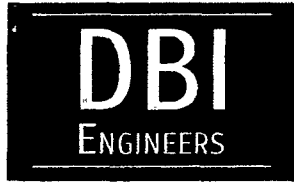


Control Number: 47230



Item Number: 1

Addendum StartPage: 0



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PUBLIC UTILITY COMMISSION
FILING CLERK

May 24, 2014

CERTIFIED MAIL 7016 0910 0000 6462 7463
RETURN RECEIPT REQUESTED

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

Subject: Hickory Creek SUD Water CCN Amendment in Hunt, Fannin & Collin Counties, Texas
PWS ID: 1160062; CCN: 10809

To Whom It May Concern:

Please find enclosed the following:

- An original and seven copies of the completed application to amend a Water Certificate of Convenience and Necessity (CCN) for the Hickory Creek Special Utility District (SUD) in Hunt, Fannin and Collin Counties, Texas.
- Two copies of a data disk with the applicant's name containing projectable digital data with metadata for the proposed areas in a single record.
- A signature authorization letter.
- PUC Central Registry tracking number confirmation print-out.

This amendment purposes to include existing Hickory Creek SUD customers and facilities that are currently outside of its CCN. This occurs in three areas of Hickory Creek SUD's distribution system:

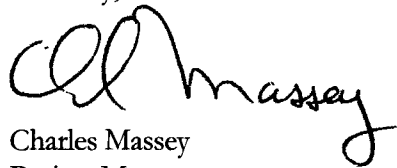
- Southern area: there are 25 existing customers served by 1.5", 2", 3" and 4" distribution lines, as shown on the enclosed map. This area is approximately 2,541 acres. The nearest similar utility is Jacobia WSC; a facility +200' CCN, and the proposed area does not overlap this CCN.
- Middle area: there are three existing customers served by 4" distribution lines, as shown on the enclosed map. This area is approximately 1,801 acres. The nearest municipality is the City of Celeste. Portions of these proposed areas occur within the city limits of Celeste. The city of Celeste does not hold a CCN.
- Northern area: there are fourteen existing customers served by 1.25", 1.5", 2" and 4" distribution lines, as shown on the enclosed map. The district has received nine verbal requests for meters in this area, as shown on the map. This area is approximately 6,615 acres of which 1,780 acres overlap Wolfe City CCN #10853. Seven of the thirteen existing customers reside within the 1,780 overlap acres. The district has requested dual certification with Wolfe City and the city will not grant it at this time. Hickory Creek SUD has adequate production, storage and distribution system in place to serve in this proposed area.

DANIEL & BROWN INC.
118 MCKINNEY STREET | PO BOX 606 | FARMERSVILLE, TEXAS 75442
OFFICE 972-784-7777 | WWW.DBCONSULTANTS.COM
FIRM REGISTRATION NO: F-002225

The total area being requested includes approximately 10,957 acres and 42 existing customers.

Thank you for considering this request. If you need any additional information please contact me at 972-784-7777.

Sincerely,

A handwritten signature in black ink that reads "Charles Massey". The signature is written in a cursive style with a large, looping initial "C".

Charles Massey
Project Manager

cc: Mike Wemhoener, Hickory Creek SUD (w/o encl)

DOCKET NO.

**APPLICATION TO AMEND A WATER § PUBLIC UTILITY COMMISSION
CERTIFICATE OF CONVENIENCE AND §
NECESSITY FOR HICKORY CREEK SPECIAL § OF TEXAS
UTILITY DISTRICT IN HUNT, FANNIN §
AND COLLIN COUNTIES §**

Table of Contents

Section	Page	File Name
Cover Letter	2	CCN Application 10809.pdf
Signature Authorization	4	CCN Application 10809.pdf
Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)	5	CCN Application 10809.pdf
Need for Service (attachment 2.B)	30	CCN Application 10809.pdf
Growth Studies (attachment 2.B.v)	31	CCN Application 10809.pdf
Proposed Service Area Description (attachment 3.C)	32	CCN Application 10809.pdf
PWS within 2 mile radius (attachment 4.A.i)	33	CCN Application 10809.pdf
Latest TCEQ Inspection Report Letter (attachment 5.A.iv)	34	CCN Application 10809.pdf
Effects of Granting a Cert Amend (attachment 5.G.i)	38	CCN Application 10809.pdf
Neighboring Cities & Systems with 2 miles (attachment 5.G.ii)	39	CCN Application 10809.pdf
Landowners with 25 acres or more (attachment 5.G.iii)	40	CCN Application 10809.pdf
Ability to Provide Adequate Service (attachment 5.I)	44	CCN Application 10809.pdf
Profit Loss Statement (attachment 6.B.i)	46	CCN Application 10809.pdf
Balance Sheet (attachment 6.B.i)	50	CCN Application 10809.pdf
Annual Audit (attachment 6.B.i)	56	CCN Application 10809.pdf
Rate Schedule (attachment 6.B.ii)	92	CCN Application 10809.pdf
Request for Consent to Dual Certification with Wolfe City	91	CCN Application 10809.pdf
Map (attachment 3.A)	95	CCN Application 10809.pdf
Projectable Digital Data (attachment 3.B.ii)	n/a	Included on CD



Hickory Creek Special Utility District
101 N. 1st Street
P.O. Box 540
Celeste, Texas 75423
903.568.4760

May 8, 2017

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

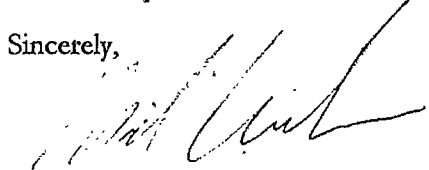
RE: Water CCN Amendment Application for Hickory Creek Special Utility District
Signature Authorization

To Whom It May Concern:

This letter serves to authorize Eddy W. Daniel, P.E. of the Engineering Firm Daniel & Brown, Inc. as technical representative for the Hickory Creek Special Utility District regarding the above referenced application. All questions, comments and signature authorizations pertaining to this application shall be directed to Mr. Daniel.

If you have any questions, please feel free to contact me at 903-568-4760.

Sincerely,


Mike Wernhoener
General Manager Hickory Creek SUD



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: _____

(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

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		
<input type="checkbox"/> Obtain	<input type="checkbox"/> New Water CCN	<input type="checkbox"/> New Sewer CCN
<input checked="" type="checkbox"/> Amend	<input type="checkbox"/> Water CCN# (s) <u>10809</u>	
<input type="checkbox"/> Amend	<input type="checkbox"/> Sewer CCN#(s) _____	

1. Applicant Information

Applicant	
Utility name: Hickory Creek Special Utility District	
Certificate number: 10809	
Street address (City/ST/ZIP/Code): 102 N. US Hwy. 69, Celeste, TX 75423	
Mailing address(City/ST/ZIP/Code): PO Box 540, Celeste, TX 75423	
Utility Phone Number and Fax: (903) 568-4760	
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: Eddy W Daniel, P.E.	Title: Engineer
Mailing address: PO Box 606, Farmersville TX 75442	
Email: eddy@dbiconsultants.com	Phone and Fax: (972) 784-7777
List all counties in which service is proposed: Hunt, Fannin and Collin	

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.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identification of all board members including name, address, title, and telephone number.
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

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? Hickory Creek SUD

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

Yes No

If YES, provide the following:

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

Yes No

If YES, within the corporate limits of: City of Celeste

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

The City of Celeste does not hold a water CCN.

D. Is any portion of the proposed service area inside another utility's CCN area?

Yes No

If YES, has the current CCN holder agreed to decertify the proposed area?

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

Dual water CCN certification was sought with the City of Wolfe city to include Hickory Creek SUD's existing waterlines and meters. This request for consent was not granted by Wolfe City. Respectfully, it is Hickory Creek's desire to request the PUC to dually certificate this proposed area.

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.
- 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
 - 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.
- 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
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

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

- 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):

1	1	6	0	0	6	2	;		;		;

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

W	Q																		
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- iii. Date of last TCEQ water and/or sewer system inspection(s): 1/26/2017
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Mike Wemhoener	Ground Water	WG0013092
Jay Thomas	Ground Water	WG0015107
Chris Stewart	Ground Water	WG0015189

- Attach additional sheet(s) if necessary -

C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

- Yes
- No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial documentation and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	1,280	9	Residential		
1" meter or larger	6	0	Commercial		
Non-Metered	0	0	Industrial		

TCEQ Water System			TCEQ Sewer System		
Other:	0	0	Other:		
Total Water	1,286	1,295	Total Sewer		

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

Individual septic tanks

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

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:

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

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

i. No, (skip the rest of this question and go to #6)

ii. Yes, Water

Purchased on a Regular Seasonal Emergency basis?

Water Source	% of Total Treatment
	0.00%

Water Source	% of Total Treatment
	0.00%
	0.00%

iii. Yes, Sewer treatment capacity.

Purchased on a Regular Seasonal Emergency basis?

Sewer Source	% of Total Treatment
	0.00%
	0.00%
	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

The primary purpose of this proposed CCN amendment is to include existing water line facilities and existing customers outside the certificated service area of Hickory Creek SUD. Also, customers have requested service from Wolfe City and the city is unable to provide service. Hickory Creek SUD has adequate production, storage, and distribution system in place to provide service to these customer requests.

Granting an amended certificate in itself will not encourage or prevent high density rural developments in Hunt, Fannin or Collin Counties. The area that Hickory Creek SUD serves is generally rural in nature and this proposed Certificate Amendment will not accelerate the conversion of prime farm land.

6. Financial Information

A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:

- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
- ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

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.

❖ **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.

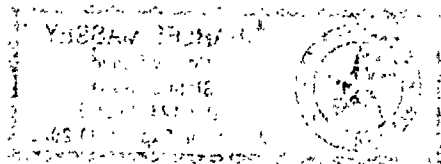
iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.

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 Collin

I, Eddy Daniel, being duly sworn, file this application as District Engineer (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.

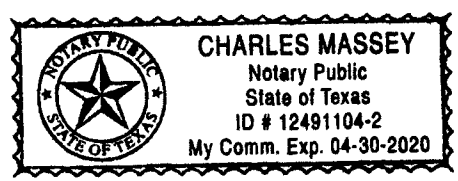
I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

Eddy Daniel
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 23rd of May 20 17

SEAL



Charles Massey
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Charles Massey
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 4-30-2020

Notice for Publication

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

Name of Applicant Hickory Creek Special Utility District has filed an application for a CCN to obtain or amend CCN No. (s) 10809 and to decertify a portion(s) of [REDACTED] 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 Hunt, Fannin and Collin County (ies)

The proposed utility service area is located approximately 4.17 miles North [direction] of downtown Greenville, [City or Town] Texas, and is generally bounded on the north by City of Bailey, Texas; on the east by Wolfe City, Texas; on the south by City of Greenville, Texas; and on the west by City of Leonard, Texas

The total area being requested includes approximately 10,957 acres and 42 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 102 N. US Hwy 69, Celeste, TX 75423-903-568-4760

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 informacion en Espanol, 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

Hunt, Fannin and Collin COUNTY(IES), TEXAS

To: _____ Date Notice Mailed 12/14/14 20 14
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant Hickory Creek Special Utility District has filed an application for a CCN to obtain or amend CCN No. (s) 10809 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 Hunt, Fannin and Collin County(ies).

The proposed utility service area is located approximately 4.1 miles North
[direction] of downtown Greenville, Texas, [City or Town] Texas, and is generally bounded on the north by City of Bailey, Texas; on the east by Wolfe City, Texas; on the south by City of Greenville, Texas; and on the west by City of Leonard, Texas.

See enclosed map of the proposed service area.

The total area being requested includes approximately 10,957 acres and 42 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

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

_____ COUNTY(IES), TEXAS

Dear Customer: _____ Date Notice Mailed _____ 20 _____

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

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

The proposed utility service area is located approximately _____ miles _____
[direction] of downtown _____, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone Number): _____

The current utility rates which were first effective on _____ 20 _____

Monthly Flat Rate of \$ _____ Per connection

-OR-

Monthly Base Rate Including per _____ gallons connection for:

5/8" meter	\$ _____
1" meter	\$ _____
1 1/2" meter	\$ _____
2" meter	\$ _____

Other \$ _____

Gallonge charge of \$ _____ Per 1,000 Gallons above minimum (same for all meters sizes)

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

- Non Payment (\$25.00 max)
- Transfer
- Customer's request

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

	1%
Regulatory Assessment	\$ _____
Tap Fee (Average Actual Cost)	\$ _____
Reconnecting fee:	\$ _____
- Non Payment (\$25.00 max)	\$ _____
- Transfer	\$ _____
- Customer's request	\$ _____
Late fee	\$5.00 or 10%
Returned Check charge	\$ _____
Customer Deposit (\$50.00 max)	\$ _____
Meter test fee	\$ _____
(Actual Cost not Exceed \$25.00)	\$ _____
Other Fees	\$ _____

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

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 A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

If you are a landowner with a tract of land at least 25 acres or more, and 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
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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

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR-1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (if Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve						
Interest						
TOTAL						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

Need for Service

Hickory Creek SUD CCN amendment application requests three different areas to be added to its existing certificated service area. Each of these service areas will be addressed separately. These areas are:

Northern area: Hickory Creek SUD has 14 existing customers and 1.25", 1.5", 2" and 4" waterlines in place for providing service to this area. Five customers are along Fannin County Road 3810, two along Fannin County Road 3835, four along Fannin County Road 3804 and three along Highway 11. The customers along Fannin County Road 3804 and Highway 11 reside within the CCN of Wolfe City. The district has verbal service request for nine additional connections along Fannin County Road 3835. The connections along Fannin County Road 3810, 3835 do not reside within any CCN area. Hickory Creek SUD is requesting dual certification within a portion of Wolfe City's existing CCN service area, as shown on the maps. Hickory Creek SUD is also proposing single certification for the uncertificated area, as shown on the map.

