



Control Number: 48448



Item Number: 1

Addendum StartPage: 0



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.109

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (**NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.**)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. **Application is not accepted for filing.**
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. **Application is accepted for filing.**
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.

HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariffs if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

Any retail public utility that provides water or wastewater service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

RECEIVED
 28 JUN -8 AM 10:01
 PUBLIC UTILITY COMMISSION
 FILING CLERK

Application Summary

Transferor: Patton Village Water Company, Inc.

(selling entity)

CCN No.s: 11193

☒ Sale ☐ Transfer ☐ Merger ☐ Consolidation ☐ Lease/Rental

Transferee: City of Patton Village

(acquiring entity)

CCN No.s: _____

☒ Water ☐ Sewer ☐ All CCN ☐ Portion CCN ☐ Facilities transfer

County(ies): Montgomery

Table of Contents

Sale, Transfer, or Merger (STM) Application Instructions	1
Part A: General Information	3
Part B: Transferor Information	3
Part C: Transferee Information	4
Part D: Proposed Transaction Details	6
Part E: CCN Obtain or Amend Criteria Considerations	8
Part F: TCEQ Public Water System or Sewer (Wastewater) Information	9
Part G: Mapping & Affidavits	10
Part H: Notice Information	12
Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)	15
Appendix B: Projected Information	18

Please mark the items included in this filing

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input checked="" type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input checked="" type="checkbox"/> Financial Audit	Part C: Question 10
<input type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input checked="" type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

Proposed action of this application is for the sale of all of the water system(s) under CCN No.: 11193.

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

- ☐ Obtaining a NEW CCN for Purchaser
☐ Transfer all CCN into Purchaser's CCN (Merger)
☐ Transfer Portion of CCN into Purchaser's CCN
☒ Transfer all CCN to Purchaser and retain Seller CCN
☐ Uncertificated area added to Purchaser's CCN

For **Transferor** (Seller) CCN:

- ☒ Cancellation of Seller's CCN
☐ Transfer of a Portion of Seller's CCN to Purchaser
☐ Only Transfer of Facilities, No CCN or Customers
☐ Only Transfer of Customers, No CCN or Facilities
☐ Only Transfer CCN Area, No Customers or Facilities

Part B: Transferor Information

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

3. A. Name: Patton Village Water Co., Inc.
(individual, corporation, or other legal entity)
☐ Individual ☒ Corporation ☐ WSC ☐ Other: _____
B. Mailing Address: P. O. Box 308, Spring, Texas 77383-0308

Phone: (713) 248-1465 Email: _____

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

Name: Alan P. Petrov, Johnson Petrov LLP Title: City Attorney

Mailing Address: 2929 Allen Parkway, Suite 3150, Houston, Texas 77019

Phone: (713) 489-8977 Email: apetrov@johnsonpetrov.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

A. Effective date for most recent rates: November 9, 2012

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

☐ No ☒ Yes Application or Docket Number: 2011-2200-UCR

If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

☐ There are no customers that will be transferred

☒ # of customers without deposits held by the transferor 227

☒ # of customers with deposits held by the transferor* 323

*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

Part C: Transferee Information

Questions 6 through 10 apply only to the *transferee* (purchaser or proposed service provider)

6. A. Name: City of Patton Village

(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☐ WSC ☒ Other:

B. Mailing Address: 16940 Main Street, Splendora, Texas 77372

Phone: (281) 689-9511

Email: l.tarrant@pattonvillage.us

C. Contact Person. Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Alan P. Petrov

Title: City Attorney

Address: 2929 Allen Parkway, Suite 3150, Houston, Texas 77019

Phone: (713) 489-8977

Email: apetrov@johnsonpetrov.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

☐ No ☐ Yes ☐ N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

☐ No ☐ Yes ☐ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation

Charter number (as recorded with the Texas Secretary of State): _____

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]

Charter number (as recorded with the Texas Secretary of State): _____

☐ Articles of Incorporation and By-Laws established (*attach*)

☒ Municipally-owned utility

☐ District (MUD, SUD, WCID, FWSD, etc.)

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): _____

8. If the transferee operates under any d/b/a, provide the name below:

Name: n/a

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: Leah Tarrant, CMO

Position: Mayor Ownership % (if applicable): 0.00%

Address: 16940 Main Street, Splendora, Texas 77372

Phone: (281) 680-9511 Email: ltarrant@pattonvillage.us

Name: Sarah Smith

Position: Council Position 1 Ownership % (if applicable): 0.00%

Address: 16940 Main Street, Splendora, Texas 77372

Phone: (281) 680-9511 Email: _____

Name: Garry Hershmann

Position: Council Position 2 Ownership % (if applicable): 0.00%

Address: 16940 Main Street, Splendora, Texas 77372

Phone: (281) 680-9511 Email: _____

Name: Scott Anderson

Position: Council Position 3 Ownership % (if applicable): 0.00%

Address: 16940 Main Street, Splendora, Texas 77372

Phone: (281) 680-9511 Email: _____

10. **Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Item 9 – Continued

David Daniel
16940 Main Street, Splendora, Texas 77372
Telephone: (281) 689-9511
Council Position 4

William Reeves
16940 Main Street, Splendora, Texas 77372
Telephone: (281) 689-9511
Council Position 5

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or See Attachment "D"
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 900,000.00

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

☐ No ☐ Yes ☒ N/A

Total Original Cost of Plant in Service: \$ _____

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

C. **Customer contributions in aid of construction (CIAC)**: Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

☒ No ☐ Yes

Total Customer CIAC: \$ _____

Accumulated Amortization: \$ _____

D. **Developer CIAC**: Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

☒ No ☐ Yes

Total developer CIAC: \$ _____

Accumulated Amortization: \$ _____

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

☐ No ☒ Yes The entire water system will be reconstructed with funding from the USDA. TCEQ correspondence detailing current system non-compliance is attached as Attachment "F."

B. If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

The USDA has committed a loan and grant for the purchase and reconstruction of the water system. Funding is immediately available upon completion of the purchase. See USDA Letter of Commitment, Attachment "E."

13. Provide any other information concerning the nature of the transaction you believe should be given consideration:

The city and owners of the current system have reached an agreement to sell/buy the current system through USDA funding. The funding also includes the upgrades to two current wells and a new facility. It is a loan/grant project to be paid by the City over the next 40 years.

14. Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

*Acquisition Adjustments will be subject to review under 16 TAC § 24.31(d) and (e)

Other (NARUC account name & No.): _____

Other (NARUC account name & No.): _____

15. A. Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

No billing change is proposed.

B. If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

n/a

Part E: CCN Obtain or Amend Criteria Considerations

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

This transaction will eliminate old, metal pipes in the distribution system, replace outdated meters, provide fire protection and cap water wells that are currently in the floodway. The new system will provide safe water for the consumers with a new, reliable system that is compliant with all state and federal drinking water requirements.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

The City was recently appointed Emergency Manager of the Peach Creek Dam & Lake Club Water System by the PUC and is making positive changes to bring the system into TCEQ compliance. The City has also constructed a wastewater facility and is properly running this system.

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

☒ No ☐ Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

There will be temporary disruption to the land while the water system is reconstructed; however, after reconstruction, the environment will be better protected and maintained as the new system will not be subject to repeated line breaks and maintenance requirements.

20. How will the proposed transaction serve the public interest?

Once the system is transferred to the City, the City will be able to make all needed system upgrades necessary.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

1) Roman Forest Consol. MUD (Montgomery) CCN: 11327; 2) City of Splendora (Liberty, Montgomery) CCN: 11727; 3) T&W Water Service (Montgomery) CCN: 12892; 4) Quadvest LP (Montgomery) CCN: 11612; 5) Crystal Springs Water Co., Inc. (Montgomery) CCN: 11373; 6) Aqua Texas Inc. (Montgomery) CCN: 1157; 7) Consumers Water Inc. (Montgomery) CCN: 10347; 8) Montgomery County and 9) Lone Star Groundwater Conservation District.

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction.
Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):TCEQ PWS Identification Number: 1700503 (7 digit ID)

Name of PWS: _____

Date of last TCEQ compliance inspection: June 16, 2015 (attach TCEQ letter)

Subdivisions served: _____

B. For Sewer service:TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____**23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:**

Water				Sewer	
	Non-metered	2	2"		Residential
548	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			550	Total Sewer Connections:	

24. A. Are any improvements required to meet TCEQ or Commission standards?☐ No ☒ Yes**B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):**

See Attachment "H"

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:
Additional well production capacity is needed		
Additional service pump capacity is needed; and		
Additional hydropneumatic tank capacity is needed.		

C. Is there a moratorium on new connections?☒ No ☐ Yes:**25. Does the system being transferred operate within the corporate boundaries of a municipality?**☐ No ☒ Yes: City of Patton Village (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: 550 Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

☒ No ☐ Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

- B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

☒ No ☐ Yes

- C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

- D. Will the purchase agreement or contract be transferred to the Transferee?

☐ No ☐ Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

Improvements are planned to satisfy all capacity requirements.

☒ No ☐ Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Tom Enix	B, C, C	WG0016277, WS0011840, WW0055720	wastewater, groundwater and surface water
Ryan Bobo	D	WO0037178	groundwater

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application: See Attachment "G"

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.
DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 500.00

Number of customer connections in the requested area: 550

Affected subdivision : Patton Village

The closest city or town: Patton Village

Approximate mileage to closest city or town center: 0

Direction to closest city or town: _____

The requested area is generally bounded on the North by: Main Street, Lake View Drive and Short Street

on the East by: S. Tram Road

on the South by: Long Street

on the West by: IH 59

31. A copy of the proposed map will be available at: Patton Village City Hall

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

☒ All of the customers will be charged the same rates they were charged before the transaction.

☐ All of the customers will be charged different rates than they were charged before the transaction.

☐ higher monthly bill ☐ lower monthly bill

☐ Some customers will be charged different rates than they were charged before
(i.e. inside city limit customers)

☐ higher monthly bill ☐ lower monthly bill

Part G Oaths and Notices

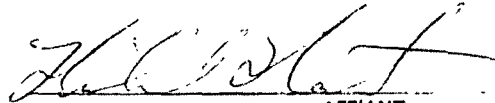
OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Montgomery

I, Michael Martin, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Vice President (Indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

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



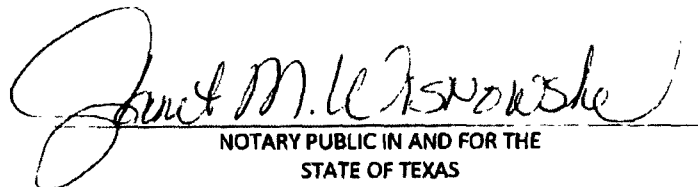
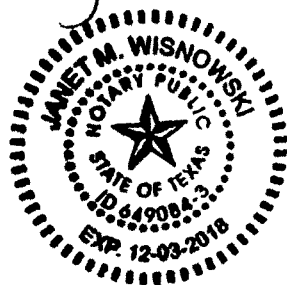
AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 10th of May, 2018.

SEAL



NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

JANET M. WISNOWSKI
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

12/3/2018.

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

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

COUNTY OF Montgomery

I, Leah Tarrant, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as Mayor
(indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

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

Leah Tarrant, CMO
AFFIANT

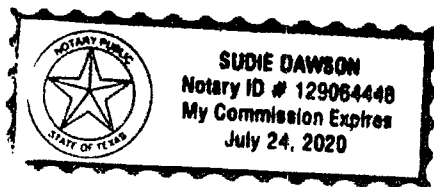
(Utility's Authorized Representative)

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

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 23rd of May, 20 18.

SEAL



Studie Dawson
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Studie Dawson
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

7/24/2020

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

Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)

(Audited financial statements may be substituted for this schedule – see Item 17 of the instructions)

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A - D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (E / G)						

DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK

HISTORICAL NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)						
Expense per Meter (use for projections)						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees						
Other (Tap, reconnect, transfer fees, etc)						
Gross Income						
EXPENSES						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
NET INCOME						

HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries & Benefits-Office/Management						
Office (services, rentals, supplies, electricity)						
Contract Labor						
Transportation						
Insurance						
Telephone						
Utilities						
Property Taxes						
Professional Services/Fees (recurring)						
Regulatory- other						
Other (describe)						
Interest						
Other						
Total General Admin. Expenses (G&A)						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONS & MAINTENANCE EXPENSES						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Contract Labor						
Transportation Expense						
Depreciation Expense						
Other(describe)						
Total Operational Expenses (O&M)						
Total Expense (Total G&A + O&M)						
Historical % Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions/information (List all)						

Appendix B: Projected Information

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash	\$ 0.00	\$ 11,000,000.00				
Accounts Receivable	0.00					
Inventories	0.00					
Income Tax Receivable	0.00					
Other	0.00					
A. Total Current Assets	\$ 0.00	\$ 11,000,000.00				
FIXED ASSETS						
Land		\$ 50,000.00				
Collection/Distribution System	0.00	7,000,000.00				
Buildings		100,000.00				
Equipment		3,000,000.00				
Other		750,000.00				
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets	\$ 0.00	\$ 11,000,000.00				
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable	\$ 0.00	\$ 1,500.00	\$ 2,500.00	\$ 3,800.00	\$ 4,500.00	\$ 12,300.00
Notes Payable, Current	0.00	0.00	226,860.36	226,860.36	226,860.36	680,581.08
Accrued Expenses	0.00					
Other						
D. Total Current Liabilities	\$ 0.00	\$ 1,500.00	\$ 227,360.36	\$ 240,660.36	\$ 231,360.36	\$ 672,881.08
LONG TERM LIABILITIES						
Notes Payable, Long-term	\$ 5,500,000.00	\$ 5,493,699.15	\$ 5,487,383.84	\$ 5,481,054.06	\$ 5,474,709.78	
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)	\$ 5,500,000.00	\$ 5,493,699.15	\$ 5,487,383.84	\$ 5,481,054.06	\$ 5,474,709.78	
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A - D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (F / G)						

