



Control Number: 47912



Item Number: 22

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**SOAH DOCKET NO. 473-18-2475.WS  
DOCKET NO. 47912**

<b>RATEPAYERS' APPEAL OF THE DECISION BY SOUTH CENTRAL CALHOUN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 TO CHANGE RATES</b>	§ § § § §	<b>BEFORE THE STATE OFFICE  OF  ADMINISTRATIVE HEARINGS</b>
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**SOUTH CENTRAL CALHOUN COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT NO. 1'S FIRST SUPPLEMENTAL RESPONSE TO COMMISSION STAFF'S  
FIRST SET OF REQUESTS FOR INFORMATION  
QUESTION NOS. 1-2, 1-5, 1-8, 1-10**

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**SOAH DOCKET NO. 473-18-2475.WS  
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**SOUTH CENTRAL CALHOUN COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT NO. 1'S FIRST SUPPLEMENTAL RESPONSE TO COMMISSION STAFF'S  
FIRST SET OF REQUESTS FOR INFORMATION  
QUESTION NOS. 1-2, 1-5, 1-8, 1-10**

South Central Calhoun County Water Control and Improvement District No. 1 ("District") files this supplemental response to the Public Utility Commission Staff's ("Commission Staff's") First Request for Information.

**I. WRITTEN RESPONSES**

The District's written supplemental responses to Commission Staff's First Request for Information are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. The District's responses are made in the spirit of cooperation without waiving the District's right to contest the admissibility of any of these matters at hearing. Pursuant to P.U.C. PROC. R. 22.144(c)(2)(A), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. Pursuant to P.U.C. PROC. R. 22.144(c)(2)(F), the District stipulates that its responses may be treated by all parties as if they were made under oath.

**II. INSPECTIONS**

If responsive documents are more than 100 pages but less than eight linear feet in length, the response will indicate that the attachment is VOLUMINOUS and, pursuant to P.U.C. PROC. R. 22.144(h)(2), the attachment will be provided on CD and made available for inspection at the office

of the District's counsel at 401 Congress Avenue, Suite 2200, Austin, Texas 78701; telephone number (512) 480-5639.

Respectfully submitted,

GRAVES, DOUGHERTY, HEARON & MOODY, P.C.  
401 Congress Avenue, Suite 2200  
Austin, Texas 78701  
(512) 480-5639 (telephone)  
(512) 536-9939 (facsimile)

By:



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ATTORNEYS FOR SOUTH CENTRAL CALHOUN  
COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT NO. 1

## **RESPONSES**

The District reserves the right to supplement or amend its responses to these requests for information.

### **QUESTION NO. STAFF 1-2:**

Provide audited financial statements (such as balance sheet, statement of revenues and expenses/profit and loss statement, and cash flow statement) for the years 2016 and 2017. If audited financial statements are not available, please provide the unaudited financial statements. Indicated on each document if it is audited or not.

### **RESPONSE:**

Please refer to the District's response to Question No. Staff 1-1 for the 2016 Audit, and to Exhibit WCID-Staff 1-2 for the District's 2017 unaudited financial statements. The District will supplement this response as necessary.

**The District supplements its May 2, 2018 response above to provide the District's 2017 Audit. Please refer to Exhibit WCID-Staff 1-2 (SUPP1) for the 2017 Audit.**

Preparer(s): Tamera Atkins  
Sponsor(s): Tamera Atkins

**QUESTION NO. STAFF 1-5:**

Provide the amount of regulatory assessment fees paid to the Texas Commission on Environmental Quality (TCEQ) for the years 2016 and 2017. If included in WCID's response to Staff 1-1 in a statement of revenues and expenses, please indicate the expense account charged.

**RESPONSE:**

The District's regulatory assessment fees paid to the TCEQ for fiscal year 2016 were \$476.19. These fees were paid on January 5, 2017 and were recorded as a debit to Regulatory Assessment and as a credit to Accounts Payable as a year-end adjusting entry to FY 2016.

The District's regulatory assessment fees paid to the TCEQ for fiscal year 2017 were \$537.94. These fees were paid on February 6, 2018 and will be reported as a debit to Regulatory Assessment and as a credit to Accounts Payable as a year-end adjusting entry to FY 2017. Note that any FY 2017 financial information is not audited at this time. The District will supplement this response as necessary.

**The District supplements its May 2, 2018 response above to provide the District's 2017 audited regulatory assessment fees. Please refer to Exhibit WCID-Staff 1-2 (SUPP1) for regulatory assessment fees in the 2017 Audit.**

Preparer(s): Tamera Atkins  
Sponsor(s): Tamera Atkins

**QUESTION NO. STAFF 1-8:**

Provide the general ledger for the test year.

**RESPONSE:**

Please refer to Exhibit WCID-Staff 1-8 VOLUMINOUS (CD). The general ledger for the test year is not yet available; the District has provided the general ledger for 2017 which includes transactions for known and measurable changes. The 2017 ledger is the only document in this exhibit. The ledger contains the District's financial transactions including, but not limited to, bank transactions, payroll, plant repair and maintenance expenses, operating supplies and materials expenses, and receivables from January 1, 2017 to August 31, 2017. The District's bookkeeper, Balanced Books, prepared the 140-page ledger. Note that any FY 2017 financial information is not audited at this time. The District will supplement this response as necessary. The 2016 ledger will be provided as soon as it is available.

**The District supplements its May 2, 2018 response above to provide the District's 2016 monthly bookkeeper's reports which include the District's revenues and expenses. These reports constitute the District's 2016 general ledger. Please refer to Exhibit WCID-Staff 1-8 (SUPP1) for the bookkeeper's reports.**

Preparer(s): Tamera Atkins  
Sponsor(s): Gino Aguirre

**QUESTION NO. STAFF 1-10:**

Provide contracts or agreements between the WCID and any service provider.

**RESPONSE:**

The District has the following agreements with service providers or arrangements with independent contractors:

- a) Agreement with Guadalupe-Blanco River Authority for the disconnection of water service when a sewer customer is disconnected for non-payment;
- b) Temporary Maintenance Contract with Bucklin Atkinson for operations of the wastewater treatment facility;
- c) Lease Agreement with Calhoun County for the operation of the Alamo Beach Lift Station.
- d) Agreement with Walker Keeling LLP for legal services;
- e) Agreement with Graves Dougherty Hearon & Moody PC for legal services;
- and
- f) Balanced Books is an independent contractor retained for bookkeeping services.

The District is in the process of locating these agreements, and any others, and will supplement this response as soon as they are available.

**The District supplements its May 2, 2018 response above to provide the Guadalupe-Blanco River Authority, Walker Keeling LLP, and Graves Dougherty Hearon & Moody PC agreements. The District is in the process of locating the executed versions of the other agreements. Please refer to Exhibit WCID-Staff 1-10 (SUPP1) for these agreements.**

Preparer(s): Tamera Atkins

Sponsor(s): Tamera Atkins



## CERTIFICATE OF SERVICE

I certify that a copy of this document was served on the following parties of record on June 6, 2018 via Email.

Windell Durant  
555 La Lucia St.  
Port Lavaca, Texas 77979  
(817) 559-4802 Phone  
[wldurant76@gmail.com](mailto:wldurant76@gmail.com)  
*DESIGNATED RATEPAYERS REPRESENTATIVE*

Oshea Spencer  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3336  
(512) 936-7289 Phone  
(512) 936-7268 Fax  
[Oshea.Spencer@puc.texas.gov](mailto:Oshea.Spencer@puc.texas.gov)  
*PUBLIC UTILITY COMMISSION OF TEXAS*  
*LEGAL DIVISION*



Natasha J. Martin

# **Exhibit WCID-Staff 1-2 (SUPP1)**

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Annual Audit Report**

**December 31, 2017**

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Annual Audit Report  
December 31, 2017**

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SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF CALHOUN }

I, ALAN GINO AGUIRRE  
(Name of Duly Authorized District Representative)

of the South Central Calhoun County Water Control and Improvement District No. 1  
(Name of 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 15<sup>th</sup> day of MAY, 20 18 its annual audit report for the fiscal year or period ended December 31, 2017, and those copies of the annual audit report have been filed in the district office, located at #1 Wedig Street, P.O. Box 833, Port Lavaca, Texas 77979.

(Address of District)

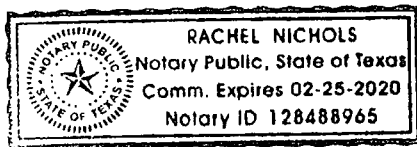
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date 05/15, 2018

By: Alan Gino Aguirre  
(Signature of District Representative)

ALAN GINO AGUIRRE, PRESIDENT  
(Typed Name and Title of above District Representative)

Sworn to and Subscribed to before me this 15<sup>th</sup> day of May, 2018  
(SEAL)



Rachel Nichols  
(Signature of Notary)

My commission expires on 2/25/20, 20  
Notary Public in the State of Texas.

(Annual Filing Affidavit Revised 07/12)



CPAs • Tax • Audit & Accounting

### **Independent Auditors' Report**

To the Board of Directors of  
South Central Calhoun County  
Water Control and Improvement District No. 1

We have audited the accompanying financial statements of the governmental activities and each major fund of South Central Calhoun County Water Control and Improvement District No. 1, as of and for the year ended December 31, 2017, 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 the 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 auditors' 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 each major fund of South Central Calhoun County Water Control and Improvement District No. 1, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Bumgardner, Morrison & Company, LLP  
Certified Public Accountants

Members American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants  
AICPA Private Companies Practice Section  
AICPA Employee Benefit Plan Audit Quality Center  
AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300  
PO Box 3750  
Victoria, Texas 77903-3750  
Phone: 361.575.0271  
Fax: 361.578.0880  
Website: BMCcpa.com

## **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 4-9 and budgetary comparison information on page 20 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 South Central Calhoun County Water Control and Improvement District No. 1's basic financial statements. The schedules comprising the Texas Supplementary Information on pages 21-30 are required by the Texas Commission on Environmental Quality as published in the Water District Financial Management Guide. The Texas Supplementary Information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules comprising the Texas Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, excluding the portion marked unaudited for which we express no opinion, 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 schedules comprising the Texas Supplementary Information are 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 May 14, 2018, on our consideration of the 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 the District's internal control over financial reporting and compliance.

*Bumgardner, Morrison + Company, LLP*

Bumgardner, Morrison and Company, LLP  
Victoria, Texas  
May 14, 2018

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Management's Discussion and Analysis  
December 31, 2017**

---

As management of South Central Calhoun County Water Control and Improvement District No. 1 (the District), we offer users of the District's financial statements this narrative overview and analysis of the District's financial activities for the year ended December 31, 2017.

**Financial Highlights:**

- As of December 31, 2017, the assets of the District exceeded its liabilities by \$183,242 (net position).
- The District's net position decreased by \$10,499. This decrease is attributable to the GASB Statement No. 34 requirement that was implemented during 2004, which requires capitalizing and depreciating capital assets during the current year. The current year depreciation expense is \$32,508.
- Liabilities of the District include accounts payable, payroll liabilities, and unearned sewer service charges. Total liabilities increased \$6,798, or 27.06%, from the prior year.
- The District's governmental fund, the General Fund, ended the year with a combined fund balance in the amount of \$140,452. This is a \$20,654, or 17.24%, increase and is directly attributable to the District's excess of current year revenues over expenditures. The entire \$140,452 fund balance is available for spending at the District's discretion.
- Overall program revenues increased \$29,129, or 32.41%. The increase is due to an increase in sewer service revenues collected from customers.
- The District's investments are governed by the Public Funds Investment Act. Investment earnings during the year included interest income earned on demand deposits and certificates of deposit at International Bank of Commerce in Port Lavaca, Texas, and First National Bank in Port Lavaca, in Port Lavaca, Texas. Total interest income increased \$57, or 48.31%, from prior year's interest income. Interest income equaled \$175 and \$118 for the years ended December 31, 2017 and 2016, respectively.
- Expenditures during the current year increased \$20,531, or 18.48%. This increase is due to an increase in repairs and maintenance and professional fees in 2017.



SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS

Management's Discussion and Analysis  
December 31, 2017

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**Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, the report also contains other supplementary information required by accounting principles generally accepted in the United States of America and *Texas Commission on Environmental Quality*.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide users of the audit report with a broad overview of the District's finances using accounting methods similar to private-sector businesses. These statements include *all* assets and liabilities of the District using the accrual basis of accounting. *All* current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The *statement of net position* presents information on all of the District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Net position is one way to measure the District's financial position. Over time, increases or decreases in the District's 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 District's net position changed during the most recent 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, such as accounts receivables, that will only result in cash flows in future years.

The *government-wide financial statements* distinguish functions of the District that are principally supported by the District's intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). All of the District's activities are governmental. The District is the *primary government* and has no component units.

**Fund Financial Statements.** Traditional users of government financial statements will find the fund financial statement presentation more familiar than the government-wide financial statement presentation. *Fund financial statements* report only *current* assets and liabilities using the modified accrual basis of accounting. The *fund financial statements* provide more information about the governmental entity's most significant funds rather than the entity as a whole.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's only fund is the General Fund; therefore, it is also the District's only major fund.