Middle area: Hickory Creek SUD has 3 existing customers and 4" waterlines in place for providing service to this area. These waterlines cross through the city limits of Celeste. Hickory Creek SUD has a current project to install a 6" water line (currently transmission only, prior to this amendment, but a distribution if this proposed CCN amendment is granted) west to east across the south side of the city, within the city limits. This 6" waterline will help loop the flows between the Lane Pump Station and the Hogeye Pump Station. Hickory Creek SUD is also proposing to certificate the uncertificated areas as shown on the map. The proposed area is not known to infringe upon any existing Caddo Basin SUD CCN customers

Southern area: Hickory Creek SUD has 25 existing customers and 1.5", 2", 3" and 4" waterlines in place for service to this area. This area is uncertificated by any water CCN as shown on the maps. There are currently no requests for service in this area. This area is defined by existing Hickory Creek SUD CCN boundaries to the north and west, existing North Hunt SUD boundaries to the east and property boundaries to the south. The proposed area is not known to infringe upon any existing Jacobia WSC CCN (facilities +200) facilities or customers.

2016 Regional Water Plan – Population Projections for 2020-2070 Cities, Utilities, and County-Others by Region and County

Region	County	WUG	2020	2030	2040	2050	2060	2070
C	COLLIN	CADDO BASIN SUD	2,500	3,000	4,000	5,000	6,000	7,000
C	COLLIN	COUNTY-OTHER	10,289	10,289	10,289	35,000	50,000	80,000
Total			12,789	13,289	14,289	40,000	56,000	87,000
Percentage Growth				3.91%	7.53%	179.94%	40.00%	55.36%
C	FANNIN	COUNTY-OTHER	13,168	13,168	13,168	18,250	40,000	65,000
C	FANNIN	TRENTON	706	1,000	3,500	6,000	8,000	10,000
C	FANNIN	LEONARD	2,213	2,434	2,602	2,757	2,991	3,245
C	FANNIN	NORTH HUNT SUD	525	577	617	653	709	769
C	FANNIN	WOLFE CITY	1,719	2,136	2,703	3,484	4,598	6,217
Total			18,331	19,315	22,590	31,144	56,298	85,231
Percentage Growth				5.37%	16.96%	37.87%	80.77%	51.39%
D	HUNT	CADDO BASIN SUD	6,337	8,401	11,201	15,067	20,576	28,581
D	HUNT	CELESTE	991	1,231	1,558	2,009	2,651	3,584
D	HUNT	COUNTY-OTHER	18,328	25,637	36,113	51,358	74,510	109,728
D	HUNT	GREENVILLE	28,700	32,964	38,794	46,738	58,120	74,659
D	HUNT	NORTH HUNT WSC	3,483	4,551	6,000	8,001	10,851	14,993
Total			57,839	72,784	93,666	123,173	166,708	231,545
Percentage Growth				25.84%	28.69%	31.50%	35.34%	38.89%
HICKORY CREEK SUD GROWTH PROJECTIONS			2020	2030	2040	2050	2060	2070
COLLIN	Neighboring Systems Growth Average			3.91%	7.53%	179.94%	40.00%	55.36%
COLLIN	HICKORY CREEK SUD		63	69	77	85	95	106
	Hickory Creek SUD Growth Average			9.52%	11.59%	10.39%	11.76%	11.58%
HUNT	Neighboring Systems Growth Average			5.37%	16.96%	37.87%	80.77%	51.39%
HUNT	HICKORY CREEK SUD		4,164	6,086	8,694	12,295	17,426	24,882
				46.16%	42.85%	41.42%	41.73%	42.79%
FANNIN	Neighboring Systems Growth Average			25.84%	28.69%	31.50%	35.34%	38.89%
FANNIN	HICKORY CREEK SUD		290	319	341	361	392	425
				10.00%	6.90%	5.87%	8.59%	8.42%
Total Population Projections			4,517	6,474	9,112	12,741	17,913	25,413
Total Number of Meters Projections			1,506	2,158	3,037	4,247	5,971	8,471

Proposed Service Area Description

The three proposed utility service areas additions for Hickory Creek SUD are located adjoining the current certificated CCN service area. One proposed area is on the southern portion of the existing CCN service area in Hunt County. Another proposed area is near the middle of the existing CCN service area adjoining to the City of Celeste. The other proposed area is on the northern portion of the existing CCN service area along and to the south of Hwy 11 between the Cities of Bailey and Wolfe City in Fannin County.

The proposed additional southern area is approximately 2,541 acres with 25 existing customers and is located approximately 4 miles north of downtown Greenville, Texas, and is generally bounded on the north by Hunt County Spur 118; on the east by South Sulphur River; on the south by Hunt County Road 4306; and on the west by the Horse Creek.

The proposed additional middle area is approximately 1,801 acres with 3 existing customers and is located approximately 0.5 miles west of downtown Celeste, Texas; and is generally bounded on the north by Hunt County Road 1148; on the east by Farm-to-Market Road 272; on the south by Hunt County Road 1041; and on the west by Hunt County Road 1091.

The proposed additional northern area is approximately 6,615 acres with 14 existing customers, 9 meter requests and is located approximately 1 miles northwest of downtown Wolfe City, Texas, and is generally bounded on the north by State Highway 11; on the east by Fannin County Road 3740; on the south by Fannin-Collin County line; and on the west by the Fannin-Collin County Road 4815.

The total additional area being requested includes approximately 10,957 acres and 42 current customers.

NORTH HUNT WSC
PO BOX 1170
COMMERCE TX 75428

CITY OF CELESTE
PO BOX 399
CELESTE TX 75423

JACOBIA WSC
PO BOX 411
GREENVILL TX 75403

WOLFE CITY
PO BOX 106
WOLFE CITY TX 75496

ARLEDGE RIDGE WSC
PO BOX 233
BAILEY TX

CITY OF BAILEY
103 N MAIN ST
BAILEY TX 75413

CADDO BASIN SUD
156 CR 118
GREENVILLE TX 75401

ARLEDGE RIDGE
PO BOX 233
BAILEY TX 75413

CITY OF GREENVILLE
PO BOX 1049
GREENVILLE TX 75403

FROGNOT WSC
PO BOX 400
BLUE RIDGE TX 75424

NORTH FARMERSVILLE WSC
PO BOX 212
FARMERSVILLE TX 75442

WEST LEONARD WSC
PO BOX 179
LEONARD TX 75452

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 7, 2017

E SIGNATURE CONFIRMATION # 9134 9690 0935 0018 5326 81

Mr. Brad White, President
Hickory Creek Special Utility District (SUD)
PO Box 540
Celeste, Texas 75423

Re: Notice of Violation for Public Water Supply Comprehensive Compliance
Investigation at:
Hickory Creek SUD, 102 N US Highway 69, Celeste, Hunt County, Texas
RN 101441582, PWS ID No. 1160062, Investigation No. 1396139

Dear Mr. White:

On January 26, 2017, Ms. Merissa Green of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply systems. Enclosed is a summary which lists the investigation findings. During the investigation, a certain outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by **April 7, 2017**, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violation.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the D/FW Regional Office at (817) 588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of,

Mr. Brad White, President

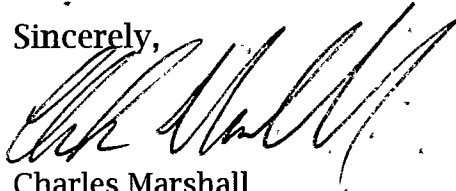
March 7, 2017

Page 2

you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the D/FW Regional Office within 10 days from the date of this letter. At that time, Mr. Jeff Tate, Water Section Manager, will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Ms. Green in the D/FW Regional Office at (817) 588-5846.

Sincerely,



Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office

CM/mg

Enclosure: Summary of Investigation Findings

Summary of Investigation Findings

HICKORY CREEK SUD
102 N US HIGHWAY 69
CELESTE, HUNT COUNTY, TX 75423

Investigation #
1396139
Investigation Date: 01/26/2017

Additional ID(s): 1160062

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

Track No: 547378 Compliance Due Date: 04/07/2017
30 TAC Chapter 290.46(I)

Alleged Violation:

Investigation: 1192757

Comment Date: 09/03/2014

Failure to flush all dead-end mains at least once per month.

During the file record review investigation, the investigator reviewed documentation submitted by the water system which included the flushing logs for June 2014. According to the flush log, approximately 117 locations are considered an "end of line"; however, only nine of these locations were flushed during the month of June.

30 TAC 290.46(I) states all dead-end mains must be flushed at monthly intervals. Dead-end lines and other mains shall be flushed as needed if water quality complaints are received from water customers or if disinfectant residuals fall below acceptable levels as specified in 30 TAC 290.110.

Investigation: 1396139

Comment Date: 02/28/2017

Failure to flush all dead-end mains at least once per month.

During the comprehensive compliance investigation on January 26, 2017, it was noted that the violation remained outstanding. The water system log created to track flushing activities listed 128 flush valve locations at dead end mains. Thirty eight of these locations had notations of "cannot find" with no flushing date throughout 2016. Several months also showed other locations not flushed without any comment. The water system personnel discussed that some of the locations labeled "cannot find" may be locations that have been looped and are no longer dead ends. The investigator recommended the water system update their flushing log so that all information is up-to-date and accurate. Based on the current documentation, it cannot be confirmed that all dead-end mains are flushed monthly.

Recommended Corrective Action: Ensure that all dead-end lines are flushed at monthly intervals. Submit a letter describing the action taken to the TCEQ Region 4 Office with a copy of the flushing records to document that the alleged violation has been corrected.

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

Track No: 296869
30 TAC Chapter 290.41(c)(1)(F)

Alleged Violation:

Investigation: 611876

Comment Date: 12/19/2007

Failure to provide sanitary control easements for the Hickory Creek Wells.

A sanitary control easement or sanitary control easements covering land within 150 feet of the well, or executive director approval for a substitute authorized by this subsection, shall be obtained.

Investigation: 701040

Comment Date: 08/25/2008

Failure to provide sanitary control easements for the Hickory Creek Wells.

NOTE: On April 24, 2008 Hickory Creek SUD submitted a sanitary control easement for Well #1 which appeared to be adequate. Documentation for Wells #3, 4, & 5 did not appear to be adequate. This alleged violation can not be resolved at this time.

Investigation: 465316

Comment Date: 03/02/2011

Failure to provide sanitary control easements for the Hickory Creek Wells.

Investigation: 1146022

Comment Date: 03/11/2014

Failure to obtain sanitary control easements for the wells.

During the comprehensive compliance investigation, the water system personnel stated that copies of the sanitary control easements for the wells were on file in storage, but did not make them available for review to the investigator. This item was listed as a record request on the exit interview form as well, yet no documentation was provided for review following the investigation. The public water system has not demonstrated that the sanitary control easements have been obtained for Wells 1-4.

30 TAC 290.41(c)(1)(F) states a sanitary control easement or sanitary control easements covering land within 150 feet of the well, or executive director approval for a substitute authorized by this subsection, shall be obtained.

Investigation: 1192757

Comment Date: 09/02/2014

Failure to provide sanitary control easements for the wells.

During the file record review investigation, the investigator reviewed compliance documentation received from the public water system on August 14, 2014. The documentation included a discussion of the sanitary control easement status for each well, but was not sufficient to resolve the alleged violation.

Investigation: 1396139

Comment Date: 02/28/2017

Failure to obtain sanitary control easements for the wells.

During the comprehensive compliance investigation, it was noted that the water system maintained adequate information on file to correct the alleged violation.

Recommended Corrective Action: Obtain or locate a copy of the signed sanitary control easements for each well. Maintain a copy of the records in an organized manner and ensure the records are available for review during inspections. Submit a letter and a copy of the documentation to the TCEQ Region 4 Office to document that the alleged violation has been corrected.

Resolution: During the comprehensive compliance investigation on January 26, 2017, it was noted that the public water system had located the sanitary control easements for the wells within the County records, and therefore the violation was resolved.

Effect of Granting a Certificate Amendment

Hickory Creek SUD has existing waterlines and 42 existing customers outside of its current certificated water service area as shown on attachment 3.A. Accordingly, the capital asset value that these water line facilities represent and the revenue generated from these water customers are not within Hickory Creek SUD's certificated service area and may be subject to encroachment from and loss to other utility providers. Granting an amended certificate will allow Hickory Creek SUD to retain ownership of all of its existing facilities and revenue from all of its existing customers that reside outside of its current certificated service area.

Hickory Creek SUD has a Texas Commission on Environmental Quality (TCEQ) approved public water system in place with adequate spare water production and delivery capacities. Hickory Creek SUD's public water system is currently providing drinking water that meets the requirements of the Texas Health and Safety Code and the TCEQ.

A physically separate water system is not required for this proposed CCN amendment. The areas being proposed are adjacent to existing Hickory Creek CCN boundaries. Service to the proposed areas has been and will be accomplished by waterline extensions.

The proposed CCN amendment would not accelerate the conversion of prime farmland. The current population migration from the cities to the rural areas combined with the economy and land price inflation is urbanizing the rural environment. No oversized waterlines have been planned for these areas. These proposed areas, to the best of our knowledge, do not adversely affect any particular socio-economic group.

The amended certificated service area will also allow Hickory Creek SUD to meet TCEQ requirements for the provisioning of service within its service area. Granting an amended certificate will also allow Hickory Creek SUD to facilitate system analysis and facility improvements.

