



Control Number: 47744



Item Number: 1

Addendum StartPage: 0

47744

DIANA
Special Utility
District

October 18, 2017

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

RECEIVED
2017 OCT 31 AM 9:16
PUBLIC UTILITY COMMISSION
FILING CLERK

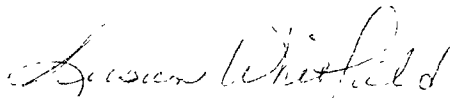
RE: Shady Shores Water System CCN 11173
Sale, Transfer, or Merger Application

PUC:

Please find enclosed 7 copies of the Sale, Transfer, or Merger Application along with one copy of the portable electronic storage medium (CD) containing the GIS data for the Shady Shores Water System CCN 11173.

If you have any questions please call our office at 903-663-4837.

Sincerely,



Susan Whitfield
General Manager

Enc.

Part A – General Information

*RN# 104203222 *CN# 605371939 * (PRIOR TCEQ ID numbers)

1. Proposed action of application (check all the boxes that apply):

☐ Sale of ☒ All ☐ Portion of the ☒ Water system(s) under CCN No.: 11173
☒ Acquisition ☐ Sewer system(s) under CCN No.:
☐ Lease/Rental

☒ Transfer of ☒ All ☐ Portion of the ☒ Certificated water service area – CCN No.: 11173
☐ Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

ALL

and to:

☐ Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
☐ Amend the transferee's CCN No.:
☐ Merge or consolidate public utilities
☒ Cancel CCN of the transferor (seller) SHADY SHORES WATER SYSTEM (SSWS)

2. Proposed effective date of this transaction: 2/1/2018

(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

Questions 3 through 5 apply to the transferor (current service provider or seller)

3. For the current CCN holder or service provider please indicate:

A. Name: SHADY SHORES DEVELOPMENT DBA SHADY SHORES WATER SYSTEM
(Individual, Corporation or Other Legal Entity)

who is a(n): of ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other

B. Utility Name (if different than above): SHADY SHORES DEVELOPMENT DBA SHADY SH
Address: 109 RAMBLER ST, ORE CITY, TX 75683-7404 Telephone: (AC) (903) 968-4561

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: LESTER EUGENE CASE Title: PRESIDENT
Address: 109 RAMBLER ST, ORE CITY, TX 75683-7404 Telephone: (AC) (903) 736-6650

Fax: [REDACTED]

Email: [REDACTED]

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase?

[REDACTED] 1/1/2002 [REDACTED]

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?

☐ No ☒ Yes- Application/Docket Number: [REDACTED] Date [REDACTED]

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
N/A			
[REDACTED]			
[REDACTED]			
[REDACTED]			
[REDACTED]			
[REDACTED]			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: [REDACTED] (Individual, Corporation, or Other Legal Entity)

Utility Name: [REDACTED] (If different than above)

Utility Address: [REDACTED]

Fax: [REDACTED] Email: [REDACTED] Telephone (AC): [REDACTED]

CCN Numbers held prior to the filing of this application: [REDACTED] 10425 [REDACTED]

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

- ☐ Individual
- ☐ Home or Property Owners Association
- ☐ Partnership; attach copy of partnership agreement
- ☐ Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: [REDACTED]
- ☐ Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number:

<input type="checkbox"/>	Municipally-owned utility
<input checked="" type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input type="checkbox"/>	Other (please explain):

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:	N/A	Email	
Address			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual*, provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	FRED W. THOMAS	Telephone (AC):	(903) 968-6163
Address:	2683 YELLOW ROSE RD, DIANA, TX 75640		
Position:	PRESIDENT	Ownership % (if applicable):	0.00%

•Name:	RANDY OZMENT	Telephone (AC):	(903) 797-2354
Address:	P. O. BOX 436, ORE CITY, TX 75683		
Position:	VICE-PRESIDENT	Ownership % (if applicable):	0.00%

•Name:	DUNCAN MCCALLUM	Telephone (AC):	(903) 797-4892
Address:	8681 FM 1649, GILMER, TX 75645		
Position:	SECRETARY/TREASURER	Ownership % (if applicable):	0.00%

•Name:	MARVIN L. WALTON	Telephone (AC):	(903) 968-6583
Address:	P. O. BOX 408, DIANA, TX 75640		
Position:	DIRECTOR	Ownership % (if applicable):	0.00%

•Name:	WILLIE FRED JOHNSON	Telephone (AC):	(903) 663-1087
Address:	13017 FM 3245, DIANA, TX 75640		
Position:	DIRECTOR	Ownership % (if applicable):	0.00%

•Name:	SEE ATTACHED SHEET FOR ALL DIRECTORS	Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

- Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	SUSAN WHITFIELD	Title:	GENERAL MANAGER
Address:	P.O. BOX 74	Telephone (AC):	(903) 663-4837
Fax #	(903) 663-5031	Email	dianasud@erex.net
Relationship to the applicant:	EMPLOYEE		

- ☛ IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

DIANA SUD HAS BEEN PROVIDING WATER SERVICE IN THE VICINITY SINCE 1970. THE TWO SYSTEMS HAVE AN EXISTING EMERGENCY INTERCONNECTION ESTABLISHED.

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

N/A

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and PUC and ensure continuous and adequate service.

SOURCE FUNDS FROM EXISTING SSWS RATE PAYERS WILL BE UTILIZED FOR IMPROVEMENTS

D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

DIANA SUD IS A LARGER AND MORE RELIABLE WATER UTILITY PROVIDER. DIANA SUD WILL CORRECT THE CAPACITY VIOLATIONS AND BRING THE SYSTEM INTO COMPLIANCE.

E. How will the transaction serve the public interest?

DIANA SUD IS WILLING TO ABSORB THE OPERATION OF THE SS WATER SYSTEM AT THE REQUEST OF COUNTY AUTHORITIES AND THE TCEQ. CURRENT OWNER IS IN VERY POOR HEALTH AND UNABLE TO CONTINUE THE SYSTEM OPERATIONS.

12. Please describe the nature of the proposed transaction:

SHADY SHORES WATER SYSTEM PROPOSES TO TRANSFER ITS WATER FACILITIES AND CUSTOMER BASE TO DIANA SUD. SWS CCN SHALL BE DISOLVED. DIANA SUD WILL ASSUME THE OPERATION OF THE UTILITY AND PROVIDE CONTINUOUS AND ADEQUATE SERVICE.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

- A.
- Total Purchase Price: \$ 0.00
 - Total Original Cost (as recorded on books of seller or merging entity):
 - Accumulated Depreciation as of the proposed effective date of the transaction:
 - Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC:
 - Revenues from explicit customer agreements:
 - Developer Contributions (please explain):

N/A

- Other Contributions (please explain):

N/A

Total Contributions in Aid of Construction

- Net Book Value:

- ☐ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

- ☐ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

--

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	<input type="text" value="N/A"/>
Plant Acquisition Adjustment:	<input type="text"/>
Extraordinary Loss on Purchase:	<input type="text"/>
Accumulated Depreciation of Plant:	<input type="text"/>
Cash:	<input type="text"/>
Notes Payable:	<input type="text"/>
Mortgage Payable:	<input type="text"/>
Others (please list):	<input type="text" value="N/A"/>

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: Date:

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

<input type="checkbox"/>	All the customers will be charged the same rates as they were charged before the transaction.
<input checked="" type="checkbox"/>	Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

FOLLOWING PUC APPROVAL THE WATER RATES FOR THE SSWS CUSTOMERS SHALL INCREASE TO THE EQUIVALENT RATES OF THE DIANA SUD CUSTOMERS.

☐ Applicant is an IOU and intends to file with the commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

N/A

☐ Other. Please explain:

N/A

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

DIANA SUD

16. Financial, Managerial and Technical information for the acquiring entity.

Part D – Historical Financial Information

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	SEE ATTACHED AUDIT					
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		<i>SEE ATTACHED AUDIT</i>				
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 EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense	<i>SEE ATTACHED AUDIT</i>					
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						

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories		N/A				
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		N/A				
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 EXPENSE DETAIL

	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	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 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		N/A				
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						

Part F – TCEQ Public Water or Sewer System Information

Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

17. A. For Water Systems. TCEQ Public Water System Identification Number: 2 3 0 0 0 0 6

Date of last inspection: 5/23/2017

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q -

-Name of Permittee: N/A

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ or PUC standards? ☒ Yes ☐ No. If yes, please explain:

WELL CAPACITY VIOLATION
TOTAL STORAGE CAPACITY VIOLATION
PRESSURE TANK STORAGE CAPACITY VIOLATION

B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
WELL CAPACITY RESOLVED BY OPENING DIANA SUD INTERCONNECTION	10/1/2017	\$ 0.00
TOTAL STORAGE AND PRESSURE TANK STORAGE CAPACITY RESOLVED		
BY DIVIDING SSWS INTO 2 PRESSURE PLANES PUTTING METERS ON DIANA SUD	10/1/2017	\$ 0.00

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:

Water Sewer

Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No
☐ Water ☐ Sewer Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency Basis

• Source: % of total supply: 0.00%

21. List the number of existing connections to be effected by this transaction.

Water			Sewer		
	-Non Metered		-2" meter	-Residential Connection	
153	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	
	-1" meter		-4" meter	-Industrial Connection	
	-1 1/2" meter		-Other	-Other	
Total Water Connections:			Total Sewer Connections		

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☒ Yes ☐ No
If yes, please explain what steps are being taken to address the capacity issues:

TRANSFER UTILITY TO DIANA SPECIAL UTILITY DISTRICT.

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
CHARLES G PRICE	GWC	WG0006204
TIM BRUNSON	GWC	WG0003272
TONY PETREA	GWC	WG0004653

24. Attach the following maps with each copy of the application:

- One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 - A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 - A map showing only the proposed area by:
 - metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - following verifiable natural and man-made landmarks, or
 - a copy of recorded plat map with metes and bounds.
 - A written description of the proposed service area.

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF TEXAS

COUNTY OF HARRISON

I, LESTER EUGENE CASE JR., being duly sworn, file this application for sale, lease, rental or merger or consolidation as PRESIDENT SHADY SHORES DEVELOPMENT DBA SHADY SHORES WATER SYSTEM (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 documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(i) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Texas Water Code.

Lester Eugene Case Jr.

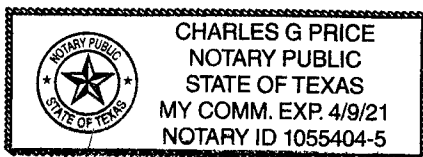
AFFIANT

(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 28 of September, 20 17.

SEAL



Charles G Price

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Charles G Price

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

4/9/21

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF TEXAS

COUNTY OF UPSHUR

I, FRED W. THOMAS, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as PRESIDENT, DIANA SPECIAL UTILITY DISTRICT
(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 documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

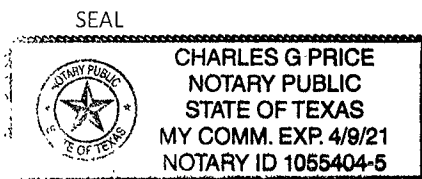
I am also authorized and do agree to be bound by and comply with any outstanding orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.


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.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 2nd of October, 20 17.




NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS


PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

4/9/21

One copy of this page must be submitted for each utility involved in this transaction.