The first column on the *statement of net position and governmental fund balance sheet* and the *statement of activities and governmental fund revenues, expenditures, and changes in fund balance* are the District's *fund financial statements*.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Management's Discussion and Analysis  
December 31, 2017**

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**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 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 comparing the information, users may better understand the long-term impact of the District's near-term financing decisions. Reconciliations of the *governmental fund balance sheet* and the *governmental fund revenues, expenditures, and changes in fund balance* are provided to facilitate this comparison between the *governmental fund* and *governmental activities*.

The District maintains one governmental fund, which is the General Fund. The General Fund is presented in the *governmental fund balance sheet* and in the *governmental fund revenues, expenditures, and changes in fund balance*.

The District adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential for a user to fully understand the data provided in the government-wide and fund financial statements.

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2017, the District's total assets in the amount of \$215,158 exceeded its total liabilities in the amount of \$31,916 by \$183,242 (net position).

The District's net capital assets equal \$42,790, or 19.89%, of the District's total assets. These capital assets represent the District's investments in land, the sewer plant, and other capital assets, such as machinery and equipment. The District uses these capital assets to provide services to the citizens and property owners of the District. Consequently, these assets are not available, nor can be liquidated, for future spending. Thus, resources for future spending must be provided by the District's current assets.

The District's liabilities include accounts payable, payroll liabilities and unearned revenues, which includes unearned taxes, monthly customer sewer service charges, and regulatory assessment fees. The District's total liabilities in the amount of \$31,916 equal only 17.42% of the District's net position.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Management's Discussion and Analysis  
December 31, 2017**

Below is a summary of the District's net position:

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 162,494	\$ 138,731
Other current assets	9,874	6,185
Property and equipment, net	42,790	73,943
Total Assets	<u>\$ 215,158</u>	<u>\$ 218,859</u>
<b>Liabilities</b>		
Accounts payable	\$ 4,893	\$ 2,184
Payroll liabilities	945	1,974
Unearned revenues	26,078	20,960
Total Liabilities	<u>31,916</u>	<u>25,118</u>
<b>Net Position</b>		
Net investment in capital assets	42,790	73,943
Unrestricted	140,452	119,798
Total Net Position	<u>183,242</u>	<u>193,741</u>
Total Liabilities and Net Position	<u>\$ 215,158</u>	<u>\$ 218,859</u>

**Governmental Activities.** As the District has no business-type activities, governmental activities are responsible for increasing the District's net position. The District's \$119,004 in program revenues equals 98.24% of total revenues. Program revenues include charges for sewer services and tap connection fees. The remaining 1.76% of total revenues equals the District's general revenues, which includes interest and other income.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Management's Discussion and Analysis  
December 31, 2017**

Below is a summary of the District's current changes in its net position:

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
Revenues		
Program Revenues	\$ 119,004	\$ 89,875
General revenues	2,130	118
Total Revenues	<u>121,134</u>	<u>89,993</u>
Expenses		
Service operations	85,180	73,375
Administration	46,453	37,727
Total Expenses	<u>131,633</u>	<u>111,102</u>
Decrease in Net Position	(10,499)	(21,109)
Beginning Net Position	<u>193,741</u>	<u>214,850</u>
Ending Net Position	<u><u>\$ 183,242</u></u>	<u><u>\$ 193,741</u></u>

**Capital Assets.** As noted earlier, the District's investment in capital assets for its governmental activities is \$42,790 (net of accumulated depreciation). This investment in capital assets includes land, the sewer plant, and other capital assets, such as machinery and equipment.

Below is a summary of the District's capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Sewer Plant	784,427	-	-	784,427
Other Capital Assets	82,063	2,013	1,106	82,970
Total Capital Assets	<u>891,490</u>	<u>2,013</u>	<u>1,106</u>	<u>892,397</u>
Accumulated Depreciation	<u>(817,547)</u>	<u>(32,508)</u>	<u>(448)</u>	<u>(849,607)</u>
Net Capital Assets	<u><u>\$ 73,943</u></u>	<u><u>\$ (30,495)</u></u>	<u><u>\$ 658</u></u>	<u><u>\$ 42,790</u></u>

**Financial Analysis of the District's Funds.** As previously noted, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's *governmental fund* 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, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Management's Discussion and Analysis  
December 31, 2017**

**General Fund Budgetary Highlights.** An annual budget for the District's current year expenditures is legally adopted for the General Fund and is amended as needed. As noted below, expenditures were over budget by \$36, which is due to an increase in professional fees incurred in the current year.

	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable/ (Unfavorable)</b>
Revenues			
Program revenues	\$ 119,004	\$ 77,784	\$ 41,220
General revenues	2,130	-	2,130
Total Revenues	121,134	77,784	43,350
Expenditures			
Service operations	54,027	59,835	5,808
Administration	46,453	40,609	(5,844)
Total Expenditures	100,480	100,444	(36)
Net Increase (Decrease) in Unrestricted Fund Balance	20,654	(22,660)	43,314
Net Beginning Fund Balance	119,798	119,798	-
Net Ending Fund Balance	\$ 140,452	\$ 97,138	\$ 43,314

**Long-Term Debt.** The District did not issue any long-term debt during 2017 and did not have any long-term debt outstanding as of December 31, 2017.

**Economic Factors.** The District's 2018 annual operating budget for expenditures equals \$165,264 which is \$64,820, or 64.53%, more than the 2017 budgeted expenditures. The increase is mainly due to budgeting for an increase in expected repairs and maintenance.

**Contacting the District's Financial Management:**

This financial report is designed to provide a general overview of the District's financial position for anyone with an interest in the District's finances. Questions concerning this report or requests for additional financial information should be directed to Alan Gino Aguirre, President, P.O. Box 833, Port Lavaca, Texas 77979.

## **BASIC FINANCIAL STATEMENTS**

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2017**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 162,494	\$ -	\$ 162,494
Sewer service receivables	7,506	-	7,506
Other receivables	25	-	25
Prepaid expenditures	2,343	-	2,343
Capital assets (net of accumulated depreciation)			
Land	-	25,000	25,000
Infrastructure	-	13,446	13,446
Other capital assets	-	4,344	4,344
Total Assets	<u>\$ 172,368</u>	<u>\$ 42,790</u>	<u>\$ 215,158</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 4,893	\$ -	\$ 4,893
Payroll liabilities	945	-	945
Unearned sewer service revenues	26,078	-	26,078
Total Liabilities	<u>31,916</u>	<u>-</u>	<u>31,916</u>
<b><u>Fund Balances / Net Position</u></b>			
Fund balances:			
Unassigned	140,452	(140,452)	-
Total Fund Balances	<u>140,452</u>	<u>(140,452)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 172,368</u>		
Net position:			
Net investment in capital assets		42,790	42,790
Unrestricted		140,452	140,452
Total Net Position		<u>\$ 183,242</u>	<u>\$ 183,242</u>

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS

Reconciliation of the Governmental Fund Balance Sheet to Statement of Net Position  
December 31, 2017

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Total Governmental Fund Balances	\$ 140,452
Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets of \$892,397 net of depreciation of \$849,607, are not financial resources and therefore not reported in the fund	<u>42,790</u>
Net Position of Governmental Activities	<u>\$ 183,242</u>

The accompanying notes are an integral part of these financial statements.



**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Statement of Activities and Governmental Fund Revenues,  
Expenditures, and Changes in Fund Balance  
Year Ended December 31, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b><u>Expenditures / Expenses</u></b>			
<b>Service Operations:</b>			
Plant maintenance	\$ 13,890	\$ (1,355)	\$ 12,535
Plant chemicals	845	-	845
Plant supplies	397	-	397
Sewer tests	3,896	-	3,896
Wages and outside services	24,238	-	24,238
Contract labor	2,925	-	2,925
Utilities	7,836	-	7,836
Depreciation	-	32,508	32,508
<b>Administration:</b>			
Directors' fees	7,621	-	7,621
Bonds and permits	1,450	-	1,450
Legal and professional fees	14,923	-	14,923
Regulatory assessment fee	538	-	538
Insurance	2,153	-	2,153
Office supplies	404	-	404
Telephone	599	-	599
Postage	883	-	883
Payroll tax	2,580	-	2,580
Wages	8,313	-	8,313
Bank charges	63	-	63
Office rent	1,820	-	1,820
Bad debt	517	-	517
Computer and internet	79	-	79
Charitable contributions	100	-	100
Miscellaneous	4,410	-	4,410
Total expenditures / expenses	<u>100,480</u>	<u>31,153</u>	<u>131,633</u>
<b><u>Revenues</u></b>			
<b>Program Revenues:</b>			
Charges for sewer service	106,792	-	106,792
Tap connection and other fees	9,176	-	9,176
Fee income	3,036	-	3,036
Total program revenues	<u>119,004</u>	<u>-</u>	<u>119,004</u>
Net Program Revenue / Expense			<u>(12,629)</u>
<b>General Revenues:</b>			
Interest income	175	-	175
Other income	1,955	-	1,955
Total general revenues	<u>2,130</u>	<u>-</u>	<u>2,130</u>
Excess of revenues over expenditures	20,654		
Change in net position		(31,153)	(10,499)
<b><u>Fund Balance / Net Position</u></b>			
Beginning of the year	119,798	73,943	193,741
End of the year	<u>\$ 140,452</u>	<u>\$ 42,790</u>	<u>\$ 183,242</u>

The accompanying notes are an integral part of these financial statements.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Reconciliation of the Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balance to the Statement of Activities  
Year Ended December 31, 2017**

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Net Change in Governmental Fund Balances	\$ 20,654
Amounts reported in governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$32,508 exceeds capital outlays of \$2,013 in the current period, net of disposition of assets of \$658:	
	<u>(31,153)</u>
Change in Net Position	<u>\$ (10,499)</u>

The accompanying notes are an integral part of these financial statements.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Notes to the Basic Financial Statements  
December 31, 2017**

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**Note 1      Financial Reporting Entity**

South Central Calhoun County Water Control and Improvement District No. 1 was created by an election held on May 7, 1988, under the authority of the Calhoun County Commissioners Court, within the provisions of Article XVI, Section 59, of the Constitution of Texas, and Chapter 51 of the Texas Water Code. The Board of Directors is the level of government which has oversight responsibility and control over all activities in the District. The District was created to provide residential wastewater and sewer services to households in the south central area of the County of Calhoun.

Board members are elected by the members of the district and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters including taxing authority. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

**Note 2      Summary of Significant Accounting Policies**

The accounting and reporting policies of South Central Calhoun County Water Control and Improvement District No. 1 conform to accounting principles generally accepted in the United States of America, as applicable to governmental units.

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus*, which means that all assets and liabilities (whether current or non-current) are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in total assets. The government-wide financial statements are also reported using the *accrual basis of accounting*, which means that revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS

Notes to the Basic Financial Statements, Continued  
December 31, 2017

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**Note 2      Summary of Significant Accounting Policies, Continued**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Thus, all fixed assets and generally all long-term liabilities within the governmental fund are not reported in the fund financial statements but rather in the reporting entity's General Fixed Asset Account Group and General Long-term Debt Account Group, respectively. The two account groups are not "funds." They are concerned only with the measurement of financial position and are not involved with the measurement of results of operations.

Under the *modified accrual basis of accounting*, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all other Governmental Fund revenues.

Interest associated with the current fiscal period is considered as being susceptible to accrual and has been recognized as revenue in the current fiscal period. The District also accrues and records its sewer service fees on a monthly basis. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting – The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds – Governmental funds are those funds through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of the State of Texas and its enabling legislation. The District budgets the General Fund each year.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Notes to the Basic Financial Statements, Continued  
December 31, 2017**

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**Note 2      Summary of Significant Accounting Policies, Continued**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the year end. Under the modified accrual basis, only property taxes and interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions are those in which the District receives value without directly giving value in return. The District has no non-exchange transactions either on the accrual basis or the modified accrual basis.

Expenses/Expenditures – On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund.
2. The budget adopted for the general fund is adopted on a basis consistent with generally accepted accounting principles ("GAAP").
3. The Board of Directors approves total budget appropriations.
4. Any revisions that alter the total appropriations of any fund are subject to approval by the Board of Directors.
5. Unused appropriations for all annually budgeted funds lapse at the end of the year.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Notes to the Basic Financial Statements, Continued  
December 31, 2017**

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**Note 2      Summary of Significant Accounting Policies, Continued**

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balances, because they do not constitute expenditures or liabilities. At year end, the District had no outstanding encumbrances.

Accounting Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from the estimates.

Unearned Revenues

The District reports unearned revenue in the governmental fund balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District classifies prepaid sewer service charges and prepaid regulatory assessment fees as unearned revenue.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contractors; and natural disasters. The District has purchased commercial insurance to cover these general liabilities. There were no significant reductions in coverage in the past year.

Cash and Cash Equivalents

Cash and cash equivalents on the statement of net position and the governmental fund balance sheet consist of cash on hand and demand deposits with maturities not in excess of one year.