Neighboring Cities & Systems within 2 miles

Utility Name	Type	PSW ID	CCN	Address	City	State	Zip
Arledge Ridge WSC	Water	0740019	10175	PO Box 233	Bailey	Texas	75413
Caddo Basin SUD	Water	1160029	10165	156 CR 118	Greenville	Texas	75401
City of Bailey	Water	0740038	n/a	103 N Main St	Bailey	Texas	75413
City of Celeste	Water	1160002	n/a	PO Box 398	Celeste	Texas	75423
City of Greenville	Water	1160004		PO Box 1049	Greenville	Texas	75403
City of Leonard	Water	0740005	10171	PO Box 1270	Leonard	Texas	75452
Frognot WSC	Water	0430035	10164	Po Box 400	Blue Ridge	Texas	75424
Jacobia WSC	Water	1160031	11417	PO Box 411	Greenville	Texas	75403
North Farmersville WSC	Water	0430043	12363	PO Box 212	Farmersville	Texas	75442
North Hunt SUD	Water	1160039	11206	PO Box 1170	Commerce	Texas	75429
West Leonard WSC	Water	0740034	10157	PO Box 179	Leonard	Texas	75452
Wolfe City	Water	1160005	10853	PO Box 106	Wolfe City	Texas	75496

Landowners with 25 or more acres

Parcel ID	Acres	Name	Street	City	State	Zip1	Zip2
Fannin County - Wolfe City							
76945	60.447	Alonso Abel Construction, Inc	131 Moonlight Dr	Murphy	TX	75094	
79371	48.495	BBM 5X5 Trust C/O Brian B Mendelsohn, Trustee	PO Box 803055	Dallas	TX	75380	
73608	108.820	Brignon Cattle Company, Inc	610 Commerce	Wolfe City	TX	75496	
76324	81.650	Brignon Jimmie	610 Commerce	Wolfe City	TX	75496	
79354	227.230	Brignon Jimmy	610 Commerce	Wolfe City	TX	75496	
79358	44.000	Brignon Jimmy	610 Commerce	Wolfe City	TX	75496	
72372	667.516	Corcoran Ida Elizabeth & Rebecca Burg	9190 FM 429	Kaufman	TX	75142	
75226	67.337	Davis Howard	246 CR 3804	Wolfe City	TX	75496	
72346	368.000	Edwards Bruce Trust C/O Sherry L Reagan Trustee	2217 Apsen	Ricardson	TX	75082	
76900	40.000	Garrison Janice Dunan	1170 White Water Rd	New Braunfels	TX	78132	
73610	69.911	Garvey Jason	2909 CR 413	Melissa	TX	75424	
82192	80.000	Gilbert Billy	PO Box 358	Leonard	TX	75452	
79365	47.900	Henslee Jimmie J	PO Box 535111	Grand Prairie	TX	75053	
86574	107.000	HOOPER JOHNNY, JO ELAINE & NORMA JEAN	8992 Preston Rd #110-333	Frisco	TX	75034	
76949	213.520	HOOPER ROBERT P & ELAINE	PO Box 1505	Frisco	TX	75034	
86727	39.210	HOOPER ROBERT P & ELAINE	PO Box 1505	Frisco	TX	75034	
86811	28.456	HOOPER ROBERT P & ELAINE	PO Box 1505	Frisco	TX	75034	
76333	514.000	Hot House Plants Limited	PO Box 259	Frisco	TX	75034	
86810	40.000	JCM Partners, LP	PO Box 1325	Bailey	TX	75413	
72368	84.015	JKBS, LLC	16317 Roserock Circle	Wylie	TX	75098	
113850	46.678	Josey Ann & Josey Matthew	2791 Safe Harbor	Choctaw	OK	73020	
82149	38.580	KAZEMI ABOLGHASEM	3590 McDonald St	Lewisville	TX	75056	
79367	85.000	Landers Ronald	5055 CR 3735	McKinney	TX	75071	
76336	50.000	London Jack & Virginia	111 Fieldstone Dr	Wolfe City	TX	75496	
76337	49.000	London Jack & Virginia	111 Fieldstone Dr	Glenshaw	PA	15116	
76335	130.000	London Jeffery	1287 SE Hwy 11	Glenshaw	PA	15116	
76338	82.000	London Mable, Cynthia Jones, Elizabeth Hannes & jeffnifer Lantz	1204 E 9th	Wolfe City	TX	75496	
76944	43.282	London Mable, Cynthia Jones, Elizabeth Hannes & jeffnifer Lantz	1204 E 9th	Bonham	TX	75418	
77599	40.000	London Mable, Cynthia Jones, Elizabeth Hannes & jeffnifer Lantz	1204 E 9th	Bonham	TX	75418	
82146	47.700	London Mable, Cynthia Jones, Elizabeth Hannes & jeffnifer Lantz	1204 E 9th	Bonham	TX	75418	
73604	30.000	Lowery Eldon F	785 FM 816	Bonham	TX	75418	
73605	33.000	Manely Willis	2949 CR 3835	Wolfe City	TX	75496	
71209	98.500	Mc Gee Ray	7450 Stacy RD	Wolfe City	TX	75496	
72366	41.000	Mc Gee Ray	7450 Stacy RD	McKinney	TX	75413	
99205	98.000	McCoy Childrens Investment TRTS C/O Gary J McDonald Trustee	7450 Stacy RD	McKinney	TX	75413	
79363	109.300	Mendelsohn Brian B	PO Box 159	Van Alstyne	TX	75495	
76326	25.153	Millsap Camilla	PO Box 803055	Dallas	TX	75380	
82746	31.620	Morgan Mark & Phyllis	1110 Whitehall	Greenville	TX	75402	
			680 SE Hwy 11	Wolfe City	TX	75496	

Landowners with 25 or more acres

74417	75.000	Mox Larry K	2109 Southmoor Dr	Carrollton	TX	75006
79370	55.400	Mox Larry K	2109 Southmoor Dr	Carrollton	TX	75006
82148	47.951	Norman Alton J	4653 Mackey Rd	Howe	TX	75459
82145	87.553	Norman Jay	106 Judah Circle	Trenton	TX	75490
82150	62.820	Norman Jay	106 Judah Circle	Trenton	TX	75490
82184	438.500	Norman Jay	106 Judah Circle	Trenton	TX	75490
73602	83.000	O'Kelly Shirley Stein	6621 Ashmore Ln	Tyler	TX	75703
73439	186.300	Passmore Robert, II	PO Box 67	Melissa	TX	75454
73603	41.042	Pensco Trust Company FBO Robert Quinn IRA	1705 Meadowview	Commerce	TX	75428
74247	84.767	Piper Billie Jean	6349 SE Hwy 11	Wolfe City	TX	75496
79373	91.650	Ricketts Harry Richard	9434 Hwy 34 N	Wolfe City	TX	75496
79374	31.359	Ricketts Harry Richard	9434 Hwy 34 N	Wolfe City	TX	75496
71212	129.000	Roach Ila Faye	2335 Freeland Way	Dallas	TX	75228
76980	320.000	Rubalcava Raul M & Mirella	1315 HWY 1378	Wylie	TX	75098
86316	108.750	Rubalcava Raul M & Mirella	1315 HWY 1378	Wylie	TX	75098
73606	135.495	Saldivar Noe & Antonia	231 Barnes Bridge	Sunnyvale	TX	75182
76950	158.696	Saldivar Noe & Antonia	231 Barnes Bridge	Sunnyvale	TX	75182
80772	56.000	Saldivar Noe & Antonia	231 Barnes Bridge	Sunnyvale	TX	75182
86726	28.207	Saldivar Noe & Antonia	231 Barnes Bridge	Sunnyvale	TX	75182
73598	159.890	Shappard Julia Est C/O Eldon Lowery	785 FM 816	Wolfe City	TX	75496
79364	105.000	Sommerville Joyse S	4412 SE Hwy 11	Wolfe City	TX	75496
76506	77.250	Spurgin Donald M	1232 FM 1566 W	Celeste	TX	75423
78589	25.000	Spurgin Donald M	1232 FM 1566 W	Celeste	TX	75423
76951	58.000	Thompson Teddy & D'Ann	1818 SAN LEANNA DRIVE	Allen	TX	75013
82700	299.270	Thompson Teddy & D'Ann	1818 SAN LEANNA DRIVE	Allen	TX	75013
86319	85.180	Thompson Teddy & D'Ann	1818 SAN LEANNA DRIVE	Allen	TX	75013
86320	25.272	Thompson Teddy & D'Ann	1818 SAN LEANNA DRIVE	Allen	TX	75013
73607	80.000	Taylor Bobby C Etal	6455 W SH 6	Dublin	TX	76446
79366	47.900	Vernon Gary & Gail	5505 CR 3735	Wolfe City	TX	75496
73609	70.000	Wilcox Loyd A	707 Lake Meadows Dr	Rockwall	TX	75087
79376	157.500	Wilcox Loyd A	707 Lake Meadows Dr	Rockwall	TX	75087
Hunt County - Celeste						
126289	34.183	Accountius Matthew Louis	PO Box 55	Celeste	TX	75423
124753	50.330	Barth Ricky & Marta	3960 CR 1089	Celeste	TX	75423
125987	39.420	Barth Ricky Don & Marta	3960 CR 1089	Celeste	TX	75423
25291	37.672	Blackstock Donna	PO Box 432	Celeste	TX	75423
28601	77.650	Cano Jacinto & Rosalva	5646 N Hwy 69	Celeste	TX	75423
114965	27.285	City of Celeste	PO Box 399	Celeste	TX	75423
20284	60.000	Clark Thomas I	946 Moore Dr	Mesquite	TX	75149

22932	55.000	Clark Thomas I	946 Moore Dr	Mesquite	TX	75149
22195	88.653	Clark W R Estate C/O Clifford Clark	PO Box 274	Celeste	TX	75423
22577	50.062	Claxton Roger W & kathryn	805 W Sanger St	Celeste	TX	75423
25288	53.700	Compton Larry Scott	1214 Ashford Ln	Allen	TX	75002
28596	97.313	Frumkin Family Trust	3905 Bosque Dr	Plano	TX	75074
28600	96.899	Frumkin Family Trust	3905 Bosque Dr	Plano	TX	75074
217229	69.780	Moulder Gregory & Gina	4688 CR 1089	Celeste	TX	75423
35604	113.000	Pruitt David & Jan	1737 Red Oak Cir	Sulphur Springs	TX	75482
114932	100.000	Pruitt David & Jan	1737 Red Oak Cir	Sulphur Springs	TX	75482
21002	37.000	TEC Family Trust Thomas & Cynthia Cotrustees	4953 CR 1097	Celeste	TX	75423
30852	121.610	TEC Family Trust Thomas & Cynthia Cotrustees	4953 CR 1097	Celeste	TX	75423
125991	125.409	Tornelli-Mitchell Family	7622 98th ST	Lubbock	TX	79424
28605	62.776	Wismer Todd T & Mary C	9780 CR 669	Blue Ridge	TX	75424
114967	39.990	Wismer Todd T & Mary C	9780 CR 669	Blue Ridge	TX	75424
114968	31.020	Wismer Todd T & Mary C	9780 CR 669	Blue Ridge	TX	75424
Hunt County - Jacobia						
33174	100.849	Berger Sandra K Lane	1438 Travis Ln	Campbell	TX	75422
33176	114.135	Berger Sandra K Lane	1438 Travis Ln	Campbell	TX	75422
97873	38.905	Castillo Leonides Borjas & Javier Castillo	3277 I-30 E	Greenville	TX	75402
33051	46.000	Corbett Ernie R	PO Box 2348	Quinlan	TX	75474
33210	32.762	Crouch Carol G	18257 CR 949	Rockwall	TX	75087
32125	83.790	Crum Richard William Jr & Angela Marie	2806 Fairfax Dr	Garland	TX	75041
32143	60.311	Derrington Larry D & Brenda J	PO Box 8805	Greenville	TX	75404
98280	42.627	Gallegos Alberto	2019 Cedarwood Dr	Carrollton	TX	75007
33177	26.616	Garcia Raul & Sylvia	2502 Riding Club Rd	Rockwall	TX	75087
33156	70.000	Girdner Bobby	5822 FM 118	Greenville	TX	75401
95628	27.099	Hernandez Josefa Varsela	3615 Aztec Trl	Wylie	TX	75098
32190	38.998	Hoyle Robert S	1079 Berkshire Ct Lot #135	Greenville	TX	75401
32136	40.280	Jimerson Susan R	8402 Seawright Ln	Royse City	TX	75189
36090	25.200	Lane O B	3404 Bryn Mawr Dr	Dallas	TX	75225
33227	54.272	McAllister Thomas A Jr	1823 Jarrel St	Tyler	TX	75701
32131	66.866	McClure Bobby m & Bobbie Z	7276 FM 118	Commerce	TX	75428
32154	25.200	McKay Gerald D & Lila Laverne	7352 FM 118	Commerce	TX	75428
33136	185.087	Newman Mike & Joyce Annette	331 CR 4414	Greenville	TX	75401
33155	209.670	Peckham David C	3665 CR 4416	Wolfe City	TX	75496
33163	193.639	Phillips Jack H	6078 FM 512	Wolfe City	TX	75496
33164	25.070	Phillips Jack H	6078 FM 512	Wolfe City	TX	75496
33137	372.817	Porter Gordon P & Reba	5658 Hwy 11 E	Commerce	TX	75428
33205	239.320	Reba Su Barnard & Rebecca Ann Swindull C/O Reba Barnard	PO Box 66	Celeste	TX	75423

Landowners with 25 or more acres

95639	42.500	Rodriguez Tereso & Jose M	2610 Alabama	Dallas	TX	75216
32138	84.760	Scott Terry Lynn ETAL	870 FM 1737	Greenville	TX	75402
33145	220.541	Smith Charles M Jr	2435 Hwy 34 N	Greenville	TX	75401
33207	174.438	Sorto Candido A & Santos T	2908 Colorado Blvd	Dallas	TX	75211
33042	137.822	Strickler Lee & Linda	3430 CR 4301	Greenville	TX	75401
33158	62.300	Susan G Taylor	3031 Karla Dr	Mesquite	TX	75150
33139	41.387	Thacker Choice D Jr	1655 CR 4520	Wolfe City	TX	75496
32410	72.515	Thomas C & Janet M Rawe	4000 Leon Dr	Plano	TX	75074
33134	66.047	Trevino Vidal J & Carolina Cadena-De-Trevino	510 Meadow Dr	McKinney	TX	75069
33195	27.155	Troy L & Hermine E Lowrance	2016 CR 4306	Greenville	TX	75401
33233	68.501	Vittetoe I Myers	807 FM 1566 E	Greenville	TX	75401
33162	34.451	Warren Michael Ray	6699 FM 118	Greenville	TX	75401
32150	90.897	Wittwer Cary & Kerri & Marcus Luthiger	3510 Liberty Way	Melissa	TX	75454
33178	25.090	YOUSRI BAHIA NADIR & JOSEPH M	7905 Troon Dr	Rowlette	TX	75089