PROJECTED NET INCOME INFORMATION						
(ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
METER NUMBER						
Existing Number of Taps	550	585	685	750	835	
New Taps Per Year		35	100	65	135	
Total Meters at Year End						
METER REVENUE						
Revenue per Meter (use for projections)	\$ 100.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 850.00	
Expense per Meter (use for projections)	35.00	635.00	632.00	632.00	780.00	
Operating Revenue Per Meter	\$ 65.00	\$ 65.00	\$ 68.00	\$ 68.00	\$ 70.00	
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees	\$ 429,000.00	\$ 456,000.00	\$ 585,960.00	\$ 612,000.00	\$ 701,400.00	
Other (Tap, reconnect, transfer fees, etc)	42,900.00	45,600.00	55,000.00	61,200.00	70,104.00	
Gross Income	\$ 471,900.00	\$ 501,600.00	\$ 640,960.00	\$ 673,200.00	\$ 771,540.00	
EXPENSES						
General & Administrative (see schedule)	\$ 176,100.00	\$ 179,819.00	\$ 183,449.10	\$ 187,008.69	\$ 193,064.39	
Operating (see schedule)	226,860.36	226,860.36	226,860.36	226,860.36	226,860.36	
Interest	23,939.64	33,920.64	160,550.54	190,830.95	289,715.25	
Other (list)	45,000.00	61,000.00	70,100.00	68,500.00	61,900.00	
NET INCOME						

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	\$ 32,000.00	\$ 32,960.00	\$ 33,948.80	\$ 34,967.26	\$ 36,016.27	\$ 169,892.33
Office	7,000.00	7,210.00	7,426.03	7,468.82	7,922.34	37,027.19
Computer	4,500.00	4,635.00	4,774.05	4,917.27	5,064.79	23,891.11
Auto	0.00	200.00	206.00	212.18	218.55	836.73
Insurance	5,000.00	5,150.00	5,304.50	5,463.64	5,627.55	26,545.69
Telephone	3,000.00	3,090.00	3,182.70	3,278.18	3,376.52	15,927.40
Utilities	9,000.00	9,270.00	9,548.10	9,834.44	10,129.47	47,782.01
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes	0.00	0.00	0.00	0.00	0.00	0.00
Professional Fees	1,500.00	1,545.00	1,591.35	1,639.09	1,688.26	7,963.70
Interest						
Other						
Total	\$ 62,000.00	\$ 64,060.00	\$ 65,981.53	\$ 67,780.88	\$ 70,343.75	\$ 329,766.16
% Increase Per projected Year	0.00%	3.32%	3.00%	2.73%	3.67%	3.00%
OPERATIONAL EXPENSES						
Salaries	\$ 56,000.00	\$ 56,000.00	\$ 56,000.00	\$ 56,000.00	\$ 57,680.00	\$ 225,680.00
Auto	10,000.00	10,300.00	10,609.00	10,927.27	11,255.09	53,091.36
Utilities	5,000.00	5,150.00	5,304.50	5,463.64	5,627.55	26,545.69
Depreciation	275,000.00	275,000.00	275,000.00	275,000.00	266,750.00	1,366,750.00
Repair & Maintenance	36,000.00	37,080.00	38,192.40	39,338.17	40,518.31	191,128.88
Supplies	4,300.00	4,429.00	4,561.87	4,698.73	4,839.69	22,829.29
Interest	0.00	0.42	0.44	0.45	-1.21	0.00
Other	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	14,000.00
Total	\$ 389,100.00	\$ 390,759.00	\$ 392,467.57	\$ 394,227.81	\$ 389,470.64	\$ 1,926,570.91

PROJECTED SOURCES AND USES OF CASH STATEMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	\$ 45,000.00	\$ 61,000.00	\$ 70,100.00	\$ 68,500.00	\$ 61,900.00	\$ 306,500.00
Depreciation (If funded by revenues of system)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	50,000.00
Loan Proceeds						
Other	4,135.00	6,200.00	5,590.00	7,210.00	7,500.00	30,635.00
Total Sources	\$ 59,135.00	\$ 77,200.00	\$ 85,690.00	\$ 85,710.00	\$ 79,400.00	\$ 387,125.00
USES OF CASH						
Net Loss						
Principle Portion of Pmts.	18,905.03	18,905.03	18,905.03	18,905.03	18,905.03	94,525.15
Fixed Asset Purchase	8,000.00	7,299.00	11,000.00	12,000.00	12,000.00	50,299.00
Reserve						
Other	2,400.00	3,500.00	4,200.00	4,500.00	5,800.00	20,400.00
Total Uses	29,306.03	29,704.03	34,105.03	35,405.03	36,705.03	165,225.15
NET CASH FLOW	\$ 29,838.97	\$ 47,495.97	\$ 51,584.97	\$ 50,304.97	\$ 42,694.97	\$ 221,899.85
DEBT SERVICE COVERAGE						
Cash Available for Debt Service (CADS)						
A: Net Income (Loss)	\$ 59,135.00	\$ 77,200.00	\$ 85,690.00	\$ 85,710.00	\$ 79,400.00	\$ 387,125.00
B: Depreciation, or Reserve Interest						
C: Total CADS (A + B = C)	\$ 59,135.00	\$ 77,200.00	\$ 85,690.00	\$ 85,710.00	\$ 79,400.00	\$ 387,125.00
D: DEBT SERVICE (DS)						
Principle Plus Interest	\$ 18,905.03	\$ 18,905.03	\$ 18,905.03	\$ 18,905.03	\$ 18,905.03	\$ 94,525.15
E: DEBT SERVICE COVERAGE RATIO						
CADS Divided by DS (E = C / D)	3.1300	4.0800	4.5300	4.5300	4.2000	4.1000

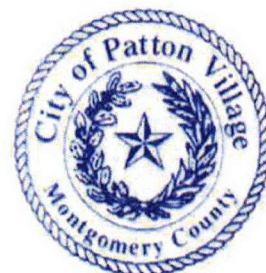
ATTACHMENT "A"

Purchase Agreement



CITY OF PATTON VILLAGE

CITY HALL
16940 MAIN ST.
SPLENDORA, TX 77372
(281) 689-9511
FAX (281) 689-2385



PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of December 12, 2016 (the "Effective Date") by and between **Patton Village Water Company, Inc.**, a Texas Corporation ("Seller"), and **City of Patton Village, Texas**, an incorporated municipality in the State of Texas ("Purchaser"), or its assigns as permitted under this Agreement.

RECITALS

Seller wants to sell to Purchaser and Purchaser wants to purchase from Seller all of Seller's right, title, and interest in and to the real property described below and any improvements thereon.

AGREEMENT

In consideration of these recitals, the mutual covenants, agreements, and obligations stated below, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Purchaser agree as follows:

ARTICLE 1. SALE AND PURCHASE

1.1 **Agreement to Sell.** At the Closing (as defined in Section 2.1) and except as otherwise specifically provided in this Section 1.1, the Seller will validly and effectively grant, sell, convey, assign, transfer and deliver to the Purchaser, upon and subject to the terms and conditions of this Agreement, all of the Seller's right, title and interest in and to all of the Seller's assets including, but not limited to, those set forth in Section 1.1.1, properties and rights constituting the assets of the Seller or used by the Seller, which are described in this Agreement, free and clear of all liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever. The Seller's assets, properties and rights being sold are called the "Assets."

1.1.1 **Included Assets.** The Assets referred to in Section 1.1 shall include, without limitation, the following assets, properties and rights of Seller used directly or indirectly in the conduct of, or generated by or constituting, the Patton Village Water Company, Inc. serving the residents of Purchaser, except as otherwise expressly set forth in this Agreement:

- (a) all real property including all water well sites, plant sites, easements or other real property used in providing water service to the residents of Purchaser;

- (b) all pipes, tanks, pumps, machinery, equipment, tools, vehicles, furniture, furnishings, leasehold improvements, goods and any rights under lease to use such machinery, vehicles, furnishings and equipment and those items of personal property;
- (c) all inventory;
- (d) all rights under any written or oral contract, agreement, plan, instrument, registration, license, certificate of occupancy, other permit, certification, authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization;
- (e) all maps, records, engineering drawings, as-built plans, manuals books, records, and other documents (collectively, the "Records") relating to or used in connection with the Seller's provision of water service to Purchaser's residents, including customer billing records,
- (f) the maintenance and service contracts ("Maintenance Contracts"),
- (g) all licenses or permits, and
- (h) all other assets of the Seller

1.2 Agreement to Purchase. At the Closing, Purchaser shall purchase the Assets from Seller, upon and subject to the terms and conditions of this Agreement and in reliance on the representations, warranties and covenants of Seller, in exchange for the Purchase Price (hereinafter defined in Section 1.3). Except as specifically provided in Section 1.4, Purchaser shall not assume or be responsible for any liabilities or obligations of the Business or Seller.

1.3 The Purchase Price; Payment. The purchase price for the Property (the "Purchase Price") is NINE HUNDRED THOUSAND AND 00/100 DOLLARS, (\$900,000.00), payable in cash or other immediately available funds at Closing (as defined in Section 2.1), subject to any adjustments to the Purchase Price provided herein.

1.4 No Assumption of Liabilities

- (a) Purchaser agrees to accept the Maintenance Contracts.
- (b) Except for the contractual obligations under the Maintenance Contracts, the Purchaser shall not assume, and shall not be liable for, any liabilities or obligations of the Seller of any nature whatsoever, express or implied, fixed or contingent. In addition to the foregoing, in no event shall the Purchaser assume any liability or incur any liability or obligation in respect of any federal, state or local income or other tax liability of Seller payable with respect to the Assets, properties or operations of the Seller for any period through the Closing Date or incident to or arising as a consequence of the

negotiation or consummation by the Seller of this Agreement and the transactions contemplated by this Agreement.

1.5 **Financing.** Seller acknowledges and agrees that Purchaser may finance all or a portion of the Purchase Price through the United States Department of Agriculture ("USDA"). In the event Purchaser does not receive a commitment for financing from the USDA, which may contain lender contingencies, within one (1) year after the signing of this Agreement, Purchaser, shall have the right to terminate this Agreement by providing Seller with written notice of termination. Seller acknowledges and agrees that Purchaser's obligation to purchase the Property is contingent upon Purchaser obtaining a commitment for financing from the USDA on terms acceptable to Purchaser in Purchaser's sole and complete discretion.

ARTICLE 2 CLOSING

2.1 **Closing.** Closing ("Closing") will occur on a date and time agreed between the Purchaser and Seller after approval has been obtained for the USDA financing, from the Texas Commission on Environmental Quality, Texas Public Utility Commission, and any other regulatory or governmental approval as required by law. Seller and Purchaser agree to work cooperatively to obtain all necessary governmental approvals.

2.2 **Delivery of Assets.** Seller will deliver the Assets and any necessary document of title, bill of sale, or deed, bearing any necessary endorsement, to Purchaser at Closing.

2.3 **Delivery of Purchase Price.** Purchaser will make payment of the Purchase Price for the Assets at Closing when the Assets and any necessary document of title, bill of sale, or deed, bearing any necessary endorsement, are delivered to the Purchaser.

ARTICLE 3 MISCELLANEOUS

3.1 **Risk of Loss.** Risk of loss due to casualty up to and including during Closing will be borne by Seller, except to the extent of any loss caused solely by acts of Purchaser or its agents, employees, or contractors. The provision of this Section will govern despite any contrary provisions of Texas Property Code Section 5.007.

3.2 **Continued Operation.** Seller will operate and manage the Assets in substantially the same manner it has been operated and managed before the signing of this Agreement. Seller will maintain the physical condition of the Assets in the same or better condition as it previously exists up to the Closing.

3.3 **Records.** Seller shall provide Purchaser with all information, files, records, data, plans, maps, and contracts and recorded knowledge, including customer and supplier lists related to the foregoing that the Purchaser may request.

3.4 **Indemnification.** From and after Closing, the Seller will indemnify and hold harmless Purchaser against an in respect of any and all actions, suits, claims, or legal, administrative, arbitration, governmental, or other proceeding, inspection, or invest against the

Seller or the Assets, which arise from any event, occurrence, action, inaction, or transaction occurring before Closing and any and all actions, suits, claims, proceedings, investigations, demands, assessments, audits, fines, judgments, penalties, costs or other expense incident to such event, occurrence, action, inaction, or transaction occurring before Closing.

3.3 **Binding Agreement.** This Agreement and all of its terms, provisions, and covenants will apply to, be binding on, and inure to the benefit of the parties and their respective successors and assigns.

3.4 **Headings.** The headings used in this Agreement are for convenience only and are not intended in any way to limit or expand the terms and provisions of this Agreement.

3.5 **Time of Essence.** Time is of the essence in this Agreement

3.6 **Governing Law.** This Agreement will be governed by and interpreted under the laws of the State of Texas, regardless of any conflict-of-law rules.

3.7 **Entire Agreement.** This Agreement contains the entire agreement of the parties. All understandings, discussions, and agreements previously made between the parties, written or oral, are superseded by this Agreement, and neither party is relying on any warranty, statement, or representation not contained in this Agreement.

3.8 **Amendment.** This Agreement may not be altered, changed, or amended except by a written agreement signed by all parties.

3.9 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one agreement.

3.10 **Assignment.** Purchaser will not assign, transfer, or convey its rights or obligations under this Agreement at closing or with respect to the Property without Seller's written consent.

3.11 **Severability.** If any clause of this Agreement is held unconscionable by any court of competent jurisdiction, arbitration panel, or other official finder of fact, the clause will be deleted from this Agreement and the balance of this Agreement will remain in full force and effect.