Statutes authorize the District to invest in obligations of the U. S. Treasury or the State of Texas, certain U. S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987. The District invests in interest bearing checking accounts and money market accounts.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Notes to the Basic Financial Statements, Continued  
December 31, 2017**

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**Note 2      Summary of Significant Accounting Policies, Continued**

**Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements, since the fund financial statements only include current assets.

Capital assets are capitalized at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of \$500. All capital assets are updated for additions and retirements during the year. Although improvements are capitalized, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method of accounting. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the District's capital assets are as follows:

Sewer Plant	25 years
Other Capital Assets	7-10 years

**Subsequent Events**

Management has evaluated subsequent events through May 14, 2018, which was the date the financial statements were available to be issued.

During 2018, the District retained legal counsel in the matter of a rate case hearing with the Public Utilities Commission in regards to 2017 rate changes applied within the District for wastewater services. As of May 14, 2018, any potential liability to the District cannot be reasonably estimated and therefore no loss contingency has been recorded as of December 31, 2017.

**Note 3      Deposits**

Custodial risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year end, the carrying amount of the District's deposits was \$162,494, and the bank balance was \$161,499. The entire bank balance was covered by federal depository insurance.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Notes to the Basic Financial Statements, Continued  
December 31, 2017**

**Note 4     Capital Assets**

An analysis of the changes in capital assets is as follows:

	Balance 01/01/2017	Additions	Deletions	Balance 12/31/2017
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Sewer Plant	784,427	-	-	784,427
Other Capital Assets	82,063	2,013	1,106	82,970
Total Capital Assets	891,490	2,013	1,106	892,397
Accumulated Depreciation	(817,547)	(32,508)	(448)	(849,607)
Net Capital Assets	<u>\$ 73,943</u>	<u>\$ (30,495)</u>	<u>\$ 658</u>	<u>\$ 42,790</u>

Depreciation expense for the year ended December 31, 2017, equaled \$32,508.

In 1997, Calhoun County constructed a lift station and sewer lines at Alamo Beach. The County will transfer title to the District for the facilities at a later date. The District has been operating the station since it began operations in 1997. Because ownership of the station and lines still reside with Calhoun County as of December 31, 2017, no recording of the capital assets has been made or will be made until title to the facilities is transferred to the District.

**Note 5     Pledge of Revenue and Matters Relating to Bond Issues**

The District did not issue any bonds in 2017, nor does it have any outstanding debt as of December 31, 2017.

**Note 6     Pension Coverage for District Employees**

The District had employees during the year; however, no amounts were paid for any pension benefit.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Budgetary Comparison Schedule  
December 31, 2017**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Positive (Negative)</u>
<b><u>Revenues</u></b>				
Sewer service	\$ 106,792	\$ 77,784	\$ 77,784	\$ 29,008
Tap connection and other fees	9,176	-	-	9,176
Fee income	3,036	-	-	3,036
Interest income	175	-	-	175
Other income	1,955	-	-	1,955
Total revenues	<u>121,134</u>	<u>77,784</u>	<u>77,784</u>	<u>43,350</u>
<b><u>Expenditures / Expenses</u></b>				
<b>Service operations:</b>				
Plant maintenance	13,890	21,080	21,080	7,190
Plant chemicals	845	1,500	1,500	655
Plant supplies	397	800	800	403
Sewer tests	3,896	4,100	4,100	204
Wages and outside services	24,238	24,855	24,855	617
Contract labor	2,925	-	-	(2,925)
Utilities	7,836	7,500	7,500	(336)
<b>Administration:</b>				
Directors' fees	7,621	7,000	7,000	(621)
Bonds and permits	1,450	1,650	1,650	200
Legal and professional fees	14,923	7,000	7,000	(7,923)
Regulatory assessment fee	538	500	500	(38)
Insurance	2,153	2,600	2,600	447
Office supplies	404	600	600	196
Telephone	599	500	500	(99)
Postage	883	400	400	(483)
Payroll tax	2,580	6,000	6,000	3,420
Wages	8,313	8,525	8,525	212
Bank charges	63	-	-	(63)
Office rent	1,820	2,184	2,184	364
Bad debt	517	-	-	(517)
Computer and internet	79	-	-	(79)
Charitable contributions	100	-	-	(100)
Miscellaneous	4,410	150	150	(4,260)
Continuing education	-	300	300	300
Safety	-	100	100	100
Election fees	-	100	100	100
Bonuses	-	2,000	2,000	2,000
Engineering/consulting fees	-	1,000	1,000	1,000
Total expenditures / expenses	<u>100,480</u>	<u>100,444</u>	<u>100,444</u>	<u>(36)</u>
Excess (deficiency) of revenues over expenditures	<u>20,654</u>	<u>(22,660)</u>	<u>(22,660)</u>	<u>43,314</u>
<b><u>Fund Balance</u></b>				
Beginning of the year	<u>119,798</u>	<u>119,798</u>	<u>119,798</u>	<u>-</u>
End of the year	<u>\$ 140,452</u>	<u>\$ 97,138</u>	<u>\$ 97,138</u>	<u>\$ 43,314</u>

## TEXAS SUPPLEMENTARY INFORMATION

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Schedule of Services and Rates  
December 31, 2017**

**1. Services Provided by the District during the fiscal year:**

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other (specify): _____		

**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:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
WASTEWATER:	\$ <u>40.00</u> monthly	<u>N/A</u>	<u>Y</u>	\$ <u>N/A</u>	_____ to _____
				_____	_____ to _____
SURCHARGE:	\$ _____	_____	_____	\$ _____	_____ to _____

District employs winter averaging for wastewater usage? Yes ☐ No ☒

Total charges per 10,000 gallons usage: Water: \$ N/A Wastewater: \$ N/A

**b. Water and Wastewater Retail Connections:**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	271	271	x1.0	_____
≤ 3/4"	_____	_____	x1.0	_____
1"	_____	_____	x2.5	_____
1 1/2"	_____	_____	x5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x15.0	_____
4"	_____	_____	x25.0	_____
6"	_____	_____	x50.0	_____
8"	_____	_____	x80.0	_____
10"	_____	_____	x115.0	_____
Total Water	_____	_____	_____	_____
Total Waste Water	271	271	x 1.0	_____

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Schedule of Services and Rates, Continued  
December 31, 2017**

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- 3. Total Water Consumption during the Fiscal Year: NOT APPLICABLE**
  
- 4. Standby Fees (authorized only under TWC Section 49.231): NOT APPLICABLE**

SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS

Schedule of General Fund Expenditures  
December 31, 2017

<b>Personnel Expenditures</b> (including benefits)*	\$ -
<b>Professional Fees:</b>	
Auditing	6,480
Accounting	7,589
Legal	854
<b>Purchased Services For Resale:</b>	
Bulk Water & Wastewater Service Purchases	-
<b>Contracted Services:</b>	
Bookkeeping	-
Other Contracted Services	27,163
<b>Utilities</b>	7,836
<b>Repairs and Maintenance</b>	12,535
<b>Administrative Expenditures:</b>	
Directors Fees	7,621
Office Supplies	404
Insurance	2,153
Other Administrative Expenses	21,352
<b>Capital Outlay:</b>	
Capitalized Assets	1,355
Expenditures not Capitalized	-
<b>Tap Connection Expenditures</b>	-
<b>Solid Waste Disposal</b>	-
<b>Fire Fighting</b>	-
<b>Parks and Recreation</b>	-
<b>Other Expenditures</b>	5,138
<b>Total Expenditures</b>	\$ 100,480

\*Number of persons employed by the District:    - Full-Time   8   Part-Time

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Schedule of Temporary Investments  
December 31, 2017**

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None; Not applicable

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Analysis of Taxes Levied and Receivable  
December 31, 2017**

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Not applicable: The District had no levied or outstanding taxes for the year ended December 31, 2017.



**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2017**

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Not applicable: The District had no long-term debt service for the year ended December 31, 2017.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Schedule of Change in Long-Term Bonded Debt  
December 31, 2017**

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Not applicable: The District had no long-term bonded debt for the year ended December 31, 2017.

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Comparative Schedule of Revenues and Expenditures – General Fund – Five Years Ended (UNAUDITED)  
December 31, 2017**

GENERAL FUND	AMOUNTS				
	2017	2016	2015	2014	2013
<b>REVENUES:</b>					
Sewer service	\$ 106,792	\$ 82,525	\$ 65,886	\$ 67,412	\$ 68,576
Tap connection and other fees	9,176	7,250	1,500	2,700	9,000
Fee income	3,036	100	-	-	-
Interest income	175	118	120	146	511
Other income	1,955	-	-	-	-
<b>TOTAL REVENUES</b>	<b>121,134</b>	<b>89,993</b>	<b>67,506</b>	<b>70,258</b>	<b>78,087</b>
<b>EXPENDITURES:</b>					
<b>Service Operations:</b>					
Plant maintenance	12,535	3,061	6,951	7,143	12,216
Plant chemicals	845	1,177	863	922	27
Plant supplies	397	548	-	-	277
Sewer tests	3,896	4,580	6,019	6,509	4,147
Wages and outside services	24,238	21,984	19,807	17,207	14,518
Contract labor	2,925	813	-	-	-
Utilities	7,836	6,790	5,897	7,004	6,114
Sewer plant acquisition and equipment	1,355	1,110	-	6,541	6,433
<b>Administration:</b>					
Directors' fees	7,621	6,930	8,005	6,335	7,300
Dues and subscriptions	-	106	-	-	-
Bonds and permits	1,450	1,450	2,523	7,081	1,427
Legal and professional fees	14,923	7,506	6,425	6,400	6,185
Regulatory assessment fee	538	119	357	374	333
Insurance	2,153	1,768	2,445	2,398	1,160
Office supplies	404	816	444	1,159	1,019
Advertising	-	260	137	261	260
Telephone	599	84	242	364	382
Postage	883	314	495	383	446
Payroll expense	2,580	2,882	2,413	2,081	3,857
Wages	8,313	11,395	8,096	7,796	7,200
Bonuses	-	1,000	1,450	1,800	1,900
Bank charges	63	11	249	32	278
Bad debts	517	-	-	-	-
Computer and internet	79	-	-	-	-
Charitable contributions	100	-	-	-	-
Office rent	1,820	2,704	1,170	1,170	-
Uniforms	-	76	-	-	-
Miscellaneous	4,410	306	178	1,158	1,500
<b>TOTAL EXPENDITURES</b>	<b>100,480</b>	<b>77,790</b>	<b>74,166</b>	<b>84,118</b>	<b>76,979</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 20,654</b>	<b>\$ 12,203</b>	<b>\$ (6,660)</b>	<b>\$ (13,860)</b>	<b>\$ 1,108</b>

PERCENT OF TOTAL FUND REVENUES				
2017	2016	2015	2014	2013
88.2 %	91.7 %	97.6 %	96.0 %	87.8 %
7.6	8.1	2.2	3.8	11.5
2.5	0.1	-	-	-
0.1	0.1	0.2	0.2	0.7
1.6	-	-	-	-
100.0	100.0	100.0	100.0	100.0
10.3	3.4	10.3	10.2	15.7
0.7	1.3	1.3	1.3	-
0.3	0.6	-	-	0.4
3.2	5.1	8.9	9.3	5.3
20.0	24.4	29.3	24.5	18.6
2.4	0.9	-	-	-
6.5	7.6	8.7	10.0	7.8
1.1	1.2	-	9.3	8.2
6.3	7.7	11.9	9.0	9.4
-	0.1	-	-	-
1.2	1.6	3.7	10.1	1.8
12.3	8.3	9.5	9.1	7.9
0.5	0.1	0.5	0.5	0.4
1.8	2.0	3.6	3.4	1.5
0.3	0.9	0.7	1.6	1.3
-	0.3	0.2	0.4	0.3
0.5	0.1	0.4	0.5	0.5
0.7	0.4	0.7	0.5	0.6
2.1	3.2	3.6	3.0	5.0
6.9	12.7	12.0	11.1	9.2
-	1.1	2.2	2.6	2.4
0.1	-	0.4	-	0.4
0.4	-	-	-	-
0.1	-	-	-	-
0.1	-	-	-	-
1.5	3.0	1.7	1.7	-
-	0.1	-	-	-
3.6	0.3	0.3	1.6	1.9
82.9	86.4	109.9	119.7	98.6
17.1 %	13.6 %	(9.9) %	(19.7) %	1.4 %

**SOUTH CENTRAL CALHOUN COUNTY  
WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1  
PORT LAVACA, TEXAS**

**Board Members, Key Personnel, and Consultants  
December 31, 2017**

Complete District Mailing Address: #1 Wedig Street, P.O. Box 833, Port Lavaca, Texas 77979

District Business Telephone Number: (361) 552-1255

<u>Names and Addresses</u>	<u>Term of Office Elected &amp; Expires or Date Hired</u>	<u>Directors' Fees December 31, 2017</u>	<u>Expense Reimbursement December 31, 2017</u>	<u>Title at Year End</u>	<u>Resident of District</u>
<b>Board Members:</b>					
Alan Gino Aguirre 92 N Ocean Drive Port Lavaca, Texas 77979	05/17 - 05/21	\$ 1,299	\$ -	President	Yes
Deborah Riley 18 LaLucia St Port Lavaca, Texas 77979	05/14 - 05/18	\$ 1,199	\$ -	Secretary	Yes
Franklin Andrews 109 Susy St Port Lavaca, Texas 77979	05/16 - 05/20	\$ 1,849	\$ -	Member	Yes
Robert Williams PO Box 89 Port Lavaca, Texas 77979	05/16 - 05/20	\$ 1,524	\$ -	Vice-President	Yes
Ester Mayne 36 Bay Front Lane Port Lavaca, Texas 77979	05/16 - 05/20	\$ 975	\$ -	Member	Yes

Note: No member is disqualified from serving on this board under the Texas Water Code.