12164.741

Ability to Provide Adequate Service

Hickory Creek SUD's current TCEQ compliance calculations:

Facility	TCEQ Requirements §290.45		Hickory Creek SUD Capacity		% of Capacity	Max # of connections at 85% utilization	Max # of connections at 100% utilization
	Total System		1,286 Connections				
Production Cap.	0.6 GPM/Conn	772 gallons	1,475 gallons	52.31%	2,090	2,458	
Ground Water	0.6 GPM/Conn		1,475 gallons		2,090	2,458	
Hogeye			200				
Lane			330				
Sabine			585				
McKinzie			360		2,090	2,458	
Total Storage	200 gallons/Conn	257,200 gallons	515,000 gallons	49.94%	2,189	2,575	
Ground Storage			240,000 gallons				
Hogeye			200,000				
Lane			40,000				
Elevated Storage	200 gallons/Conn	257,200 gallons	275,000 gallons				
Prairie Hill			75,000				
Sabine			200,000				
Pressure Tank	0 gallons/Conn	0 gallons	20,000 gallons	0.00%	Note 2	Note 2	
Hogeye			10,000				
Lane			10,000				
Pump Capacity	0.6 GPM/Conn	772 GPM	1,400 GPM	55.11%	1,983	2,333	
Hogeye			700				
Lane			700				
<p>Note: Hickory Creek SUD currently meets TCEQ §290.45(b)(1)(D)(iii), Minimum Water System Capacity Requirements of at least 200 gallons of elevated storage per connection. This allows the pumping requirements to be lowered from 2.0 GPM to 0.6 GPM.</p>							
<p>Note 2: Per TCEQ §290.45(b)(1)(D)(iv), Hickory Creek has elevated storage of 100 gallons per connection</p>							

Hickory Creek SUD has the following waterlines in place:

Diameter	Length (ft)
1"	1,853
1-1/4"	1,286'
1-1/2"	142,531
2"	351,441
2-1/2"	64,948
3"	52,896
3-1/2"	19,954
4"	254,905

6"	99,725
8"	90,986
Total	1,080,525 (204.65 miles)

The current density is 1,286 connections / 204.65 miles of waterline = 6.28 connections per mile.

The proposed density is 1,296 connections / 204.65 miles of waterline = 6.33 connections per mile.

The current land use of the requested areas is rural.

9:00 AM

Hickory Creek Special Utility District

Profit & Loss

January through December 2017

05/24/17

Cash Basis

Jan - Dec 17

Ordinary Income/Expense

Income	
4005 · System Access Fees	16,862.50
4010 · Water Sales	
4011 · Water Sales	289,814.72
Total 4010 · Water Sales	289,814.72
4020 · Customer Charges/Fees	
4020.1 · Late Charge Fees	6,049.49
4020.2 · Reconnect Fees	3,780.00
4020.3 · Returned Check Fees	30.00
4020.8 · Administration Fees	629.76
4020.10 · Filing Fee	1,051.79
4020.11 · Miscellaneous Charges	5,961.50
Total 4020 · Customer Charges/Fees	17,502.54
4030 · Installation Income	
4031 · Meter Installation Income	15,341.00
4033 · In House Installation Labor	110.00
4034 · Road Bore Income	2,000.00
4035 · Line Extention Income	55,944.79
Total 4030 · Installation Income	73,395.79
4051 · Service Investigation Fee	1,399.19
4055 · Insurance Proceeds	28,740.91
Total Income	427,715.65
Gross Profit	427,715.65
Expense	
5110 · Automobile Expense	
5110.1 · Auto General Supply Exp	233.80
5117 · 2008 Dodge Truck	
5117.1 · Fuel	647.78
5117.2 · Repairs	224.28
5117.3 · Maintenance	452.13
Total 5117 · 2008 Dodge Truck	1,324.19
5119 · 2003 - Chevy 1 Ton Box	
5119.1 · Fuel	927.98
5119.2 · Repairs	247.97
5119.3 · Maintenance	133.68
Total 5119 · 2003 - Chevy 1 Ton Box	1,309.63
5121 · #1 2013 Chevy Silverado 4WD	
5121.1 · Fuel	1,106.14
5121.2 · Repairs	64.97
5121.3 · Maintenance	114.53
Total 5121 · #1 2013 Chevy Silverado 4WD	1,285.64
5122 · #2 2013 Chevy Silverado 4WD	
5122.1 · Fuel	898.34
5122.2 · Repairs	111.95
5122.3 · Maintenance	1,028.51
Total 5122 · #2 2013 Chevy Silverado 4WD	2,038.80
5123 · #3 2014 Chevy Silverado 4WD	
5123.1 · Fuel	400.43
5123.2 · Repairs	10.00
Total 5123 · #3 2014 Chevy Silverado 4WD	410.43

9:00 AM
05/24/17
Cash Basis

Hickory Creek Special Utility District
Profit & Loss
January through December 2017

	Jan - Dec 17
5110 · Automobile Expense - Other	1,245.06
Total 5110 · Automobile Expense	7,847.55
5150 · Equipment - Distribution	
5154 · Equipment - Other	903.26
5159 · 20' Big Tex Lowboy Trailer	268.89
5165 · 94Vermeer Navigat. D6-Road bore	1,940.98
5167 · Scag Tiger Cat Mower	86.98
5169 · 2006 John Deere Backhoe 310G	397.13
5170 · #2 - 2013 Big Tex 20' Trailer	165.63
5171 · JD CASE 660 Trencher	85.65
5172 · Generator	
5172.3 · Stewart&Stevenson-275kW/HE Well	675.00
Total 5172 · Generator	675.00
5173 · 2014 John Deere Mini-X & Bucket	136.17
5174 · D3C Cat Dozer	100.52
5175 · 120 Hp Ride on Trencher w/ Atta	661.68
Total 5150 · Equipment - Distribution	5,421.89
5200 · Contractor Expenses	
5203 · SCADA	1,545.29
5207 · Mileage	1,152.05
Total 5200 · Contractor Expenses	2,697.34
5299 · DISTRIBUTION EXPENSES	
5100 · Customer Credits	
5105 · Leak Finder Credit	220.00
5107 · Credit/Debit Bank Trans Fee	2,548.89
Total 5100 · Customer Credits	2,768.89
5299 · DISTRIBUTION EXPENSES - Other	4,667.68
Total 5299 · DISTRIBUTION EXPENSES	7,436.57
5300 · Engineers	
5301 · General Engineering	3,718.97
Total 5300 · Engineers	3,718.97
5310 · Wells & System Mnt - Distrib	
5310.1 · Hickory Creek Distribution Stn	
5310.1a · Utilities	131.46
5310.1 · Hickory Creek Distribution Stn - Other	43.48
Total 5310.1 · Hickory Creek Distribution Stn	174.94
5310.2 · White Rock Distribution Station	
5310.2a · Utilities	130.14
5310.2 · White Rock Distribution Station - Other	37.90
Total 5310.2 · White Rock Distribution Station	168.04
5310.3 · Dulaney Distribution Station	
5310.3a · Utilities	125.36
5310.3b · Dulaney Repair/Maintenance	560.00
Total 5310.3 · Dulaney Distribution Station	685.36
5310.4 · Miles Lane Distribution Station	
5310.4a · Utilities	122.42
Total 5310.4 · Miles Lane Distribution Station	122.42
5311 · Well #1- Hogeye Well	
5311.1 · Well Repairs	65,002.63
5311.2 · Well Maintenance	73.03

9:00 AM
05/24/17
Cash Basis

Hickory Creek Special Utility District
Profit & Loss
January through December 2017

	Jan - Dec 17
5311.3 · Chemicals	0.00
5311.4 · Building Maintenance	148.78
5311.5 · Utilities	6,735.82
Total 5311 · Well #1- Hogeye Well	71,960.26
5312 · Well #2 - Lane Well	
5312.1 · Well Repair	720.00
5312.3 · Chemicals	441.60
5312.5 · Utilities	6,122.76
Total 5312 · Well #2 - Lane Well	7,284.36
5313 · Well #3 - Prairie Hill Well	
5313.1 · Well Repair	1,515.62
5313.2 · Well Maintenance	2,063.44
5313.3 · Chemicals	662.40
5313.5 · Utilities	9,526.82
Total 5313 · Well #3 - Prairie Hill Well	13,768.28
5314 · Well #4 - Sabine Well	
5314.1 · Well Repair	945.00
5314.2 · Well Maintenance	371.22
5314.3 · Chemicals	1,435.20
5314.5 · Utilities	19,305.89
Total 5314 · Well #4 - Sabine Well	22,057.31
Total 5310 · Wells & System Mnt - Distrib	116,220.97
5320 · Supplies - Distribution	
5320.1 · Chemicals	8.99
5320.3 · Distribution Supplies	53,034.74
5320.4 · Tools	914.78
5320 · Supplies - Distribution - Other	359.23
Total 5320 · Supplies - Distribution	54,317.74
5420 · Water Samples	
5421 · Fees	3,845.74
Total 5420 · Water Samples	3,845.74
6000 · OPERATIONS EXPENSE	
6020 · Advertising	2,890.40
6120 · Bank Service Charges	128.65
6160 · Dues and Fees	1,614.23
6180 · Insurance	
6180.1 · Employee Health Insurance	21,555.92
Total 6180 · Insurance	21,555.92
6200 · Interest Expense	
6200.2 · Loan Interest	13,334.82
6200.4 · Bond Interest	2,312.52
6200.5 · Bond Principal	27,312.52
Total 6200 · Interest Expense	42,959.86
6235 · Mileage Office/Admin	
6235.1 · Office	18.40
Total 6235 · Mileage Office/Admin	18.40
6240 · Miscellaneous	241.36
6245 · Office Expense	
6245.1 · Office Maint./Upgrades	362.64
6245.2 · Office Supplies	989.21
6245.4 · Computer Hardware	220.00

Hickory Creek Special Utility District
Profit & Loss
January through December 2017

	Jan - Dec 17
6245.5 · Computer Maintenance	188.80
6245.6 · Computer Repairs/Misc	95.00
6245.7 · General Supplies	303.34
6245.8 · Janitorial Supplies	213.52
6245.9 · Telephone	1,021.06
6245.10 · Wireless	3,242.51
6245.11 · Internet Service	397.95
6245.12 · Electricity	3,570.70
6245.15 · Trash Pick-up	343.35
Total 6245 · Office Expense	10,948.08
6250 · Postage and Delivery	2,786.53
6260 · Printing and Reproduction	1,053.10
6270 · Professional Fees	
6270.2 · Consultants	351.85
6270.3 · Legal Fees	243.75
Total 6270 · Professional Fees	595.60
6290 · Rental and Lease	976.65
6300 · Repairs/Maintenance	
6300.2 · Shop	85.86
6300.3 · Office - 101 N. 1st Street	4,156.89
Total 6300 · Repairs/Maintenance	4,242.75
6560 · Payroll Expenses	
Bonus Wages *	504.95
6561 · Gross Wages	122,562.92
6562 · - Overtime Wages	12,440.90
6565 · Payroll Taxes	9,950.66
6560 · Payroll Expenses - Other	242.42
Total 6560 · Payroll Expenses	145,701.85
6630 · Professional Development	
6630.1 · Office Training	11.00
Total 6630 · Professional Development	11.00
Total 6000 · OPERATIONS EXPENSE	235,724.38
Total Expense	437,231.15
Net Ordinary Income	-9,515.50
Other Income/Expense	
Other Income	
7015 · Interest Income	134.64
Total Other Income	134.64
Net Other Income	134.64
Net Income	-9,380.86

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Hickory Creek Special Utility District Balance Sheet with Comparison As of April 30, 2017