3.12 **Construction.** This Agreement is the result of negotiations between the parties, neither of whom has acted under any duress or compulsion, whether legal, economic, or otherwise. Accordingly, the terms and provisions of this Agreement will be construed in accordance with their usual and customary meanings. Seller and Purchaser waive the application of any rule of law that would otherwise apply in the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the party who (or whose attorney) prepared the executed version of this Agreement or any earlier draft of it.

IN WITNESS WHEREOF, this Agreement is executed in multiple originals as of the Effective Date.

SELLER:

Patton Village Water Company, Inc.,
a Texas Corporation

By: Mitchell M. Martin Jr.
Name: Mitchell M. Martin, Jr.
Title: President

By: Michael M. Martin, Sr.
Name: Michael M. Martin, Sr.
Title: Vice-President

PURCHASER:

CITY OF PATTON VILLAGE, TEXAS
an incorporated municipality in the State of Texas

By: Leah Tarrant, CMO
Name: Leah Tarrant, CMO
Title: Mavor

ATTACHMENT "B"

Tariff

Patton Village Water Co., Inc. - Current Water Rates

Water Rates:

Gallonge Rate:	\$2.63	/	1,000	gallons
SJRA GRP Fee:	\$3.11	/	1,000	gallons
LSGCD FEE:	\$0.07	/	1,000	gallons

Meter Size	Minimum Bill		
$\frac{5}{8}$ or $\frac{3}{4}$	\$21.50	0	Gallons Included In Minimum Bill
1	\$53.75	0	Gallons Included In Minimum Bill
1½	\$107.50	0	Gallons Included In Minimum Bill
2	\$172.00	0	Gallons Included In Minimum Bill
3	\$322.50	0	Gallons Included In Minimum Bill
4	\$537.50	0	Gallons Included In Minimum Bill

Miscellaneous Fees

Residential Tap Fee:	\$600.00
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Reconnection Fees

Disconnected for Non Payment	\$25.00
Other Than Non Payment	\$50.00
Transfer	\$35.00

Returned Check Fee	\$30.00
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Customer Deposit	\$50.00
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Late Payment Penalty	\$5.00
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Meter Test Fee	\$25.00
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ATTACHMENT "C"

Customer Deposits

Attachment "A"

Name	Address	City	State	Zip	Dep Date	Dep Amt	Dep Int
PARROTT, OPAL	25668 BLACK ST	SPLENDORA	TX	77372	9/1/1997	\$50.00	\$32.69
RAMIREZ, MARINA	25625 BLACK ST	SPLENDORA	TX	77372	1/10/2017	\$50.00	\$0.12
KING, CYNTHIA	25548 BLACK ST	SPLENDORA	TX	77372	5/1/2000	\$50.00	\$24.69
BLAHUTA, TORI	25502 BLACK ST	SPLENDORA	TX	77372	6/6/2016	\$50.00	\$0.17
VECCHIO, PATRICK	3708 PINE VILLAGE CT	SPRING	TX	77386	6/7/2017	\$50.00	\$0.04
FORMIKELL, DONALD	25375 BLACK ST	SPLENDORA	TX	77372	9/25/2014	\$50.00	\$0.24
GRUBE, AIMEE D.	25335 BLACK ST	SPLENDORA	TX	77372	9/3/1999	\$50.00	\$26.69
GIBBONS, AMANDA	25321 BLACK ST	SPLENDORA	TX	77372	10/1/2013	\$50.00	\$0.29
FLANIGAN, J	PO BOX 1622	SPLENDORA	TX	77372	5/16/2002	\$50.00	\$18.69
GIBBONS, TAMBRA	25321-A BLACK ST	SPLENDORA	TX	77372	2/12/2016	\$50.00	\$0.19
ENRIQUEZ, DAVID A.	25320 BLACK ST	SPLENDORA	TX	77372	10/2/2015	\$50.00	\$0.20
BROWN, SHIRL	25550 CHEATUM	SPLENDORA	TX	77372	1/14/2004	\$50.00	\$13.69
STEWART, JANICE	17410 MAGNOLIA	SPLENDORA	TX	77372	11/22/2002	\$50.00	\$17.19
HALL, DAVID	17471 MAGNOLIA	SPLENDORA	TX	77372	5/7/2015	\$50.00	\$0.22
MCDONALD, LINDA M	25707 LONG ST	SPLENDORA	TX	77372	7/29/2011	\$50.00	\$0.43
DEAN JR, STEPHEN	25632 CHEATUM ST	SPLENDORA	TX	77372	8/23/2013	\$50.00	\$0.30
DOYLE, CHRISTINA	25633 CHEATUM	SPLENDORA	TX	77372	4/14/2010	\$50.00	\$0.60
HERRERA, MACARIO	26531 SHORT ST	SPLENDORA	TX	77372	5/11/2006	\$50.00	\$7.29
HORN, TOM	25840 TWIN OAKS	SPLENDORA	TX	77372	12/19/2001	\$50.00	\$19.94
HERRERA, JOSE FRANCISCO	25983 TWIN OAKS	SPLENDORA	TX	77372	2/11/2003	\$50.00	\$16.44
HERNANDEZ, MARIA	26094 TWIN OAKS	SPLENDORA	TX	77372	12/14/2005	\$50.00	\$7.94
MEDINA, ANA M.	26191 TWIN OAKS	SPLENDORA	TX	77372	11/6/2014	\$50.00	\$0.23
CUEVAS, ALFONSO	26583 LONG ST	SPLENDORA	TX	77372	4/21/2017	\$50.00	\$0.07
NORTON, LEE	26480 TWIN OAKS	SPLENDORA	TX	77372	11/22/2002	\$50.00	\$17.19
HUCKABY, KIMBERLY	25634 BLACK ST	SPLENDORA	TX	77372	2/24/2017	\$50.00	\$0.11
SALINAS, CESAR	26520 LONG ST	SPLENDORA	TX	77372	8/2/2001	\$50.00	\$20.94
GARCIA, MARCELA	26490 LONG ST	SPLENDORA	TX	77372	12/10/2008	\$50.00	\$1.71
BIRKENFELD, JANICE	26486 LONG ST	SPLENDORA	TX	77372	3/18/2002	\$50.00	\$19.19
MORROW, MICHELE	26479 LONG ST	SPLENDORA	TX	77372	4/19/2011	\$50.00	\$0.46
ALAS, LUIS & YANIRA	20189 ALICE LN #124	NEW CANEY	TX	77357	6/26/2017	\$50.00	\$0.04
COOK, KEITH	26383 LONG ST	SPLENDORA	TX	77372	7/30/1998	\$50.00	\$30.19
ESPITIA, BLANCA	26436 LONG ST	SPLENDORA	TX	77372	10/13/2006	\$50.00	\$6.65
PADILLA, GERARDO	21438 DALLAS ST	NEW CANEY	TX	77357	12/28/2016	\$50.00	\$0.14
WILLIAMS, JASON	26365 LONG ST	SPLENDORA	TX	77372	1/27/2001	\$50.00	\$22.69
VAUGHN, PATRICK T.	26327 LONG ST	SPLENDORA	TX	77372	6/10/2009	\$50.00	\$1.18
CRUZ, NANCY	26305 LONG ST	SPLENDORA	TX	77372	6/23/2026	\$50.00	\$0.00
MCKINNEY, KAREN S	PO BOX 341	NEW CANEY	TX	77357	1/25/2013	\$50.00	\$0.33
ELLIOTT, JOE	P.O. BOX 1063	SPLENDORA	TX	77372	4/14/2010	\$50.00	\$0.60
KOONCE, WILLIE & DONNA	26240 LONG ST	SPLENDORA	TX	77372	10/4/1999	\$50.00	\$26.44
NICHOLAS W. SNYDER	26092 LONG ST	SPLENDORA	TX	77372	1/4/2016	\$50.00	\$0.19
PRUETT, CHRISTI	26123 LONG ST	SPLENDORA	TX	77372	1/16/2001	\$50.00	\$22.69
SOROLA, B	26083 LONG ST	SPLENDORA	TX	77372	7/2/2002	\$50.00	\$18.19
MILLER, KATHY	26055 LONG ST	SPLENDORA	TX	77372	12/27/1999	\$50.00	\$25.94
PHILLIPS, STEPHEN	26045 LONG ST	SPLENDORA	TX	77372	9/3/2015	\$50.00	\$0.20
MIXON, JERRY	26029 LONG ST	SPLENDORA	TX	77372	2/18/2015	\$50.00	\$0.22
JOHNSON, JAMES D	26009 LONG ST	SPLENDORA	TX	77372	10/13/2003	\$50.00	\$14.44
DELANEY, GARLAND RAY	25926 LONG ST	SPLENDORA	TX	77372	7/2/2002	\$50.00	\$18.19
HALL, KRISTA	25882 LONG ST	SPLENDORA	TX	77372	7/27/2010	\$50.00	\$0.56
BERRY, PATRICK J	25869 LONG ST	SPLENDORA	TX	77372	4/28/2014	\$50.00	\$0.26
WATSON, ROBERT	17471 S TRAM RD	SPLENDORA	TX	77372	11/17/2014	\$50.00	\$0.23
MOODY, MANDI	25752 LONG ST	SPLENDORA	TX	77372	9/12/2006	\$50.00	\$6.78
MCCLOSKEY, P SCOTT	27240 LONG ST	SPLENDORA	TX	77372	5/30/2013	\$50.00	\$0.31
GALVAN, ISABEL	27243 LONG ST	SPLENDORA	TX	77372	7/13/2006	\$50.00	\$7.03
BETTENCOURT, ANGELA	PO BOX 1302	SPLENDORA	TX	77372	8/13/2008	\$50.00	\$2.49
BOWDEN, SCOTT	27237 LONG ST	SPLENDORA	TX	77372	10/16/2013	\$50.00	\$0.29
BLOUNT, TRACEY	27231 LONG ST	SPLENDORA	TX	77372	11/14/2007	\$50.00	\$4.25