Notice to Current Customers, Neighboring Systems and Cities

SHADY SHORES WATER SYSTEM 'S
(Seller's or Transferor's Name)

**NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO**

11173

TO

DIANA SPECIAL UTILITY DISTRICT

(Purchaser's or Transferee's Name)

IN MARION COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System or City)

(Address)

City State Zip

<u>SHADY SHORES WATER SYSTEM</u>	<u>109 RAMBLER ST.,</u>	<u>ORE CITY, TEXAS 75683-7404</u>
Sellers or Transferors' Name	Address	City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer
water or sewer (please select) CCN No. 11173 in MARION [County Name]

County to:

<u>DIANA SPECIAL UTILITY DISTRICT</u>	<u>P. O. BOX 74</u>	<u>DIANA, TEXAS 75640-0074</u>
Purchasers or Transferee's Name	Address	City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s):

SHADY SHORES SUBDIVISION

The area subject to this transaction is located approximately 3.5 miles EAST [direction] of
downtown ORE CITY, [City or Town] Texas, and is **generally** bounded on the north by

LAKE O' THE PINES; on the east by FLEETWOOD DRIVE

; on the south by DUESENBERG DRIVE; and on the west by LASALLE DRIVE

The total area being requested includes approximately 250 acres and serves 153 current customers.
This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

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

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

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



LESTER EUGENE CASE, JR.

Utility Representative

SHADY SHORES DEVELOPMENT DBA SHADY SHORES WATER SYSTEM

Utility Name

Notice to Current Customers, Neighboring Systems, Landowner and Cities**'S NOTICE OF INTENT TO SELL FACILITIES TO**_____
(Seller's or Transferor's Name)

AND FOR _____

(Purchaser's or Transferee's Name)_____
Purchaser's or Transferee's Name)TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN

COUNTY, TEXASTo: _____ Date Notice Mailed _____, 20 ____
(Name of Customer, Neighboring System, Landowner or City)_____
(Address)_____
City_____
State_____
Zip_____
Sellers or Transferors' Name_____
Address_____
City/State/Zip Codehas submitted an application with the Public Utility Commission of Texas to sell water or sewer (please
select) Facilities in _____ [County Name] County to:_____
Purchasers or Transferee's Name_____
Address_____
City/State/Zip CodeThe transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the
Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s):
_____The area subject to this transaction is located approximately _____ miles _____ [direction] of
downtown _____, [City or Town] Texas, and is **generally** bounded on the north by
_____; on the east by _____
; on the south by _____; and on the west by _____The total area being requested includes approximately _____ acres and serves _____ current customers.
This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

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

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The
Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no

protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

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

Utility Representative

Utility Name

**DIANA SPECIAL UTILITY DISTRICT
BOARD OF DIRECTORS**

Fred Thomas, President 2683 Yellow Rose Road Diana, TX 75640 903-968-6163	Term 5/2015 – 5/2018
Randy Ozment, Vice-President P. O. Box 436 Ore City, TX 75683 903-797-2354	5/2015 – 5/2018
Duncan McCallum, Secretary/Treasurer 8681 FM 1649 Gilmer, TX 75645 903-797-4892	5/2016 – 5/2019
Marvin L. Walton, Director P. O. Box 408 Diana, TX 75640 903-968-6583	5/2016 – 5/2019
Willie Fred Johnson, Director 13017 FM 3245 Diana, TX 75640 903-663-1087	5/2016 – 5/2019
Donald Hawkins 5482 Hawk Road Diana, TX 75640 903-663-1599	5/2017 – 5/2020
William Wootten 3150 US Highway 259 N Diana, TX 75640 903-968-2961	5/2017 – 5/2020

DIANA SPECIAL UTILITY DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2016

DIANA SPECIAL UTILITY DISTRICT
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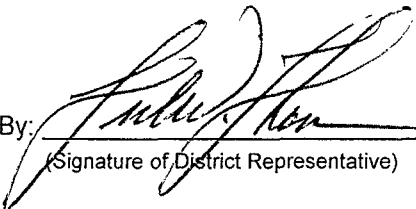
ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF UPSHUR

I, FRED W. THOMAS of the Diana Special Utility District hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 10th day of APRIL, 2017, its annual audit report for the fiscal year ended December 31, 2016 and that copies of the annual audit report have been filed in the district office, located at 1716 US Highway 259 South, Diana, Texas.

This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

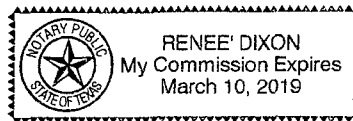
Date: APRIL 10, 2017

By: 
(Signature of District Representative)

Fred W. Thomas, President
(Typed Name & Title of Above Representative)

Sworn to and subscribed to before me this 10th day of APRIL, 2017.

(SEAL)




(Signature of Notary)

My Commission Expires On: March 10, 2019
Notary Public in the State of Texas.

FINANCIAL SECTION

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

P.O. Box 3167
Longview, Texas 75606

Phone: 903-238-8822

1501 Colony Circle
Longview, Texas 75604

Fax: 903-238-9838

Karen A. Jacks, CPA, CGMA
Peggy J. Lantz, CPA

Sherry Davis, CPA
Chanie A. Johnson, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Diana Special Utility District
Diana, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Diana Special Utility District as of and for the year ended December 31, 2016, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Diana Special Utility District as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, Diana Special Utility District adopted new accounting guidance as follows:

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.
Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB 67 and 68*.
Governmental Accounting Standards Board Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-12 and budgetary comparison information on page 23 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Diana Special Utility District's basic financial statements. The accompanying Texas Supplementary Information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of Diana Special Utility District.

The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, on our consideration of the Diana Special Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Diana Special Utility District's internal control over financial reporting and compliance.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

Longview, Texas
March 30, 2017

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DIANA SPECIAL UTILITY DISTRICT

Management's Discussion and Analysis

As the management of the Diana Special Utility District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Diana Special Utility District for the fiscal year ended December 31, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all activities of the District. The governmental activities of the District include retail water operations and retail sewer operations.

Fund financial statements. The *fund financial statements* provide information about the District's single fund. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses single fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Districts engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to the government-wide data in a separate column. The District has chosen this form of presentation for the financial statements.

The District adopted an annual appropriated budget for its general fund for 2016.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required *supplementary information*.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$4,358,284 (net position). Of this amount, \$756,058 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.
- The District's total net position increased by \$23,503. This increase is attributable to the increase in tap fees and line extensions. The District's customer base is growing due to expanding residential developments.
- As of the close of the current fiscal year, the District's single fund reported an ending fund balance of \$898,283. This fund balance represents 59.3 percent of the total general fund expenditures.
- The District's total debt decreased by \$20,000 (2.0 percent) during the current fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,358,284 at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (79.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DIANA SPECIAL UTILITY DISTRICT'S CHANGES IN NET ASSETS

Governmental Activities

	2016	2015	Percent Change
Current and other assets	\$ 1,181,599	\$ 1,335,551	(11.5)
Capital assets	\$ 4,467,975	\$ 4,305,930	3.8
Total assets	\$ 5,649,574	\$ 5,641,481	0.1
Current liabilities	\$ 312,290	\$ 306,700	1.8
Long-term liabilities	\$ 979,000	\$ 1,000,000	2.1
Total liabilities	\$ 1,291,290	\$ 1,306,700	1.2
Net position:			
Net investment in capital assets	\$ 3,467,975	\$ 3,285,930	5.5
Restricted	\$ 134,251	\$ 131,541	2.1
Unrestricted	\$ 756,058	\$ 917,310	(17.6)
Total net position	\$ 4,358,284	\$ 4,334,781	0.5

At the end of the fiscal year, the District is able to report positive balances in all categories of net position.

District activities

Key elements of the District's increase in net position are as follows:

DIANA SPECIAL UTILITY DISTRICT'S CHANGES IN NET POSITION
Governmental Activities

	2016	2015	Percent Change
Revenues:			
Program revenues:			
Charges for services \$	1,338,964	\$ 1,293,325	3.5
Investment earnings \$	5,360	\$ 4,444	20.6
Other \$	12,621	\$ 21,601	(41.6)
Gain on sale of assets \$	-	\$ 9,010	(100.0)
Total revenues \$	1,356,945	\$ 1,328,380	2.2
Expenses:			
Service operations \$	1,091,543	\$ 1,096,686	(0.5)
Debt service \$	69,238	\$ 68,888	0.5
Depreciation \$	172,661	\$ 163,009	5.9
Total expenditures/expenses \$	1,333,442	\$ 1,328,583	0.4
Change in net position \$	23,503	\$ (203)	
Net position:			
Beginning of the year \$	4,334,781	\$ 4,334,984	-
End of the year \$	4,358,284	\$ 4,334,781	0.5

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses single fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$898,283.

The general fund is the only operating fund of the District. It accounts for all financial resources of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$187,451, while the total fund balance reached \$898,283. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.5 percent of total general fund expenditures, while total fund balance represents 70.0 percent of that same amount.

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT

Capital Asset Administration:

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2016, amounts to \$4,467,975 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment. The total increase in the District's investment in capital assets for the current fiscal year was 3.8 percent.

Major capital asset events during the current fiscal year included the following:

Water system improvements, installation of new water mains, land and equipment purchases.

	2016	2015	Percent Change
Capital assets not being depreciated	\$ 185,345	\$ 94,786	95.5
Capital assets being depreciated	\$ 7,364,845	\$ 7,120,698	3.4
Total	\$ 7,550,190	\$ 7,215,484	4.6
Less accumulated depreciation for:			
Water and sewer system	\$ (2,312,382)	\$ (2,187,927)	5.7
Buildings	\$ (121,742)	\$ (112,377)	8.3
Vehicles and equipment	\$ (648,091)	\$ (609,250)	6.4
Total accumulated depreciation	\$ (3,082,215)	\$ (2,909,554)	5.9
District capital assets, net	\$ 4,467,975	\$ 4,305,930	3.8

Long-Term Debt:

At the end of the current fiscal year, the District had total debt outstanding of \$1,000,000. The District's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

DIANA SPECIAL UTILITY DISTRICT'S OUTSTANDING DEBT

Revenue Bonds Outstanding Debt	YE 2016	YE2015	Percent Change
Series 2001	\$ 1,000,000	\$ 1,020,000	(2.0)
	\$ 1,000,000	\$ 1,020,000	(2.0)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Diana Special Utility District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Diana Special Utility District, P. O. Box 74, Diana, Texas 75640-0074.

DIANA SPECIAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2016

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash and investments	\$ 794,559	\$ -	\$ 794,559
Accounts receivable	126,474	-	126,474
Accrued interest receivable	166	-	166
Utility deposits	74	-	74
Prepaid expenses	24,665	-	24,665
Cash and investments - restricted for customer deposits	235,661	-	235,661
Capital assets (net of accumulated depreciation)			
Land	-	120,827	120,827
Land improvements	-	1,721	1,721
Buildings	-	116,017	116,017
Distribution system & sewer plant	-	4,075,853	4,075,853
Vehicles & equipment	-	89,039	89,039
Construction in progress	-	64,518	64,518
Total assets	<u>\$ 1,181,599</u>	<u>\$ 4,467,975</u>	<u>\$ 5,649,574</u>
LIABILITIES			
Accounts payable	\$ 30,130	-	30,130
Accrued interest payable	-	7,974	7,974
Customer deposits	253,186	-	253,186
Long-term liabilities:			
Due within one year	-	21,000	21,000
Due after one year	-	979,000	979,000
Total liabilities	<u>283,316</u>	<u>1,007,974</u>	<u>1,291,290</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Nonspendable fund balance	24,739	(24,739)	-
Restricted fund balance	142,225	(142,225)	-
Committed fund balance	543,868	(543,868)	-
Unassigned fund balance	187,451	(187,451)	-
Total fund balances	<u>898,283</u>	<u>(898,283)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,181,599</u>		
Net position:			
Net investment in capital assets		3,467,975	3,467,975
Restricted for debt service		63,199	63,199
Restricted for capital improvements		71,052	71,052
Unrestricted		756,058	756,058
Total net position		<u>\$ 4,358,284</u>	<u>\$ 4,358,284</u>

The accompanying notes are an integral part of this statement.