**Consultants:**

Bumgardner, Morrison & Company, L.L.P.  
Certified Public Accountants  
P.O. Box 3750  
Victoria, Texas 77903-3750

Auditor

**Investment Officer:**

Alan Gino Aguirre  
92 N Ocean Drive  
Port Lavaca, Texas 77979

Investment  
Officer



CPAs • Tax • Audit & Accounting

**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

South Central Calhoun County Water Control and Improvement District No. 1

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 each major fund of South Central Calhoun County Water Control and Improvement District No. 1 (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 14, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the following deficiency in internal control that we consider to be a significant deficiency.

**Fund Accounting**

**Conditions:** We noted that the District does not record either accounts payable or unearned revenue for its General Fund.

**Effects:** Not recording accounts payable or unearned revenue in the General Ledger may cause accounts receivable, revenue, accounts payable, and expenses to be improperly recorded, which could cause the financial statements to be materially misstated.

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Bumgardner, Morrison & Company, LLP  
Certified Public Accountants

Members American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants  
AICPA Private Companies Practice Section  
AICPA Employee Benefit Plan Audit Quality Center  
AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300  
PO Box 3750  
Victoria, Texas 77903-3750  
Phone: 361.575.0271  
Fax: 361.578.0880  
Website: BMCcpa.com

*Auditors' Recommendation:* Accounts receivable should be adjusted monthly as the revenue is earned and reduced as payments are received, reclassifying unearned revenue as applicable. Accounts payable should be recorded monthly as the expense has been incurred and reduced as the disbursement is made. In addition, a subsidiary ledger for all outstanding payable accounts should be recorded in the General Ledger.

*District's Response:* The District will review its process for recording accruals for payables and adjusting its receivable accounts and implement a monthly review of accounts to ensure proper balances.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* as follows:

#### **Investment Policy**

*Conditions:* We noted that the District does not have a formal investment policy as required by Texas Government Code Title 10, Subtitle F, Chapter 2256 "Public Funds Investment."

*District's Response:* The District will draft, approve, and implement an Investment Policy as required by the Public Funds Investment Act.

### **South Central Calhoun County Water Control and Improvement District No. 1's Response to Findings**

South Central Calhoun County Water Control and Improvement District No. 1's response to the findings identified in our audit is described above. South Central Calhoun County Water Control and Improvement District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Bumgardner, Morrison & Company, LLP*

Bumgardner, Morrison and Company, LLP  
Victoria, Texas  
May 14, 2018

# **Exhibit WCID-Staff 1-8 (SUPP 1)**





PO BOX 833  
PORT LAVACA TX 77979  
361-218-8735  
sccwcid@yahoo.com

BOOKKEEPER'S REPORT FOR January 2016				
IBC Bank Checking Account :	\$4,552.43	Delinquent Accounts		
IBC BizRite Account	\$584.82	Connie Abernathy	made payment	
IBC Bank MMA	\$75,778.12	Kirby Martin	made payment	
Capitol One Money Market	\$41,746.22	Bill Schuemack	made payment	
Total Assets:	\$122,661.59			
EXPENSES:		We got a refund from TML	\$103.00	
Victoria Electric	\$464.21			
CPL	\$42.94			
GBRA	\$40.20			
Verizon	\$9.10	Plant Supplies:		
Plant Supplies	\$127.63	Generac Battery	\$55.91	
		Locator Marking Paint&		
		Weedkiller	\$55.16	
Operations Manager salary	\$947.50	Batteries for OCM II	\$8.43	
" " mileage	\$260.00	Parts to install OCM II	\$8.13	
Charles Edwards plant assistant	\$400.00	Total:	\$127.63	
Bookkeeper salary	\$600.00			
Office assistant salary	\$300.00	Office Supplies:		
IRS	\$1,282.31	Computer Monitor	\$129.00	
TML Windstorm	\$1,282.00	2 year replacement plan	\$10.00	
DIRECTOR FEES	\$500.00	HDMI Cable	\$14.88	
Office Supplies	\$184.59	Frames for Certificates	\$11.16	
Postage	\$84.00	Card Stock for Bills	\$5.48	
Balanced Books (Quickbooks help)	\$143.75	Tax	\$14.07	
TCEQ Assement Fee	\$357.40	Total:	\$184.59	
DXI	\$30.23			
Total Expenses:	\$7,055.86			
Total Deposits:	\$8,940.70			

2016-2 Expenses

Date:	To:	Amount:	For:			Receipt?
2/7	Circle H Motel	\$754.00	Office Rent			
2/7	Directors	\$500.00	Meeting fees			
2/29	Bickley Powell	\$942.50	Wastewater Operations Manager			
2/29	Bickley Powell	\$325.00	Mileage			
2/29	Virginia Schubert	\$600.00	Bookkeeper			
2/29	Charles Edwards	\$125.00	Plant assistant			
2/29	Deborah Riley	\$300.00	Office Assistant			
2/8	Victoria Electric Co-op	\$420.47	Plant Power			
2/16	GBRA	\$40.20	Plant Water			
2/1	B Environmental	\$307.00	Water Tests			
2/27	CPL	\$51.33	A/B lift station power			
2/1	Geigle Utilities	\$450.00	Rimes Tap			
2/10	Texas 811	\$24.70	Location service			
2/14	Verizon	\$9.50	Office Phone			
2/2	Amazon	\$26.41	First Aid Kit for plant			y
2/2	Amazon	\$50.20	Eye Wash Station and signs: \$26.01			y
			Printer Paper: \$24.19			
	<b>Biz Rite Account</b>					
2/10	WalMart	\$54.09	Printer Ink			
	Total February Expenses	\$4,980.40				
	IBC Bank Checking Account	\$8,168.40				
	IBC BizRite Account	\$530.73				
	IBC Bank MMA	\$75,783.57				
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$131,843.72				

Ms. Graff accidentally destroyed checks from June, July and August of 2015. This amount covers that and January and Feb. of 2016

2016-3 Expenses

Date:	To:	Amount:	For:			Reciept?
3/1	Circle H Motel	\$182.00	Office Rent			y
3/2	Directors	\$500.00	Meeting fees			
3/2	Bickley Powell	\$942.50	Wastewater Operations Manager			
3/2	Bickley Powell	\$325.00	Mileage			
3/2	Deborah Riley	\$300.00	Office Assistant			
3/2	Virginia Schubert	\$600.00	Bookkeeper			
3/2	Charles Edwards	\$125.00	Plant Assistant			
3/7	Victoria Electric Co-op	\$415.27	Plant Power			
3/8	USPS	\$38.00	PO Box Rental			
3/1	USPS	\$70.00	Stamps			
3/16	GBRA	\$40.20	Plant Water			
3/29	CPL	\$34.75	A/B lift station power			
3/2	B Environmental	\$342.00	water tests			
3/2	Geigle Utilities	\$1,110.00	Rimes tap, Strong repair			
3/2	Bumgardner Morrison	\$125.00	Quarterly report			
3/2	DXI	\$30.00	Chlorine			
3/7	Texas 811	\$2.85	location service			
	Biz Rite Account					
3/9	WalMart	\$17.02	ant poison			
3/16	O'Reilly	\$6.50	shop towels			
3/16	WalMart	\$9.71	Batteries			
3/16	Murphy	\$10.48	lawnmower gas			
3/18	Ace Hardware	\$22.26	parts for meter kit installation			
3/31	Martin Gonzales	\$125.00	Backhoe work McGrath tap			
	Total Expenses	\$5,373.54				
	Total Deposits	\$8,248.98				
	IBC Bank Checking Account	\$10,808.96				
	IBC BizRite Account	\$339.76				
	IBC Bank MMA	\$75,789.40				
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$128,684.34				

2016-4 Expenses

Date:	To:	Amount:	For:			Reciept?
4/1	Circle H Motel	\$182.00	Office Rent			x
4/26	Circle H Motel	\$182.00	office rent May			
4/4	Directors	\$400.00	Meeting fees			
4/26	CMS Medicare	\$365.40	Bickley Insurance			x
4/1	Bickley Powell	\$942.50	Wastewater Operations Manager			
4/1	Bickley Powell	\$260.00	Mileage			
4	Deborah Riley	\$300.00	Office Assistant			
4	Virginia Schubert	\$600.00	Bookkeeper			
4/26	Charles Edwards	\$400.00	Plant Assistant			
4/26	Verizon	\$21.10	Office Phone			x
4/6	Victoria Electric Co-op	\$415.37	Plant Power			x
4/26	USA Bluebook	\$102.65	Meter rebuild kit			x
4/26	Transfer to BizRite Acct	\$400.00				x
4/18	GBRA	\$40.20	Plant Water			x
	B Environmental	\$410.00	Water tests			x
4/26	CPL	\$41.81	A/B lift station power			x
4/29	IRS	\$1,122.86	payroll			x
4/26	DXI	\$30.00	Chlorine			x
	DXI	\$30.00				
	DXI	\$242.78				
	Texas 811	\$7.60	location service			x
	Biz Rite Account					
4/13	Walmart	\$9.04	office supplies plant			x
4/25	Power Electric	\$14.69	air line repair parts			x
4/25	Sears	\$58.63	mower parts			x
			<b>PAST DUE ACCOUNTS</b>			
			Mike McGuire			
	Total Expenses	\$6,578.63	Darryl Evans			
	Total Deposits	\$6,655.97	Connie Abernathy			
			Kirby Martin			
			Dustin Bodoin			
	IBC Bank Checking Account	\$11,921.09	Bill Scheumack			
	IBC BizRite Account	\$657.40	Judy Bosarge			
	IBC Bank MMA	\$75,795.04				
	Capitol One Money Market					
	Total Assets:	\$88,373.53				

## 2016-5 Expenses

Date:	To:	Amount:	For:			Reciept?
	Dírectors	\$1,000.00	Meeting fees			
	Bickley Powell	\$1,047.40	Wastewater Operations Manager			
	Bickley Powell	\$260.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$400.00	Plant Assistant			
	Frontier	\$11.91	Office Phone			x
	Victoria Electric Co-op	\$439.22	Plant Power			x
	Victor Schinnerer& Co.	\$200.00	director bonds			x
	GBRA	\$40.20	Plant Water			x
	B Environmental	\$430.00	Water tests			x
	CPL	\$49.18	A/B lift station power			x
	Bumgardner Morrison	\$100.00	1st Quarter payroll			x
	DXI	\$30.00	Chlorine			x
	Texas 811	\$7.60	location service			x
	Biz Rite Account					
	Lift Station parts	\$18.30				x
			PAST DUE ACCOUNTS			
	Total Expenses	\$4,933.81				
	Total Deposits	\$10,446.00	Connie Abernathy			
			Kirby Martin			
			Dustin Bodoín	disconnect letter sent		
	IBC Bank Checking Account	\$16,626.94	Bill Scheumack	disconnect letter sent		
	IBC BizRite Account	\$639.10	Judy Bosarge			
	IBC Bank MMA	\$75,800.87	Sheila Archie	3 months		
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$134,813.13				

2016-6 Expenses

Date:	To:	Amount:	For:			Reciept?
	Circle H Motel	\$182.00	Office Rent			
	Directors	\$500.00	Meeting fees			
	Bickley Powell	\$1,047.40	Wastewater Operations Manager			
	Bickley Powell	\$260.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$312.50	Plant Assistant			
	David Lloyd	\$362.50	Manhole project			
	Victoria Electric Co-op	\$423.06	Plant Power			
	Amazon	\$16.63	Bank Deposit Stamp			
	GBRA	\$40.20	Plant Water			
	CPL	\$205.10	A/B lift station power			
	Biz Rite Account					
	Tractor Supply	\$43.29	insecticide			
	Home Depot	\$6.48	electrical repair AB lift station			
	Ace Hardware	\$36.73	saddle for tap installation			
			PAST DUE ACCOUNTS			
	Total Expenses	\$4,335.89				
	Total Deposits	\$1,181.25	Connie Abernathy	made partial payment		
			Kirby Martin	made partial payment		
			Dustin Bodoïn	disconnect letter sent		
	IBC Bank Checking Account	\$12,838.70	Bill Scheumack	disconnect letter sent		
	IBC BizRite Account	\$639.10	Johnny Guerra			
	IBC Bank MMA	\$75,806.51	Harold Gift	probably an address issue		
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$131,030.53				