MARTIN, STEPHEN L.	27204 LONG ST	SPLENDORA	TX	77372	1/12/2006	\$50.00	\$7.81
DAILEY, R	27182 LONG ST	SPLENDORA	TX	77372	12/17/2001	\$50.00	\$19.94
VALDEZ, ANGELA	27088 LONG ST	SPLENDORA	TX	77372	7/1/2016	\$50.00	\$0.16
MITTAG, RANDY	27021 LONG ST	SPLENDORA	TX	77372	8/16/2006	\$50.00	\$6.91
LUCAS, AMBER M.	26835 LONG ST	SPLENDORA	TX	77372	7/16/2010	\$50.00	\$0.56
LOPEZ, IGNACIO	26910 LONG ST	SPLENDORA	TX	77372	4/15/2009	\$50.00	\$1.36
MEDRANO, NARCISO	8414 LEADER STREET	HOUSTON	TX	77036	5/4/2017	\$50.00	\$0.05
PACHIARELIS, REGINALDO	26788 LONG ST	SPLENDORA	TX	77372	5/24/2017	\$50.00	\$0.05
DUNBAR, WENDY	26765 LONG ST	SPLENDORA	TX	77372	11/29/2001	\$50.00	\$20.19
EASON, STACIE	26687 LONG ST	SPLENDORA	TX	77372	2/4/2000	\$50.00	\$25.44
SQUIRES SR. MICHAEL	26642 LONG ST	SPLENDORA	TX	77372	5/26/2017	\$50.00	\$0.05
REEVES, JOSEPH	26715 LONG ST	SPLENDORA	TX	77372	8/30/1999	\$50.00	\$26.94
SQUIRES, KAYLA	26630 LONG ST	SPLENDORA	TX	77372	11/23/2016	\$50.00	\$0.14
REEVES, J	26675 LONG ST	SPLENDORA	TX	77372	5/15/2003	\$50.00	\$15.69
CUEVAS, ALFONSO	26587 LONG ST	SPLENDORA	TX	77372	2/10/2015	\$50.00	\$0.22
WILSON, MARGARET G	26528 LONG ST	SPLENDORA	TX	77372	8/8/2012	\$50.00	\$0.36
JENKINS, ROY	16934 S TRAM RD	SPLENDORA	TX	77372	5/8/2013	\$50.00	\$0.31
STUBBLEFIELD, JOYCE	PO BOX 733	SPLENDORA	TX	77372	8/18/2008	\$50.00	\$2.49
STUBBLEFIELD, GEORGE	PO BOX 733	SPLENDORA	TX	77372	12/19/2001	\$50.00	\$19.94
WILLIAMS, ROBERT	19651 RIVERWALK DR	PORTER	TX	77365	9/12/2006	\$50.00	\$6.78
CRAIG, SUSAN	17169 S TRAM RD	SPLENDORA	TX	77372	10/20/2003	\$50.00	\$14.44
CONNELL, SHELLEY	27725 RIO BLANCO	SPLENDORA	TX	77372	8/9/2016	\$50.00	\$0.16
STEWART, DELLA F	27181 SHORT ST	SPLENDORA	TX	77372	6/21/2011	\$50.00	\$0.44
GARCIA, JOSE DE JESUS	17143 TRAM RD	SPLENDORA	TX	77372	3/8/2016	\$50.00	\$0.18
GEORGE, KAREN W	24835 N LAKEVIEW DR	SPLENDORA	TX	77372	3/27/2012	\$50.00	\$0.38
WRIGHT, ROY	17271 TRAM RD	SPLENDORA	TX	77372	8/15/2007	\$50.00	\$4.83
WILSON, DONALD	17365 S TRAM RD	SPLENDORA	TX	77372	10/20/1998	\$50.00	\$29.44
MOJICA, JOSE	17371 S TRAM RD	SPLENDORA	TX	77372	4/14/2010	\$50.00	\$0.60
MERINO, DAVID	27231 SHORT	SPLENDORA	TX	77372	10/9/2001	\$50.00	\$20.44
LOA, MARIA	27215 SHORT ST	SPLENDORA	TX	77372	9/10/2013	\$50.00	\$0.29
MILLER, CHARLES	27240 SHORT ST	SPLENDORA	TX	77372	11/10/2003	\$50.00	\$14.19
MENDOZA, DIANA	27120 SHORT ST	SPLENDORA	TX	77372	8/25/2016	\$50.00	\$0.16
KUEHNEN, KIRSTEN M	3330 LAKEHAVON DR	KINGWOOD	TX	77339	4/11/2011	\$50.00	\$0.46
FOX, CHARLES	26948 SHORT	SPLENDORA	TX	77372	3/19/2001	\$50.00	\$22.19
RANGEL, ESTEBAN	27031 SHORT	SPLENDORA	TX	77372	3/17/1999	\$50.00	\$28.19
ROARK, TERESA	26795 SHORT ST	SPLENDORA	TX	77372	3/13/2008	\$50.00	\$3.46
FERNANDEZ, JOSE R	26861 SHORT ST	SPLENDORA	TX	77372	7/7/2016	\$50.00	\$0.16
MARTINEZ, MARIA	26720 SHORT ST	SPLENDORA	TX	77372	6/8/2017	\$50.00	\$0.04
FOLEY, PAULA	26581 SHORT ST	SPLENDORA	TX	77372	4/14/2005	\$50.00	\$9.94
ALVARADO, MARIA I.	26547 SHORT ST	SPLENDORA	TX	77372	8/13/2010	\$50.00	\$0.55
HERRERA, MACARIO	26531 SHORT ST	SPLENDORA	TX	77372	1/25/2002	\$50.00	\$19.69
CASTELAN, GUADALUPE D	3614 DABNEY ST	HOUSTON	TX	77026	3/22/2013	\$50.00	\$0.32
CAPPS, STEVEN	27083 CENTER ST	SPLENDORA	TX	77372	5/21/2014	\$50.00	\$0.26
VEROT, LEON	27141 CENTER ST	SPLENDORA	TX	77372	12/10/2015	\$50.00	\$0.20
SHEARER, J N	27130 CENTER ST	SPLENDORA	TX	77372	1/30/2012	\$50.00	\$0.39
DANIELS, JAMES	151 E. FORK DR	CLEVELAND	TX	77328	11/25/2002	\$50.00	\$17.19
ANDERSON, SCOTT E	27175 CENTER ST	SPLENDORA	TX	77372	11/22/2002	\$50.00	\$17.19
MAZCORRO, FRANCISCA	27205 CENTER ST	SPLENDORA	TX	77372	8/7/2015	\$50.00	\$0.21
KUHL, ELLEN	27266 CENTER ST	SPLENDORA	TX	77372	4/20/2015	\$50.00	\$0.22
HOLLAND, SCOTTIE L	27288 CENTER ST	SPLENDORA	TX	77372	7/14/2011	\$50.00	\$0.43
CRAWFORD, CHELSEY	17012 CROSS RD	SPLENDORA	TX	77372	3/24/2017	\$50.00	\$0.09
HERNANDEZ, REYNALDO	17140 CROSS RD	SPLENDORA	TX	77372	9/15/2004	\$50.00	\$11.69
VASQUEZ, FERNANDO	17135 CROSS RD	SPLENDORA	TX	77372	1/22/2003	\$50.00	\$16.69
BYSZESKI, MARY	26536 CENTER ST	SPLENDORA	TX	77372	2/12/2002	\$50.00	\$19.44
NORTON, GARY	17252 CROSS RD	SPLENDORA	TX	77372	3/2/2012	\$50.00	\$0.38
NORTON, DOTTIE	17256 CROSS RD	SPLENDORA	TX	77372	3/2/2012	\$50.00	\$0.38
NORTON, JOELL	17272 CROSS RD	SPLENDORA	TX	77372	1/30/2003	\$50.00	\$16.69

PARHAM, JEANNETTE	26480 TWIN OAKS	SPLENDORA	TX	77372	10/15/2009	\$50.00	\$0.83
PRATT, WALTER	17341 CROSS RD	SPLENDORA	TX	77372	1/26/2012	\$50.00	\$0.39
HALL, PHILIP A	17285 CROSS RD	SPLENDORA	TX	77372	10/31/2011	\$50.00	\$0.41
CRUZ, ANGELITA	17385 CROSS RD	SPLENDORA	TX	77372	8/15/2007	\$50.00	\$4.83
SALGADO, LUCIA	26495 LONG ST	SPLENDORA	TX	77372	1/19/2013	\$50.00	\$0.33
PENA, THERESA	16681 MAIN	SPLENDORA	TX	77372	1/1/1999	\$50.00	\$28.69
RILEY, HAZEL	16887 MAIN ST	SPLENDORA	TX	77372	10/14/2003	\$50.00	\$14.44
TARRANT, LEAH	27094 CENTER ST	SPLENDORA	TX	77372	6/19/2017	\$50.00	\$0.04
REILLY, MICHAEL	25176 CIRCLE C	SPLENDORA	TX	77372	6/17/2003	\$50.00	\$15.44
PEREZ, TONYA D	25172 CIRCLE C DR	SPLENDORA	TX	77372	10/15/2008	\$50.00	\$2.10
ELLEDGE JR, RALPH E	25180 CIRCLE C DR	SPLENDORA	TX	77372	2/9/2012	\$50.00	\$0.39
NEW BEGINNINGS BAPTIST	27175 CENTER ST	SPLENDORA	TX	77372	10/17/2013	\$50.00	\$0.29
DELANEY, ASHLEY R.	16733 MAIN ST	SPLENDORA	TX	77372	5/8/2014	\$50.00	\$0.26
OSORIO, ALEJANDRA	16737 MAIN ST	SPLENDORA	TX	77372	6/15/2005	\$50.00	\$9.44
GUTIERREZ, SERGIO	16741 MAIN ST	SPLENDORA	TX	77372	10/15/2009	\$50.00	\$0.83
LEFEVRE, RANDY	16931 MAIN ST	SPLENDORA	TX	77372	1/7/2002	\$50.00	\$19.69
GRIFFIN, DWAYNE	16810 MAIN	SPLENDORA	TX	77372	6/12/2008	\$50.00	\$2.88
MARTINEZ, GRACIELA T	16820 MAIN ST	SPLENDORA	TX	77372	5/16/2002	\$50.00	\$18.69
FIVEASH, TEMPLETON	16841 MAIN ST	SPLENDORA	TX	77372	6/30/2016	\$50.00	\$0.17
GRANGER, BOBBY	30211 HIGHLAND BLVD	MAGNOLIA	TX	77354	3/8/2016	\$50.00	\$0.18
HOUGH, DELORES	PO BOX 617	SPLENDORA	TX	77372	1/23/2013	\$50.00	\$0.33
ARNOLD, JANE ANN	16930 MAIN ST	SPLENDORA	TX	77372	12/16/2002	\$50.00	\$16.94
BASS, KATHERINE	26581 B SHORT ST	SPLENDORA	TX	77372	9/26/2013	\$50.00	\$0.29
BILLINGSLEY, K	PO BOX 523	SPLENDORA	TX	77372	1/29/2003	\$50.00	\$16.69
TRUITT, RODNEY L	16911 MAIN ST	SPLENDORA	TX	77372	1/28/2013	\$50.00	\$0.33
BILLINGSLEY, TOMI	16875 MAIN ST	SPLENDORA	TX	77372	8/25/2015	\$50.00	\$0.21
SCOLASTICO, JANNELLE	16951 MAIN	SPLENDORA	TX	77372	10/13/2015	\$50.00	\$0.20
MOODY, MARY	17023 MAIN ST	SPLENDORA	TX	77372	1/15/2009	\$50.00	\$1.62
GILES, MARY M	17098 MAIN ST	SPLENDORA	TX	77372	4/5/2002	\$50.00	\$18.94
LIERA, FRANCISCO	26835 SHORT ST	SPLENDORA	TX	77372	3/13/2017	\$50.00	\$0.09
HUDEK, NATHAN	17424 MAGNOLIA ST	SPLENDORA	TX	77372	11/3/2016	\$50.00	\$0.14
DAVIS, ESTER ELAINE	16693 YATES ST	SPLENDORA	TX	77372	2/19/2014	\$50.00	\$0.27
STALLINGS, BRANDY	16706 MAIN ST	SPLENDORA	TX	77372	6/28/2017	\$50.00	\$0.04
SHERBERT, SHANNON	13205 BLUFF VIEW	WILLIS	TX	77318	12/14/2005	\$50.00	\$7.94
SALE, TERRY W.	16771 YATES	SPLENDORA	TX	77372	1/7/2011	\$50.00	\$0.48
ROMAGUS, KYLE	16728 MAIN ST	SPLENDORA	TX	77372	11/13/2008	\$50.00	\$1.90
CAPPS, C L	16736 MAIN	SPLENDORA	TX	77372	7/16/2014	\$50.00	\$0.25
CLOUD, HAZEL	16839 YATES	SPLENDORA	TX	77372	9/9/1998	\$50.00	\$29.69
TEAGUE, SUSAN D	1186 SANTA YNEZ AVE	LOS OSOS	CA	93402	11/19/2012	\$50.00	\$0.34
QUANTZ, WAYNE	P.O. BOX 241	SPLENDORA	TX	77372	4/1/1998	\$50.00	\$30.94
JENSEN, KELLI	16935 YATES ST	SPLENDORA	TX	77372	3/15/2006	\$50.00	\$7.55
RODRIGUEZ, BILLIE	P O BOX 15456	HUMBLE	TX	77347	2/18/2015	\$50.00	\$0.22
MEDRANO, NARCISO	27239 LONG ST	SPLENDORA	TX	77372	1/7/2013	\$50.00	\$0.33
WHATLEY ERNEST	16944 YATES ST	SPLENDORA	TX	77372	8/16/2006	\$50.00	\$6.91
MENDOZA, ARNOLDO M	16934 YATES	SPLENDORA	TX	77372	5/2/2003	\$50.00	\$15.69
FRAZIER, LAURA	16928 YATES	SPLENDORA	TX	77372	11/17/2016	\$50.00	\$0.14
BIDDLECOME JR, JAMES	2517 RIVER RDG	CONROE	TX	77385	1/24/2012	\$50.00	\$0.39
HARRISON, MARY E	16892 YATES	SPLENDORA	TX	77372	5/22/2014	\$50.00	\$0.26
MUNGLE, MYNA	1925 RAY SHELL CT	SEABROOK	TX	77586	7/12/2017	\$50.00	\$0.02
SORENSEN, CRYSTAL	16844 YATES ST	SPLENDORA	TX	77372	4/21/2015	\$50.00	\$0.22
JONES, OTHO	16838 YATES	SPLENDORA	TX	77372	3/2/1998	\$50.00	\$31.19
WEAVER, CAROLYN W	16738 YATES ST	SPLENDORA	TX	77372	8/23/2012	\$50.00	\$0.36
HOLLIS, HEATHER	16757 YATES	SPLENDORA	TX	77372	1/2/2015	\$50.00	\$0.23
VILLALOBOS, ROSALINDA	16544 MAIN	SPLENDORA	TX	77372	8/24/2015	\$50.00	\$0.21
WHITMIRE, STEVEN	17221 SMITH ST	SPLENDORA	TX	77372	2/4/2016	\$50.00	\$0.19
ROZELL, CAREN	17218 SMITH	SPLENDORA	TX	77372	10/1/2001	\$50.00	\$20.44
CRUZ, NANCY	27084 CENTER ST	SPLENDORA	TX	77372	8/9/2012	\$50.00	\$0.36