DIANA SPECIAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES:			
Charges for water service	\$ 1,066,789	\$ -	\$ 1,066,789
Charges for sewer service	75,787	-	75,787
Tap fees and line extensions	177,135	-	177,135
Investment earnings	5,360	-	5,360
Penalties	19,253	-	19,253
Other	12,621	-	12,621
Total revenues	<u>1,356,945</u>	<u>-</u>	<u>1,356,945</u>
EXPENDITURES/EXPENSES:			
Service operations:			
Advertising	161	-	161
Auto & truck expense	24,529	-	24,529
Contracted services	18,289	-	18,289
Dues, fees & training	46,595	-	46,595
Insurance	25,684	-	25,684
Legal & professional fees	5,755	-	5,755
Miscellaneous	537	-	537
Office supplies & postage	17,841	-	17,841
Regional water supply contract	399,710	-	399,710
Rents	3,769	-	3,769
Repairs & maintenance supplies	87,685	-	87,685
Salaries, benefits & payroll taxes	418,385	-	418,385
Utilities	62,768	-	62,768
Capital outlay	334,706	(334,706)	-
Debt service:			
Principal	20,000	(20,000)	-
Interest	49,238	(165)	49,073
Depreciation	-	172,661	172,661
Total expenditures/expenses	<u>1,515,652</u>	<u>(182,210)</u>	<u>1,333,442</u>
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	<u>(158,707)</u>	<u>182,210</u>	
Change in net position			23,503
FUND BALANCE/NET POSITION:			
Beginning of the year	1,056,990	3,277,791	4,334,781
End of the year	<u>\$ 898,283</u>	<u>\$ 3,460,001</u>	<u>\$ 4,358,284</u>

The accompanying notes are an integral part of this statement.

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Diana Special Utility District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

Diana Special Utility District was created on July 2, 2002, by the Texas Natural Resource Conservation Commission following receipt of a petition for conversion of Diana Water Supply Corporation to Diana Special Utility District. It was created under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code.

The Board of Directors, a seven-member group, has governance responsibilities over all activities of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the District. The District receives funding from local and federal sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by governmental accounting standards and there are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all activities of the government. The fund financial statements provide information about the District's single fund.

Districts engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to the government-wide data in a separate column. Diana Special Utility District has chosen this form of presentation for their financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statement amounts 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 related cash flows. Water and sewer sales are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statement amounts are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The general fund is the District's only governmental fund. It accounts for all financial resources of the District.

D. Financial Statement Amounts

Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within sixty days of year end.

Accounts Receivable

Accounts receivable is reported net of an allowance for uncollectible accounts of \$2,496.

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$1,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	25
Vehicles	5
Furniture & Equipment	5-7

Use of Estimates

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

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

Advertising

The District expends advertising costs as they are incurred.

E. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows of resources to report for the current year.

In addition to liabilities, the statements of financial 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have deferred inflows of resources to report for the current year.

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

G. Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amount to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Change in Accounting Policies

In fiscal year 2016, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

--Statement No. 72, *Fair Value Measurement and Application*

--Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

--Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

- a. Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
- b. Statement No. 73 extends the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to the financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.
- c. The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Reconciliation of the governmental funds balance sheet to the statement of net position

Total fund balances - governmental funds balance sheet	\$ 898,283
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in the funds	4,467,975
Bond interest payable is not reported in the funds	(7,974)
Bonds payable are not reported in the funds	<u>(1,000,000)</u>
Net position - statement of net position	<u><u>\$4,358,284</u></u>

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities

Net change in fund balance - governmental fund	\$ (158,707)
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are not reported as expenses	334,706
Depreciation is not reported in the funds	(172,661)
Decrease in accrued interest is not reported in the funds	165
Repayment of bond principal is not reported in the funds	20,000
	<u>20,000</u>
Change in net position - statement of activities	<u>\$ 23,503</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Finance-related legal and contractual provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation:

Expenditures exceeded appropriations in multiple categories. See the Budgetary Comparison Schedule on page 23

Action Taken:

Management will monitor the budget more closely and will make amendments as necessary.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash Deposits

At December 31, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$1,030,220 and the bank balance was \$1,071,119. The deposits were fully insured by FDIC insurance and pledged securities at December 31, 2016.

Investments

Investments are presented in the financial statements at cost. Investments at December 31, 2016 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	Various	\$ 261,280
American Funds Money Market Fund Class A	<73 days	84,334
		<u>\$ 345,614</u>

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The American Funds Money Market Fund - Class A is unrated as of the date of this report.

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - continued

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

At year-end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the District was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balances 1/1/2016	Additions	Retirements	Balances 12/31/2016
Capital assets not being depreciated:				
Land	\$ 94,786	\$ 26,041	\$ -	\$ 120,827
Construction in progress	-	64,518	-	64,518
Capital assets being depreciated:				
Land improvements	4,767	-	-	4,767
Water and sewer system	6,204,082	181,107	-	6,385,189
Buildings	237,759	-	-	237,759
Vehicles and equipment	674,090	63,040	-	737,130
Total	<u>7,215,484</u>	<u>334,706</u>	<u>-</u>	<u>7,550,190</u>
Less accumulated depreciation for:				
Land improvements	(2,729)	(317)	-	(3,046)
Water and sewer system	(2,185,198)	(124,138)	-	(2,309,336)
Buildings	(112,377)	(9,365)	-	(121,742)
Vehicles and equipment	(609,250)	(38,841)	-	(648,091)
Total accumulated depreciation	<u>(2,909,554)</u>	<u>(172,661)</u>	<u>-</u>	<u>(3,082,215)</u>
District capital assets, net	<u>\$ 4,305,930</u>	<u>\$ 162,045</u>	<u>\$ -</u>	<u>\$ 4,467,975</u>

NOTE 6 - LONG-TERM DEBT

Long-term debt transactions for the year ended December 31, 2016, are summarized as follows:

	Outstanding 1/1/2016	Additions	Retirements	Outstanding 12/31/2016
<u>Revenue bonds</u>				
Series 2001, interest at 4.85%, maturing 2041	\$ 1,020,000	\$ -	\$ 20,000	\$ 1,000,000
Totals	<u>\$ 1,020,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 1,000,000</u>

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - LONG-TERM DEBT - continued

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 21,000	\$ 48,238	\$ 69,238
2018	22,000	47,190	69,190
2019	23,000	46,093	69,093
2020	24,000	44,948	68,948
2021	25,000	43,753	68,753
2022-2026	147,000	198,437	345,437
2027-2031	190,000	157,706	347,706
2032-2036	241,000	105,276	346,276
2037-2041	307,000	38,878	345,878
	<u>\$ 1,000,000</u>	<u>\$ 730,519</u>	<u>\$1,730,519</u>

Pledge of Revenues

All revenue from the water system has been pledged to secure the outstanding revenue bond issue.

Compliance with Debt Service Requirements

The District is in compliance with all revenue bond provisions. Reserves for the repayment of debt and other required reserves are reported on the statement of net position as restricted net position and on the governmental funds balance sheet as restricted fund balance.

Bond Redemption

Bond redemption provisions are as follows:

<u>Name of Issue</u>	<u>Redemption Provisions</u>
Series 2001	The bonds are subject to optional redemption on any date at the option of the issuer. They may be redeemed in whole or in part at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ended December 31, 2016, the District renewed their commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.

NOTE 8 - PENSION COVERAGE

Employees of Diana Special Utility District do not participate in a public retirement system, but are covered by Social Security

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Diana SUD has entered into a contract with Northeast Texas Municipal Water District for the purpose of securing treated water from Lake O' the Pines. The \$23,439,000 project is sponsored by the Northeast Texas Municipal Water District and provides water service to Diana SUD (20% of the project total), Ore City (20% of the project total) and Tryon Road SUD (60% of the project total). The project included the expansion of an intake pump station on Lake O' the Pines, raw water transmission line, a water treatment plant, the construction of a booster pump station and a 25-mile network of treated water transmission lines. Diana SUD's financial obligation for 20% of the project is anticipated to be \$4,688,000, payable in annual installments to the Northeast Texas Municipal Water District in amounts sufficient to retire the debt incurred in connection with this project. The original annual commitment continued through September, 2026. However in fiscal year 2016, the District chose to refund their portion of the debt incurred with the project extending their commitment through September, 2033. The District's share of these costs for 2016 was \$256,039.

DIANA SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 - COMMITMENTS AND CONTINGENCIES - continued

The following schedule represents the District's annual commitment until maturity.

Year Ending December 31	
2017	\$ 358,887
2018	359,866
2019	412,417
2020	412,210
2021	404,080
2022-2026	2,018,000
2027-2031	2,007,500
2032-2033	702,500
	<u>\$ 6,675,460</u>

On January 16, 2016, the District received an enforcement letter from the Texas Commission on Environmental Quality (TCEQ) assessing an administrative penalty of \$105,125 for a failure to meet wastewater effluent permit discharge limits in 2015. The District submitted an appeal to TCEQ requesting a reduction in the penalty based on the financial burden that would be presented by the corrective system modifications recommended by TCEQ. On December 13, 2016 the District was granted their appeal. The administrative penalty of \$105,125 will be deferred conditioned upon achieving compliance. The District has 365 days from the effective date of the agreed order to complete the required upgrades and submit compliance documents to the TCEQ showing the District is within the permitted effluent limitations. As of December 31, 2016, the District has only incurred engineering fees associated with this project and are in the process of obtaining funding to start the improvements.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2017, the date on which the financial statements were available to be issued.

NOTE 11 - RESTRICTED AND DESIGNATED FUND BALANCE

Restricted fund balance consists of amounts restricted for the following purposes by outside sources.

Debt service	\$ 71,173
Capital improvements	71,052
	<u>\$ 142,225</u>

Committed fund balance consists of amounts committed by the Board for the following purposes.

Capital improvements - water	\$ 286,429
Capital improvements - sewer	5,919
Contractual obligations - LOP	106,691
Emergency funds	144,829
	<u>\$ 543,868</u>

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DIANA SPECIAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for water service	\$ 1,063,975	\$ 1,063,975	\$ 1,066,789	\$ 2,814
Charges for sewer service	69,625	69,625	75,787	6,162
Tap fees and line extensions	113,743	113,743	177,135	63,392
Investment earnings	-	-	5,360	5,360
Penalties	20,416	20,416	19,253	(1,163)
Other	17,457	17,457	12,621	(4,836)
Total revenues	<u>1,285,216</u>	<u>1,285,216</u>	<u>1,356,945</u>	<u>71,729</u>
EXPENDITURES:				
Service operations:				
Advertising	1,000	200	161	39
Auto & truck expense	35,000	27,000	24,529	2,471
Contracted services	24,819	21,819	18,289	3,530
Dues, fees & training	38,917	38,917	46,595	(7,678)
Election	2,300	300	-	300
Insurance	30,000	30,000	25,684	4,316
Legal & professional fees	5,655	5,655	5,755	(100)
Miscellaneous	-	-	537	(537)
Office supplies & postage	18,000	18,000	17,841	159
Regional water supply contract	386,617	412,717	399,710	13,007
Rents	3,832	5,832	3,769	2,063
Repairs & maintenance supplies	56,894	82,847	87,685	(4,838)
Salaries, benefits & payroll taxes	428,938	428,938	418,385	10,553
Travel	981	521	-	521
Utilities	69,124	69,124	62,768	6,356
Capital outlay	192,483	221,483	334,706	(113,223)
Debt service:				
Principal	20,000	20,000	20,000	-
Interest	50,656	50,656	49,238	1,418
Total expenditures	<u>1,365,216</u>	<u>1,434,009</u>	<u>1,515,652</u>	<u>(81,643)</u>
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	<u>(80,000)</u>	<u>(148,793)</u>	<u>(158,707)</u>	<u>(9,914)</u>
FUND BALANCE:				
Beginning of the year	1,056,990	1,056,990	1,056,990	-
End of the year	<u>\$ 976,990</u>	<u>\$ 908,197</u>	<u>\$ 898,283</u>	<u>\$ (9,914)</u>