05/24/17

Accrual Basis

	Apr 30, 17	Mar 31, 17	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
1100 · Operating Account FBC	25,219.34	22,328.49	2,890.85
1120 · Petty Cash	100.00	100.00	0.00
1150 · MM-First Bank Celeste	31,626.09	35,194.50	-3,568.41
1155 · Emergency Reserve Account	47,941.77	39,244.83	8,696.94
1156 · Bonds Savings Account	58,372.80	50,960.22	7,412.58
1170 · Cash Drawer	364.00	364.00	0.00
1180 · Construction Escrow Account FBC	142,201.18	100,292.27	41,908.91
Total Checking/Savings	305,825.18	248,484.31	57,340.87
Accounts Receivable			
1200 · Accounts Receivable	76,642.42	64,835.17	11,807.25
1210 · Contracts Receivable	5,387.72	48,387.72	-43,000.00
Total Accounts Receivable	82,030.14	113,222.89	-31,192.75
Other Current Assets			
1310 · Prepaid interest	24,905.87	24,905.87	0.00
1121 · Inventory Asset	161,012.20	161,012.20	0.00
1205 · Allowance for Uncollectible AR	-13,000.00	-13,000.00	0.00
1300 · Prepaid Insurance	6,079.06	6,079.06	0.00
2120 · Payroll Asset			
2125 · Employee Advance	461.52	461.52	0.00
2120 · Payroll Asset - Other	-461.52	-461.52	0.00
Total 2120 · Payroll Asset	0.00	0.00	0.00
2128 · Estimated Receivable - Unbilled	33,585.94	33,585.94	0.00
Total Other Current Assets	212,583.07	212,583.07	0.00
Total Current Assets	600,438.39	574,290.27	26,148.12
Fixed Assets			
2400 · System Projects/Improvements			
2400.3 · Hwy 69-Sabine River Auth Grant	10,000.00	10,000.00	0.00
Total 2400 · System Projects/Improvements	10,000.00	10,000.00	0.00
2100 · Distribution System	4,818,627.99	4,818,627.99	0.00
2150 · Radio Read Meter System	240,917.63	240,917.63	0.00
2200 · Buildings			
2200.1 · 101 N. 1st Street, Celeste	80,338.01	80,338.01	0.00
2200 · Buildings - Other	141,095.05	141,095.05	0.00
Total 2200 · Buildings	221,433.06	221,433.06	0.00
2210 · Furniture & Fixtures	22,976.30	22,976.30	0.00
2220 · Equipment			
2220.7 · #1 - 20' Big Tex Trailer Lowboy	4,437.50	4,437.50	0.00
2220.8 · Two Hand Held Meter Readers	13,798.80	13,798.80	0.00
2220.9 · Lamar Dump Trailer	4,500.00	4,500.00	0.00
2220.11 · 94Vermeer Navigat. D6-Road bore	17,545.14	17,545.14	0.00
2220.12 · Scag Tiger Cat Mower	7,412.68	7,412.68	0.00
2220.13 · Honda Push Mower	262.91	262.91	0.00
2220.14 · Trailer_5x10_with gate	1,116.97	1,116.97	0.00
2220.15 · 2006-John Deere Backhoe 310G	36,260.00	36,260.00	0.00
2220.16 · #2 - 2013 Big Tex 20' Trailer	8,986.42	8,986.42	0.00
2220.17 · JD CASE 660 Trencher	7,221.00	7,221.00	0.00
2220.19 · 2014 John Deere Mini-X & Bucket	35,435.46	35,435.46	0.00
2220.20 · Generator-Generac Centurion/Ofc	4,319.00	4,319.00	0.00
2220.21 · D3C Cat Dozer	25,900.00	25,900.00	0.00
2220.22 · 120 Hp Ride on Trencher w/ Atta	149,152.00	149,152.00	0.00
2220 · Equipment - Other	83,705.08	83,705.08	0.00

**Hickory Creek Special Utility District
Balance Sheet with Comparison
As of April 30, 2017**

05/24/17

Accrual Basis

	Apr 30, 17	Mar 31, 17	\$ Change
Total 2220 · Equipment	400,052.96	400,052.96	0.00
2230 · Vehicles			
2230.2 · 2008 Dodge Ram	17,100.00	17,100.00	0.00
2230.4 · 2003 Chevy 1 Ton Box	7,800.00	7,800.00	0.00
2230.5 · 2001 Chevrolet 2500	6,850.00	6,850.00	0.00
2230.6 · #1 - 2013 Chevy Silverado 4WD	25,826.00	25,826.00	0.00
2230.7 · #2 - 2013 Chevy Silverado 4WD	25,826.00	25,826.00	0.00
2230.8 · #3 - 2014 Chevy Silverado 4WD	25,084.95	25,084.95	0.00
Total 2230 · Vehicles	108,486.95	108,486.95	0.00
2350 · Accumulated Depreciation	-2,187,477.24	-2,187,477.24	0.00
Total Fixed Assets	3,635,017.65	3,635,017.65	0.00
Other Assets			
A/R Clearing	11,754.51	0.00	11,754.51
2300 · Land	11,448.70	11,448.70	0.00
2510 · Organization Cost	13,603.69	13,603.69	0.00
2520 · Organization Cost Amortization	-11,478.07	-11,478.07	0.00
Total Other Assets	25,328.83	13,574.32	11,754.51
TOTAL ASSETS	4,260,784.87	4,222,882.24	37,902.63
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
3060 · Bond Accrued Interest Payable	-41,817.95	-49,224.21	7,406.26
Total Accounts Payable	-41,817.95	-49,224.21	7,406.26
Other Current Liabilities			
3400 · Bank Loan - Principal			
3400.2 · Bore Machine	-1,367.88	-1,367.88	0.00
Total 3400 · Bank Loan - Principal	-1,367.88	-1,367.88	0.00
A/P YR END ADJ ONLY	33,171.15	21,416.64	11,754.51
3050 · Customer Deposits	134,205.39	133,852.65	352.74
3055 · TCEQ Assmnt Pay-Regulatory Fee	2,175.46	1,790.70	384.76
3056 · TCEQ Assmnt Pay-Water Sys Fee	560.40	328.20	232.20
3100 · Payroll Liabilities			
3104 · Accrued Vacation	8,074.77	8,074.77	0.00
3103 · SUI Payable	72.60	74.36	-1.76
3106 · Aflac Payable	508.01	-37.03	545.04
3107 · TML -iebp Payable	58.84	58.84	0.00
3100 · Payroll Liabilities - Other	19,230.26	18,491.94	738.32
Total 3100 · Payroll Liabilities	27,944.48	26,662.88	1,281.60
Total Other Current Liabilities	196,689.00	182,683.19	14,005.81
Total Current Liabilities	154,871.05	133,458.98	21,412.07
Long Term Liabilities			
3414 · Amer Nat'l Bk-Acct 88127964	112,575.63	113,385.55	-809.92
3419 · Spirit of TX Bank-Acct 6101288	17,661.40	18,894.96	-1,233.56
3420 · Bond Issue - Long Term	555,000.00	555,000.00	0.00
3421 · N.Dallas Bank & Trust -11752094	419,517.83	423,995.77	-4,477.94
3422 · N.Dallas Bank & Trust -11756699	44,253.83	44,715.68	-461.85
3423 · N.Dallas Bank & Trust -11756707	16,389.50	17,108.61	-719.11
3424 · Spirit of TX Bank - 6101724	84,899.07	84,899.07	0.00
3425 · Spirit of TX Bank - 6103265	-4,048.08	-3,636.11	-411.97
3426 · DLL Financial Solutions-1058683	82,783.02	84,275.61	-1,492.59
Total Long Term Liabilities	1,329,032.20	1,338,639.14	-9,606.94

Hickory Creek Special Utility District
Balance Sheet with Comparison
As of April 30, 2017.

05/24/17

Accrual Basis

	Apr 30, 17	Mar 31, 17	\$ Change
Total Liabilities	1,483,903.25	1,472,098.12	11,805.13
Equity			
3000 · Opening Bal Equity	25,900.00	25,900.00	0.00
3460 · Contributions From Customers	917,883.44	917,883.44	0.00
3625 · Retained Earnings	1,801,319.61	1,801,319.61	0.00
Net Income	31,778.57	5,681.07	26,097.50
Total Equity	2,776,881.62	2,750,784.12	26,097.50
TOTAL LIABILITIES & EQUITY	<u>4,260,784.87</u>	<u>4,222,882.24</u>	<u>37,902.63</u>

Hickory Creek Special Utility District

Balance Sheet with Comparison

As of April 30, 2017

05/24/17

Accrual Basis

	% Change
ASSETS	
Current Assets	
Checking/Savings	
1100 · Operating Account FBC	13.0%
1120 · Petty Cash	0.0%
1150 · MM-First Bank Celeste	-10.1%
1155 · Emergency Reserve Account	22.2%
1156 · Bonds Savings Account	14.6%
1170 · Cash Drawer	0.0%
1180 · Construction Escrow Account FBC	41.8%
Total Checking/Savings	23.1%
Accounts Receivable	
1200 · Accounts Receivable	18.2%
1210 · Contracts Receivable	-88.9%
Total Accounts Receivable	-27.6%
Other Current Assets	
1310 · Prepaid interest	0.0%
1121 · Inventory Asset	0.0%
1205 · Allowance for Uncollectible AR	0.0%
1300 · Prepaid Insurance	0.0%
2120 · Payroll Asset	
2125 · Employee Advance	0.0%
2120 · Payroll Asset - Other	0.0%
Total 2120 · Payroll Asset	0.0%
2128 · Estimated Receivable - Unbilled	0.0%
Total Other Current Assets	0.0%
Total Current Assets	4.6%
Fixed Assets	
2400 · System Projects/Improvements	
2400.3 · Hwy 69-Sabine River Auth Grant	0.0%
Total 2400 · System Projects/Improvements	0.0%
2100 · Distribution System	0.0%
2150 · Radio Read Meter System	0.0%
2200 · Buildings	
2200.1 · 101 N. 1st Street, Celeste	0.0%
2200 · Buildings - Other	0.0%
Total 2200 · Buildings	0.0%
2210 · Furniture & Fixtures	0.0%
2220 · Equipment	
2220.7 · #1 - 20' Big Tex Trailer Lowboy	0.0%
2220.8 · Two Hand Held Meter Readers	0.0%
2220.9 · Lamar Dump Trailer	0.0%
2220.11 · 94Vermeer Navigat. D6-Road bore	0.0%
2220.12 · Scag Tiger Cat Mower	0.0%
2220.13 · Honda Push Mower	0.0%
2220.14 · Trailer_5x10_with gate	0.0%
2220.15 · 2006-John Deere Backhoe 310G	0.0%
2220.16 · #2 - 2013 Big Tex 20' Trailer	0.0%
2220.17 · JD CASE 660 Trencher	0.0%
2220.19 · 2014 John Deere Mini-X & Bucket	0.0%
2220.20 · Generator-Generac Centurion/Ofc	0.0%
2220.21 · D3C Cat Dozer	0.0%
2220.22 · 120 Hp Ride on Trencher w/ Atta	0.0%
2220 · Equipment - Other	0.0%

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05/24/17

Accrual Basis

Hickory Creek Special Utility District

Balance Sheet with Comparison

As of April 30, 2017

	% Change
Total 2220 · Equipment	0.0%
2230 · Vehicles	
2230.2 · 2008 Dodge Ram	0.0%
2230.4 · 2003 Chevy 1 Ton Box	0.0%
2230.5 · 2001 Chevrolet 2500	0.0%
2230.6 · #1 - 2013 Chevy Silverado 4WD	0.0%
2230.7 · #2 - 2013 Chevy Silverado 4WD	0.0%
2230.8 · #3 - 2014 Chevy Silverado 4WD	0.0%
Total 2230 · Vehicles	0.0%
2350 · Accumulated Depreciation	0.0%
Total Fixed Assets	0.0%
Other Assets	
A/R Clearing	100.0%
2300 · Land	0.0%
2510 · Organization Cost	0.0%
2520 · Organization Cost Amortization	0.0%
Total Other Assets	86.6%
TOTAL ASSETS	0.9%
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3060 · Bond Accrued Interest Payable	15.1%
Total Accounts Payable	15.1%
Other Current Liabilities	
3400 · Bank Loan - Principal	
3400.2 · Bore Machine	0.0%
Total 3400 · Bank Loan - Principal	0.0%
A/P YR END ADJ ONLY	54.9%
3050 · Customer Deposits	0.3%
3055 · TCEQ Assmnt Pay-Regulatory Fee	21.5%
3056 · TCEQ Assmnt Pay-Water Sys Fee	70.8%
3100 · Payroll Liabilities	
3104 · Accrued Vacation	0.0%
3103 · SUI Payable	-2.4%
3106 · Aflac Payable	1,471.9%
3107 · TML -iebp Payable	0.0%
3100 · Payroll Liabilities - Other	4.0%
Total 3100 · Payroll Liabilities	4.8%
Total Other Current Liabilities	7.7%
Total Current Liabilities	16.0%
Long Term Liabilities	
3414 · Amer Nat'l Bk-Acct 88127964	-0.7%
3419 · Spirit of TX Bank-Acct 6101288	-6.5%
3420 · Bond Issue - Long Term	0.0%
3421 · N.Dallas Bank & Trust -11752094	-1.1%
3422 · N.Dallas Bank & Trust -11756699	-1.0%
3423 · N.Dallas Bank & Trust -11756707	-4.2%
3424 · Spirit of TX Bank - 6101724	0.0%
3425 · Spirit of TX Bank - 6103265	-11.3%
3426 · DLL Financial Solutions-1058683	-1.8%
Total Long Term Liabilities	-0.7%

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05/24/17

Accrual Basis

Hickory Creek Special Utility District
Balance Sheet with Comparison
As of April 30, 2017

	% Change
Total Liabilities	0.8%
Equity	
3000 · Opening Bal Equity	0.0%
3460 · Contributions From Customers	0.0%
3625 · Retained Earnings	0.0%
Net Income	459.4%
Total Equity	1.0%
TOTAL LIABILITIES & EQUITY	<u>0.9%</u>

HICKORY CREEK SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015

**HICKORY CREEK SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS

		<u>Page</u>	
INTRODUCTORY SECTION			
Annual Filing Affidavit .....	....	3	
FINANCIAL SECTION			
Independent Auditor's Report .....	...	5	
<u>Required Supplementary Information</u>			
Management's Discussion and Analysis .....	....	7	
<u>Basic Financial Statements:</u>			
Fund Financial Statements:			
Statement of Net Position .....	.....	12	
Statement of Revenues, Expenses, and Changes in Net Position .....	.....	13	
Statement of Cash Flows.....	.....	14	
Notes to the Basic Financial Statements .....	.....	15	
<u>Supplemental Schedules:</u>			
TEXAS SUPPLEMENTARY INFORMATION (TSI)			
Index of Supplemental Schedules .....	.....	25	
Budgetary Comparison Schedule - .....	.....	26	
Services and Rates .....	....	27	TSI-1
Schedule of Expenses .....	.....	29	TSI-2
Temporary Investments .....	.....	30	TSI-3
Long-Term Debt Service Requirements by Years .....	.....	31	TSI-5
Changes in Long-Term Bonded Debt .....	.....	32	TSI-6
Comparative Schedule of Revenues and Expenses .....	....	33	TSI-7
Board Members, Key Personnel, and Consultants .....	....	34	TSI-8

FINANCIAL SECTION

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
FAX 903-455-5312
GREENVILLE, TEXAS 75401

Tommy L. Nelson, CPA
Hannah C. Nelson-Rix, CPA

Members of:
American Institute of
Certified Public Accountants
Texas Society of
Certified Public Accountants

Independent Auditor's Report

Board of Directors
Hickory Creek Special Utility District
Celeste, Texas

We have audited the accompanying financial statements of the Hickory Creek Special Utility District (District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the 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 of 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 the Hickory Creek Special Utility District as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Scott, Singleton, Fincher and Company, P.C.