TAYLOR, MARGARET	200 KELLINGTON #5107	KINGWOOD	TX	77339	2/8/2013	\$50.00	\$0.33
WEAVER, JEREME	17243 NOMIE ST	SPLENDORA	TX	77372	7/26/2016	\$50.00	\$0.16
BARNETT, THADDEUS	17256 SMITH	SPLENDORA	TX	77372	4/7/1999	\$50.00	\$27.94
DURBIN, AARON	17253 SMITH ST	SPLENDORA	TX	77372	11/13/2009	\$50.00	\$0.75
GUZMAN, BLANCA	25320 POOLE ST	SPLENDORA	TX	77372	10/15/2009	\$50.00	\$0.83
HARGRAVES, MICHAEL	25324 POOLE	SPLENDORA	TX	77372	7/13/2017	\$50.00	\$0.02
SLOAN, DINAH	25310 POOLE ST	SPLENDORA	TX	77372	2/20/2015	\$50.00	\$0.22
DAY, PHILLIP	17158 NOMIE ST	SPLENDORA	TX	77372	11/14/2007	\$50.00	\$4.25
DAY SR, PHILLIP C	17205 NOMIE ST	SPLENDORA	TX	77372	6/25/2012	\$50.00	\$0.37
MINOR, TRAVIS	17154 NOMIE	SPLENDORA	TX	77372	8/13/2008	\$50.00	\$2.49
ROGERS, LEONARD W	25661 HILL & DALE	SPLENDORA	TX	77372	5/2/2002	\$50.00	\$18.69
ALLEN, KENNETH	17042 MAIN	SPLENDORA	TX	77372	1/31/2002	\$50.00	\$19.69
ALLEN, W E	17098 MAIN	SPLENDORA	TX	77372	3/11/2003	\$50.00	\$16.19
BEDGOOD, KENNETH A	17096 MAIN ST	SPLENDORA	TX	77372	8/8/2011	\$50.00	\$0.43
BLACKBORN, MARGARET	17147 H L PATTON ST	SPLENDORA	TX	77372	7/19/2004	\$50.00	\$12.19
CISNEROS, MANUEL	17134 H L PATTON	SPLENDORA	TX	77372	10/12/2010	\$50.00	\$0.52
PEREZ, SILVIA M	25601 ROPING PEN RD	SPLENDORA	TX	77372	5/23/2014	\$50.00	\$0.26
CONNER, ROBIN A	25543 ROPING PEN	SPLENDORA	TX	77372	5/11/2005	\$50.00	\$9.69
ARCHER, THOMAS	25521 ROPING PEN RD	SPLENDORA	TX	77372	3/1/2001	\$50.00	\$22.19
MCCULLEY, DONALD	25497 ROPING PEN	SPLENDORA	TX	77372	1/30/2014	\$50.00	\$0.27
BATEMAN, TRUETTE	25445 ROPING PEN	SPLENDORA	TX	77372	4/16/2008	\$50.00	\$3.27
LINQUIST, NORMAN M	25449 ROPING PEN	SPLENDORA	TX	77372	7/31/2011	\$50.00	\$0.43
FARRIS, PATRICIA L	25423 ROPING PEN	SPLENDORA	TX	77372	1/22/2003	\$50.00	\$16.69
FLORES, JULIAN	25405 ROPING PEN	SPLENDORA	TX	77372	6/12/2003	\$50.00	\$15.44
BIRKENFELD, MICHAEL	25363 ROPING PEN RD.	SPLENDORA	TX	77372	3/11/2009	\$50.00	\$1.44
WATSON, BUD	PO BOX 2279	SPLENDORA	TX	77372	2/25/2003	\$50.00	\$16.44
MARTINEZ, JOSE	8102 TATTERSHALL CIR	HUMBLE	TX	77338	3/24/2017	\$50.00	\$0.09
PILLOW, CARL B	P.O. BOX 117	NEW CANEY	TX	77357	3/15/2006	\$50.00	\$7.55
CRITTENDEN, DANIEL R	17382 MAIN ST	SPLENDORA	TX	77372	1/3/1999	\$50.00	\$28.69
ROMERO, LETICIA A	17351 MAIN ST	SPLENDORA	TX	77372	1/28/2013	\$50.00	\$0.33
ABUNDIZ, JOEL	17426 MAIN	SPLENDORA	TX	77372	11/12/2015	\$50.00	\$0.20
HAILEY, BARRY	17263 BARKER ST	SPLENDORA	TX	77372	3/13/2015	\$50.00	\$0.22
SHARBER, DAWN	17275 BARKER ST	SPLENDORA	TX	77372	10/1/1995	\$50.00	\$38.44
PATRICK, RYAN	17289 BARKER	SPLENDORA	TX	77372	5/8/2017	\$50.00	\$0.05
GOWARD, KENNETH	17303 BARKER ST	SPLENDORA	TX	77372	6/24/2014	\$50.00	\$0.25
MARTINEZ, ARELY	27080 CENTER ST TRLR A	SPLENDORA	TX	77372	8/1/2011	\$50.00	\$0.43
COLLINS, CHRISTINA M	17345 FRENCH ST	SPLENDORA	TX	77372	12/28/2012	\$50.00	\$0.34
WHEELER, FRANCES J	17323 BARKER ST	SPLENDORA	TX	77372	8/1/2012	\$50.00	\$0.36
BRADSHAW, MARCUS	12345 LEWIS RD	CLEVELAND	TX	77328	9/10/2015	\$50.00	\$0.20
ORTIZ, OLGA	17347 BARKER	SPLENDORA	TX	77372	8/15/2003	\$50.00	\$14.94
BRADSHAW, MARCUS	12345 LEWIS RD	CLEVELAND	TX	77328	11/21/2016	\$50.00	\$0.14
ALVARADO, ELIZABETH	17357 BARKER ST	SPLENDORA	TX	77372	3/15/2006	\$50.00	\$7.55
MARTINEZ, DANIEL	17378 FRENCH	SPLENDORA	TX	77372	3/19/2015	\$50.00	\$0.22
NEILL, YANCY D	17368 FRENCH ST	SPLENDORA	TX	77372	12/17/2009	\$50.00	\$0.66
STEVENS JR., JOHN	17348 FRENCH	SPLENDORA	TX	77372	1/28/1998	\$50.00	\$31.69
BARRERA, SERGIO	26221 TWIN OAKS	SPLENDORA	TX	77372	10/4/2016	\$50.00	\$0.15
ATWOOD, JIMMY	17326 FRENCH ST	SPLENDORA	TX	77372	1/21/2002	\$50.00	\$19.69
LELAND, TWYLA R.	17341 FRENCH ST.	SPLENDORA	TX	77372	8/15/2010	\$50.00	\$0.55
AYALA, JULIE A	26722 CENTER ST	SPLENDORA	TX	77372	2/22/2012	\$50.00	\$0.39
MITSCHE, P H	17279 FRENCH	SPLENDORA	TX	77372	6/24/2015	\$50.00	\$0.21
PACHECO, RAMON OLVERA	17262 BARKER	SPLENDORA	TX	77372	10/9/2015	\$50.00	\$0.20
ORR, KENNETH	PO BOX 169	SPLENDORA	TX	77372	11/30/2000	\$50.00	\$23.19
PHILLIPS, THOMAS	17274 BARKER	SPLENDORA	TX	77372	6/13/2007	\$50.00	\$5.22
OWEN, MIKE	16918 YATES	SPLENDORA	TX	77372	12/31/2000	\$50.00	\$22.94
OWEN, MARIAN T.	25036 N. LAKEVIEWDR.	SPLENDORA	TX	77372	6/10/2009	\$50.00	\$1.18
ALVARENGA, JESSICA DAWN	25031 N LAKEVIEW	SPLENDORA	TX	77372	11/30/2010	\$50.00	\$0.50
HARSANY, MICHELL	24821 LAKEVIEW DR	SPLENDORA	TX	77372	6/9/2014	\$50.00	\$0.25

GIBBS, BRITTANY	24783 N LAKEVIEW DR	SPLENDORA	TX	77372	4/2/2014	\$50.00	\$0.26
DELCASTILLO, MARGARITA	24815 N LAKEVIEW DR	SPLENDORA	TX	77372	6/14/2012	\$50.00	\$0.37
SMITH, MARGIE	24830 N LAKEVIEW	SPLENDORA	TX	77372	1/1/2002	\$50.00	\$19.69
TUTTLE, RONNIE	24965 N LAKEVIEW DR.	SPLENDORA	TX	77372	12/1/1996	\$50.00	\$34.94
DAVES, HERBERT E	24931 N LAKEVIEW DR	SPLENDORA	TX	77372	5/11/2006	\$50.00	\$7.29
REYES, MARIA DOLORES	24681 N LAKEVIEW	SPLENDORA	TX	77372	1/18/2017	\$50.00	\$0.12
HIDALGO, ABNER	26420 TWIN OAKS RD	SPLENDORA	TX	77372	2/2/2017	\$50.00	\$0.11
NEW LIFE ASSEMBLY	PO BOX 146	SPLENDORA	TX	77372	10/1/2001	\$50.00	\$20.44
HALL, MICHAEL J	24541 PEACH CREEK DR	NEW CANEY	TX	77357	9/23/2011	\$50.00	\$0.42
CHAMBERS, CECIL	PO BOX 232	NEW CANEY	TX	77357	10/1/2001	\$50.00	\$20.44
MONTGOMERY, BILLY	24631 PEACH CREEK	NEW CANEY	TX	77357	9/23/1997	\$50.00	\$32.69
RAMIREZ, ISTVAN	24677 PEACH CREEK DR	NEW CANEY	TX	77357	8/9/2016	\$50.00	\$0.16
BATTENFIELD, SHANNON	24737 PEACH CREEK DR	NEW CANEY	TX	77357	10/15/2009	\$50.00	\$0.83
CRAWFORD, CHRIS	24745 PINE DR	NEW CANEY	TX	77357	3/11/2009	\$50.00	\$1.44
CRAWFORD, CHRIS	24745 PINE DR.	NEW CANEY	TX	77357	8/1/2001	\$50.00	\$20.94
KEITH, KARL F.	25374 DOGWOOD LANE	SPLENDORA	TX	77372	3/8/2004	\$50.00	\$13.19
JOHNSON, MICHELLE	24696 PINE DR	NEW CANEY	TX	77357	5/8/2013	\$50.00	\$0.31
BURKE, DESTINY	24679 PINE DR	NEW CANEY	TX	77357	1/22/2016	\$50.00	\$0.19
THOMPSON, WILLIAM	17715 OAK HILLS	NEW CANEY	TX	77357	3/5/2014	\$50.00	\$0.26
RAWLS, CRYSTAL	17626 OAK HILLS	NEW CANEY	TX	77357	7/13/2006	\$50.00	\$7.03
SCOTT, KENDRA	17661 OAK HILLS	NEW CANEY	TX	77357	9/23/2010	\$50.00	\$0.53
LEWIS, SAMUEL R	17647 OAK HILLS DR	NEW CANEY	TX	77357	2/6/2013	\$50.00	\$0.33
MADDOUX JR, STEVEN I.	17625 OAK HILLS DR	NEW CANEY	TX	77357	10/9/2012	\$50.00	\$0.35
JONES, JEFFREY D	17618 OAK HILLS DR	NEW CANEY	TX	77357	5/30/2013	\$50.00	\$0.31
GARZA, JOSE	17606 OAK HILLS	NEW CANEY	TX	77357	10/13/2010	\$50.00	\$0.52
MAGGARD, MICHELLE	17554 OAK HILLS DR	NEW CANEY	TX	77357	5/25/2004	\$50.00	\$12.69
ROSS, PATRICIA	17520 OAK HILLS	NEW CANEY	TX	77357	11/26/2002	\$50.00	\$17.19
DEARING, JOSEF	17498 OAK HILL DR	NEW CANEY	TX	77357	12/8/2014	\$50.00	\$0.23
TREJO, MA JUANA	17482 OAK HILLS	NEW CANEY	TX	77357	7/2/2014	\$50.00	\$0.25
SHIPPER, CRISTAL	17479 OAK HILLS DR	NEW CANEY	TX	77357	1/6/2015	\$50.00	\$0.23
MADDOUX, ROY	17577 1/2 OAK HILLS	NEW CANEY	TX	77357	7/26/2001	\$50.00	\$21.19
GUZMAN, MARIO	17426 OAK HILLS	NEW CANEY	TX	77357	6/1/2016	\$50.00	\$0.17
MADDOUX, CHELSEY	17365 OAK HILL	NEW CANEY	TX	77357	5/12/2010	\$50.00	\$0.59
CLEVELAND, CATHERINE A	25100 RILEY ST	SPLENDORA	TX	77372	2/10/2010	\$50.00	\$0.63
HAGLER, AMBER	16683 MAIN ST	SPLENDORA	TX	77372	4/6/2004	\$50.00	\$12.94
BYSZESKI, STEVEN	17235 CROSSROADS	SPLENDORA	TX	77372	9/14/2003	\$50.00	\$14.69
HORN, VERN L	25840 TWIN OAKS RD	SPLENDORA	TX	77372	5/8/2002	\$30.00	\$11.21
CRAWFORD, AMBER N	24547 PEACH CREEK DR	NEW CANEY	TX	77357	8/15/2002	\$50.00	\$17.94
PHIPPS II, JOHN D	26484 LONG ST	SPLENDORA	TX	77372	2/14/2012	\$50.00	\$0.39
RAMIREZ, ANA	PO BOX 1142	NEW CANEY	TX	77357	4/28/2004	\$50.00	\$12.94
OLGUIN, AGUSTIN	27088 CENTER ST	SPLENDORA	TX	77372	6/8/2004	\$50.00	\$12.44
REYES, HUGO	14535 BROWNSVILLE ST	HOUSTON	TX	77015	7/3/2017	\$50.00	\$0.02
CANO, ISABEL	26826 LONG ST	SPLENDORA	TX	77372	11/19/2004	\$50.00	\$11.19
WHITWORTH, VERN	17160 MAIN ST	SPLENDORA	TX	77372	10/27/2011	\$50.00	\$0.41
CRAIG II, ROBERT D	17165 S TRAM RD	SPLENDORA	TX	77372	3/25/2013	\$50.00	\$0.32
CRAWFORD, KEVIN O.	24555 PEACH CREEK DR	NEW CANEY	TX	77357	1/26/2016	\$50.00	\$0.19
MCWHORTER, BERTA	17409 CROSS RD	SPLENDORA	TX	77372	7/13/2005	\$50.00	\$9.19
OLIVE, MAXWELL L	17317 BARKER ST	SPLENDORA	TX	77372	2/1/2013	\$50.00	\$0.33
JENSEN, KELLI	16935 YATES ST	SPLENDORA	TX	77372	1/3/2007	\$50.00	\$6.20
GARCIA, JOSE	17150 HL PATTON	SPLENDORA	TX	77372	5/11/2006	\$50.00	\$7.29
DURAN, PRUDENCIANO	26959 SHORT ST	SPLENDORA	TX	77372	10/5/2006	\$50.00	\$6.65
HARGRAVES, MEGAN M	26700 CENTER ST	SPLENDORA	TX	77372	5/30/2013	\$50.00	\$0.31
JOHNSON, DIANA	25630 BLACK ST	SPLENDORA	TX	77372	2/14/2007	\$50.00	\$6.00
ARZOLA, LUIS ENRIQUE	26847 SHORT ST	SPLENDORA	TX	77372	11/14/2006	\$50.00	\$6.52
LIERA, FRANCISCO	26835 SHORT ST	SPLENDORA	TX	77372	11/16/2006	\$50.00	\$6.52
BAGWELL, THOMAS	17151 HL PATTON	SPLENDORA	TX	77372	11/21/2006	\$50.00	\$6.52
BARRERA, JOHN	26268 TWIN OAKS RD	SPLENDORA	TX	77372	3/6/2017	\$50.00	\$0.09