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DIANA SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2016

1. Services provided by the District during the fiscal year:

Retail Water
Retail Wastewater

2. Retail Service Providers

- a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum Use	Usage Levels
Water	\$ 21.37	0	N	\$ 3.70	0-10,000
				4.40	10,001-20,000
				5.32	over 20,000
Wastewater	\$ 15.54	0	N	\$ 1.24	all above

District employs winter averaging for wastewater usage? NO

Total charges per 10,000 gallons usage:

Water	\$ 58.37
Wastewater	\$ 27.94

- b. Water and Wastewater Retail Connections

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	0	0	x 1.0	0
3/4" and less	2,376	2,024	x 1.0	2,024
1"	10	9	x 2.5	23
1 1/2"	2	2	x 5.0	10
2"	4	4	x 8.0	32
3"	1	1	x 15.0	15
4"	0	0	x 25.0	0
6"	0	0	x 50.0	0
8"	0	0	x 80.0	0
10"	0	0	x 115.0	0
Total Water	<u>2,393</u>	<u>2,040</u>		<u>2,104</u>
Total Wastewater	<u>209</u>	<u>182</u>	x 1.0	<u>182</u>

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system	147,317,000
Gallons billed to customers	130,860,902
Water Accountability Ratio	88.83%

DIANA SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2016

4. Standby Fees (authorized only under TWC Section 49.231)

Diana Special Utility District does not levy standby fees.

5. Location of District

Counties in which the District is located: Upshur, Marion, Harrison

Is the District located entirely within one county? No

Is the District located within a city? Not at all

Is the District located within a city's
extra territorial jurisdiction (ETJ)? Not at all

Are Board members appointed by an office
outside the district? No

DIANA SPECIAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2016

Personnel Expenditures (including benefits) *	<u>\$ 418,385</u>
Professional Fees:	
Auditing	<u>5,100</u>
Legal	<u>-</u>
Engineering	<u>655</u>
Financial advisor	<u>-</u>
Purchased Services for Resale:	
Bulk water and wastewater service purchases	<u>22,066</u>
Contracted Services:	
Bookkeeping	<u>-</u>
General manager	<u>-</u>
Appraisal district	<u>-</u>
Tax collector	<u>-</u>
Other contracted services	<u>395,933</u>
Utilities	<u>62,768</u>
Repairs and Maintenance	<u>87,685</u>
Administrative Expenditures:	
Directors fees	<u>-</u>
Office supplies	<u>17,841</u>
Insurance	<u>25,684</u>
Other administrative expenditures	<u>47,293</u>
Capital Outlay:	
Capitalized assets	<u>334,706</u>
Expenditures not capitalized	<u>-</u>
Tap Connection Expenditures	<u>-</u>
Solid Waste Disposal	<u>-</u>
Fire Fighting	<u>-</u>
Parks and Recreation	<u>-</u>
Other Expenditures	<u>97,536</u>
TOTAL EXPENDITURES	<u><u>\$ 1,515,652</u></u>

* Number of persons employed by the District: 6 Full-Time 0 Part-Time

DIANA SPECIAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
DECEMBER 31, 2016

Fund	Certificate Number	Interest Rate	Maturity Date	Balance 12/31/2016	Accrued Interest Receivable 12/31/2016
<u>General Fund</u>					
Certificate of Deposit	22267	0.61%	1/12/2017	\$ 106,299	\$ 34
Certificate of Deposit	500641	1.49%	10/9/2017	\$ 71,052	55
Certificate of Deposit	500999	1.15%	10/9/2017	83,929	50
Money Market Account	N/A	0.40%	N/A	3,278	1
Money Market Account	N/A	0.06%	N/A	62,325	-
Money Market Fund	N/A	0.00%	N/A	84,334	-
Savings	N/A	0.35%	N/A	5,919	1
Savings	N/A	0.45%	N/A	89,498	-
Savings	N/A	0.20%	N/A	16,775	-
Savings	N/A	0.20%	N/A	8,267	-
Savings	N/A	0.75%	N/A	35,401	-
Savings	N/A	0.75%	N/A	51,205	-
Savings	N/A	0.50%	N/A	99,003	23
Savings	N/A	0.50%	N/A	4,671	-
Savings	N/A	0.21%	N/A	97,927	-
Savings	N/A	0.10%	N/A	71,174	2
Savings	N/A	0.15%	N/A	5,032	-
Savings	N/A	0.50%	N/A	106,691	-
				<u>\$ 1,002,780</u>	<u>\$ 166</u>

DIANA SPECIAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
DECEMBER 31, 2016

Year Ending December 31	Series 2001		
	Principal Due 5/1	Interest Due 5/1, 11/1	Total
2017	\$ 21,000	\$ 48,238	\$ 69,238
2018	22,000	47,190	69,190
2019	23,000	46,093	69,093
2020	24,000	44,947	68,947
2021	25,000	43,753	68,753
2022	27,000	42,486	69,486
2023	28,000	41,145	69,145
2024	29,000	39,756	68,756
2025	31,000	38,293	69,293
2026	32,000	36,757	68,757
2027	34,000	35,149	69,149
2028	36,000	33,442	69,442
2029	38,000	31,639	69,639
2030	40,000	29,738	69,738
2031	42,000	27,739	69,739
2032	44,000	25,642	69,642
2033	46,000	23,449	69,449
2034	48,000	21,157	69,157
2035	50,000	18,769	68,769
2036	53,000	16,258	69,258
2037	56,000	13,601	69,601
2038	58,000	10,823	68,823
2039	61,000	7,922	68,922
2040	64,000	4,875	68,875
2041	68,000	1,658	69,658
	<u>\$ 1,000,000</u>	<u>\$ 730,519</u>	<u>\$ 1,730,519</u>

DIANA SPECIAL UTILITY DISTRICT
TSI-6. CHANGE IN LONG-TERM DEBT
DECEMBER 31, 2016

	<u>Bond Issue</u>
	<u>Series 2001</u>
Interest rate	4.85%
Dates interest payable	5/1, 11/1
Maturity dates	05/01/41
Beginning bonds outstanding	\$ 1,020,000
Bonds sold during year	-
Bonds retired during year	<u>(20,000)</u>
Ending bonds outstanding	<u>\$ 1,000,000</u>
Interest paid during the year	\$ 49,238

Paying Agent's Name and City

Series 2001

USDA, Rural Development, St. Louis, MO

Bond Authority:

Revenue bonds were authorized by Chapter 67 of the Texas Water Code.

Average annual debt service payment for remaining term of all debt: \$ 69,221

DIANA SPECIAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FIVE YEARS ENDED DECEMBER 31, 2016

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
GENERAL FUND.										
REVENUES:										
Charges for water service	\$ 1,066,789	\$1,077,222	\$ 990,874	\$ 991,861	\$ 850,344	78.6%	81.1%	57.4%	80.2%	78.3%
Charges for sewer service	75,787	75,306	70,008	62,954	57,622	5.6%	5.7%	4.1%	5.1%	5.3%
Tap fees and line extensions	177,135	121,716	617,369	121,767	117,765	13.1%	9.2%	35.7%	9.8%	10.8%
Investment earnings	5,360	4,444	3,521	4,887	6,637	0.4%	0.3%	0.2%	0.4%	0.6%
Penalties	19,253	19,081	21,876	19,677	18,247	1.4%	1.4%	1.3%	1.6%	1.7%
Other	12,621	21,601	23,841	35,151	35,357	0.9%	1.6%	1.4%	2.8%	3.3%
Gain on sale of assets	-	9,010	-	-	-	0.0%	0.7%	0.0%	0.0%	0.0%
TOTAL REVENUES	1,356,945	1,328,380	1,727,489	1,236,297	1,085,972	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES:										
Advertising	161	468	132	829	-	0.0%	0.0%	0.0%	0.1%	0.0%
Auto & truck expense	24,529	37,584	38,712	37,264	32,748	1.8%	2.8%	2.2%	3.0%	3.0%
Bad debts	-	2,184	-	-	-	-	-	-	-	-
Contracted services	18,289	25,070	23,166	22,867	22,435	1.3%	1.9%	1.3%	1.8%	2.1%
Dues, fees & training	46,595	52,066	45,055	38,471	23,218	3.4%	3.9%	2.6%	3.1%	2.1%
Election	-	-	-	-	26	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance	25,684	26,589	23,394	22,859	14,941	1.9%	2.0%	1.4%	1.8%	1.4%
Legal & professional fees	5,755	14,854	22,797	6,960	4,800	0.4%	1.1%	1.3%	0.6%	0.4%
Miscellaneous	537	2,367	1,374	2,016	2,220	0.0%	0.2%	0.1%	0.2%	0.2%
Office supplies & postage	17,841	18,036	15,098	16,287	17,347	1.3%	1.4%	0.9%	1.3%	1.6%
Regional water supply contract	399,710	384,951	363,558	334,343	329,523	29.5%	29.0%	21.0%	27.0%	30.3%
Rents	3,769	4,226	4,012	3,781	3,880	0.3%	0.3%	0.2%	0.3%	0.4%
Repairs & maintenance supplies	87,685	67,382	126,456	98,074	107,077	6.5%	5.1%	7.3%	7.9%	9.9%
Salaries, benefits & payroll taxes	418,385	413,093	400,269	378,233	358,028	30.8%	31.1%	23.2%	30.6%	33.0%
Travel	-	-	-	-	1,651	0.0%	0.0%	0.0%	0.0%	0.2%
Utilities	62,768	66,672	66,581	73,955	63,231	4.6%	5.0%	3.9%	6.0%	5.8%
Capital outlay	334,706	119,188	324,062	205,973	145,199	24.7%	9.0%	18.8%	16.7%	13.4%
Debt service:										0.0%
Principal	20,000	19,000	18,000	17,000	16,000	1.5%	1.4%	1.0%	1.4%	1.5%
Interest	49,238	49,888	51,389	51,941	52,747	3.6%	3.8%	3.0%	4.2%	4.9%
TOTAL EXPENDITURES	1,515,652	1,303,618	1,524,055	1,310,853	1,195,071	111.7%	98.0%	88.2%	106.0%	110.0%
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES	\$ (158,707)	\$ 24,762	\$ 203,434	\$ (74,556)	\$ (109,099)	-11.7%	2.0%	11.8%	-6.0%	-10.0%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,040	1,997	1,956	1,935	1,882					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	182	182	183	184	182					

DIANA SPECIAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
DECEMBER 31, 2016

Complete District Mailing Address: P.O. Box 74, Diana, TX 75640

District Business Telephone Number: 903-663-4837

Submission Date of the most recent District Registration Form
(TWC Section 36.054 and 49.054) May 12, 2016

Limit on Fees of Office that a Director may receive during a fiscal year \$0

Names	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid	Expense Reimbursements	Title at Year End
<u>Board Members:</u>				
Fred W. Thomas	Elected 5/15 - 5/18	\$ - \$	-	President
Randy Ozment	Elected 5/15 - 5/18	-	-	Vice-President
Duncan McCallum	Elected 5/16 - 5/19	-	-	Secretary/Treas.
Bobby Rawlings	Elected 5/14 - 5/17	-	-	Director
Donald Hawkins	Elected 5/14 - 5/17	-	-	Director
Marvin L. Walton	Elected 5/16 - 5/19	-	-	Director
Willie Fred Johnson	Elected 5/16 - 5/19	-	-	Director
<u>Key Administrative Personnel:</u>				
Susan Whitfield		\$ 58,132	\$	- General Manager
C. Gregg Price		57,359		- Field Manager
<u>Consultants:</u>				
Karen A. Jacks & Associates, P.C.		\$ 5,100	\$	- Auditor
KSA Engineers, Inc.		\$ 65,173	\$	- Engineer