2016-7 Expenses

Date:	To:	Amount:	For:			Reciept?
	Directors	\$500.00	Meeting fees			
	Bickley Powell	\$1,047.40	Wastewater Operations Manager			
	Bickley Powell	\$260.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$300.00	Plant Assistant			
	Bumgardner Morrison	\$6,250.00	Audit			y
	Frontier	-\$0.18	Office Phone			
	Victoria Electric Co-op	\$431.27	Plant Power			y
	Texas 811	\$7.60	location			y
	GBRA	\$40.20	Plant Water			
	CPL	\$79.94	A/B lift station power			
	DXI	\$30.00	Chlorine			y
	USPS	\$34.00	stamps			y
	IRS	\$1,449.64	Payroll tax			
	DLX	\$296.18	checks			n
	Biz Rite Account					
	Tractor Supply	\$43.29	Barbed wire			
	Service Supply	\$40.80	saddle for tap			
	Power Hardware	\$98.93	Ortiz tap			
	Martin Gonzales	\$125.00	Ortiz tap			
	Ace Hardware	\$16.22	Marking paint			
	Murphy USA	\$5.94	lawnmower gas			
	Ace Hardware	\$30.37	Plant supplies			
			<b>PAST DUE ACCOUNTS</b>			
			Connie Abernathy	made payment		
	Total Expenses	\$12,627.84	Kirby Martin	made payment		
	Total Deposits	\$6,255.39	Dustin Bodoin	to be disconnected		
			Bill Scheumack	to be disconnected		
	IBC Bank Checking Account	\$5,481.98				
	IBC BizRite Account	\$592.05				
	IBC Bank MMA	\$77,812.42				
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$126,406.08				

2016-8 Expenses

Date:	To:	Amount:	For:		Reciept?
	Circle H Motel	\$364.00	Office Rent July & August		
	Directors	\$500.00	Meeting fees		
	Bickley Powell	\$1,047.50	Wastewater Operations Manager		
	Bickley Powell	\$260.00	Mileage		
	Deborah Riley	\$300.00	Office Assistant		
	Virginia Schubert	\$600.00	Bookkeeper		
	Charles Edwards	\$187.50	Plant Assistant		
	David Lloyd	\$187.50	Manhole project		
	Martin Gonzales	\$200.00	Backhoe J&T Manhole		
	Bumgardner Morrison	\$100.00	2nd Qtr. Payroll		
	Frontier	\$10.11	Office Phone		
	Victoria Electric Co-op	\$409.67	Plant Power		
	Texas 811	\$6.65			
	Texas 811	\$7.60	location		
	GBRA	\$40.20	Plant Water		
	B Environmental	\$342.00	Water tests		
	CPL	\$52.62	A/B lift station power		
	DXI	\$30.00	Chlorine		
	DXI	\$30.00	Chlorine		
	Biz Rite Account				
	Wal-Mart	\$8.60	Bleach for plant		
	Power Hardware	\$145.23	Plumbing parts		
	Ace Hardware	\$27.00	J&T manhole repair		
			<b>PAST DUE ACCOUNTS</b>		
			Connie Abernathy	made payment	
	Total Expenses	\$4,856.18	Kirby Martin	made payment	
	Total Deposits	\$6,817.66	Dustin Bodoïn	to be disconnected	
			Bill Scheumack	to be disconnected	
	IBC Bank Checking Account	\$7,877.29			
	IBC BizRite Account	\$411.22			
	IBC Bank MMA	\$77,818.40			
	Capitol One Money Market	\$41,746.22			
	Total Assets:	\$126,406.08			



2016-9 Expenses

Date:	To:	Amount:	For:			Receipt?
	Circle H Motel	\$182.00	Office Rent			
	Directors	\$500.00	Meeting fees			
	Bickley Powell	\$1,047.50	Wastewater Operations Manager			
	Bickley Powell	\$325.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$300.00	Plant Assistant			
	Transfer to MMA	\$1,000.00				
	Transfer to Biz-Rite	\$450.00				
	Office Depot	\$62.76	ink			
	Frontier	\$8.08	Office Phone			
	Victoria Electric Co-op	\$495.11	Plant Power			
	Texas 811	\$9.50	location			
	GBRA	\$152.50	Plant Water and annual backflow preventer test			
	B Environmental	\$302.00	Water tests			
	CPL	\$174.05	A/B lift station power			
	DXI	\$30.00	Chlorine			
	USPS	\$13.60	stamps			
	Amazon.com	\$104.95	stamps	can't find receipt		
	Wal-Mart	\$3.94	office supplies			
	Biz Rite Account					
	Murphy Gas	\$10.19	Lawnmower gas			
	Wal-Mart	\$3.85	plant keys			
	Galco Electronics	\$156.83	relays, parts			
	Eclipse	\$97.43	signs			
	Gardenland	\$99.26	clorine tablets			
			<b>PAST DUE ACCOUNTS</b>			
			Connie Abernathy	paid in full		
	Total Expenses	\$6,428.55	Kirby Martin	made payment		
	Total Deposits	\$10,700.39	Dustin Bodoi	disconnected		
			Bill Scheumack	made payment and will catch up		
			Stanley Kordowski	address issue		
	IBC Bank Checking Account	\$11,086.69	Craig Willis	out of the country, emailed		
	IBC BizRite Account	\$493.66	Daniel Piwitz	deceased, contacting daughter		
	IBC Bank MMA	\$78,824.25				
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$132,150.82				

2016-10 Expenses

Date:	To:	Amount:	For:			Reciept?
	Directors	\$500.00	Meeting fees			
	Bickley Powell	\$1,047.40	Wastewater Operations Manager			
	Bickley Powell	\$260.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$500.00	Plant Assistant			
	David Lloyd	\$525.00	Manhole project			
	Transfer to MMA	\$1,000.00	savings			
	USPS	\$34.00	stamps			
	Victoria Electric Co-op	\$431.56	Plant Power			
	GBRA	\$40.20	Plant water			
	CPL	\$104.46	A/B lift station power			
	Texas Fire & Safety	\$43.84	Hi-vis safety shirts			
	V-Apparel	\$32.49	Printing for shirts			
	IRS	\$1,377.96	Quarterly payroll			
	Biz Rite Account					
	Tractor Supply	\$64.94	Herbicide			
	Wal-Mart	\$24.51	Plant lawnmower battery			
			<b>PAST DUE ACCOUNTS</b>			
			Sheila Archie			
	Total Expenses	\$6,886.36	Judy Bosarge			
	Total Deposits	\$7,540.41	Gloria Brewer			
			Johnny Guerra			
			Johnny Guerra rental			
	IBC Bank Checking Account	\$12,827.60	Candy Hope			
	IBC BizRite Account	\$404.21	Terry Maeker			
	IBC Bank MMA	\$79,830.38	Kirby Martin	sent disconnect letter		
	Capitol One Money Market	\$41,746.22	Ken Nguyen			
	Total Assets:	\$134,808.41	Pricella Pompey			
	Today's Balances					
	Checking	\$16,752.51				
	Biz-Rite	\$500.75				
	MMA	\$80,830.38				

## 2016-11 Expenses

Date:	To:	Amount:	For:			Reciept?
	Circle H Motel	\$182.00	Office Rent October			
	Circle H Motel	\$182.00	Office Rent November			
	Directors	\$500.00	Meeting fees			
	Bickley Powell	\$1,047.40	Wastewater Operations Manager			
	Bickley Powell	\$260.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$187.50	Plant Assistant			
	Transfer to MMA	\$1,000.00				
	Transfer to Biz-Rite	\$120.00				
	Frontier	\$15.00	Office Phone			
	Victoria Electric Co-op	\$449.71	Plant Power			
	Texas 811	\$5.70				
	Texas 811	\$8.55	location			
	GBRA	\$40.20				
	B Environmental	\$307.00	June skipped invoice			
	B Environmental	\$342.00	Water tests			
	Bumgardner Morrison	\$100.00	3RD Qtr report			
	CPL	\$94.23	A/B lift station power			
	DXI	\$242.78	Chlorine			
	DXI	\$30.00	Chlorine			
	DXI	\$30.00	Chlorine	invoice not found		
	PEECO	\$1,049.25	liftstation control panel			
	TCEQ	\$1,250.00	permit			
	USA Bluebook	\$72.54	manhole cover lifter			
	USA Bluebook	\$260.32	chemicals			
	USA Bluebook	\$163.63	ejector rebuild kit			
	USA Bluebook	\$26.49	reagent			
	Biz Rite Account					
	Gardenland Nursery	\$23.46	dipnet			
			PAST DUE ACCOUNTS			
			Kirby Martin	made payment		
	Total Expenses	\$8,889.76	Bill Scheumake	made payment		
	Total Deposits	\$11,945.90	Sheila Archie			
			Johnny Guerra			
	IBC Bank Checking Account	\$16,861.19				
	IBC BizRite Account	\$500.75				
	IBC Bank MMA	\$80,836.40				
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$139,944.56				

2016-12 Expenses

Date:	To:	Amount:	For:			Reciept?
	Directors	\$500.00	Meeting fees			
	Bickley Powell	\$1,047.40	Wastewater Operations Manager			
	Bickley Powell	\$325.00	Mileage			
	Deborah Riley	\$300.00	Office Assistant			
	Virginia Schubert	\$600.00	Bookkeeper			
	Charles Edwards	\$275.00	Plant Assistant			
	David Lloyd	\$250.00	Manhole Project			
	Employee bonuses	\$1,850.00				
	Frontier	\$10.22	Office Phone			
	Victoria Electric Co-op	\$472.01	Plant Power			
	Texas 811	\$4.75	location			
	GBRA	\$40.20				
	Carlson Tax Service(QB)	\$687.50				
	B Environmental	\$342.00	Water tests			
	B Environmental	\$307.00				
	CPL	\$92.62	A/B lift station power			
	Transfer to MMA	\$1,000.00				
	Biz Rite Account					
	Power Hardware	\$56.72	Plumbing parts			
	Power Hardware	\$16.22	Plumbing parts			
			<b>PAST DUE ACCOUNTS</b>			
			Kirby Martin	sent disconnect letter		
	Total Expenses	\$8,176.64	Bill Scheumake	sent disconnect letter		
	Total Deposits	\$7,652.06	Rose Kedrow	will pay		
			Johnny Guerra	has contacted me.		
			Tim Lyon	will pay		
	IBC Bank Checking Account	\$15,311.95	Allan Staneski	new customer unable to contact		
	IBC BizRite Account	\$427.81				
	IBC Bank MMA	\$81,842.68				
	Capitol One Money Market	\$41,746.22				
	Total Assets:	\$139,328.66				

# **Exhibit WCID-Staff 1-10 (SUPP1)**

**SOUTH CENTRAL CALHOUN COUNTY WATER  
CONTROL AND IMPROVEMENT DISTRICT #1  
P.O. Box 833  
Port Lavaca, TX 77979**

OCT 26 2009

October 22, 2009

Guadalupe-Blanco River Authority  
1064 State Hwy 316  
Port Lavaca, TX 77979

re: Interlocal Agreement

Dear Sir:

Enclosed is the Interlocal Agreement between GBRA and WCID #1, which has been approved by our Board of Directors, and allows WCID #1 to authorize GBRA to shut off a customer's water for non-payment of their sewer bill.

We have attached Exhibit A to the Interlocal Agreement, which indicates that all present and future WCID #1 customers are included in this agreement. We have listed the Subdivisions, including Block and Lot numbers, in Magnolia Beach and Alamo Beach that are part of the agreement, which is also the boundary of our water treatment system.

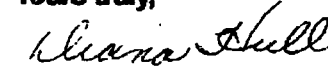
As part of Exhibit A, we have also included boundary maps for Magnolia Beach and Alamo Beach showing these Subdivisions with Block and Lot numbers.

When the occasion arises, we will deliver a Request for Disconnection of Service letter to GBRA which will include the name, address and phone number of our customer, plus the Subdivision with Block and Lot number. We have attached a GBRA Draft Copy of the letter which is to be included with Exhibit A.

We will also provide GBRA with a copy of the Disconnection of Service letter that will have been sent to the customer which shows the amount owed, the number of months past due and the fact that their water will be shut off if not paid by a specified date and that a reconnect fee will be required. We have attached a GBRA Draft Copy of the letter which is to be included with Exhibit A.

We have enjoyed working with GBRA on this agreement and greatly appreciate all the effort your employees and legal staff went through to make the agreement happen.

Yours truly,



Diana Hull, President  
WCID #1  
(361) 552-1255

**FILE COPY**  
**RECEIVED**  
OCT 22 2009  
GBRA - PT. LAVACA

**INTERLOCAL AGREEMENT BETWEEN THE GUADALUPE-BLANCO RIVER  
AUTHORITY AND SOUTH CENTRAL CALHOUN COUNTY WATER  
CONTROL IMPROVEMENT DISTRICT NUMBER 1**

**THE STATE OF TEXAS**

§  
§  
§

**COUNTY OF GUADALUPE**

South Central Calhoun County WCID No. 1 (SCCCWCID) and the Guadalupe-Blanco River Authority (GBRA) for the consideration and purposes herein expressed, enter into the following agreement regarding wastewater collection and treatment services provided by SCCCWCID to various businesses and residents in the areas as shown on Exhibit "A", which includes areas where GBRA already performs water billing services.