LUNA, MA ANTONIA	26952 LONG ST	SPLENDORA	TX	77372	3/21/2007	\$50.00	\$5.81
VALDEZ, JORGE	27071 CENTER	SPLENDORA	TX	77372	8/15/2007	\$50.00	\$4.83
GARZA, SERGIO	26865 SHORT ST	SPLENDORA	TX	77372	10/11/2007	\$50.00	\$4.44
PADRON, SILVESTRE	27086 SHORT	SPLENDORA	TX	77372	4/15/2008	\$50.00	\$3.27
MONITA, PEDRO	25997 TWIN OAKS RD	SPLENDORA	TX	77372	11/11/2008	\$50.00	\$1.90
VARELA, MIGUEL A	26725 SHORT ST	SPLENDORA	TX	77372	7/22/2008	\$50.00	\$2.68
BARNETT, LESTER	17220 SMITH ST	SPLENDORA	TX	77372	2/4/2016	\$50.00	\$0.19
MARTINEZ, JULIAN	26726 CENTER	SPLENDORA	TX	77372	11/7/2008	\$50.00	\$1.90
PEREZ, LIZBETH	25496 ROPING PEN	SPLENDORA	TX	77372	11/11/2008	\$50.00	\$1.90
VALDEZ, JORGE	27067 CENTER ST	SPLENDORA	TX	77372	1/15/2009	\$50.00	\$1.62
MARTINEZ, LOURDES	27080 CENTER ST TRLR B	SPLENDORA	TX	77372	4/29/2015	\$50.00	\$0.22
MEDELLIN, MARIA	27055 CENTER ST	SPLENDORA	TX	77372	6/4/2009	\$50.00	\$1.18
DESHAZER, MARY G	17163 NOMIE ST	SPLENDORA	TX	77372	4/14/2010	\$50.00	\$0.60
VILLEGAS, ALEJANDRO	25560 ROPING PEN	SPLENDORA	TX	77372	5/18/2010	\$50.00	\$0.59
VILLEGAS, ALEJANDRO	25564 ROPING PEN	SPLENDORA	TX	77372	5/18/2010	\$50.00	\$0.59
CASTILLO, NORMA D	26940 CENTER ST	SPLENDORA	TX	77372	3/5/2012	\$50.00	\$0.38
BLANKENSHIP, KRISTAL	26885 LONG ST	SPLENDORA	TX	77372	4/28/2014	\$50.00	\$0.26
LONGMIRE JR, GARY L	16921 MAIN ST	SPLENDORA	TX	77372	2/5/2014	\$50.00	\$0.27
HERSHMAN, GARRY	26442 LONG ST	SPLENDORA	TX	77372	7/25/2014	\$50.00	\$0.25
BARRERA, ALEJANDRO	26214 TWIN OAKS RD	SPLENDORA	TX	77372	6/12/2014	\$50.00	\$0.25
RIOS, AMANDA	27275 SHORT ST	SPLENDORA	TX	77372	2/10/2015	\$50.00	\$0.22
RODRIGUEZ, IRENE	27125 SHORT ST	SPLENDORA	TX	77372	9/5/2014	\$50.00	\$0.24
GUSMAN, CRYSTAL	17134-A HL PATTON BLVD	SPLENDORA	TX	77372	1/7/2014	\$50.00	\$0.27
WITTY, GARY	25373 ROPING PEN RD	SPLENDORA	TX	77372	7/9/2014	\$50.00	\$0.25
WELSH, ELLIOT M	16930 S TRAM RD	SPLENDORA	TX	77372	5/8/2017	\$50.00	\$0.05
ROMERO, JAIRI	26838 SHORT	SPLENDORA	TX	77372	6/10/2014	\$50.00	\$0.25
VELAZQUEZ, VERENICE	16813 YATES ST	SPLENDORA	TX	77372	1/15/2015	\$50.00	\$0.23
STONE, KIMBERLY	17334 FRENCH	SPLENDORA	TX	77372	11/6/2014	\$50.00	\$0.23
MCINTYRE, TAYLOR	16634 MAIN ST	SPLENDORA	TX	77372	5/8/2017	\$50.00	\$0.05
TAYLOR, CHRISTINA L.	17149 H L PATTON ST	SPLENDORA	TX	77372	4/10/2014	\$50.00	\$0.26
COLLINSWORTH, TERESA	16694 MAIN ST	SPLENDORA	TX	77372	2/20/2015	\$50.00	\$0.22
DUARTE, JOSE	26704 LONG ST	SPLENDORA	TX	77372	6/14/2016	\$50.00	\$0.17
FLORES, BLANCA E	24989 N. LAKEVIEW	SPLENDORA	TX	77372	2/24/2015	\$50.00	\$0.22
PORTUGAL, MARIA V	26416 LONG ST	SPLENDORA	TX	77372	9/30/2014	\$50.00	\$0.24
BRITTON, MARTIKA	17571 S LAKEVIEW	SPLENDORA	TX	77372	5/15/2015	\$50.00	\$0.22
ALCARAZ, JUANA	16947 MAIN ST	SPLENDORA	TX	77372	6/6/2017	\$50.00	\$0.04
SCHERER, SARAH	24505 PEACH CREEK DR	NEW CANEY	TX	77357	2/11/2016	\$50.00	\$0.19
CHAVEZ, ANDRES	4001 DUVAL ST	HOUSTON	TX	77087	3/17/2016	\$50.00	\$0.18
CHAVEZ, ANDRES	4001 DUVAL ST	HOUSTON	TX	77087	3/17/2016	\$50.00	\$0.18

ATTACHMENT "D"
City Audit

CITY OF PATTON VILLAGE, TEXAS

**Annual Financial Report
Year Ended September 30, 2016**

(With Independent Auditor's Report)

**CITY OF PATTON VILLAGE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2
 Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Balance Sheet	8
Statement of Revenues, Expenditures and Changes in Fund Balance	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	10
Reconciliation of the Governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.	11
Notes to the Financial Statements	12
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards	18

ERSKINE PAYNE, CPA PLLC
Certified Public Accountants and Consultant
10103 Fondren Rd., Suite 350, Houston, TX 77096-4659
Phone 281-657-7402
Fax 832-582-3645

INDEPENDENT AUDITOR'S REPORT

Patton Village, Texas
September 30, 2015

To the Honorable Mayor and Commissioners

We have audited the accounting and financial statements of the governmental activities and major fund of Patton Village, Texas, for the year ended September 30, 2015, which collectively comprise the basic financial statements as listed in the table of contents of the financial statements, and the responsibility of Patton Village management for these financial statements and the possibility of fraud or management misresponsibility is discussed in the opening paragraph of the financial statement presented on page 2.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits issued by the American Auditing Standards Board, by the Committee of General Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial respective position of the governmental activities and each fund of the City of Patton Village, Texas, as of September 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 2 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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's representation as to the completeness and accuracy of the information and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because we cannot provide adequate proof to provide a withdrawal or a disclaimer of opinion or a qualified or adverse assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements which collectively comprise the City of Patton Village, Texas's financial statements as a whole. The introductory section, combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non major fund financial statements are the responsibility of management and were derived from accounting and other underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and other information has been subjected to the auditing procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Erskine Payne, CPA
Houston, TX
April 30, 2017



CITY OF PATTON VILLAGE



MANAGEMENT'S DISCUSSION AND ANALYSIS

City Council
City of Patton Village
Splendora, Texas

Members of the Council

We are pleased to submit to you the accompanying financial statements for the City of Patton Village as of and for the fiscal year ended September 30, 2010. These statements have been prepared in accordance with Governmental Accounting Standards.

This discussion and analysis of the City of Patton Village's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2010. This should be read in conjunction with the City's financial statements, which are listed in the table of contents.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the City's government-wide total liabilities were \$1,005,322 more than its total assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – Management's Discussion and Analysis (this section), the financial statements.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled Supplementary Information that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies, including the full accrual basis of accounting. The statement of net assets includes all of the City's assets and liabilities, including the depreciated cost basis of all fixed assets (including infrastructure – streets, bridges, drainage facilities, etc.). The statement of activities includes all of the current period's revenue and expenses regardless of when cash is received or paid as well as depreciation expense related to the City's fixed assets.

The two government-wide statements report the City's net assets and how they have changed. Net assets are defined as the difference between the City's assets and liabilities and is one way to measure the City's financial health or financial position.

- Over time, increases or decreases in the City's net assets are an indicator of where its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base, staffing patterns, condition of infrastructure and regional demographics.

The government-wide financial statements of the City include Governmental Activities. Most of the City's basic services such as governance, general administration, police protection, solid waste collection and disposal, and municipal court are included in governmental activities. Locally assessed property taxes, city sales taxes, franchise taxes, grants, court fines, fees and other miscellaneous revenues finance most of the governmental activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the city's most significant funds – not the city as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purpose.

- Some funds are required by state law and other funds are mandated by bond agreements or bond covenants.
- The City Council establishes other funds to control and manage money set aside for particular purposes or to show that the City is properly using certain taxes and grants.

The City has the following kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship

(or differences) between them. The city has the funds, General Fund, Drug Fund, Court Fund, Road and Bridge Fund, Sewer Fund and Grant Fund during the year ended September 30, 2014. A basic discussion of these funds is as follows:

- o General fund – This is the primary government fund utilized by the City. Most of the basic services provided by the city are accounted for through this fund and, as such, the primary revenues are derived from ad valorem (property) taxes, fines, fees and other miscellaneous sources. The primary expenses are related to salaries and wages, employee benefits, legal and professional expenses, supplies and materials, other operating costs and capital outlay.
- o Other Fund – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are legally restricted to expenditures for specified purposes.

The funds are further classified as major funds and non-major funds. Major funds are determined by a percentage of assets, liabilities, revenues or expenditures/expenses in relation to the totals of all funds in those categories. The General Fund is always considered to be a major fund.

Governmental Activities

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Council. The City has adopted a capitalization threshold of \$500.00, which means that only capital type assets with a cost or initial value, if donated, of at least \$500.00, are included in the capital asset inventory.

The City calculates depreciation utilizing the straight line method with no residual value and using lives as recommended by the Comptroller of Public Accounts for the State of Texas.

FROM THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the City's finances and to demonstrate the City's commitment to accountability for the resources it receives

Respectfully submitted

The City of Patton Village
May 2, 2017

CITY OF PATON VILLAGE, TEXAS

Statement of Net Assets

Year ended September 30, 2016

	<u>Governmental Activities</u>
Assets:	
Current assets	
Cash and cash equivalents	\$ 264,893
Receivables, net	<u>750</u>
Total current assets	265,643
Noncurrent assets:	
Capital assets:	
Land and construction in process	3,951,023
Capital assets	<u>705,223</u>
Total noncurrent assets	4,656,246
Total assets	4,921,889
Liabilities:	
Current liabilities	
Accounts payable and other current liabilities	230,813
Current maturities of long-term notes	<u>958,366</u>
Total current liabilities	1,189,179
Noncurrent liabilities:	
Long-term note payable, less current maturities	<u>4,025,555</u>
Total noncurrent liabilities	<u>4,025,555</u>
Total liabilities	5,214,734
Net assets:	
Unrestricted net assets (deficit)	<u>(292,845)</u>
Total net assets	<u>\$ (292,845)</u>

CITY OF PATTON VILLAGE, TEXAS
Statement of Activities
Year ended September 30, 2016

	Net (Expense) Revenue and Changes in Net Assets Primary Government	
	Governmental Activities	Total
Expenses		
Primary government:		
Government activities:		
General government	\$ 971,328	971,328
Municipal Court	275,356	275,356
Public Safety	11,789	11,789
Community Development and Cultural	10,979	10,979
Total Governmental activities	1,269,452	1,269,452
Total primary government:	1,269,452	1,269,452
 General revenues:		
Taxes:		
Property taxes levied for general purposes	78,570	78,570
Sales and Franchise taxes	29,906	29,906
Grants	261,055	261,055
Permits, License and Usage fees	181,918	181,918
Miscellaneous revenue	33,659	33,659
Municipal Court and Police Dept	870,657	870,657
Total general revenues and other items	1,440,765	1,440,765
Change in net assets:	171,313	171,313
Adjusted Net assets - October 1, 2015	(464,158)	(464,158)
Net assets - September 30, 2016	\$ (292,845)	\$ (292,845)

CITY OF PATTON VILLAGE, TEXAS
Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	Drug Enforcement Fund	Court Fund	Road and Bridge Fund	Sewer Fund	Grant Funds	Utilities	Total Governmental Fund
Assets								
Cash and Temporary Investments	\$ 103,019	\$ 2,239	\$ 55,555	\$ 34,320	\$ 3,113	\$ 3,217	\$ 30,079	\$ 264,893
Receivables								
Miscellaneous	750							750
Due from other funds								\$
Investment in Fixed Assets	4,156,246							\$ 4,156,246
Other Assets								
Total assets	\$ 4,260,075	\$ 2,239	\$ 55,555	\$ 34,320	\$ 3,113	\$ 3,217	\$ 30,079	\$ 4,921,889
Liabilities								
Accounts payable	\$ 230,813							\$ 230,813
Note Payable - current	958,366							\$ 958,366
Note Payable - long term	4,025,555							\$ 4,025,555
Total liabilities	\$ 5,214,734	\$	\$	\$	\$	\$	\$	\$ 5,214,734
Fund Balance								
Unreserved - undesignated	\$ (454,659)	\$ 2,239	\$ 3,113	\$ 3,113	\$ 3,113	\$ 3,217	\$ 30,079	\$ (292,845)
Total fund balances	(454,659)	2,239	3,113	3,113	3,113	3,217	30,079	(292,845)
Total liabilities and fund balances	\$ 4,260,075	\$ 2,239	\$ 55,555	\$ 34,320	\$ 3,113	\$ 3,217	\$ 30,079	\$ 4,921,889

See accompanying notes to the financial statements.