COMPLIANCE

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

P.O. Box 3167
Longview, Texas 75606

1501 Colony Circle
Longview, Texas 75604

Phone: 903-238-8822

Fax: 903-238-9838

Karen A. Jacks, CPA, CGMA

Peggy J. Lantz, CPA

Sherry Davis, CPA

Chanie A. Johnson, CPA

Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Directors
Diana Special Utility District
Diana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Diana Special Utility District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Diana Special Utility District's basic financial statements, and have issued our report thereon dated March 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Diana Special Utility District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Diana Special Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Diana Special Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Diana Special Utility District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
March 30, 2017

DIANA SPECIAL UTILITY DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

<u>Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
NONE		

DIANA SPECIAL UTILITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements
noted? Yes X No

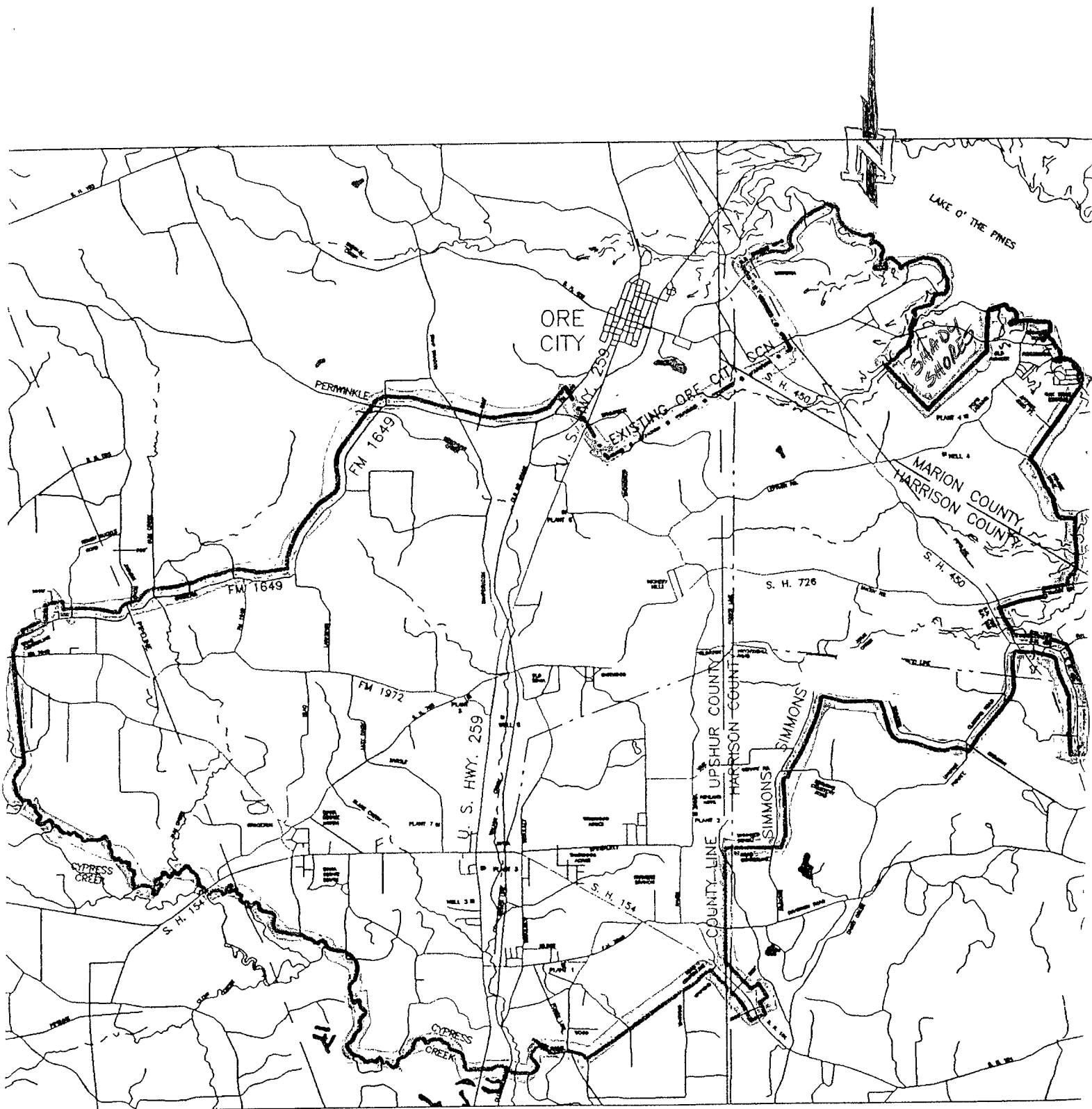
B. Financial Statement Findings

None

DIANA SPECIAL UTILITY DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2016

None required.

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KSA
ENGINEERS, INC.

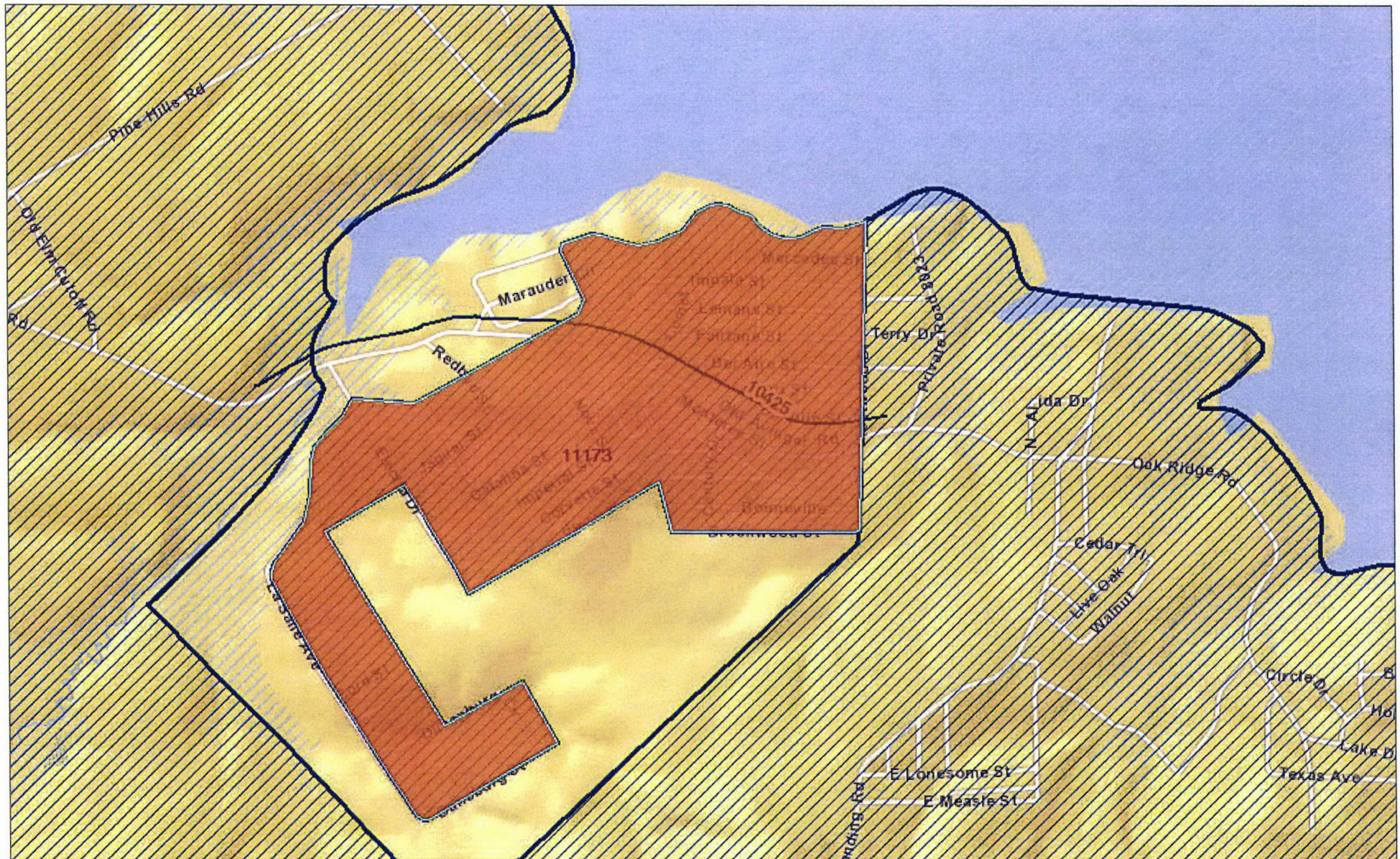
Engineers ♦ Planners ♦ Surveyors
 140 E. TYLER ST., SUITE 600
 PO BOX 1552 LONGVIEW, TEXAS 75606-1552
 903-236-7700 903-236-7770 (FAX)