Scott, Singleton, Fincher and Company, P.C.
July 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HICKORY CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

This section of Hickory Creek Special Utility's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2015. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded liabilities by \$2,343,543 (net position) at December 31, 2015.
- During the year, the District's expenses were \$98,196 less than the \$1,068,868 generated from charges for services and other revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts—management's discussion and analysis (this required supplementary section), the basic financial statements, and other supplementary information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position (assets exceeded liabilities) was \$2,343,543 at December 31, 2015.

**HICKORY CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

**Hickory Creek Special Utility District
Comparative Statements of Net Position
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and Investments	\$ 140,665	\$ 33,469
Other Current Assets	293,208	250,948
Restricted Assets	39,945	129,171
Capital Assets	3,461,362	3,625,710
Other Assets	2,126	3,033
Total Assets	<u>3,937,306</u>	<u>4,042,331</u>
Deferred Outflows of Resources:		
Deferred outflows associated with bond refunding	24,906	30,852
Total Deferred Outflows of Resources	<u>24,906</u>	<u>30,852</u>
Liabilities:		
Current Liabilities	213,386	228,910
Long-term Liabilities	1,405,283	1,554,626
Total Liabilities	<u>1,618,669</u>	<u>1,783,536</u>
Net Position:		
Net investment in capital assets	2,036,597	2,058,711
Restricted for capital projects	39,945	65,784
Restricted for debt service	-	63,387
Unrestricted	267,001	101,765
Total Net Position	<u>\$ 2,343,543</u>	<u>\$ 2,289,647</u>

**HICKORY CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

**Hickory Creek Special Utility District
Comparative Statements of Revenues and Expenses**

	<u>2015</u>	<u>2014</u>
Program Revenues:		
Charges for Services	\$ 1,058,868	\$ 893,736
Operating grants	10,000	
General Revenues:		
Capital Grants	-	-
Investment Earnings	201	235
Other Income	16,582	
Total Revenues	<u>1,085,651</u>	<u>893,971</u>
 Expenses:		
Water Utilities	<u>1,031,755</u>	<u>979,960</u>
Total Expenses	<u>1,031,755</u>	<u>979,960</u>
 Change in Net Position	<u>\$ 53,896</u>	<u>\$ (85,989)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2015, the District had invested \$5,648,839 in a broad range of capital assets, including land, distribution system, equipment and vehicles as follows:

Hickory Creek Special Utility District's Capital Assets

	<u>2015</u>	<u>2014</u>
Land and Improvements	\$ 11,449	\$ 30,427
Construction in Progress	-	-
Distribution System	4,818,628	4,803,930
Radio Read Meter System	240,918	231,121
Vehicles	108,487	108,487
Equipment	224,948	220,629
Buildings	221,433	231,055
Furniture and fixtures	<u>22,976</u>	<u>22,976</u>
 Capital Assets at Historical Cost	5,648,839	5,648,625
Less: Accumulated Depreciation	<u>(2,187,477)</u>	<u>(2,022,915)</u>
 Capital Assets, net	<u>\$ 3,461,362</u>	<u>\$ 3,625,710</u>

**HICKORY CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

Long Term Debt

At year-end, the District had \$1,449,671 in debt outstanding as shown below. More detailed information about the District's debt is presented in note E to the basic financial statements.

Hickory Creek Special Utility District's Long Term Debt

	2015	2014
Notes Payable	\$ 661,292	\$ 728,882
Capital Leases	162,379	174,969
Bonds Payable	626,000	694,000
Total Long Term Debt	\$ 1,449,671	\$ 1,597,851

BUDGET, ECONOMIC ENVIRONMENT AND RATES

In August 2015, Hickory Creek adopted a Base Rate increase to \$33.00 per meter and an across the board increase of 10%. The rate increase became effective in the September billing cycle. Water usage in 2015 was 74,850,400 gallons up from the 2014 water usage of 69,097,000 gallons, despite another unusual wet spring in 2015.

Since the fall of 2014 there have been 0 leaks in the new 8" line that was replaced along FM-272. So, time spent fixing those leaks is now being spent on capital improvement projects. Revenue saved from these major leaks, money saved with the increased number of Capital Improvement projects, the no leak abatement program and the rate increase has greatly improved the cash flow and monthly operating expenses.

In July 2015, all remodeling of the building on 1st Street was finished including fencing in the lot and the old building on Hwy. 69 was sold by Tarpley Realtors. The dispute with MVA Services was never settled and Hickory Creek SUD made the necessary repairs to the third generator, making all three generators operational.

In November, Hickory Creek SUD received a \$10,000 grant for the Sabine River Authority for the purchase of 6" pipe for a Capital Improvement Project. In December, all forms and paperwork was submitted for a \$280,000. Community Step Grant, which should be awarded in July 2016. In the 2015 Board elections, there was only one board member change.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Rebecca Hogue, Business Manager for the District.

BASIC FINANCIAL STATEMENTS

**Hickory Creek Special Utility District
Statement of Net Position
December 31, 2015**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 140,665
Accounts receivable - service revenue, net	126,117
Inventory	161,012
Prepaid expenses	6,079

Restricted Assets:

Cash and cash equivalents	39,945
Total Current Assets	<u>473,818</u>

Non-depreciable land	11,449
Capital assets, net	3,449,913
Organizational costs, net	2,126
Total Assets	<u>\$ 3,937,306</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows associated with bond refunding	24,906
Total Deferred Outflows of Resources	<u>24,906</u>

LIABILITIES

Current Liabilities:

Accounts payable	\$ 26,440
Accrued payroll	13,698
Notes payable	70,998
Capital leases	24,357
Bonds Payable	71,000
Accrued interest	6,893
Total Current Liabilities	<u>213,386</u>

Non-Current Liabilities:

Notes payable	590,294
Capital leases	138,022
Bonds payable	555,000
Customer deposits	121,967
Total Non-Current Liabilities	<u>1,405,283</u>
Total Liabilities	<u>1,618,669</u>

NET POSITION

Net investment in capital assets	2,036,597
Restricted for capital projects	39,945
Unrestricted	267,001
Total Net Position	<u><u>\$ 2,343,543</u></u>

The accompanying notes are an integral part of this statement.

Hickory Creek Special Utility District
Statement of Revenues, Expenses and Changes in
Net Position
Year Ended December 31, 2015

Operating Revenues	
Water utility revenues	\$ 897,573
Customer charges/fees	161,295
SRA Grant	10,000
Total Operating Revenues	1,068,868
 Operating Expenses	
Payroll and benefits	334,819
Water distribution	291,705
Other operating costs	102,792
Professional and legal	10,975
Insurance	17,272
Depreciation and amortization	213,109
Total Operating Expenses	970,672
Operating Income (loss)	98,196
 Non-Operating Revenue (Expense)	
Investment income	201
Gain on sale of capital assets	16,582
Interest and fiscal agent fees	(61,083)
Total Non-Operating Revenue (Expense)	(44,300)
Change in Net Position	53,896
Net Position - January 1	2,289,647
Net Position - December 31	\$ 2,343,543

The accompanying notes are an integral part of this statement.

Hickory Creek Special Utility District
Statement of Cash Flows
Year Ended December 31, 2015

Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,042,594
Cash received from operating grants	10,000
Cash payments for goods and services	(458,181)
Cash payments to employees	(348,173)
Net Cash Provided by Operating Activities	<u>246,240</u>
Cash Flows from Capital and Other Related Financing Activities:	
Acquisition of capital assets	(104,711)
Proceeds from sale capital leases	73,441
Principal paid on notes & capital leases	(80,182)
Principal paid on bonds	(68,000)
Interest and fiscal agent fees paid on debt	(55,829)
Change in customer deposits	6,810
Net Cash Used for Capital and Other Related Financing Activities	<u>(228,471)</u>
Cash Flows from Noncapital Financing Activities:	
None	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>
Cash Flows from Investing Activities:	
Decrease in Investments	63,387
Investment Income	201
Net Cash Provided by (Used for) Investing Activities	<u>63,588</u>
Net Increase (Decrease) in Cash and Cash Equivalents	81,357
Cash and Cash Equivalents, January 1	<u>99,253</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 180,610</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 98,196
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	212,202
Amortization	907
Change in Assets and Liabilities:	
(Increase) Decrease in Trade Receivables	(16,274)
(Increase) Decrease in Insurance Receivables	-
(Increase) Decrease in Inventory	(25,986)
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Accounts Payable	(9,451)
Increase (Decrease) in Accrued Expenses	(13,354)
Net Cash Provided by Operating Activities	<u><u>\$ 246,240</u></u>

The accompanying notes are an integral part of this statement.

**HICKORY CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

A. Summary of Significant Accounting Policies

Voters approved the formation of Hickory Creek Special Utility District (District) on January 18, 1997. Hickory Creek Special Utility District is an organization established under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code. The District provides water utility services for areas located within Hunt, Collin and Fannin counties in the state of Texas.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant of the District's accounting policies are described in subsequent sections of this note.

1. Reporting Entity

The Board of Directors (Board), a seven-member group constituting an on-going entity, is the level of government that has governance responsibilities over all activities related to providing water services within the jurisdiction of the Hickory Creek Special Utility District. Members of the Board are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "Reporting Entity" as defined by GASB. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39 as amended by GASB Statement 61, *The Financial Reporting Entity, Omnibus, an Amendment to GASB Statements No. 14 and No. 34*. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria, the District has no component units.

A. **Summary of Significant Accounting Policies (continued)**

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grant revenues are recognized when grantor eligibility requirements are met.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the District. Principal operating revenues for the District are charges to customers for water sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

3. **Budget**

The Board of Directors adopts an annual budget for operations. The budget is adopted under a basis consistent with GAAP except that debt service principal payments are included in the budget. In addition, the District does not budget for depreciation expense. The Board approves amendments to the annual budget as submitted by the General Manager of the District.

4. **Capital Assets**

The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. Donated assets are stated at the fair value on the date donated. The cost of normal repair and maintenance that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

A. Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method. Estimated useful lives are as follows:

Buildings	30 years
Office Equipment	5-10 years
Equipment	7-10 years
Distribution System	20-40 years

The District has not capitalized any interest costs in the carrying value of capital assets.

5. Bond Discounts, Premiums, Issuance Costs and Organization Costs

Bond discounts and premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. Issuance costs, except any portion related to prepaid insurance costs (if applicable), are recognized as an expense in the period incurred.

Organization costs of the District have been capitalized and are amortized. These costs will be fully amortized by the year ending December 31, 2018.

6. Inventory and Prepaid Expenses

Inventory consists of materials and supplies maintained on hand by the District for the construction and maintenance of the water distribution system. Inventory is valued at cost using the first-in, first-out basis. The District's inventory is reported using the consumption basis; accordingly inventory is capitalized until used.

Prepaid expenses consist of items paid for in the current period to be used in the following accounting period.

7. Cash Equivalents and Investments

The District's cash and cash equivalents consist primarily of deposits in commercial bank accounts. Bank deposits are reported at the carrying amount and represent fair value. Investments are reported at fair value determined as follows: Short-term, highly liquid investments are reported at cost, which approximates fair value. Bank certificates of deposit are carried at cost, which approximates fair value.

The District considers bank deposits (including restricted deposits), and highly liquid investments (excluding restricted investments) with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash and cash equivalents

Restricted cash and cash equivalents represent unexpended loan proceeds advanced for making capital improvements to the water distribution system.

A. Summary of Significant Accounting Policies (continued)

8. Retirement Plan

At year-end, the District does not maintain a retirement plan for its employees.

9. Compensated Absences

District employees earn vacation leave based on their length of employment. After completion of a probationary period of employment, accrued vacation leave is paid upon termination of employment. Vested accrued vacation leave is recorded as a liability in the financial statements. Employees also earn sick leave time. Sick leave does not vest and is recorded as expense when paid.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a participant in the Texas Municipal League (TML) Employees Health Insurance Fund, Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The District pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public officials liability, and law enforcement professional liability coverage. The District does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

11. Net Position

The District presents net position in the following categories – net investment in capital assets; restricted; and unrestricted. Net investment in capital assets represents the District's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings for the acquisition, construction, or improvement of those assets. Restrictions on net position are required by the District's bond agreement for debt service requirements. In addition, unexpended loan proceeds advanced for capital improvements are restricted to use for capital projects.

12. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

A. Summary of Significant Accounting Policies (continued)

13. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. At year-end, District deferred outflows of resources consist of deferred cost (remaining difference in book value of old and new debt) associated with a 2013 bond refunding. This amount is being amortized over the life of the new bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has no items considered to be deferred inflows of resources at year-end.

B. Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions approved by the District's Board. District policy requires contractual agreements for banks to maintain adequate collateral levels.

Deposits of the District are fully insured or collateralized with securities held by the District, its agent, or by the pledging financial institution's trust department or agent in the name of the District.

Investments

During the year the District invested only in bank deposits and the public funds investment pool, TexSTAR. TexSTAR is a public funds investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. First Southwest Asset Management, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators for TexSTAR. TexSTAR is empowered to invest funds and act as custodian of investments purchased by local governments. Authorized investments of TexSTAR include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements. TexSTAR is rated for credit risk as AAAm.