CITY OF PATTON VILLAGE, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended September 30, 2016

	<u>General Fund</u>	<u>Court and Public Safety</u>	<u>Sewer and Waste</u>	<u>Grant</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes - ad valorem	1,000,000	0	0	0	1,000,000
sales taxes	0	0	0	0	0
franchise taxes	0	0	0	0	28,306
usage fees	0	0	180,895	0	180,895
grants	0	0	0	201,000	201,000
permits and licenses	200	0	0	0	200
fines and forfeitures	0	6,035	0	0	6,035
interest	0	0	0	0	318
transfers	0	0	0	0	0
Miscellaneous revenue	2,212	0	0	0	2,212
Total revenues	<u>1,002,212</u>	<u>6,035</u>	<u>180,895</u>	<u>201,000</u>	<u>1,440,142</u>
Expenditures					
General government	0	0	0	0	0
administration	820,102	0	88,800	5,520	904,422
public safety	0	11,700	0	0	11,700
municipal court	0	178,350	0	0	178,350
Total expenditures	<u>820,102</u>	<u>189,050</u>	<u>88,800</u>	<u>5,520</u>	<u>1,093,472</u>
Excess of revenues over (under) expenditures	<u>182,110</u>	<u>683,512</u>	<u>92,095</u>	<u>195,480</u>	<u>1,053,197</u>
Net change in fund equity	<u>(730,100)</u>	<u>593,512</u>	<u>62,345</u>	<u>255,535</u>	<u>171,292</u>
Fund balance, October 1, 2015 - adjusted	<u>(134,058)</u>	<u>(750,632)</u>	<u>55,260</u>	<u>0</u>	<u>(1,005,320)</u>
Fund balance, September 30, 2016	<u>\$ (11,048)</u>	<u>\$ (167,120)</u>	<u>\$ 117,605</u>	<u>\$ 255,535</u>	<u>\$ (334,008)</u>

See accompanying notes to the financial statements.

CITY OF PATTON VILLAGE, TEXAS
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Activities
Year ended September 30, 2016

Total Fund Balances - Governmental Funds	\$ (834,009)
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Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds	541,164
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Net Assets of Governmental Activities	<u><u>\$ (292,845)</u></u>
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See accompanying notes to the financial statements.

CITY OF PATTON VILLAGE, TEXAS
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Year ended September 30, 2016

Total Net Changes in Fund Balances - Governmental Funds	\$ 171,313
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Change in Net Assets of Governmental Activities	<u>\$ 171,313</u>
--	--------------------------

See accompanying notes to the financial statements

**CITY OF PATTON VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Patton Village, Texas (the "City") was incorporated in 1966 under the provisions of the State of Texas. It is located in Montgomery County, Texas and is a member of the Montgomery County Central Appraisal District. There are approximately 1,557 citizens residing in the City. The City operates under a council-mayor (the Council) form of government with elected officers. The Mayor and Alderman members each serve a two-year term.

The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in Statement of Auditing Standards No. 69 of the American Institute of Certified Public Accountants.

A. REPORTING ENTITY

The Council is the authority to make decisions, appoint management and staff, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

The following paragraphs in this section explain the statement implications of the implementation of GASB 34. The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City of Patton Village non-fiduciary activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities, that participate in programs the City operates, have shared in the payment of the direct costs. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All inter-fund transactions between governmental funds are eliminated on the government-wide statements.

**CITY OF PATTON VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and proprietary. The City has no internal service or fiduciary funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements use 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. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred if measurable except for unmatured interest and principal on long-term debt which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncement issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

**CITY OF PATTON VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

D. FUND ACCOUNTING

The City reports the following major governmental funds:

1. **General Fund** – This fund was established to account for resources financing the fundamental operations of the City. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Council to implement its responsibilities.
2. **Public Safety** – To account for forfeitures related to drug seizures and other like activities.
3. **Municipal Court Fund** – This fund was established to account for resources related to the activities of municipal court.
4. **Sewer Fund** – Sewer fund is to account for construction of the sewer system for the city.
5. **Road and Bridge Fund** – The road and bridge fund is to account for construction and maintenance of the road and bridges of the city.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the City considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.
3. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

**CITY OF PATTON VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	10
Vehicles	3
Machinery and Equipment	3 - 5
Infrastructure	10 - 25

4. Full-time, permanent employees are granted vacation benefits (compensated absences) at varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time permanent employees to specified maximums. Generally, such leave may be accumulated to the following year; however, at no time may unused sick leave be paid in monetary compensation either during employment or upon termination. Vacation pay accrues and becomes payable after one year of employment. The estimated current portion of the liability for vested vacation leave benefits attributable to the City's governmental funds is recorded as an expenditure and liability in the respective fund. The city has no accruals for compensated absences in 2014.
5. The city is exposed to various risks of loss related to torts, theft of, damages to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City maintains commercial insurance to cover general liabilities.
6. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY DATA

The Council adopts an "appropriated budget" for the General Fund, and the Special Revenue Funds. The city is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The City compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the City prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.

**CITY OF PATTON VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

2. A meeting of the Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to October 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the members of the Council. Amendments are presented to the Council at its regular meetings. Each amendment must have council approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Council, and are not made after fiscal year end.

h. CASH AND CASH EQUIVALENTS

State statutes include specification for and limitations applicable to the City and its authority to purchase investments as defined in the Public Funds Investments Act. Authorized investments are as follows: (1) obligations of the United States or its instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) certain collateralized mortgage obligations (excluding strips and inverse floaters); (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its instrumentalities; (5) certain A-rated or higher obligations of state agencies, counties, cities, and other political subdivisions of any state; (6) insured or collateralized certificates of deposit; (7) certain fully collateralized repurchase agreements secured by delivery; (8) bankers' acceptances with limitations; (9) commercial paper rated A-1 or P-1 or higher; (10) no-load money market mutual funds and no-load mutual funds with limitations; and (11) certain qualified governmental investment pools.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize *safety of principle and liquidity* and that address *investment diversification, yield, maturity*, and the *quality and capability of investment management*, and all City funds must be invested in accordance with the following investment objectives: (1) understanding the suitability of the investment to the City's financial requirements; (2) preservation and safety of principle; (3) liquidity; (4) marketability; (5) diversification of the investment portfolio; and (6) yield. The City's investment must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest city funds without express written authority from the City Council.

All investments are recorded at cost, which the city considers to be fair value.

**CITY OF PATTON VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

State 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 City of securities eligible under the laws of Texas to secure the funds of municipalities in Texas having an aggregate market value exclusive of accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

IV. RISK MANAGEMENT

The city is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omission and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

V. LONG TERM DEBIT AND NOTES PAYABLE

Long term debt consists of taxes owed to the State of Texas for prior year taxes and fees that were not submitted to the State. The City has an agreement to pay these amounts at \$1,500 per month with a single annual payment of \$9,000. The current amount due to the State is \$124,522. The City also has a current liability due to the State for court fees and penalties, which are to be repaid to the State. This is considered short term as the City has no long term agreement with the State of Texas for repayment of the balance which is \$558,366. The City has sales tax due from a new annex of the city which will be used to pay this debt. The city has a liability to Community Resource Group in the amount of \$196,523. This will be paid by a grant from the United States Department of Agriculture once the grant funds are released.

VI. LITIGATION

The City has certain pending and threatened litigation and claims incurred in the ordinary course of business, however, management believes that the probable resolution of such contingencies will not exceed the City's insurance coverage and will not materially affect the financial position or the results of operations or the cash flow of the City.

VII. SUBSEQUENT EVENTS

Management has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through April 30, 2017 the date on which financial statements were available to be issued.

ERSKINE D. PAYNE, CPA PLLC
Certified Public Accountants and Consultant
P.O. Box 31402, Houston, TX 77231
Phone 281-657-7402
Fax 832-582-3645

**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**

Honorable Mayor and
City Council Members
City of Pahrump Village, Texas

I have audited the accompanying financial statements of the governmental and business-type activities and each fund of the City of Pahrump Village, Texas (the "City") as of and for the year ended September 30, 2016, and have issued a report thereon dated April 26, 2017. In conducting my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States:

Internal Control over Financial Reporting

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, or did not identify any deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I 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 is not an objective of my audit and accordingly, I do not express an opinion on that issue. I do, however, disclose instances of noncompliance that are material to the financial statements.

For purposes of this audit, I did not identify any noncompliance with laws or regulations that I believe is material to the financial statements. I did, however, identify noncompliance with provisions of laws or regulations that I believe are material to the financial statements.

Other Matters

ATTACHMENT "E"
Water System Purchase and
Improvement Funding
Commitment



United States Department of Agriculture

JAN 29 2016

Mr. [Name]
[Address]
[City, State, ZIP]
[Phone Number]

SUBJECT: [Project Name]
[Address]
[City, State, ZIP]
[Phone Number]

Dear Mr. [Name]:

This letter establishes conditions and terms for the design and agreement to be given to further consideration of your application. The form and contract will be administered on behalf of the Rural Utilities Service (RUS) by the Huntsville Area Office of USDA Rural Development, both of which are referred to throughout this letter as the Agency. Any changes in project or source of funds, scope of project, or any other significant changes to the project or applicant must be reported to and concurred with by the Agency by written amendment to this letter. If significant changes are made without obtaining such concurrence, the Agency may discontinue processing of the application.

All conditions set forth under Section B ("Requirements Prior to Advertising for Bids") must be met within 30 days of the date of this letter. If you have not met these conditions, the Agency reserves the right to discontinue the processing of your application.

If you agree to meet the conditions set forth in this letter and desire further consideration be given to your application, please complete and return the following forms within 7 days:

- Form RD 1942-10, "Letter of Intent to Meet Conditions"
- Form RD 1940-1, "Request for Obligation of Funds"

Rural Development • Huntsville Area Office
2000 21st Street, Suite 145, Huntsville, Texas 77405
Phone: (860) 291-1500 • Fax: (860) 294-0530

USDA is an equal opportunity employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (FD-280) and submit it to the nearest USDA office or to any USDA office by mail (860) 632-9442. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (860) 690-7441, or email at complaints@usda.gov.

The loan/grant will be considered approved on the date Form RD 1940-1, "Request for Obligation of Funds," is signed by the approving official. Thus, this letter in itself does not constitute loan and/or grant approval, nor does it ensure that funds are or will be available for the project. When funds are available, the Form RD 1940-1 will be provided to you for your signature. After you sign and return the form to the Agency, the request will be processed, and loan/grant funds will be approved and obligated.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access information and regulations referenced in this letter at our website located at www.reh.usda.gov.

The conditions are as follows:

SECTION I - PROJECT DETAIL

1. **Project Description** - Funds will be used to purchase an existing system and complete improvements to the distribution system and water plant modifications within the City of Patton Village.

Facilities will be designed and constructed in accordance with sound engineering practices and must meet the requirements of Federal, State, and local agencies. The proposed facility design shall be based on the Preliminary Engineering Report (PER) as completed with by the Agency.

2. **Project Funding** - The Agency is offering the following funding for your project:

Agency Loan -	\$3,424,000
Agency Grant -	\$5,974,000
SEARCH Grant	\$__24,551 previously funded

TOTAL PROJECT COST - \$9,422,551

This funding is offered based on the amounts stated above. Prior to loan closing, any increase in non-Agency funding will be applied first as a reduction to Agency grant funds, up to the total amount of the grant, and then as a reduction to Agency loan funds.

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

3. **Project Budget** Funding from all sources has been budgeted for the estimated expenditures as follows.

<u>Project Costs:</u>		<u>Total Budgeted:</u>
Construction- New Water Plant with Well		\$1,985,000
Construction - Water Plant #2 Modifications		100,000
Construction - New Water System		4,348,000
Construction - Water Plant #3 Modifications		380,000
Contingencies		652,000
Purchase System from Patton Village Water Co.		900,000
Engineering Fees		
FFR & ER	\$1,600,000	
Basic Services	580,000	
Surveying	125,000	
Resident Inspector	<u>75,000</u>	840,000
Market Evaluation-STAR/II		24,551
Communities Unhoused Refinanced		7,000
Legal Fees & Bond Counsel		50,000
Interest During Construction		<u>1,000,000</u>
TOTAL		\$9,422,551

Only one loan or grant funds are needed to complete the proposed project will not be obligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

SECTION II – LOAN AND GRANT TERMS

4. **Repayment** - The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.

Your loan will be scheduled for repayment over a period of 40 years. Interest-only payments will be due the first year and will be made utilizing your applicant funds on an annual basis. Payments for the remaining 39 years will be amortized annual principal installments and interest payments will be made semi-annually. For planning purposes use a **2.125%** interest rate and an annual amortization factor of .3798, which provides for an annual payment of **\$130,044**.

5. **Security** - The loan will be secured by a Revenue bond with first lien position in the amount of **\$3,424,000**. The bond will be fully registered as to both principal and interest in the name of the United States of America, Acting through the United States Department of Agriculture.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or its authorizing law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

In the event a paying agent agreement is entered into, USDA Rural Development is not a party to this agreement; therefore, the requirements defined in the bond ordinance take precedence over the paying agent agreement.

You will be responsible for payment of interest that accrues due to bond redemption notification issues, whether the improper notification lies with the borrower or the paying agent.