DIANA SPECIAL UTILITY DISTRICT
 P O BOX 74
 DIANA TX 75640




**SERVICE
 AREA MAP**

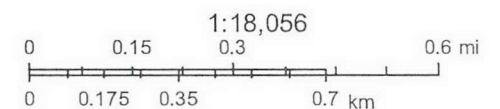
DW-024 DWDIST2.DWG

Water and Sewer CCN Viewer

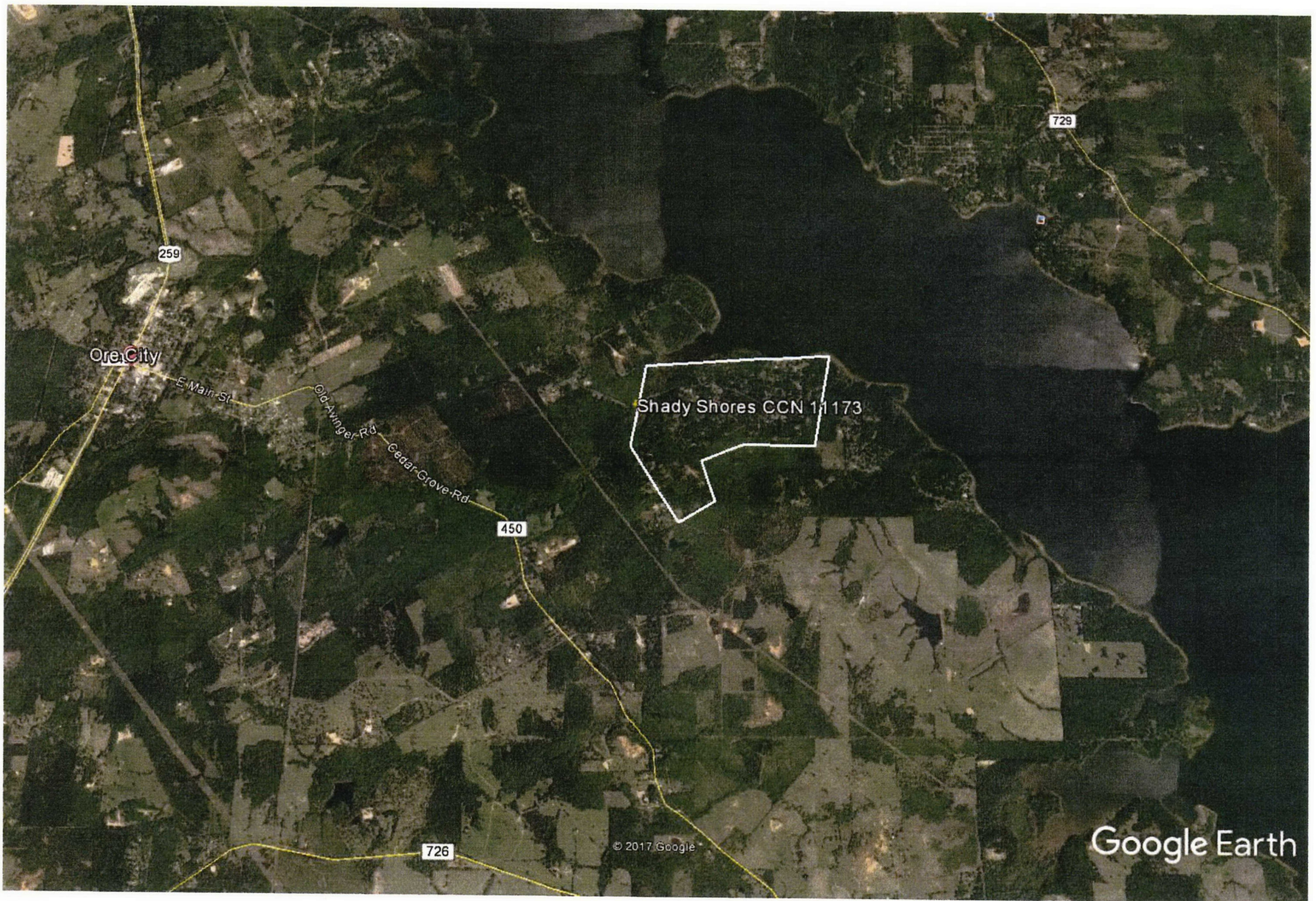


September 29, 2017

-  Water CCN Facility Lines
-  Water CCN Service Areas
-  TxDOT Counties



Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),



Google Earth



Google Earth



Google Earth

miles 1
km 1





Franchise Tax Account Status

As of : 10/11/2017 10:14:55

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

SHADY SHORES DEVELOPMENT, INC.

Texas Taxpayer Number 18205773650

Mailing Address 109 RAMBLER ST ORE CITY, TX 75683-7404

② Right to Transact Business in Texas ACTIVE

State of Formation TX

Effective SOS Registration Date 11/20/2002

Texas SOS File Number 0800144802

Registered Agent Name EUGENE CASE

Registered Office Street Address 109 RAMBLER ORE CITY, TX 75683

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 20, 2017

Via First Class Mail, Postage Prepaid

Lester Eugene Case, Jr., President
Shady Shores Development, Inc.
109 Rambler Street
Ore City, Texas 75683-7404

Re: TCEQ Enforcement Action
Shady Shores Development, Inc. dba Shady Shores Water System
Docket No. 2016-1861-PWS-E
FOR SETTLEMENT PURPOSES ONLY

Dear Mr. Case:

Enclosed is a proposed Agreed Order regarding Shady Shores Development, Inc. dba Shady Shores Water System's alleged violations of TCEQ rules and state statutes. Please sign the enclosed Order and return it to me with a check in the amount of two hundred twenty-five dollars (\$225.00), made payable to the Texas Commission on Environmental Quality. To ensure that the payment is credited properly, please write the docket number, as listed above, in the "memo" line of the check.

After you sign the enclosed Agreed Order, please fax the executed signature page and a copy of the check to my attention to (512) 239-3434, or e-mail a copy of the executed signature page and check to me at my e-mail address listed below. In order to have this matter settled promptly, please mail the original executed signature page and check within seven days of the date of this letter to:

Texas Commission on Environmental Quality
Litigation Division, MC 175
Attn: Adam Taylor
P.O. Box 13088
Austin, Texas 78711-3088

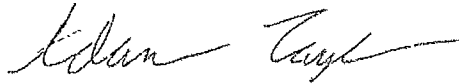
If the executed signature page and check are not received by the TCEQ within ten days of the date of this letter, a default order may be issued.

After this Order is approved you will receive a signed copy via first class mail.

Lester Eugene Case, Jr.
September 20, 2017
Page 2

If you have any questions please do not hesitate to contact me at (512) 239-3400 or at my e-mail address listed below. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Taylor", with a long horizontal flourish extending to the right.

Adam Taylor, Staff Attorney
Office of Legal Services, Litigation Division
Texas Commission on Environmental Quality
adam.taylor@tceq.texas.gov

Enclosure

cc: Jason Fraley, Enforcement Division

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
SHADY SHORES DEVELOPMENT,
INC. DBA SHADY SHORES WATER
SYSTEM;
RN101203222**

§
§
§
§
§
§
§

**BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY**

AGREED ORDER

DOCKET NO. 2016-1861-PWS-E

I. JURISDICTION AND STIPULATIONS

On _____, the Texas Commission on Environmental Quality ("Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Shady Shores Development, Inc. dba Shady Shores Water System ("Respondent") under the authority of TEXAS HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, represented by the Litigation Division, and Respondent together stipulate that:

1. Respondent owns and operates a public water system located at Catalina Street, about 4 miles east of US 259, near Ore City, Marion County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 153 service connections, and serves at least 25 people per day for at least 60 days per year. As such, the Facility is a public water system as defined in 30 TEX. ADMIN. CODE § 290.38(71).
2. The Executive Director and Respondent agree that TCEQ has jurisdiction to enter this Order pursuant to TEX. WATER CODE § 7.002 and TEX. HEALTH & SAFETY CODE § 341.049, and that Respondent is subject to TCEQ's jurisdiction. The TCEQ has jurisdiction in this matter pursuant to TEX. WATER CODE § 5.013 and TEX. HEALTH & SAFETY CODE § 341.031 because it alleges violations of TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the TCEQ.
3. The occurrence of any violation is in dispute and the entry of this Order shall not constitute an admission by Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
4. An administrative penalty in the amount of two hundred twenty-five dollars (\$225.00) is assessed by the Commission in settlement of the violations alleged in Section II. Respondent paid two hundred twenty-five dollars (\$225.00).
5. The Executive Director and Respondent agree on a settlement of the matters addressed in this Order, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a). Any notice and procedures which might otherwise be authorized or required in this action are waived in the interest of a more timely resolution of the matter.

6. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that Respondent has not complied with one or more of the terms or conditions contained in this Order.
7. This Order represents the complete and fully-integrated agreement of the parties. The provisions of this Order are deemed severable, and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable.
8. This Order shall terminate five years from its effective date or upon full compliance with all the terms and conditions set forth in this Order, whichever is later.
9. The Executive Director recognizes that the Facility had an Alternative Capacity Requirement ("ACR") from the requirements of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C) granted on February 21, 2017. Under the ACR, the Facility meets the well capacity requirement.

II. ALLEGATIONS

1. During an investigation conducted on September 15, 2016, TCEQ Staff documented that Respondent:
 - a. Failed to provide a well capacity of 0.6 gpm per connection, in violation of TEXAS HEALTH & SAFETY CODE § 341.0315(c) and 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(i). Specifically, with 153 connections, the Facility is required to provide 91.8 gpm in well capacity. However, only 80 gpm was provided, which is a 13% deficiency;
 - b. Failed to provide a total storage capacity of 200 gallons per connection, in violation of TEXAS HEALTH & SAFETY CODE § 341.0315(c) and 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(ii). Specifically, with 153 connections, the Facility is required to provide 30,600 gallons in total storage capacity. However, only 15,000 gallons were provided, which is a 51% deficiency; and
 - c. Failed to provide an elevated storage capacity of 100 gallons per connection or a pressure tank capacity of 20 gallons per connection, in violation of TEXAS HEALTH & SAFETY CODE § 341.0315(c) and 30 TEX. ADMIN. CODE § 290.45(b)(1)(C)(iv). Specifically, with 153 connections and no elevated storage, the Facility is required to provide 3,060 gallons in pressure tank capacity. However, only 1,500 gallons were provided, which is a 51% deficiency.

III. DENIALS

Respondent generally denies each Allegation in Section II.

IV. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. Respondent is assessed an administrative penalty as set forth in Section I, Paragraph 4. The payment of this penalty and Respondent's compliance with all of the requirements set forth in this Order resolve only the Allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective actions or penalties for violations which are not raised here.
2. Respondent shall undertake the following technical requirements:
 - a. Within 180 days after the effective date of this Order:
 - i. Either:
 1. Provide a minimum total storage capacity of 200 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45; and
 2. Provide a minimum elevated storage capacity of 100 gallons per connection or a pressure tank capacity of 20 gallons per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45.
 - ii. Or:
 1. Provide a minimum total storage capacity of 156 gallons per connection, in accordance with the ACR from the requirements of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C) granted on February 21, 2017; and
 2. Provide a minimum pressure tank capacity of 15.6 gallons per connection, in accordance with the ACR from the requirements of 30 TEX. ADMIN. CODE § 290.45(b)(1)(C) granted on February 21, 2017.
 - b. Within 195 days after the effective date of this Order, submit written certification to demonstrate compliance with either Ordering Provision No. 2.a.i. or 2.a.ii. The certification shall be accompanied by detailed supporting documentation, including photographs, receipts, and/or other records, shall be signed by Respondent, and shall include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

The written certification and supporting documentation necessary to demonstrate compliance with these Ordering Provisions shall be sent to:

Order Compliance Team
Texas Commission on Environmental Quality
Enforcement Division, MC 149A
P.O. Box 13087
Austin, Texas 78711-3087

and:

Section Manager, Public Drinking Water Section
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

3. All relief not expressly granted in this Order is denied.
4. The duties and provisions imposed by this Order shall apply to and be binding upon Respondent. Respondent is ordered to give notice of this Order to personnel who maintain day-to-day control over the Facility operations referenced in this Order.
5. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this Order, upon a written and substantiated showing of good cause. All requests for extensions by Respondent shall be made in writing to the Executive Director. Extensions are not effective until Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director. Extension requests shall be sent to the Order Compliance Team at the address listed above.
6. This Order, issued by the Commission, shall not be admissible against Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Order, or (2) pursue violations of a statute within TCEQ's jurisdiction or of a rule adopted or an order or permit issued by the TCEQ under such a statute.
7. This Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this

paragraph exclusively, the terms: electronic transmission, owner, person, writing, and written, shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.

8. The effective date of this Order is the date it is signed by the commission. A copy of this fully executed Order shall be provided to each of the parties.

S I G N A T U R E P A G E

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date

For the Executive Director

Date

I, the undersigned, have read and understand the attached Order. I am authorized to agree to the attached Order, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions in this Order and/or failure to timely pay the penalty amount may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications;
- Referral of this case to the Attorney General's office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, I understand that any falsification of any compliance documents may result in criminal prosecution.

Lester Eugene Case Jr.

Signature - Lester Eugene Case, Jr., President
Shady Shores Development, Inc.
109 Rambler Street
Ore City, Texas 75683-7404

9-25-2017

Date

☐ If mailing address has changed, please check this box and provide the new address below:

SHADY SHORE DEVELOPMENT INC.

PH. 903-968-4561

109 RAMBLER

ORE CITY, TX 75683

VOID

1779

9-14

2017

88-1430/1119

PAY TO THE
ORDER OF

Texas Commission on Environmental Quality \$ 225.00

Two hundred Twentyfive

DOLLARS

Security State Bank Ore City, Texas (903) 968-2310

Security features
are included.
Details on back.