WHEREAS, GBRA is a river authority and conservation and reclamation district created by act of the Texas Legislature pursuant to Section 59, Article 16, Texas Constitution, with its principal office at 933 East Court Street, Seguin, Texas 78155; and

WHEREAS, SCCCWCID is a special utility district organized pursuant to Texas Water Code Chapter 65 with its principal office at ~~189 North Blackburn Ave, Port Lavaca, Texas, 77979~~ (system identification No.                     ); and ~~PO Box 833~~ *WQ0013774-001*

WHEREAS, GBRA provides retail water utility service in Calhoun County through its Calhoun County Rural Water System, pursuant to Texas Commission on Environmental Quality (TCEQ) public water system identification No. 0290007.

WHEREAS, SCCCWCID provides wastewater service for its customers, some of whom are provided water utility service by GBRA; and

WHEREAS, SCCCWCID desires to enter into an agreement with GBRA to facilitate the billing and collection of charges by SCCCWCID from its customers for the current and future wastewater service provided;

NOW, THEREFORE, GBRA and SCCCWCID agree as follows:

1. **Disconnection.** If at any time any SCCCWCID wastewater customer (as described in Exhibit A) fails to pay any amounts owed to SCCCWCID pursuant to the terms of their customer service agreement with SCCCWCID, GBRA is authorized to terminate water utility services to the customer after written notice and receipt of evidence of such failure to pay in accordance with the procedure specified in any applicable policy and service regulations of SCCCWCID then in effect. GBRA's failure to disconnect any service shall not be an event of default under this Agreement. SCCCWCID shall promptly update Exhibit A with any changes and promptly notify GBRA of all customer accounts that are delinquent. GBRA shall never be obligated to bring any legal action, or other action other than termination of water service in the ordinary course of business as a means of assisting the collection of money owed SCCCWCID for sewer services by its customers. This limitation shall in no way otherwise limit or restrain SCCCWCID's

rights of recovery; rather it limits GBRA's obligations under this Agreement.

5. **Reconnection.** In the event water service is disconnected for nonpayment of SCCCWCID service charges, except as otherwise required by law, GBRA agrees not to provide water services to that customer until SCCCWCID's receipt of payment of delinquent wastewater collection charges, however GBRA shall bear no liability to SCCCWCID or any third party for any inadvertent reconnections, and SCCCWCID's sole remedy shall be to request a subsequent disconnection of such connections.
6. **Fees.** For each SCCCWCID wastewater service account disconnected pursuant to this Agreement, SCCCWCID agrees to pay GBRA the sum of \$50.00, or the maximum allowed by the TCEQ regulation, which ever amount is greater. If SCCCWCID subsequently requests GBRA to reconnect an account that has been removed from the delinquent sewer service customer list, SCCCWCID will pay to GBRA a reinstatement fee of \$50.00 per account, or the maximum allowed by the TCEQ regulation, which ever amount is greater.
8. **Purpose of Agreement.** This Agreement is made for the purpose of facilitating the billing and collection of fees for wastewater services provided by SCCCWCID. No partnership or joint venture is intended to be created hereby. GBRA's sole responsibility is to disconnect water utility service to delinquent SCCCWCID customers as provided herein.
9. **Indemnity.** GBRA shall have no responsibility for, and SCCCWCID shall indemnify, defend and hold GBRA harmless from any damage, claims, demands, or causes of action arising from: (1) the construction, operation, maintenance, repair or existence of the sewer collection system; (2) the provision or termination of water and sewer collection service, and shall furnish GBRA legal representation for litigation arising under the Agreement.
10. **Right to Terminate.** This Agreement may be terminated by any party at any time by giving the other party ninety (90) days advance notice of its intent to terminate the Agreement.
11. **Attorney's Fees.** GBRA, in addition to its damages, shall be entitled to recover its costs, and reasonable attorney's fees in any legal proceeding brought under or which relates to the Agreement or a breach thereof.
12. **Notices.** Any notice or communication required or permitted to be given hereunder shall be sufficiently given when received by any other party and must be: (a) delivered by hand delivery; or (b) mailed by certified mail, to the party's principal office or at such other addresses as may hereafter be furnished in writing by any party to all other parties, and such notice shall be deemed to have been given as of the date so delivered or mailed.
13. **No Third Party Beneficiaries.** This Agreement is not executed for the benefit of any third party and its terms shall not be enforceable by or in favor of any person or entity other than the express parties to the Agreement.



14. **Miscellaneous Provisions.** This Agreement contains all of the understandings and agreements between the parties with respect to the subject matter hereof, and the terms and conditions of the Agreement may be changed only by written amendments agreed to by both parties. This Agreement replaces and supersedes all prior agreements of the parties with respect to the subject matter hereof. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns; provided that, except as otherwise provided in this Agreement, no party may assign its interest in this Agreement without prior written consent of all the other parties. A waiver by any party of a breach of this Agreement shall not be construed as a waiver of any subsequent breach of this Agreement. The section and subsection headings in this Agreement are for convenience. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue over this Agreement shall lie in the courts of Guadalupe County.
15. **Mediation.** Prior to the commencement of any litigation over any alleged breach of this Agreement, the parties covenant to seek mediation of all disputes through the assistance of a neutral third party mutually agreed upon by the parties.
16. **Interest.** Any amount due and unpaid for more than thirty (30) days shall accrue interest at the maximum rate allowed by law.
17. **Effective Date.** This Agreement shall become effective on the \_\_\_\_ day of the calendar month following execution and shall apply to all wastewater service billings by SCCCWCID and as provided retail water service by GBRA and all other matters within the scope of this Agreement from that date forward.

EXECUTED on the 22<sup>nd</sup> day of October, 2009.

South Central Calhoun County WCID No. 1:      Guadalupe-Blanco River Authority:

James F. Hull  
President      General Manager

W.E. West, Jr.  
W.E. West, Jr. General Manager

APPROVED AS TO LEGALITY:

APPROVED AS TO LEGALITY:

\_\_\_\_\_, Attorney

Bruce Wasinger  
Bruce Wasinger, General Counsel

Bonnie Bailey  
Secretary Treasurer

Virginia Schubert  
Director

Deborah Riley  
Vice-President

*["Exhibit A" should include both an area map and names,  
addresses and phone numbers of the customers covered by the  
| Agreement]*

## **Exhibit A**

**To Interlocal Agreement Between the Guadalupe-Blanco River Authority and South Central Calhoun County Water Control and Improvement District #1.**

**This Interlocal Agreement covers all present and future customers of the South Central Water Control and Improvement District #1 who reside in the following Calhoun County, Texas Subdivisions:**

### **Magnolia Beach**

**Tilke & Crocker - 1st Addition to Alamo Beach (Magnolia Beach) -**

**Blocks 1, 2, 3, 4, 5, 6, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 31 & 34.**

**Underhill Subdivision - Blocks 1, 2 & 3.**

**Underhill First Addition - Blocks 4, 5 & 6.**

**Underhill Second Addition - Block 7, Only Lots 1, 2, 3 & 4. Block 8, Only Lots 1, 2, 3 & 4.**

**Underhill Third Addition - Blocks 6 & 7.**

**Underhill Fourth Addition - Only Block 1 and only Lots 1, 2, 3, 4 & 5 in Block 1..**

**Magnolia Palms Subdivision - Blocks A, B & C.**

**Turpen Addition - Blocks 1, 2, 3 & 6.**

**First Addition Turpen - Blocks 4 & 5.**

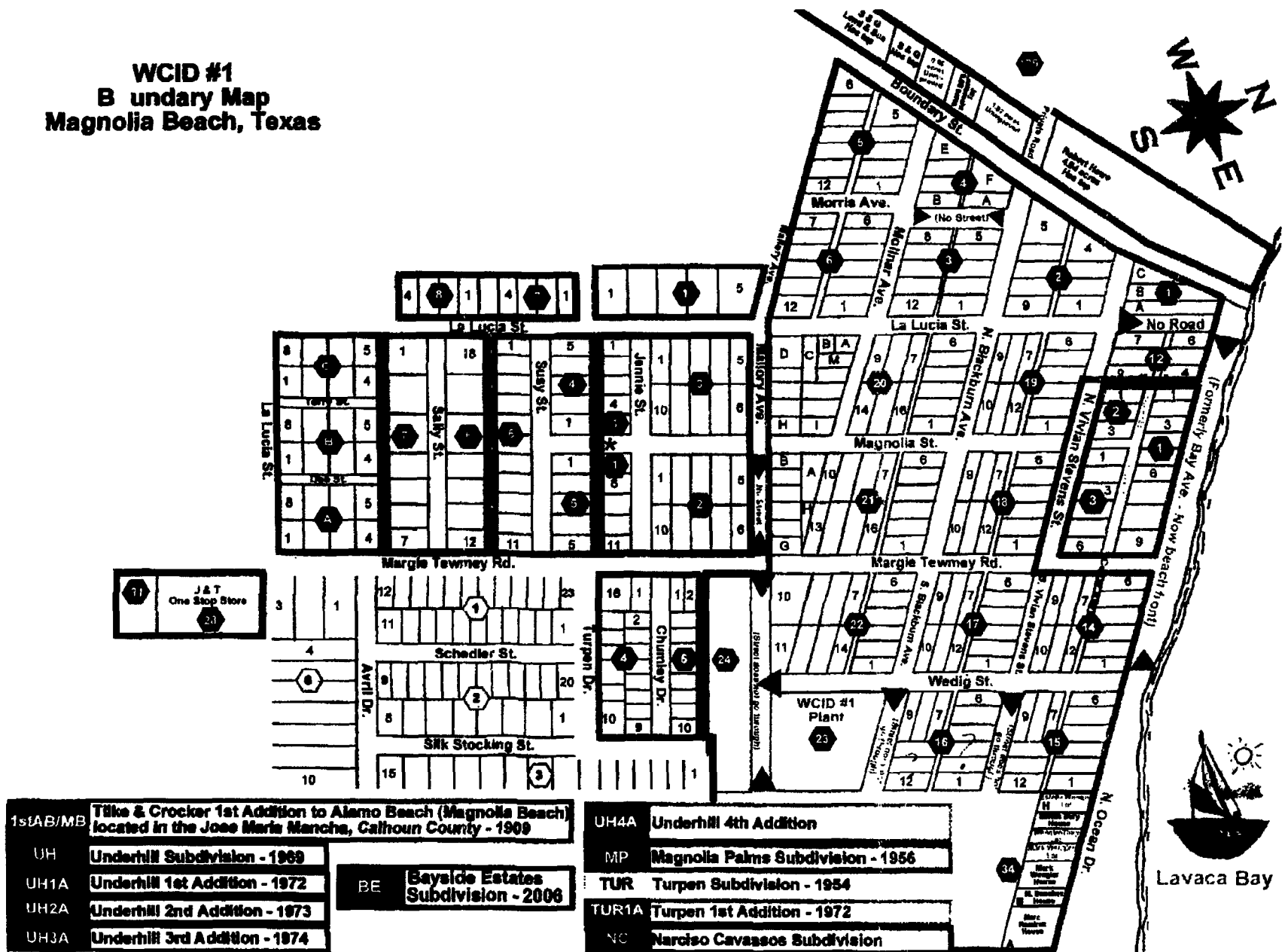
**Bayside Estates Subdivision - Blocks 1, 2 & 3.**

**Narcisco Cavassos Subdivision - Block 179, Only Lots bordering Boundary St.**

### **Alamo Beach**

**Blocks 41, 42, 57, 58, 59, 60, 95, 96, 97, 98 and part of 120 (Lots 1, 2, 12, 15, 17, 18 & 19)**

**WCID #1  
Boundary Map  
Magnolia Beach, Texas**



**WCID #1  
Boundary Map  
Alamo Beach, Texas**

The map illustrates the street layout and block numbering for WCID #1 in Alamo Beach, Texas. Key streets include Sunset Ave., Washington Ave., Fannin St., Sunrise Ave., Cox Ave., S. Qualtrun Ave., and Stevens St. The map shows various blocks and lots, with some areas marked as 'Dead End' or 'No Street'. The map is titled 'WCID #1 Boundary Map Alamo Beach, Texas'.

FM 2762

**SOUTH CENTRAL CALHOUN COUNTY WATER  
CONTROL AND IMPROVEMENT DISTRICT #1  
P.O. Box 833  
Port Lavaca, TX 77979**

November 20, 2009

**Guadalupe-Blanco River Authority  
1064 State Hwy 316  
Port Lavaca, TX 77979**

re: Request for  
Disconnection of Service

Dear Sir:

Per the agreement between GBRA and WCID #1 to shut off a customer's water for non-payment of their sewer bill, please arrange to disconnect the water for the following delinquent sewer service customer.

**Customer's Name and Mailing Address:**

John Q. Public  
7823 Rosedale Ave.  
San Antonio, TX 78204

**Local Address for Water & Sewer Service:**

10 Magnolia St. (Magnolia Beach)  
1st Addition to Alamo Beach (Magnolia Beach)  
Block 19 Lot 13

Attached is a copy of our letter to the customer notifying him of our intended action. Also included is a map showing the subdivision, block number and lot number.

Please call me should you have any questions.