B. Deposits and Investments (continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. District investing activities are managed under the custody of the General Manager and the Board President. The District makes investments in compliance with state statutes and in accordance with the adopted investment policy. District investment policy and state statute generally permit the District to invest in FDIC insured or fully collateralized certificates of deposit; AAA-rated public funds investment pools; obligations of the United States of America, its agencies and instrumentalities, not to exceed two years to stated maturity, (excluding mortgage backed securities); and no-load SEC registered money market funds. During the year ended December 31, 2015, the District did not own any types of securities other than those permitted by statute or the District investment policy. The District was in compliance with the provisions of the Public Funds Investment Act for the year.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. District policy generally requires investment maturities to correspond to anticipated cash flow needs. In addition, investment maturities shall not exceed the following limits:

- Obligations of the United States government and agencies – two years
- Fully insured or collateralized bank certificates of deposit - one year

District policy further states that the maximum weighted average maturity of the portfolio will be no more than 180 days and the maximum stated maturity of any individual security will not exceed two years.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. District policy requires that the risk of principal loss in the portfolio as a whole shall be minimized by diversifying investment types to eliminate the risk of loss from over-concentration of assets in a specific issuer, or a specific class of securities. District policy contains the following diversification requirements:

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
U. S. Treasuries and U. S. guaranteed investments	not to exceed 80%
U. S. Government agencies and instrumentalities	not to exceed 60%
Fully insured or collateralized CD's	not to exceed 50%
SEC registered money market funds	not to exceed 80%
Local Government Investment Pools	not to exceed 80%

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The District's policy on safekeeping and custody requires that investments shall be secured through safekeeping agreements. All investment funds shall be placed directly with qualified financial institutions and brokers selected through the District's procurement process. All transactions shall be executed on a delivery versus payment basis. The District did not have investments at year-end.

C. Receivables

Accounts receivable for service revenue represent amounts billed to customers for utility services as well as amounts due for services provided that were unbilled at year-end. These receivables are due within one year. These receivables are reported net of an allowance for doubtful accounts. Revenues are reported net of the provision for bad debts. The allowance amount is estimated using accounts receivable past due more than 60 days, if applicable. Following is a summary of accounts receivable for service revenue and the allowance for doubtful accounts:

Accounts receivable – service revenue, gross	\$139,117
Less: allowance for doubtful accounts	<u>(13,000)</u>
Net accounts receivable	<u>\$126,117</u>

Revenues are reported net of respective discounts and billing adjustments. Following is a summary of gross revenues and the amount of respective discounts and billing adjustments for the year:

Gross billing revenues	\$ 903,293
Discounts and billing adjustments	<u>(5,720)</u>
Revenues as reported	<u>\$ 897,573</u>

D. Capital Assets

Following is a summary of changes in capital assets for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Non-depreciable capital assets:				
Land	\$ 30,427		\$ 18,978	\$ 11,449
Depreciable Assets:				
Buildings	231,055	75,897	85,519	221,433
Distribution system	4,803,930	14,698		4,818,628
Radio read meter system	231,121	9,797		240,918
Vehicles	108,487			108,487
Equipment	220,629	4,319		224,948
Furniture & fixtures	22,976			22,976
Total Cost	5,648,625	104,711	(104,497)	5,648,839
Less accumulated depreciation:	2,022,915	212,201	47,639	2,187,477
Capital assets, net	\$ 3,625,710	\$ (107,490)	\$ (56,858)	\$ 3,461,362

Depreciation expense was \$212,202 for the year.

E. Long-Term Debt and Related Restricted Investments

Revenue Bonds

On May 1, 2013, the District issued revenue refunding bonds titled "Hickory Creek Special Utility District Revenue Refunding Bonds, Series 2013". These bonds were used to advance refund the majority of the Series 2004 bonds described in the previous paragraph. The bonds require annual principal payments, August 15, with semi-annual interest payments, February 15 and August 15. The interest rate on these bonds is 2.50%. The bonds are secured by a pledge of the District's water system revenues as well as the interest and sinking fund and reserve fund required by the terms of the bond documents.

Interest expense recorded in the Proprietary Fund was \$61,083 for the year. No interest has been capitalized in the financial statements.

The following is a summary of changes in long-term debt for the year:

	Balance Beginning of Year	Additions	Retired	Balance End of Year	Due in One Year
Notes Payable	\$ 728,882	\$ -	\$ 67,590	\$ 661,292	\$ 70,998
Capital Lease Obligations	174,969	-	12,590	162,379	24,357
Bonds Payable	694,000	-	68,000	626,000	71,000
Totals	\$ 1,597,851	\$ -	\$ 148,180	\$ 1,449,671	\$ 166,355

Notes Payable and Capital Leases

The District entered into a capital lease agreement with Government Capital Corporation who later assigned their interest to Spirit of Texas Bank in the amount of \$70,500 for the purpose of purchasing vehicles and equipment. The loan agreement was dated June 28, 2013, and requires monthly principal and interest payments of \$1,293.31 through July 1, 2018. The effective interest rate on this loan is 3.828% per year until maturity. The debt is secured by the equipment purchased.

The District entered into a capital lease agreement to purchase radio read meters in June of 2011. The lease calls for 180 payments of \$1,206.27 at an effective initial interest rate of 5.225%. The effective rate on the lease will adjust in June 2016 and then again in June 2021 (every 60 months) to the five year Treasury rate as published in the Wall Street Journal. The debt is secured by a pledge of the District's water revenues.

The District entered into a loan agreement with Government Capital Corporation who later assigned their interest to North Dallas Bank and Trust Company in the amount of \$580,800 for the purpose of replacing an eight inch water line and performing major water system repairs. The loan agreement was dated March 4, 2014, and principal and interest payments are due in monthly installments of \$5,817.68 through February 26, 2024. The interest rate is 3.79% per year until maturity. The loan is secured by security interest in the District's water revenues.

E. Long-Term Debt and Related Restricted Investments

The District entered into a loan agreement with Government Capital Corporation who later assigned their interest to North Dallas Bank and Trust Company in the amount of \$42,229 for the purchase of a vehicle and equipment. The loan agreement was dated March 4, 2014, and principal and interest payments are due in monthly installments of \$771.44 through March 4, 2019. The interest rate is 3.67% per year until maturity. The loan is secured by the equipment purchased and by a security interest in the District's water revenues.

The District entered into a loan agreement with Government Capital Corporation who later assigned their interest to North Dallas Bank and Trust Company in the amount of \$60,800 for the purchase of three diesel fuel generators. The loan agreement was dated March 5, 2014, and principal and interest payments are due in monthly installments of \$630.12 through March 5, 2024. The interest rate is 4.50% per year until maturity. The loan is secured by the equipment purchased and by a security interest in the District's water revenues.

The District entered into a loan agreement with Government Capital Corporation who later assigned their interest to Spirit of Texas Bank in the amount of \$100,000 for the purchase of real estate. The loan agreement was dated April 4, 2014, and principal and interest payments are due in semi-annual installments of \$4,611.18 through April 4, 2029. The interest rate is 4.472% per year until maturity. The loan is secured by a deed of trust on the real estate purchased.

The original cost of capital assets purchased entirely or partially through capital lease agreements is \$214,794 and after accumulated depreciation of \$53,254, the year-end carrying value of these assets was \$161,540. Amortization expense is included in depreciation expense each year.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt and capital lease obligations are as follows at year-end:

<u>Business-type Activities</u>								
Fiscal Year Ending	Bonds Payable		Capital Lease Obligations		Notes Payable		Total	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 71,000	\$ 15,650	\$ 24,357	\$ 5,638	\$ 70,998	\$ 24,855	\$ 166,355	\$ 46,143
2017	75,000	13,875	25,299	4,696	73,801	22,053	174,100	40,623
2018	73,000	12,000	18,150	4,085	76,713	19,140	167,863	35,225
2019	76,000	10,175	11,087	3,388	72,029	16,198	159,116	29,761
2020	79,000	8,275	11,510	2,965	73,212	13,384	163,722	24,624
2021-2025	252,000	12,700	64,485	7,891	265,146	25,763	581,631	46,354
2026-2029			7,490	100	29,393	2,704	36,883	2,804
Totals	\$ 626,000	\$ 72,675	\$ 162,379	\$ 28,763	\$ 661,292	\$ 124,097	\$ 1,449,671	\$ 225,534

F. Lease Commitments

The District has entered into operating lease agreements for the use of equipment and software. Following is a summary of the required annual minimum lease payments for these leases:

<u>Year Ending</u>	<u>Amount required</u>
2016	2,944
2017	2,944
2018	<u>736</u>
Total	<u>\$ 6,624</u>

Rental expense for the year was \$2,944.

G. Contingencies

The District falls under the supervision of the Texas Commission on Environmental Quality (TCEQ). Accordingly, the District is subject to review and potential assessments from TCEQ for noncompliance with applicable statutes. Management of the District does not anticipate any assessments from TCEQ at this time. In the event assessments should occur, management believes that the effect on the financial statements would be minimal.

The District is currently in a dispute with a contractor over the cost of installing equipment. This dispute is currently in mediation. Management does not believe that the District will be required to pay any of the disputed amounts that relate to this equipment installation. The amount in dispute is \$16,650. No provision for this liability has been made in the financial statements.

A claim has been filed with the District's insurance carrier for damages caused when a fiber optic line was cut inadvertently by District workers. Management estimates that any payment resulting from this claim will be paid by the District's insurance carrier. Accordingly, no provision for any liability associated with this claim has been made in the financial statements.

H. Economic Dependency

The District sells water to areas of Hunt, Collin and Fannin Counties in the State of Texas. Accordingly, the District's revenues are dependent on the water demand within their service area.

SUPPLEMENTAL SCHEDULES

**TEXAS SUPPLEMENTARY INFORMATION (TSI)
(Other Supplementary Information)**

**HICKORY CREEK SPECIAL UTILITY DISTRICT
INDEX OF SUPPLEMENTAL SCHEDULES
YEAR ENDED DECEMBER 31, 2014**

Exhibit ID	Exhibit Title	Page
	Budgetary Comparison Schedule	26
TSI-1	Services and Rates	27-28
TSI-2	Schedule of Expenses	29
TSI-3	Temporary Investments	30
TSI-4	Analysis of Taxes Levied and Receivable - Not Applicable	
TSI-5	Long-Term Debt Service Requirements by Years	31
TSI-6	Changes in Long-Term Bonded Debt	32
TSI-7	Comparative Schedule of Revenues and Expenses Five Years	33
TSI-8	Board Members, Key Personnel and Consultants	34

**HICKORY CREEK SPECIAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 995,320	\$ 995,320	\$ 1,058,868	\$ 63,548
SRA Grant			10,000	
Investment Income	-	-	201	201
Total Revenues	<u>995,320</u>	<u>995,320</u>	<u>1,069,069</u>	<u>63,749</u>
EXPENSES				
Payroll and Benefits	322,500	322,500	334,819	(12,319)
Water Distribution System	269,250	269,250	291,705	(22,455)
Other Operating Costs	106,021	106,021	102,792	3,229
Professional and Legal Fees	20,700	20,700	10,975	9,725
Insurance	20,500	20,500	17,272	3,228
Depreciation and amortization			213,109	(213,109)
Gain sale of capital assets			(16,582)	16,582
Debt service	750	750	61,083	(60,333)
Total Expenses	<u>739,721</u>	<u>739,721</u>	<u>1,015,173</u>	<u>(275,452)</u>
Change in Net Position	255,599	255,599	53,896	(201,703)
Net Position - January 1	2,289,647	2,289,647	2,289,647	-
Prior Period Adjustment	-	-	-	-
Net Position - December 31	<u>\$ 2,545,246</u>	<u>\$ 2,545,246</u>	<u>\$ 2,343,543</u>	<u>\$ (201,703)</u>

**HICKORY CREEK UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2014**

1. Services provided by the District:

X Retail Water ___ Wholesale Water ___ Drainage
 ___ Retail Wastewater ___ Wholesale Wastewater ___ Irrigation
 ___ Parks/Recreation ___ Fire Protection ___ Security
 ___ Solid Waste/Garbage ___ Flood Control ___ Roads

___ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

___ Other (specify): ___

2. 2015 Retail Rates Based on 5/8" Meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 30.00	-0-	N	\$ 5.13	-0- to 3,000
				\$ 5.83	3,001 to 6,000
				\$ 5.93	6,001 to 10,000
				\$ 6.34	10,001 to 14,000
				\$ 7.29	14,001 to 20,000
				\$ 7.56	20,001 to 26,000
				\$ 7.82	26,001 to 32,000
				\$ 8.06	32,001 to 39,999
				\$ 8.35	40,000 to 49,999
				\$ 8.66	Over 50,000

In 2015, the District adopted a 10% across the board increase which is reflected above.

District employs winter averaging for wastewater usage? ___ Yes ___ No X

Total charges per 10,000 gallons usage: Water \$ 90.23

b. Water Retail Connections:

Meter Size	ESFC Factor	Active ESFCs
≤ 3/4"	x 1.0	1,244
	x 25	1
1"	x 2.5	6
1 1/2"	x 1.5	1
2"	x 8.0	1
Master Meter - Route W20		1
Master Meter - Route W21		1
Master Meter - Route W24		4

**HICKORY CREEK UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2015**

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	<u>125,657,000</u>
Gallons billed to customers:	<u>74,850,400</u>
Water Accountability Water:	<u>59%</u>

4. Standby Fees: District does not levy standby fees.

5. Location of District:

County(ies) in which district is located Hunt, Collin and Fannin

Is the District located entirely in one county? Yes ___ No x

Is the District located within a city? Entirely ___ Partly ___ Not at all x

City(ies) in which District is located. _____

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely ___ Partly x Not at all ___

ETJ's in which District is located Celeste, Leonard, Wolfe City, Greenville, Merit and Farmersville

Is the general membership of the Board appointed by an office outside the District?