Docket No.	2016-1861-PWS-E	

Lester Eugene Case Jr

⑈001779⑈ 111905609⑈ ⑈0130397⑈

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 17, 2017

Mr. Fred Thomas, President
Diana SUD
PO Box 74
Diana, Texas 75640-0074

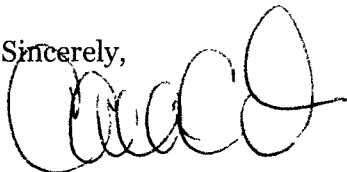
Re: Notice of Compliance for Notice of Violation (NOV) dated July 5, 2017
Diana SUD, located on US 259, Diana (Upshur County), Texas
RN103780920, TCEQ Additional ID No.: 2300006, Investigation No.: 1430760

Dear Mr. Thomas:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office received adequate compliance documentation on August 2, 2017 to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on May 23, 2017. Based on the information submitted, no further action is required concerning this investigation. A Summary of Investigation Findings is enclosed.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Jennifer Brewton at the Tyler Region Office at 903/535-5150.

Sincerely,



Ms. Cara C. Fisher
Work Leader, Water Program
Tyler Region Office

CCF/JCB

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

DIANA SUD

, UPSHUR COUNTY,

Additional ID(s): 2300006

Investigation #

1430760

Investigation Date: 08/07/2017

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 646301

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1422543

Comment Date: 06/23/2017

Failure to maintain the general working condition and appearance of water system facilities.

During the investigation, the investigator observed a significant leak in the pump room of the Zinnia Plant, and that the barbed wire at the Shady Grove Plant needed to be repaired.

Investigation: 1430760

Comment Date: 08/07/2017

See previous comments.

Resolution: During the file review, the investigator reviewed photographic documentation of the repair of the leak at the Zinnia Plant and the barbed wire fencing at the Shady Grove Plant. This alleged violation will be resolved.

Track No: 646302

30 TAC Chapter 290.43(c)(3)

Alleged Violation:

Investigation: 1422543

Comment Date: 06/23/2017

Failure to provide a properly seated overflow flap.

During the investigation, the investigator observed the overflow flap on the standpipe at the Oak Ridge Plant left a gap of wider than 1/16 inch when closed.

Investigation: 1430760

Comment Date: 08/07/2017

See previous comments.

Resolution: During the file review, the investigator reviewed photographic documentation of the repair of the overflow flap at the Oak Ridge Plant. This alleged violation will be resolved.

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 5, 2017

CERTIFIED MAIL 9171 9690 0935 0083 4065 67
RETURN RECEIPT REQUESTED

Mr. Fred Thomas, President
Diana SUD
PO Box 74
Diana, Texas 75640-0074

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Diana SUD, located on US 259, Diana (Upshur County) Texas
RN103780920, TCEQ Additional ID No.: 2300006, Investigation No.: 1422543

Dear Mr. Thomas:

On May 23, 2017, Ms. Jennifer Brewton of the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office conducted an investigation of the above-referenced system to evaluate compliance with applicable requirements for public water systems. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required, as well as Additional Issues which needs your attention.

Please submit a compliance plan by **August 4, 2017** for the following outstanding alleged violations: **646301 and 646302**. The plan should include the proposed actions to be taken to correct the alleged violations and a schedule for the completion of the corrections. If the violations have already been corrected, please submit compliance documentation, such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

In the listing of the alleged violations, 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.texas.gov> 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 Tyler Region Office at (903) 535-5100 or the Central Office Publications Ordering Team at 512-239-0028.

(Rev. 9/20/07)

TCEQ Region 5 • 2916 Teague Dr. • Tyler, Texas 75701-3734 • 903-535-5100 • Fax 903-595-1562

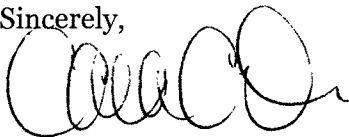
Austin Headquarters: 512-239-1000 • tceq.texas.gov • How is our customer service? tceq.texas.gov/customersurvey

Mr. Fred Thomas, President
July 5, 2017
Page 2

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, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the Tyler Region Office within 10 days from the date of this letter. At that time, Mr. Ross B. Morgan, 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. Jennifer Brewton in the Region 5-Tyler Office at (903) 535-5150.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cara C. Fisher', with a stylized flourish at the end.

Ms. Cara C. Fisher
Work Leader, Water Program
Tyler Region Office

CCF/JCB

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

DIANA SUD

, UPSHUR COUNTY,

Additional ID(s): 2300006

Investigation #

1422543

Investigation Date: 05/23/2017

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

Track No: 646301

Compliance Due Date: To Be Determined

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1422543

Comment Date: 06/23/2017

Failure to maintain the general working condition and appearance of water system facilities.

During the investigation, the investigator observed a significant leak in the pump room of the Zinnia Plant, and that the barbed wire at the Shady Grove Plant needed to be repaired.

Recommended Corrective Action: Please submit a compliance plan by August 4, 2017. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation, such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

Track No: 646302

Compliance Due Date: To Be Determined

30 TAC Chapter 290.43(c)(3)

Alleged Violation:

Investigation: 1422543

Comment Date: 06/23/2017

Failure to provide a properly seated overflow flap.

During the investigation, the investigator observed the overflow flap on the standpipe at the Oak Ridge Plant left a gap of wider than 1/16 inch when closed.

Recommended Corrective Action: Please submit a compliance plan by August 4, 2017. The plan should include the proposed actions to be taken to correct the alleged violation and a schedule for the completion of the corrections. If this violation has already been corrected, please submit compliance documentation, such as photographs, purchase orders, results of analyses, etc., demonstrating what actions were taken.

ADDITIONAL ISSUES

Description

Item 3

Additional Comments

The investigator noted that while maintenance activities were being recorded, and bacteriological samples were being taken when necessary after a repair, the system was not recording the samples or disinfection information on the maintenance records.

Item 4

The investigator noted that the sealing block at Well 6 was in need of minor caulking.

Item 5

During the investigation, water system personnel stated plans for the new Plant 5 were underway, which will provide additional well capacity, storage, pressure maintenance and service pumping capabilities. The new plant will be able to serve portions of the Plant 6 and Plant 1 distributions, which will resolve any current capacity issues for those areas. At this time, those capacities are currently the following:

Plant 1 -Well Production: 47%
Pressure Storage: 99%
Ground/Total Storage: 86%
Service Pumping: 142%

Plant 6 -- Well Production: 84%
Pressure Storage: 100%
Ground/Total Storage: 100%
Service Pumping: 100%

The water system has the ability to open valves between pressure planes if needed, therefore capacity for the system as a whole was evaluated. The results are:

Diana SUD Total - Well Production (+ purchase):
58%

Pressure Storage: 75%
Elevated Storage: 50%
Ground/Total Storage: 73%
Service Pumping: 90%

Due to the fact that a Capacity Planning Report was submitted by the water system during the last CCI which addressed these issues, and the water system's ongoing efforts to construct Plant 5, this is being noted as an Additional Issue at this time. If for some reason the water system has not made progress with the new plant during the next investigation these capacity issues will be brought forward as violations.

SECTION G.

RATES AND SERVICE FEES

UNLESS SPECIFICALLY DEFINED IN THIS SERVICE POLICY, ALL FEES, RATES, AND CHARGES AS STATED HEREIN SHALL BE NON-REFUNDABLE.

1. ***Classes of Users*** -- All users of the District's water and/or sewer services shall be classified as either: standard or non-standard service, as further defined in Section E (2) of this Service Policy. Either class of users may be further classified into sub-classes according to the meter size by which service is provided.
2. ***Service Investigation Fee.*** The District shall conduct a service investigation for each service application submitted to the District. An initial determination shall be made by the District, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
 - a. All Standard Service requests shall be investigated without charge and all applicable costs for providing service shall be quoted upon request in writing to the Applicant.
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees required by the District to:
 - (1) provide cost estimates of the project,
 - (2) develop detailed plans and specifications as per final plat,
 - (3) advertise and accept bids for the project,
 - (4) execute a Non-Standard Service Contract with the Applicant, and
 - (5) provide other services as required by the District for such investigation.
3. ***Deposit.*** At the time the application for service is approved, an Applicant for standard service shall pay an account Deposit which will be held by the District, without interest, until settlement of the customer's final bill. The Deposit will be used to offset final billing charges of the account. In the event that a surplus of FIVE DOLLARS (\$5.00) or more exists after the final billing is settled, the balance will be paid to the customer within 45 days, when the District is provided with a suitable address. All requests for refunds shall be made in writing and must be filed within 90 days of termination. In the event that an outstanding balance exists after the Deposit is applied, The District shall attempt to collect the outstanding balance by all lawful means available.
 - a. The Deposit for water service is \$100.00 for each service unit.
 - b. The Deposit for sewer service is \$100.00 for each service unit.
 - c. The Deposit for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence or actual connections served.
4. ***Easement Fee.*** When the District determines that dedicated easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure the necessary easements and/or sites in behalf of the District and/or pay all costs incurred by the District in validating, clearing, and retaining such easements or sites in addition to tap fees otherwise required pursuant to the provisions of this Service Policy. The costs may include all legal fees and expenses necessary to attempt to secure such easements and/or facilities sites in behalf of the District.

5. **Installation Fee (Tap Fee).** The District shall charge an installation fee for service as follows:
- Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water or wastewater service shall be charged on a per tap basis as follows:

<u>Meter Size</u>	<u>Water Installation (Tap) Fee</u>
5/8" X 3/4"	550.00
1"	550.00
Greater than 1"	Evaluated at time of request

- Sewer Tap Fee.** Actual cost to District from existing sewer lines including labor and materials. The tap fee is currently three hundred twenty five dollars (\$325.00). Where sewer lines are more than five (5) feet in depth a contractor may be used at the District's discretion.
- Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the District under the rules of Section F of this Service Policy.
- Standard and Non-Standard Service Installations** shall include all costs of any pipeline relocations as per Section E.2. (d) (6) of this Service Policy or other system improvements.

6. **Capital Contribution.** In addition to the Deposit Fee and the Installation Fee, each Applicant shall be required to contribute capital in an amount projected to defray the cost of up-grading system facilities to meet growth demands created by adding customers. This fee shall be assessed immediately prior to providing service on a per meter equivalent basis for each tap/lot and shall be assigned and restricted to the tap/lot for which the service was originally requested.

a. The Water Capital Improvement Aid to Construction Contribution (CIAC) is currently one thousand and ninety seven dollars (\$1,097.00) for a 5/8 x 3/4 meter set.

b. The Sewer Capital Improvement Aid to Construction Contribution (CIAC) is one thousand two hundred and fifty dollars (\$1,250.00) for a standard sewer tap.

7. **Monthly Charges.**

- Service Availability Charge (Minimum Monthly Charge)**

(1) Water Service - The monthly charge for metered water service, which includes zero (0) allowable gallonage, is based on demand by meter size. Each charge is assessed based on the number of 5/8" X 3/4" meters (as per American Water Works Association maximum continuous flow specifications) equivalent to the size indicated and is used as a base multiplier for the Service Availability Charge and any allowable gallonage. Rates and equivalents are as follows:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$24.60
3/4"	1.5	\$24.60
1"	2.5	\$61.50
1 1/2"	5.0	\$123.00
2"	8.0	\$196.80
3"	16.0	\$393.60

- (2) Sewer Service - The monthly charge for standard sewer service, which includes zero (0) allowable gallonage, on a per tap basis is as follows:

Single household: \$18.00 monthly

Non-household: \$28.00 monthly

All rates for metered services larger than 3/4", except those without water service, will be charged a minimum based upon meter equivalent size. 5/8"x 3/4" and 3/4" one times minimum rate; 1" two and one half (2.5) times minimum rate; and 1.5" five times minimum rate; 2" eight times minimum rate.

Single household without water service \$28.00 monthly

Non-household without water service \$35.00 monthly

- b. **Gallonge Charge** - In addition to the Service Availability Charge (Minimum Monthly Charge), a gallonge charge shall be added at the following rates for usage during any one (1) billing period.