Yours truly,

Diana Hull, President  
WCID #1  
552-1255

**GBRA Draft Copy - Include with Exhibit A**

**SOUTH CENTRAL CALHOUN COUNTY WATER  
CONTROL AND IMPROVEMENT DISTRICT #1  
P.O. Box 833  
Port Lavaca, TX 77979**

October 21, 2009

**Mr. John Q. Public  
7823 Rosedale Ave.  
San Antonio, TX 78204**

**re: Disconnection of Service  
10 Magnolia Street (Magnolia Beach)**

**Dear Mr. Public:**

**WCID #1 has an agreement with GBRA to shut off a customer's water for non-payment of their sewer bill. Only WCID #1 can authorize the reconnection of the water, which will only occur once the account has been paid current, plus late charges, plus a \$400.00 reconnection fee. It is the policy of WCID #1 to only take this action after four (4) months non-payment of sewer service.**

**Since no payment has been made on your sewer service account for four (4) months, we plan to take this action.**

**You owe \$68.00 in service fees and late charges. If this amount has not arrived at our Post Office Box on or before November 20, 2009 we will authorize GBRA to shut off the water. You will then be required to pay the \$400.00 reconnection fee.**

**Yours truly,**

**The Board of Directors  
WCID #1**

**GBRA Draft Copy - Include with Exhibit A**

**WALKER KEELING LLP**

**ATTORNEYS AT LAW**

**120 SOUTH MAIN, SUITE 500**

**P. O. BOX 108**

**VICTORIA, TEXAS 77902-0108**

**DONNA GRAFE-TUCKER  
ASSOCIATE**

**DIRECT LINE  
(361) 570-9104**

**TELEPHONE  
(361) 576-6800**

**FACSIMILE  
(361) 576-6196**

**E-MAIL: [dgrafetucker@walkerkeeling.com](mailto:dgrafetucker@walkerkeeling.com)**

**April 21, 2017**

**Via Email: [sccwcid@yahoo.com](mailto:sccwcid@yahoo.com)  
and First Class Mail**

**Board of Directors  
South Central Calhoun County WCID #1  
P. O. Box 833  
Port Lavaca TX 77979-0833**

**Re: Representation of South Central Calhoun County WCID #1 (the "District")**

**Dear Board Members:**

You have asked our firm to submit a formal proposal to provide legal representation to the District. Since August of 2010, we have enjoyed an association with the District and look forward to being of service to you well into the future. This letter outlines the proposed scope of engagement and sets forth the role and responsibilities of both our law firm and the District as client.

*Proposed 2017 Rates*

Partners	\$285.00 / hr
Associates	\$215.00 / hr
Paralegals	\$110.00 / hr

**Scope of Engagement**

As counsel for the District we will provide legal representation in connection with the District's general business matters, including—but not limited to—easement preparation and acquisition, attending District meetings, document preparation and general legal advice on an as needed basis. We may, at the District's request, perform other legal services outside the scope of this letter as well. If the District determines to engage the Firm on additional legal matters, such as litigation, we will enter into a different agreement. This Engagement Letter and the Terms of Engagement (**Attachment A**) shall serve as the written contract between the District and WK.

This letter may be supplemented or amended to reflect new matters that deviate from the current engagement in complexity, scope, nature or risk, or that requires a substantial change in terms and conditions.

**Fees and Staffing.**

Under this proposed engagement, partners will charge an hourly rate of \$285.00 and associates will charge an hourly rate of \$215.00. Paralegals will be billed at \$110.00 per hour. We bill in increments of a tenth of an hour. We will not require a retainer and the District will be billed for



WALKER KEELING LLP

South Central Calhoun County WCID #1  
April 21, 2017  
Page 2 of 2

RECEIVED  
AUG 17 2017

BY: \_\_\_\_\_

services provided. Billing rates are reviewed on an annual basis, but any adjustments will be made only after notice to the District.

Cooperation


Under the Terms of this Engagement Letter, the District and its agents will have specific obligations to WK, for example, the obligation to provide complete and accurate information and to fully and accurately disclose all facts and documents that are or might be material or that we may request. This is necessary in order to enable us to render effectively the legal services contemplated. The District also agrees to keep us informed of all developments relating to the District and our representation that are or might be material or that we may request. We necessarily must rely on the accuracy and completeness of the facts and information the District and its agents provide to us to provide effective representation. When it is necessary for the District's representatives to attend meetings in connection with our legal representation, the District's agents will make a reasonable effort to do so and we will attempt to schedule them so that the convenience of those representatives can be served.

It is WK's practice to comply with the professional standards and ethics requirements applicable to Texas attorneys. Please call me with any questions about any aspect of this engagement. If this letter and the Terms of Engagement meet with your approval, we request that the proper authorized agent sign both original letters. We request that you keep one letter for the District's file and return one original to me.

We are pleased to have this opportunity to be of service and to work with the District and its representatives.

Sincerely,

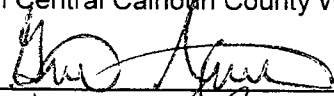
WALKER KEELING LLP

  
Donna Grafe-Tucker, Associate

AGREED AND ACCEPTED:

ATTEST:

South Central Calhoun County WCID #1

By:   
Printed Name/Title: President  
Date: 8-15-17, 2017

  
Secretary Board of Directors  
Date: 8-15-17, 2017

7576800  
ORIGINAL

**ATTACHMENT A**

**WALKER KEELING LLP  
Terms of Engagement**

**Introduction**

These are the Terms of Engagement adopted by Walker Keeling LLP (WK) and referred to in our Engagement Letter as the basis for our representation of the South Central Calhoun County WCID #1 (hereinafter referred to as "the Client," "District" or "you"). This document is an integral part of our agreement to provide representation; therefore, we ask that you review this document carefully.

**Identification of Client**

Under this engagement, our client is the District and not individual board members, officers or employees. In the event the District requests that we undertake representation of a specific individual, a new engagement letter will need to be prepared that defines that scope of representation of the individual.

**Fees**

Our fees are based on the time spent by the lawyers and paralegal personnel who provide legal services for the District. We will charge for all time spent in representing the District's interests, including by way of illustration only, correspondence (including e-mail), telephone and office conferences with the District and the District's representatives, consultants (if any), witnesses, opposing counsel, and others; conferences among our legal and paralegal personnel; responding to inquiries and requests for District information; factual investigation; legal research; responding to the District's requests for us to provide information to the District's auditors in connection with reviews or audits of financial statements; drafting letters, policies and other documents; and travel. Under the terms of this engagement and in order for us to properly represent the District, it is, and it will routinely be, necessary that we interact with, advise, consult with and exchange information with third parties, including but not limited to engineers working on behalf of the District, other legal counsel representing the District, District management including employee(s) in charge in case of the manager's absence, financial advisors, tax advisors and consultants, appraisal district personnel, election administrators, state agencies and officers, and District service providers such as municipal waste contractors and the like. The District acknowledges the necessity of, and authorizes such interactions and consents to charges for all time spent accordingly.

Firm billing rates for this engagement are set forth in the accompanying cover letter. Our attorneys vary according to the experience of the individuals. WK will attempt to staff each matter in a manner that is most economical to the District based on the nature of the project. We utilize paralegal personnel whenever appropriate. Travel expenses are billed at the IRS reimbursement rates.

If the representation will require a concentrated period of activity, such as a trial, arbitration, hearing or administrative proceeding, or extensive time intensive requests from

directors or other District agents or consultants, we reserve the right to require the payment of all amounts owed and the prepayment of the estimated fees and expenses to be incurred in such representation.

#### **Other Charges**

In addition to our fees, there will be other charges for items incident to the performance of our legal services, such as photocopying, messengers, travel expenses, long-distance telephone calls, facsimile transmissions, postage, overtime for secretaries and other non-legal staff, specialized computer applications such as computerized legal research, court reporters, and filing fees. Unless special arrangements are otherwise made, fees and expenses of others (such as experts, investigators and consultants) will be the responsibility of, and billed directly to the District. The District will ultimately be responsible for the payment of the invoices of those third parties. Further, the District agrees that we may forward to it for direct payment, all invoices for any such services in excess of \$100.00.

#### **Invoices; Billing Cycle**

Our billing rates are based on the assumption of prompt payment. WK issues invoices on a regular basis each month for fees and other charges. Invoices are due on presentment and are considered past due 30 days after receipt. It is important to review invoices that are presented each month and to bring any concerns regarding the invoice, services or staffing to the attention of the firm within 30 days of the receipt of an invoice. Fees for professional services and reimbursable expenses are not contingent on the outcome of the project, matter or lawsuit.

#### **Cost Estimates**

Although we may from time to time, at the client's request, furnish estimates of legal fees and other charges that we anticipate will be incurred, these estimates are by their nature inexact (due to unforeseeable circumstances) and, therefore, the actual fees and charges ultimately billed may vary from such estimates. Any estimate is based on our professional judgment and the facts and circumstances that appear at the time. As such, any estimate is subject to the understanding that, unless we agree otherwise in writing, it does not represent a maximum, minimum or fixed-fee quotation.

#### **Persons Authorized to Request Services and/or Information**

Requests for legal advice or representation on specific matters will be submitted to us through you, other officers of the District, the District's management staff, other persons authorized by such persons, or by the Board. We may, upon request of individual members of the Board, provide advice or render services for the District. However, if we are asked to render services or provide information under this engagement by a board member, officer, management employee, or other person authorized to make such request, and we question the appropriateness of, or the benefit to the District of proceeding as requested, then we reserve the right to seek additional authorization or clarification from the District as may be appropriate under the circumstances.

**Conflicts**

Our representation of the District includes commitments by the Firm not to take a position adverse to the District in certain matters where we might otherwise represent another existing or potential client and not to misuse any confidential information the District may furnish to us. Because of the broad base of clients which the Firm represents on a variety of legal matters, it is possible that the District may find itself in a position adverse to another Firm client in litigation, legislative or regulatory proceedings, business negotiations or some other legal matter unrelated to our representation of the District. Given that possibility, we wish to be fair not only to the interests of the District, but to those of our other clients as well. Consequently, this letter sets forth our commitment not to take a position adverse to the District with respect to certain matters and the District's agreement with respect to the areas in which the Firm is free to take such an adverse position.

In representing the District, we recognize that we will be disqualified from representing any other client in any matter which is substantially related to our representation of the District. Likewise, we will be disqualified with respect to any matter where there is a reasonable probability that confidential information the District furnishes to us could be used to its disadvantage. The District agrees that, except as set forth in the preceding sentences, the Firm shall be entitled to represent the interests of any other client against those of the District in litigation, legislative or regulatory proceedings, business negotiations or other legal matters.

**Withdrawal or Termination**

Our relationship may be terminated by either of us at any time by written notice to the other party, subject to any applicable State Bar of Texas rules regarding withdrawal of attorneys.

We reserve the right to withdraw from our representation if, among other things, the District should fail to honor the terms of this engagement letter, fail to make timely payment of invoices, or fail to cooperate or follow our advice on a material matter, or if any fact or circumstance would, in our view, render our continuing representation unlawful, unethical, or ineffective, including if continued representation would result in a violation of the applicable rules of professional conduct or if the firm has a fundamental disagreement with the objective in this engagement or other good cause for termination exists. If we elect to withdraw for any reason, the District will take all steps necessary to free us of any obligation to perform further, including the execution of any documents necessary to complete our withdrawal, and we will be entitled to be paid for all services rendered and other charges accrued on behalf of the District to the date of withdrawal.

**Venue**

In the event of a dispute, any legal action or proceeding relating to this Agreement may be brought in District Court in Calhoun County, Texas.

**Client Documents**

We will maintain any substantive documents the District furnishes us in our files. At the conclusion of a matter (or earlier, if appropriate), it is the District's obligation to advise us as to which, if any, of the documents in our files that the District wishes us to return. We will retain any remaining documents in our files for a certain period of time and ultimately destroy them in accordance with our record retention program schedule then in effect. You agree to compensate the firm for reproduction charges and professional fees required to review the files.

## THE TEXAS LAWYER'S CREED -- A MANDATE FOR PROFESSIONALISM

### BY ORDER OF THE SUPREME COURT AND THE COURT OF CRIMINAL APPEALS.

I am a lawyer. I am entrusted by the People of Texas to preserve and improve our legal system. I am licensed by the Supreme Court of Texas. I must therefore abide by the Texas Disciplinary Rules of Professional Conduct, but I know that professionalism requires more than merely avoiding the violation of laws and rules. I am committed to this Creed for no other reason than it is right.

#### I. OUR LEGAL SYSTEM

A lawyer owes to the administration of justice personal dignity, integrity, and independence. A lawyer should always adhere to the highest principles of professionalism.

1. I am passionately proud of my profession. There, "My word is my bond."
2. I am responsible to assure that all persons have access to competent representation regardless of wealth or position in life.
3. I commit myself to an adequate and effective pro bono program.
4. I am obligated to educate my clients, the public, and other lawyers regarding the spirit and letter of this Creed.
5. I will always be conscious of my duty to the judicial system.

#### II. LAWYER TO CLIENT

A lawyer owes to a client allegiance, learning, skill, and industry. A lawyer shall employ all appropriate means to protect and advance the client's legitimate rights, claims, and objectives. A lawyer shall not be deterred by any real or imagined fear of judicial disfavor or public unpopularity, nor be influenced by mere self-interest.