Yes ___ No X

If Yes, by whom? N/A

**HICKORY CREEK SPECIAL UTILITY DISTRICT
 SCHEDULE OF EXPENSES
 YEAR ENDED DECEMBER 31, 2015**

Personnel Expenses	\$	334,819
Water Distribution System		291,705
Other Operating Costs		102,792
Insurance		17,272
Professional Fees		10,975
Depreciation and amortization		213,109
Interest		<u>61,083</u>
TOTAL EXPENSES	\$	<u>1,031,755</u>

Number of persons employed by the District:

Full Time	<u>8</u>
Part Time	<u>0</u>

**HICKORY CREEK SPECIAL UTILITY DISTRICT
TEMPORARY INVESTMENTS
YEAR ENDED DECEMBER 31, 2015**

Account Description	Account or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
First Bank of Celeste:					
Money Market Checking	5076898	0.17%	N/A	\$ 49,933	Monthly
Construction Escrow	5080767	0.18%	N/A	39,945	Monthly
Emergency Reserve	5080957	0.15%	N/A	50,977	Monthly
Total				\$ 140,855	\$ -

**HICKORY CREEK SPECIAL UTILITY DISTRICT
DEBT SERVICE REQUIREMENTS¹ - BONDED DEBT
BY YEAR
YEAR ENDED DECEMBER 31, 2015**

Year Ending December 31	Principal	Interest	Total Requirements
2016	71,000	15,650	86,650
2017	75,000	13,875	88,875
2018	73,000	12,000	85,000
2019	76,000	10,175	86,175
2020	79,000	8,275	87,275
2021	82,000	6,300	88,300
2022	84,000	4,250	88,250
2023	86,000	2,150	88,150
Total	\$ 626,000	\$ 72,675	\$ 698,675

**HICKORY CREEK SPECIAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
YEAR ENDED DECEMBER 31, 2015**

	<u>Bond Issue</u>	
	<u>Series</u>	
	<u>2013</u>	
Interest Rate		2.50%
Dates Interest Payable		2-15 and 8-15
Maturity Date		8/15/2023
Beginning Bonds Outstanding	\$	694,000
Bonds Issued During the Fiscal Year		-
Bonds Retired During the Fiscal Year		<u>68,000</u>
Ending Bonds Outstanding	\$	<u>626,000</u>
Interest Paid During the Fiscal Year (cash basis)	\$	17,350
Paying Agent's Name and City	Series 2013 Spirit of Texas Bank - College Station, TX	
Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized By Voters	\$ -	\$ -
Amount Issued	\$ -	\$ -
Remaining To Be Issued	\$ -	\$ -
Average annual debt service payment (Principal and Interest) for remaining term of bonded debt	\$	

HICKORY CREEK SPECIAL UTILITY DISTRICT
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
 FIVE YEARS ENDED DECEMBER 31, 2015

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
OPERATING REVENUES										
Water Revenues	897,573	830,388	838,477	743,900	728,679	83.97%	92.91%	82.34%	90.13%	93.11%
Customer Charges/Fees	161,295	63,348	92,521	81,444	53,320	15.09%	7.09%	9.09%	9.87%	6.81%
Other Income	10,000		87,317	628	628	0.94%	0.00%	8.57%	0.00%	0.08%
Total Operating Revenues	1,068,868	893,736	1,018,315	825,344	782,627	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES										
Payroll and Benefits	334,819	292,717	266,932	267,464	217,223	31.32%	32.75%	26.21%	32.41%	27.76%
Water Distribution System	291,705	301,797	349,000	323,216	358,854	27.29%	33.77%	34.27%	39.16%	45.85%
Other Operating Costs	102,792	94,701	100,751	113,023	86,461	9.62%	10.60%	9.89%	13.69%	11.05%
Professional Fees	10,975	17,352	16,531	16,855	10,407	1.03%	1.94%	1.62%	2.04%	1.33%
Insurance	17,272	11,989	13,538	13,051	29,497	1.62%	1.34%	1.33%	1.58%	3.77%
Amortization	908	908	908	908	907	0.08%	0.10%	0.09%	0.11%	0.12%
Depreciation	212,201	199,322	178,705	161,472	150,791	19.85%	22.30%	17.55%	19.56%	19.27%
Total Operating Expenses	970,672	918,786	926,365	895,989	854,140	90.81%	102.80%	90.97%	108.56%	109.14%
Operating Income (Loss)	98,196	(25,050)	91,950	(70,645)	(71,513)	09.19%	-2.80%	09.03%	-08.56%	-09.14%
NON-OPERATING REVENUES (EXPENSES)										
Grant Income	201	235	323	118,396	147,653	0.00%	0.00%	0.00%	14.35%	18.87%
Interest Earned	16,582			319	342	0.02%	0.03%	0.03%	0.04%	0.04%
Gain on sale of capital assets			(32,071)		(2,179)	1.55%	0.00%	0.00%	0.00%	0.00%
Bond issuance cost	(61,083)	(61,174)	(49,362)	(54,708)	(51,162)	0.00%	0.00%	-3.15%	0.00%	-0.28%
Interest Expense and Fiscal Fees						-5.71%	-6.84%	-4.85%	-6.63%	-6.54%
Net Non-Operating Revenues (Expenses)	(44,300)	(60,939)	(81,110)	64,007	94,654	-4.14%	-6.82%	-7.97%	7.76%	12.09%
NET INCOME (LOSS)	\$ 53,896	\$ (85,989)	\$ 10,840	\$ (6,638)	\$ 23,141	05.04%	-9.62%	01.06%	-00.80%	02.96%



Hickory Creek Special Utility District

101 N. 1st Street
P.O. Box 540
Celeste, Texas 75423
903.568.4760

ATTACHMENT C.B.i

August 18, 2015

TO: Customers of Hickory Creek Special Utility District
FROM: The Hickory Creek SUD Board of Directors
SUBJECT: Rate Increase Notification

Upon examination of current financial requirements and due to the increasing costs of operating and maintaining the water system, the Board of Directors has approved the increase of water rates.

The effective date of the rate increase will be the water usage period beginning August 17, 2015 and will be reflected on September 2015 water bills. Existing and new water rates and fees are shown below.

EXISTING RATES

Minimum Charge includes 0 gallons	\$30.00
0 – 3,000 gal.	\$4.66/1000 gal.
3,001 – 6,000 gal.	\$5.03/1000 gal.
6,001 – 10,000 gal	\$5.39/1000 gal.
10,001 – 14,000 gal.	\$5.76/1000 gal.
14,001 – 20,000 gal.	\$6.63/1000 gal.
20,001 – 26,000 gal.	\$6.87/1000 gal.
26,001 – 32,000 gal.	\$7.11/1000 gal.
32,001 – 40,000gal.	\$7.35/1000 gal.
40,001 – 50,000gal.	\$7.59/1000 gal.
Over 50,001gal.	\$7.87/1000 gal.

NEW RATES (effective September 2015 bills)

Minimum Charge includes 0 gallons	\$33.00
0 – 3,000 gal.	\$5.13/1000 gal.
3,001 – 6,000 gal.	\$5.83/1000 gal.
6,001 – 10,000 gal	\$5.93/1000 gal.
10,001 – 14,000 gal.	\$6.34/1000 gal.
14,001 – 20,000 gal.	\$7.29/1000 gal.
20,001 – 26,000 gal.	\$7.56/1000 gal.
26,001 – 32,000 gal.	\$7.82/1000 gal.
32,001 – 39,999 gal.	\$8.06/1000 gal.
40,000 – 49,999 gal.	\$8.35/1000 gal.
50,000 gal. & Over	\$8.66/1000 gal.

Late Fee	\$10.00
Trip Fee	\$45.00
Admin. Fee	\$30.00
Return Check Fee	\$30.00
Renter Deposit	\$500.00 / \$250.00 with a Property Owner and Tenant Agreement
Customer Service Inspection	\$50.00
Radio Read Meter Report	\$45.00

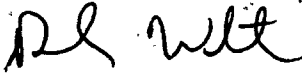
New Service Investigation	\$100.00
Property Owner Deposit	\$125.00
Meter Set	1,000.00
System Access Fee	\$1,775.00
Easement Filing Fee w/County	\$26.00
Total	\$3,026.00

Board of Directors & Management
Hickory Creek Special Utility District

**CONSENT FOR DUAL CERTIFICATION WITH HICKORY CREEK SUD
WATER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)**

To: Wolfe City Texas

Hickory Creek Special Utility District (SUD) is currently pursuing an amendment to their existing water CCN. Hickory Creek SUD, CCN #10809, currently provides retail water utility service to an area generally located to the west and south of Wolfe City's certificated service area. The proposed water CCN amendment would dually certificate an area along State Highway 11 between Wolfe City and the City of Bailey as shown on the enclosed map. This proposed amendment occurs within the Wolfe City's CCN service area, as shown on the enclosed map.



Brad White, Hickory Creek SUD, Board President

4-7-17

(Date)

CONSENT OF DUAL CERTIFICATION WITH HICKORY CREEK SUD:

The undersigned, _____, for Wolfe City, hereby consents to a dual water CCN certification with Hickory Creek SUD along State Highway 11 between Wolfe City and the City of Bailey as shown on the enclosed map signed this the _____ day of _____, 2017.

(Signed)

(Printed name & Title)

(Notary Seal)

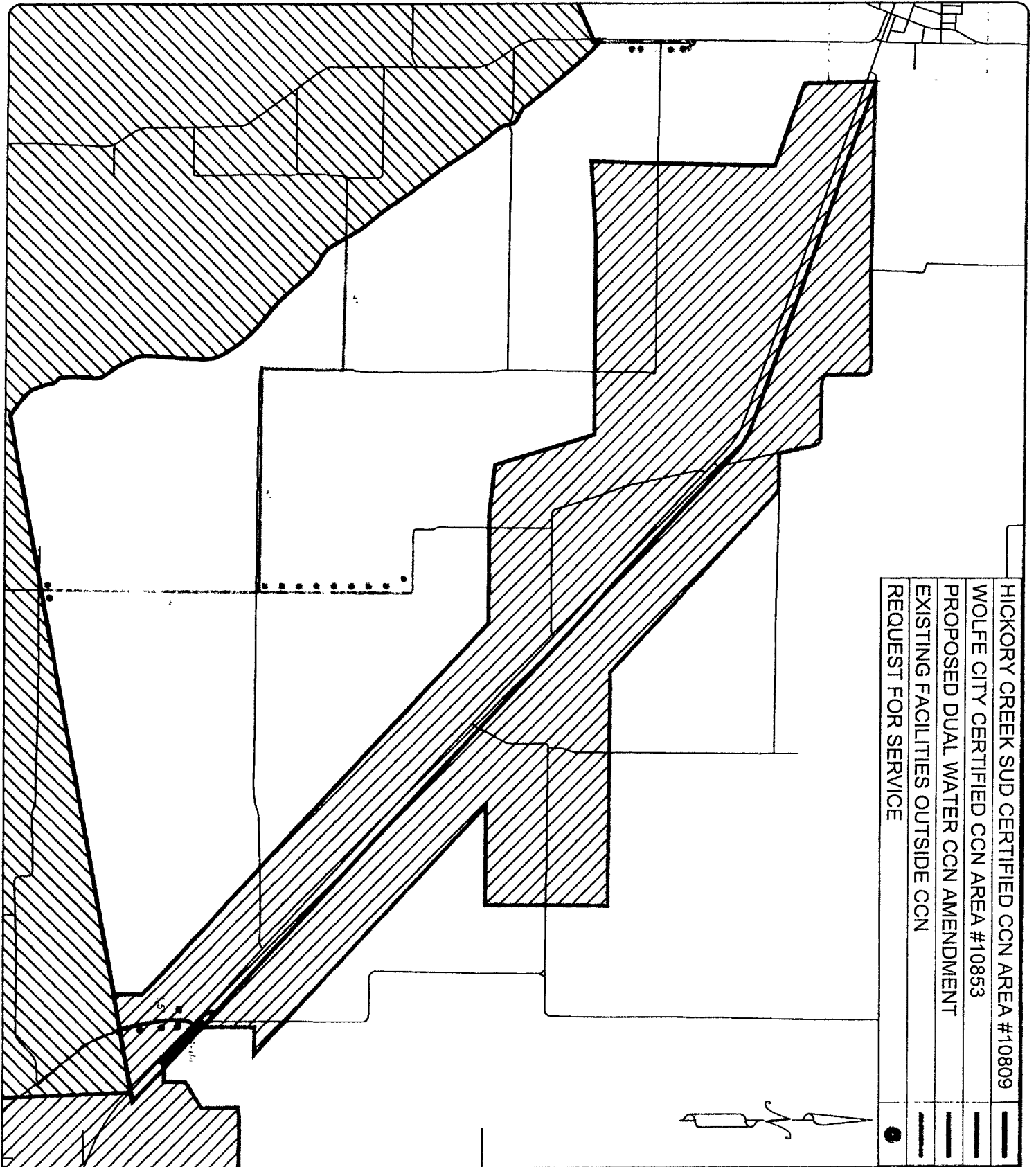
State of Texas

County of Hunt

This instrument was acknowledged before me
on _____ by _____
as _____ of Wolfe City.

Notary Public, State of Texas

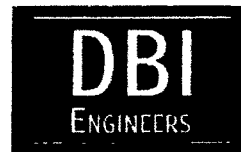
My Commission Expires: _____



HICKORY CREEK SUD CERTIFIED CCN AREA #10809	||
WOLFE CITY CERTIFIED CCN AREA #10853	||
PROPOSED DUAL WATER CCN AMENDMENT	||
EXISTING FACILITIES OUTSIDE CCN	||
REQUEST FOR SERVICE	●

SHEET 1 OF 1

CCN AMENDMENT
FOR
HICKORY CREEK SPECIAL UTILITY DISTRICT
HUNT, FANNIN & COLLIN COUNTIES, TEXAS



Daniel & Brown Inc.
118 McKinney St.
P.O. Box 606
Farmersville, Texas 75442
Phone 972-784-7777
www.DBIConsultants.com

WOLFE CITY DUAL CERTIFICATION

DESIGNED: C.O.M.	DATE: 4/4/2017	FIRM REGISTRATION NO.:
DRAWN: C.O.M.	REVISION: N/C	F-002225
FILE: N:\Hickory Creek SUD\CCN 2017\CCN MAP		

OVERSIZED MAP(S)

To View

OVERSIZED Map

Or

Documents

You can call CENTRAL RECORDS

Main Line

(512) 936-7180