- (1) Water - \$4.26 per 1,000 gallons for 1 – 10,000 gallons usage

\$5.06 per 1,000 gallons for 10,001 – 20,000 gallons usage

\$6.12 per 1,000 gallons for 20,001 or more gallons usage

- (2) Sewer - \$1.45 per 1, 000 gallons

- (3) The District shall, as required by Section 5.235, Water Code, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water and/or wastewater service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.6. Monthly Charges of this Service Policy.

8. **Late Payment Fee.** Once per billing period, a penalty being the greater of \$5.00 or 10% shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.

9. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, District, or partnership to the District for payment of services provided for in this Service Policy, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge not to exceed the maximum the law allows.
10. **Re-Service Fee.** The District shall charge a fee of \$50.00 for reconnecting service after the District has previously disconnected the service for any reason provided for in this Service Policy.
11. **Lock/Reconnect Fee.** A lock/reconnect fee of \$45.00 will be charged to the account at the time a work order is issued to disconnect the service for non-payment. The balance must be paid in full for reconnection of service.
12. **After Hours Fee.** The District shall charge a fee of \$50.00 for a service trip after regular office hours if the service is disconnected for any reason provided for in this Service Policy. The customer requesting the after hours service trip will be assessed this fee if the request is made after 5:00 p.m. on regular work days.
13. **Data Log Fee.** A customer of the District may request data log information. The District may impose a \$50.00 fee for the retrieval and processing for the data log. Data log information is intended to be a helpful customer service tool to identify specific water usage of a disputed bill.
14. **Fee for Unauthorized Actions.** If the District's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a Vandalism/Theft fee of \$100.00 shall be charged plus charges equal to the actual costs for all labor, material, and equipment necessary for repair or replacement of the District's facilities and shall be paid before service is re-established. The fee shall also include the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authorization. All components of this fee will be itemized, and a statement shall be provided to the Customer. If the District's facilities or equipment have been damaged due to unauthorized use of the District's equipment, easements, or meter shut-off valve or due to other unauthorized acts by the Customer for which the District incurs losses or damages, the Customer shall be liable for all labor and material charges incurred as a result of said acts or negligence. Note: Payment of this fee will not preclude the District from requesting appropriate criminal prosecution.
15. **Meter Test Fee.** The District shall test a Customer's meter upon written request of the Customer. Under the terms of Section E of this Service Policy, a charge of \$25.00 shall be imposed on the affected account.
16. **Non-Disclosure Fee.** A fee of \$5.00 shall be assessed any customer requesting in writing that personal information under the terms of this Service Policy not be disclosed to the public.
17. **Customer Service Inspection Fee.** No fee will be assessed to each Applicant before permanent continuous service is provided to new construction if an additional inspection is required in addition to the initial inspection included with the installation or tap fee.

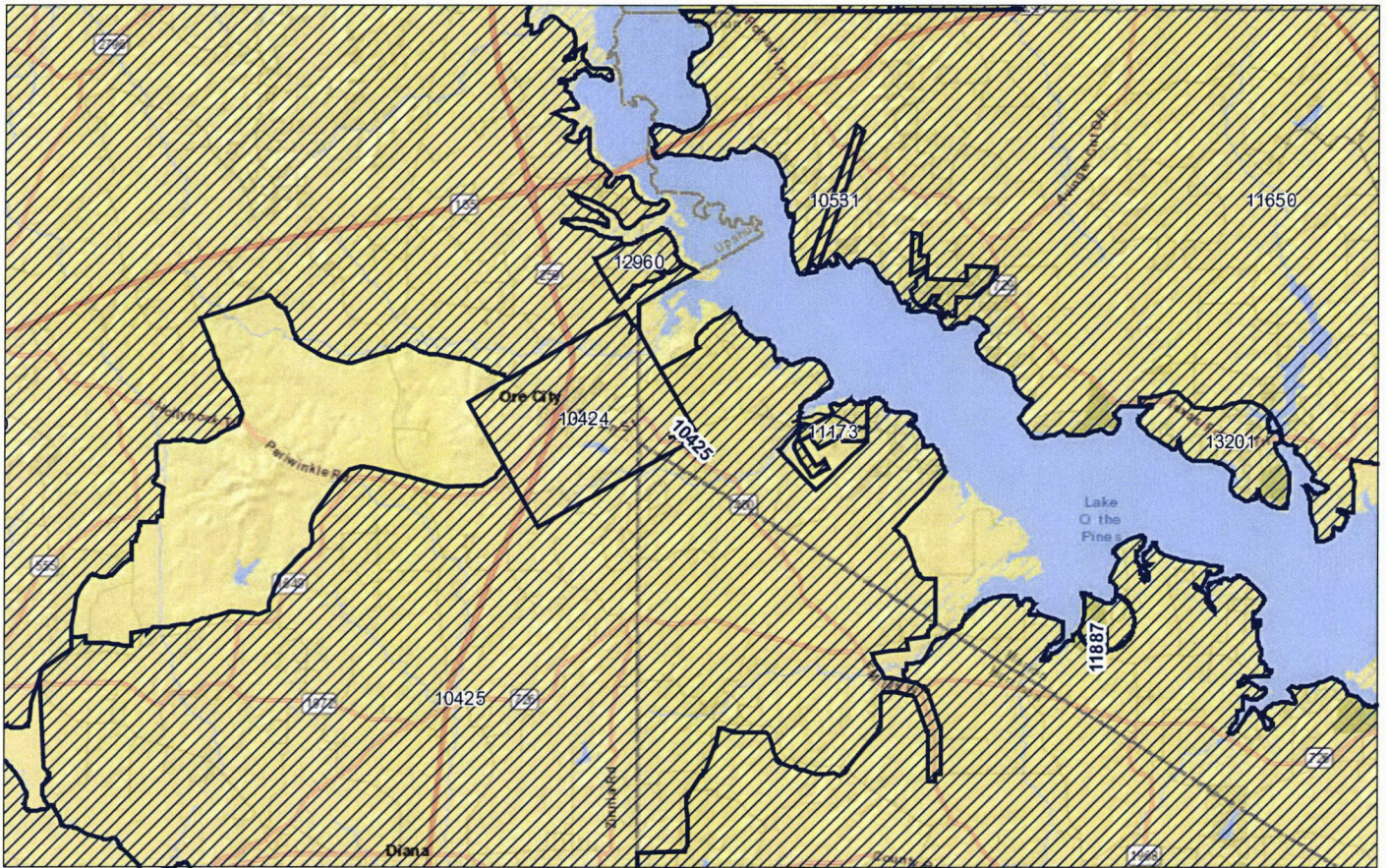
18. **Regulatory Assessment.** A fee of 0.005% of the amount billed for water/sewer service will be assessed each customer; as required under Texas law and TCEQ regulations.
19. **Additional Assessments.** In the event any federal, state or local government imposes on the District a "per meter" fee or an assessment based on a percent of water/sewer use or charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
20. **Other Fees.** The actual and reasonable costs for any services outside the normal scope of utility operations that the District may be compelled to provide at the request of a Customer shall be charged to the Customer.

• •

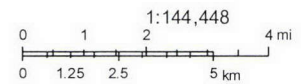
SALE MERGER TRANSFER APPLICATION
Shady Shores Water System CCN 11173
Diana Special Utility District CCN 10425

LIST OF SURROUNDING UTILITIES

SHADY SHORES WS CCN 11173



October 11, 2017



Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand).

Properties

Name	CITY OF ORE CITY
CCN/Regnum	10424
Utility Type	WATER UTILITY
Ownership Type	MUNICIPALITY
Primary County	UPSHUR
AIS Number	

Official Address

BOX 327
ORE CITY TX 75683

Responsible Party

Organization Name

CITY OF ORE CITY

Address

BOX 327
ORE CITY TX 75683

BUSINESS PHONE 1 (903) 968-2511

Properties

Name	BI COUNTY WSC
CCN/Regnum	10490
Utility Type	WATER UTILITY
Ownership Type	WATER SUPPLY CORPORATION
Primary County	CAMP
AIS Number	

Official Address

PO BOX 848
PITTSBURG TX 75686

Responsible Party

Organization Name

BI COUNTY WSC

Address

PO BOX 848
PITTSBURG TX 75686

BUSINESS PHONE 1 (903) 856-5840

Properties

Name	CAMP JOY WATER
CCN/Regnum	12960
Utility Type	WATER UTILITY
Ownership Type	INVESTOR
Primary County	UPSHUR
AIS Number	

Official Address

7891 US HIGHWAY 271
TYLER TX 75708 - 4002

Responsible Party

Organization Name

Individual

HENRY A BROOKSHIRE

Address

PO BOX 397
ORE CITY TX 75683 - 397

BUSINESS PHONE 1 (903) 968-6518

FAX 1 (903) 968-4134

Properties

Name	MIMS WSC
CCN/Regnum	11650
Utility Type	WATER UTILITY
Ownership Type	WATER SUPPLY CORPORATION
Primary County	CASS
AIS Number	

Official Address

RR 1 BOX 466
AVINGER TX 75630

Responsible Party

Organization Name

MIMS WSC

Address

RR 1 BOX 466
AVINGER TX 75630

BUSINESS PHONE 1 (903) 755-2927

Properties

Name	CITY OF HUGHES SPRINGS
CCN/Regnum	10531
Utility Type	WATER UTILITY
Ownership Type	MUNICIPALITY
Primary County	CASS
AIS Number	

Official Address

PO BOX 805
HUGHES SPRINGS TX 75656

Responsible Party

Organization Name

CITY OF HUGHES SPRINGS

Address

PO BOX 805
HUGHES SPRINGS TX 75656

BUSINESS PHONE 1 (903) 639-7519

Properties

Name	AQUA TEXAS
CCN/Regnum	13201
Utility Type	WATER UTILITY
Ownership Type	INVESTOR
Primary County	ANDERSON
AIS Number	

Official Address

1106 CLAYTON LN STE 400W
AUSTIN TX 78723 - 2476

Responsible Party

Organization Name

AQUA TEXAS INC

Address

1106 CLAYTON LN STE 400W
AUSTIN TX 78723 - 2476

BUSINESS PHONE 1 (512) 990-4400 Ext. 103

Properties

Name	MONARCH UTILITIES
CCN/Regnum	12983
Utility Type	WATER UTILITY
Ownership Type	INVESTOR
Primary County	MONTGOMERY
AIS Number	

Official Address

12535 REED RD
SUGAR LAND TX 77478 - 2837

Responsible Party

Organization Name

MONARCH UTILITIES

Address

8100 LOMO ALTO DR STE 218
DALLAS TX 75225

BUSINESS PHONE 1 (281) 207-5800

ALTERNATE PHONE 1 (866) 654-7992

Properties

Name	CREEK WATER UTILITY
CCN/Regnum	11028
Utility Type	WATER UTILITY
Ownership Type	INVESTOR
Primary County	MARION
AIS Number	

Official Address

PO BOX 631
HARLETON TX 75651 - 631

Responsible Party

Organization Name

CREEK WATER UTILITY LLC

Address

PO BOX 631
HARLETON TX 75651 - 631

BUSINESS PHONE 1 (318) 918-5361

EMAIL ADDRESS creekwaterutility@yahoo.com

Properties

Name	HARLETON WSC
CCN/Regnum	11887
Utility Type	WATER UTILITY
Ownership Type	WATER SUPPLY CORPORATION
Primary County	HARRISON
AIS Number	

Official Address

PO BOX 372

HARLETON TX 75651 - 372

Responsible Party

Organization Name

HARLETON WSC

Address

PO BOX 372

HARLETON TX 75651 - 372

BUSINESS PHONE 1 (903) 777-2696