1. I will advise my client of the content of this Creed when undertaking representation.
2. I will endeavor to achieve my client's lawful objectives in legal transactions and in litigation as quickly and economically as possible.
3. I will be loyal and committed to my client's lawful objectives, but I will not permit that loyalty and commitment to interfere with my duty to provide objective and independent advice.
4. I will advise my client that civility and courtesy are expected and are not a sign of weakness.
5. I will advise my client of proper and expected behavior.
6. I will treat adverse parties and witnesses with fairness and due consideration. A client has no right to demand that I abuse anyone or indulge in any offensive conduct.
7. I will advise my client that we will not pursue conduct which is intended primarily to harass or drain the financial resources of the opposing party.
8. I will advise my client that we will not pursue tactics which are intended primarily for delay.

9. I will advise my client that we will not pursue any course of action which is without merit.

10. I will advise my client that I reserve the right to determine whether to grant accommodations to opposing counsel in all matters that do not adversely affect my client's lawful objectives. A client has no right to instruct me to refuse reasonable requests made by other counsel.

11. I will advise my client regarding the availability of mediation, arbitration, and other alternative methods of resolving and settling disputes.

#### III. LAWYER TO LAWYER

A lawyer owes to opposing counsel, in the conduct of legal transactions and the pursuit of litigation, courtesy, candor, cooperation, and scrupulous observance of all agreements and mutual understandings. Ill feelings between clients shall not influence a lawyer's conduct, attitude, or demeanor toward opposing counsel. A lawyer shall not engage in unprofessional conduct in retaliation against other unprofessional conduct.

1. I will be courteous, civil, and prompt in oral and written communications.
2. I will not quarrel over matters of form or style, but I will concentrate on matters of substance.
3. I will identify for other counsel or parties all changes I have made in documents submitted for review.
4. I will attempt to prepare documents which correctly reflect the agreement of the parties. I will not include provisions which have not been agreed upon or omit provisions which are necessary to reflect the agreement of the parties.
5. I will notify opposing counsel, and, if appropriate, the Court or other persons, as soon as practicable, when hearings, depositions, meetings, conferences or closings are cancelled.
6. I will agree to reasonable requests for extensions of time and for waiver of procedural formalities, provided legitimate objectives of my client will not be adversely affected.
7. I will not serve motions or pleadings in any manner that unfairly limits another party's opportunity to respond.
8. I will attempt to resolve by agreement my objections to matters contained in pleadings and discovery requests and responses.
9. I can disagree without being disagreeable. I recognize that effective representation does not require antagonistic or obnoxious behavior. I will neither encourage nor knowingly permit my client or anyone under my control to do anything which would be unethical or improper if done by me.
10. I will not, without good cause, attribute bad motives or unethical conduct to opposing counsel nor bring the profession into disrepute by unfounded accusations of impropriety. I will avoid disparaging personal remarks or acrimony towards opposing counsel, parties and witnesses. I will not be influenced by any ill feeling between clients. I will abstain from any allusion to personal peculiarities or idiosyncrasies of opposing counsel.

11. I will not take advantage, by causing any default or dismissal to be rendered, when I know the identity of an opposing counsel, without first inquiring about that counsel's intention to proceed.

12. I will promptly submit orders to the Court. I will deliver copies to opposing counsel before or contemporaneously with submission to the court. I will promptly approve the form of orders which accurately reflect the substance of the rulings of the Court.

13. I will not attempt to gain an unfair advantage by sending the Court or its staff correspondence or copies of correspondence.

14. I will not arbitrarily schedule a deposition, Court appearance, or hearing until a good faith effort has been made to schedule it by agreement.

15. I will readily stipulate to undisputed facts in order to avoid needless costs or inconvenience for any party.

16. I will refrain from excessive and abusive discovery.

17. I will comply with all reasonable discovery requests. I will not resist discovery requests which are not objectionable. I will not make objections nor give instructions to a witness for the purpose of delaying or obstructing the discovery process. I will encourage witnesses to respond to all deposition questions which are reasonably understandable. I will neither encourage nor permit my witness to quibble about words where their meaning is reasonably clear.

#### IV. LAWYER AND JUDGE

Lawyers and judges owe each other respect, diligence, candor, punctuality, and protection against the unjust and improper criticism and attack. Lawyers and judges are equally responsible to protect the dignity and independence of the Court and the profession.

1. I will always recognize that the position of judge is the symbol of both the judicial system and administration of justice. I will refrain from conduct that degrades this symbol.
2. I will conduct myself in Court in a professional manner and demonstrate my respect for the Court and the law.
3. I will treat counsel, opposing parties, the Court, and members of the Court staff with courtesy and civility.
4. I will be punctual.
5. I will not engage in any conduct which offends the dignity and decorum of proceedings.
6. I will not knowingly misrepresent, mischaracterize, misquote or miscite facts or authorities to gain an advantage.
7. I will respect the rulings of the Court.
8. I will give the issues in controversy deliberate, impartial and studied analysis and consideration.
9. I will be considerate of the time constraints and pressures imposed upon the Court, Court staff and counsel in efforts to administer justice and resolve disputes.

# CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.  
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

## OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:  
2017-278341

Date Filed:  
10/31/2017

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Walker Keeling LLP  
Victoria, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

South Central Calhoun County WCID 1

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

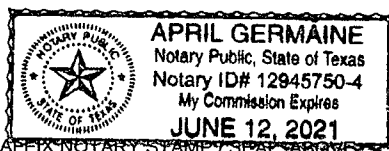
2017  
legal services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Keeling, Lee	Victoria, TX United States	X	
	Walker, Ronald	Victoria, TX United States	X	

5 Check only if there is NO Interested Party. ☐

### 6 AFFIDAVIT

I swear or affirm, under penalty of perjury, that the above disclosure is true and correct.



AFFIX NOTARY STAMP/SEAL ABOVE

Donna Grafe-Tucker  
Signature of authorized agent of contracting business entity

Sworn to and subscribed before me, by the said Donna Grafe-Tucker, this the 31<sup>st</sup> day of October, 2017, to certify which, witness my hand and seal of office.

April Germaine  
Signature of officer administering oath

April Germaine  
Printed name of officer administering oath

Notary  
Title of officer administering oath



GRAVES DOUGHERTY HEARON & MOODY  
A Professional Corporation

Natasha J. Martin  
512.480.5639  
512.536.9939 (fax)  
nmartin@gdhm.com

MAILING ADDRESS:  
P.O. Box 98  
Austin, TX 78767-9998

March 15, 2018

*Via Email:* scccwcid1ta@yahoo.com

Mr. Gino Aguirre  
President, Board of Directors  
South Central Calhoun County Water Control and Improvement District No. 1  
P.O. Box 833  
Port Lavaca, TX 77979

*Re: Legal representation in connection with Public Utility Commission of Texas Rate Appeal Proceedings*

Dear Mr. Aguirre:

This engagement letter, if accepted by you, will serve as the agreement by which Graves, Dougherty, Hearon & Moody, a Professional Corporation ("GDHM"), will represent and advise South Central Calhoun County Water Control and Improvement District No. 1 (hereafter in this letter "you") in connection with matters related to a ratepayer appeal before the Public Utility Commission of Texas ("PUC") and the State Office of Administrative Hearings ("SOAH") of a decision by the South Central Calhoun County Water Control and Improvement District No. 1 Board of Directors to change the rates. This includes necessary appearances and any filings with courts of jurisdiction and corresponding with the opposing party, the PUC, and SOAH.

The terms of this engagement letter shall also apply to any additional representation or legal service that GDHM may agree to provide to you in the absence of a future engagement letter. Although we will endeavor to achieve satisfactory results, it is understood that GDHM makes no promises or guarantees concerning outcomes, and cannot do so. Any expressions about outcomes are only opinions.

For any new matter in which you request GDHM's services, you agree to provide GDHM with a description of the matter and will identify all interested parties. GDHM will notify you promptly of any conflicts or other reason for declining the representation. The conditions, limitations, and other terms set forth in this engagement letter will apply to all matters in which GDHM agrees to represent you.



March 15, 2018

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GDHM will charge fees for services based on time spent by lawyers and legal assistants working on this representation, at hourly rates that vary based on the experience and expertise of the person performing the work. Hourly rates for our lawyers currently range from \$250.00 per hour to \$550.00 per hour. The hourly rates for our legal assistants currently range from \$100.00 per hour to \$160.00 per hour. We revise our standard hourly fee schedule from time to time, and typically every year. Natasha Martin and Mary Keeney will be the lawyers primarily responsible for the general engagement. Natasha's hourly rate is \$295.00 and Mary's hourly rate is \$460.00. Natasha will perform a majority of the work for this representation with oversight from Mary.

In addition to fees, GDHM will charge for reimbursement of expenses it incurs in this representation. For disbursements of \$500.00 or more, GDHM may request that the supplier of the goods or services bill you directly.

You agree to deposit with GDHM the amount of \$5,000.00 as a retainer against future fees and expenses. Interest on money held in GDHM's trust account is paid to a fund administered by the State Bar of Texas to assist in making legal services available to the indigent. GDHM will hold the retainer until it has completed its work in this engagement. The retainer may be used to pay the final amount due to GDHM when this representation is concluded, at which time GDHM will refund any money remaining on the account in excess of its final statement. Upon determination, the matter requires additional litigation outside of the scope of this engagement; GDHM may submit a new engagement letter and request an additional retainer to cover those fees and expenses.

The retainer payment should be wired to Bank of America, Austin, Texas ABA#0260-0959-3 for credit of Graves Dougherty Hearon & Moody IOLTA Account #006040246777.

GDHM will keep records of its time and expenses, and will normally send a statement each month, or at such other frequency as may be convenient, showing fees for work done during the previous period, plus reimbursable expenses that were paid during the previous period. You agree to make payment promptly following receipt of each statement. Payment shall be made by means of checks or drafts payable to "Graves, Dougherty, Hearon & Moody, P.C." If any statement remains unpaid for more than 30 days GDHM may, consistent with ethical obligations and applicable judicial requirements, cease performing services until satisfactory arrangements for payment have been made.

March 15, 2018

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GDHM has a document retention policy with respect to client files. Subject to certain exceptions, once a file is closed in a particular matter, it is GDHM's general policy to retain the file for a minimum of ten years, after which time it may be destroyed or you will be asked whether it would like those documents. We will share with you the specifics of GDHM's client file retention policy at your request.

We take pride in maintaining good working relationships with our clients. If you become dissatisfied with any aspect of GDHM's representation, please bring it to our attention immediately. It is our belief that most problems can be resolved by a frank and good faith discussion between us. You may terminate this engagement by written notice at any time. GDHM reserves the right to withdraw from this engagement, subject to our ethical obligations and applicable judicial requirements. Otherwise, this engagement will terminate upon the completion of the legal services described above, or at the completion of any new matter.

We have reviewed our client/matter information against the information you have provided. To the best of our present knowledge, we are aware of no actual or potential conflicts in GDHM proceeding with this representation.

This engagement restricts GDHM's future ability to take a position adverse to you in a substantially related legal matter. GDHM represents a broad base of clients in a wide variety of legal matters. As a result, it is possible that in a future legal matter unrelated to this engagement, you could be in a position adverse to another GDHM client. You agree that GDHM may represent other clients whose interests are adverse to it, including in litigation, business negotiations, transactions or other legal matters, provided such other representation (i) is not substantially related to GDHM's representation of you in this engagement and (ii) would not result in GDHM's use, on behalf of another client, of any confidential information or data concerning you which is made available to GDHM during this engagement.

As this matter may involve litigation, please note that you have strict legal obligations to preserve relevant information, including halting the automatic operation of document destruction processes, such as the routine deletion of emails and other electronic files. By signing this engagement letter, you agree to take immediate, reasonable and necessary steps to ensure that documents (including electronic information) relating to any ongoing or anticipated litigation made the subject of this representation are preserved and not destroyed, and to notify us if you believe that any relevant information has been lost or destroyed. Our attorneys and litigation technology staff are available to answer questions and provide assistance in this regard.

March 15, 2018

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To confirm our agreement to these terms of GDHM's representation, please sign the enclosed copy of this letter and return it to us. If this letter does not accurately describe the terms of this engagement and the services that you believe GDHM has agreed to provide, please notify me immediately. Also, if you do not understand anything in this letter, or you want more information or clarification, please contact me before you sign this letter.

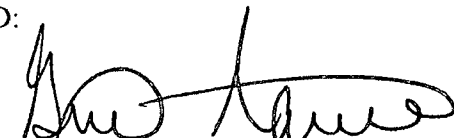
A copy of this letter should be retained in your files. Please contact me promptly if you have any questions about this letter or any other aspect of GDHM's engagement in this matter. We look forward to working with you.

Very truly yours,

GRAVES, DOUGHERTY, HEARON & MOODY  
A Professional Corporation

By:   
Natasha J. Martin

AGREED:

By:   
Gino Aguirre, President  
South Central Calhoun County Water Control and Improvement District No. 1

Date: 03/16/18