You must communicate directly with USDA Rural Development when you receive funds. You should contact the Local USDA Rural Development Office prior to delivery of funds. The paying agent will deliver funds directly to the USDA Rural Development.

There is a clear time sequence between the two events.

2. A release of the effect that will be given and that will be placed in the hands of the person to whom the release of the effect is made, as may be required by the Issuer or the Registrar from the registered person, shall be made in the form of a release of the effect, which shall be in the form of a release of the effect, as long as it is in the hands of the Issuer.

The proposed payment schedule will allow the owner to adapt to a long-term contract and over a 10-year period will closely approximate equal installments as proposed in Form 7941.

Additional security requirements are contained in RUS Data 1789-12, "Warrior Waste System Grant Agreement" and RUS Bulletin 1789-12 "Loan Resolution (Public Bodies)". Draft of all security instruments, including draft bond resolution, must be received and concurred, only by the Agency prior to advertising for bids. The bond resolution and Loan Resolution must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

6. **Electronic Payments** - Payment - All payment on the day your payment is due through an electronic preauthorized debit system. You will be required to complete Form RD 3550-28 "Authorization Agreement for Preauthorized Payments." It will allow our existing and third-party to the Agency prior to loan closing. It will allow for your payment to be electronically debited from your account on the day your payment is due.

7. Construction Completion Timeframe - All projects must be completed, and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit to the Agency a written request for extension of time with adequate justification of circumstances beyond your control. Requests for waivers beyond the initial extension will be submitted to the Assistant Administrator for concurrence decision.

8. Disbursement of Agency Funds – Agency Funds will be disbursed into the borrower's depository account through an electronic transfer system. SF 2981 "ANALYTICAL INFORMATION Payment Enrollment Form" must be completed and submitted to the Agency prior to advertising for bid.

Any applicant contribution will be the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless a written agreement is reached with all other funding sources on how funds are to be disbursed prior to start of construction or loan closing, whichever occurs first. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. The Grant Agreement must not be closed, and funds must not be disbursed prior to loan funds except as specified in RUS Instruction 78-450.10. In the unlikely event the Agency mistakenly disburses funds, the funds will be repaid back to the Agency electronically.

Grant funds are to be deposited into one or more designated accounts except for the following: (1) accounts with a FDIC Part 201 safe deposit boxes of \$500 per year for the first two years. The funds should be disbursed by the recipient or made by a point of purchase for the first two years. (2) interest-bearing Federal funds. Receipts shall be submitted for all interest-bearing funds in interest-bearing accounts, unless:

- a. The recipient receives less than \$12,000 in Federal dollars per year;
- b. The recipient may not wish to interest-bearing the information that is received from the Federal records of \$500 received in interest-bearing boxes;
- c. The recipient may not wish to report the information that is received from the Federal records of \$500 received in interest-bearing boxes;
- d. A foreign government or banking system prohibits or produces interest-bearing accounts.

9. Reserves – Reserves must be properly budgeted to maintain the financial integrity and sustainability of any operation. Reserves are important to fund anticipated change of maintenance and repairs, and a cash flow debt service should the need arise. If a loan or grant reserves are required to be established as a condition of this loan.

- a. **Debt Service Reserve** – As a part of this Agency loan proposal, you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment is equal to **\$1,083.70** per month; this amount should be deposited monthly until a total of **\$130,044** has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue at designated amount until the fully-funded amount is reached.

- b. **Short-Lived Asset Reserve** – In addition to the debt service reserve funding, you must establish a short-lived asset reserve fund. Based on the preliminary engineering report you must deposit at least **\$41,187** into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is your responsibility to assess your facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

Current assets can also be used to establish and maintain reserves for expected expenses, including but not limited to operation and a fifteen year deferred interest during the construction period, and an asset management program.

SECTION III - REQUIREMENTS PRIOR TO ADVERTISING FOR BIDS

1.3. Environmental Requirements – At the conclusion of the proposal's environmental review process, specific actions and determined measures to avoid, minimize, and/or compensate for impacts, as required by the EIR, are identified and included in the EIR. The environmental impacts of the proposed development are properly evaluated and identified in the EIR and the EIR is approved.

- [illegible]

The project as proposed has been evaluated to be consistent with the National Environmental Policy Act of 1969, as amended. State and Federal laws, regulations, and permits, if any, that apply or be required. If the project or any project element derives from or is carried out in ongoing or approved project or development in violation of state or federal law, no further action will be required.

11. **Engineering Services** - The Agency shall not contract, complete or pay for any services for Engineering Services, which should consist of the Engineers' least 100,000 Documents Commission of RCDDC Documents as indicated in RLS E-Form # 18-12, to guarantee the discharge of RCDDC Engineers on Water and Waste Projects with RLS Financial Assistance for other approved form of agreement. The Agency will provide Engineering services for advertising for bids and for all applications and other documents for the agreement.

Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) applies a new American Iron and Steel requirement:

(1) No Federal funds made available for this fiscal year for the rural water, wastewater, waste disposal, and solid waste management programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 et seq.) shall be used for a project for the construction, alteration, maintenance, or repair of a public water or wastewater system unless both the iron and steel products used in the project are produced in the United States.

(2) The term "iron and steel products" means the following products in the production of which steel used or consumed in substantial quantities was used and manufactured in the United States: bridges, pipe, containers, wire, structural steel, wire and steel-reinforced precast concrete, and construction materials.

(3) The requirement in subsection (1) shall not apply to the extent of the following exemption: *Agriculture in this section means the production of food and fiber, the design of which is not controlled by*

- applying for Federal funds for such purposes under the public-private partnership and leasing programs authorized by the Farm and Food Security Act of 2012, as amended, or the National Food and Nutrition Assistance Act of 2014, as amended;
- Federal assistance for the production of food or fiber under the Food and Nutrition Assistance Act of 2014, as amended;
- Federal assistance for the production of food or fiber under the National Food and Nutrition Assistance Act of 2014, as amended;

12. Contract Documents, Final Plans, and Specifications

- a. The contract documents must consist of the RFP, construction contract documents as indicated in RUS Bulletin 1780, and other Agency-approved forms and documents.
- b. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, *Subpart 1 - Planning, Designing, Bidding, Contracting, Constructing and Inspection*, and must be submitted to the Agency for concurrence prior to advertising for bids, along with an updated cost estimate. The Agency may require another cost estimate if a significant amount of time elapses between the original submission and advertising for bids.
- c. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

13. Legal Services You have been required to execute a legal services agreement with your attorney and an engagement letter to your counsel for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a cap on the total amount for the services, including reimbursable expenses. RUS Bulletin K-17-07, "Legal Services Agreement," or similar form may be used. The Agency will provide concurrence prior to advertising for bids. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.

b. **Contracts for Other Services/Lease Agreement** – Drafts of any contracts or other forms of agreements for other services, including audit, management, operation, and maintenance, or lease agreements covering real property essential to the successful operation of the facility, must be submitted to the Agency for review and concurrence prior to advertising for bids.

c. **Other agreements** - A local ordinance must be adopted which requires mandatory use of the facilities. The applicant must agree in writing to enforce such ordinance. No free service or use of the facility will be permitted.

Fully executed copies of all policies, procedures, and ordinances must be submitted to the Agency prior to the bid opening. The applicant must agree to the effect that the project will be a place primarily for the use of funds.

16. **Closing Instructions** – The Agency will prepare closing instructions as well as the requirements of the proposed participants, including, but not limited to, a draft of the security agreement. This closing instruction must be submitted prior to advertising for bids.

17. **Interim Financing** – For a loan or advance of funds, the loan terms can be determined at reasonable interest rates from a bank or from a commercial source. If the instructions provided in the bid opening form do not provide the necessary financial resources to fund the construction, the Agency will accept the bid if the bidder is willing to provide interim financing. The bidder must submit a letter to the Agency explaining the amount of extension of credit, the funding source, and the terms of the loan. The bidder must also agree to be reimbursed by the federal government through direct reimbursement of funds or through payment of agency fund balance and/or advance of funds with US Treasury T-bills.

18. **Construction Account** – You must establish a construction account for all funds related to the project. Construction funds will be deposited into an account that final construction or disposition that meets the requirements of 31 CFR Part 202. A separate account will not be required for Federal funds and other funds; however, the recipient must be able to separately identify, report, and account for all Federal funds, including the receipt, obligation and expenditure of funds. Financial institutions or depositaries accepting deposits of public funds and providing other financial agency services to the Federal Government are required to pledge adequate, acceptable securities as collateral in accordance with 31 CFR Part 202. All funds to the account will be secured by collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the construction account at any one time. Your financial institution can provide additional guidance on collateral pledge requirements.

Agency funds will be disbursed into the borrower's depository account through 200's online transfer system (SFT tool). A TH Memo or Miscellaneous Payment Fundament Form must be completed and submitted to the Agency prior to advertising for bids.

19. **System Users** – The form of conditions is based upon your indication at application that there will be at least 544 residential users and 5 non-residential users on the proposed system when construction is completed.

Before the Agency can agree to the project being advertised for construction bids, you must certify that the number of users indicated at application are currently using the system or signed up to use the system once it is operational.

wildfires occur. The documents should be reviewed and updated every three years at a minimum.

For new systems, see Section VI of this letter of conditions. For VA ERP requirements throughout the life of the loan, see Section VII. Technical assistance at no cost is available in preparing these documents.

24. Bid Authorization - Once all the conditions outlined in Section II of this letter have been met, the Agency will authorize you to advertise the project for construction bids. See the Agency's website for details on the applicable State Statutes.

SECTION IV - REQUIREMENTS PRIOR TO START OF CONSTRUCTION

25. Bid Tabulation - If you are successful in obtaining bids for the project, you must complete and submit to the Agency a bid tabulation and recommendations for contract award. If the Agency agrees that the bids received are acceptable, available funds are available, and you have complied with all the requirements of Section III of this letter, you have met the Agency's bid tabulation requirements. See Section IV and

- a. **Costs** - The project bid tabulation must include a detailed project cost breakdown of the project, including all anticipated costs for construction, design, construction management, and other items. The Agency will review the bid tabulation and may request additional information or clarification. The Agency will also review the bid tabulation for compliance with the requirements of the State Statutes. The Agency will also review the bid tabulation for compliance with the requirements of the State Statutes. The Agency will also review the bid tabulation for compliance with the requirements of the State Statutes.

- b. **Excess Funds** - If bids are received and anticipated at time of obligation, excess funds must be deobligated prior to start of construction, except in the cases addressed in this paragraph. In cases where the original PFI for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for the systems. Amendments to the PFI, FR, and letter of conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be deobligated, with grant funds being deobligated first. Excess funds do not include contingency funds as described in this letter.

26. Contract Review - Your attorney will verify that the executed contract documents including performance and payment bonds are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RCs Instruction 1780.01(b).

Once your attorney has certified that they are acceptable, the contract documents will be submitted to the Agency for its concurrence. The Notice to Proceed cannot be issued until the Agency has concurred with the construction contracts.

SECTION V – REQUIREMENTS PRIOR TO LOAN CLOSING

Multiple Advances - Multiple advances of Agency funds will be used. Loan closing will occur prior to when the funds are needed, and all of the items detailed in the sections above, as well as the items listed in this section, must be completed prior to closing.

[illegible]

32. Other Requirements - At least one of the following Agency's outstanding minor submittal requirements of your business plan should be completed. These include but not be limited to:

a. System for Award Management. Agency funds required to maintain DUNS, MBB, and other DUNS services a Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Periodic renewal required for all <http://sam.gov>. This registration must be renewed and revalidated every 12 months for as long as there are Agency funds to be expended. (See Appendix A)

To ensure the information is current, accurate, and complete, and to prevent the SAM account expiration, the review and update must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the "Help" section at <http://sam.gov>.)

b. Litigation. You are required to notify the Agency within 30 days of receiving notification of being involved in any type of litigation prior to loan closing or start of construction, whichever occurs first. Additional documentation regarding the situation and litigation may be requested by the Agency.

c. **Certified Operator** Evidence must be provided that your system has or will have, as defined by applicable State or Federal requirements, a certified operator available prior to the system becoming operational, or that a suitable supervisory agreement with a certified operator is in effect.

SECTION VI – REQUIREMENTS DURING CONSTRUCTION AND POST CONSTRUCTION

33. Resident Inspector(s) – Full-time inspection is required unless you request an exception. Such requests must be made in writing and the Agency must concur with the request. Inspection services are to be provided by the consulting engineer unless other arrangements are requested in writing and concurred with by the Agency. A resume of qualifications of any resident inspector(s) will be submitted to the owner and Agency for review and concurrence prior to the preconstruction conference. The resident inspector(s) must attend the preconstruction conference.

34. Preconstruction Conference – A preconstruction conference will be held prior to the start of the project with the owner, the consulting engineer, the contractor, and the Agency. The Agency will provide information on the construction contract and the funding agreement. The contractor will provide information on the project and the construction contract.

35. Inspections – The Agency requires preconstruction conference prior to the start of the project. Inspectors and a resident inspector will be assigned to the project. The Agency will provide information on the project and the construction contract. The Agency will provide information on the project and the construction contract. The Agency will provide information on the project and the construction contract.

36. Change Orders – The Agency will provide information on the project and the construction contract.

37. Payments – Prior Agency commitment is required prior to the start of the project. The Agency will provide information on the project and the construction contract. The Agency will provide information on the project and the construction contract. The Agency will provide information on the project and the construction contract.

38. Use of Remaining Funds – Applicant contribution and contribution of payees will be the first funds expended in the project. Funds from non-Agency sources of funds. Remaining funds may be considered in direct proportion to the amounts obtained from each source and handled as follows:

- a. Remaining funds may be used for eligible non-federal grant purposes, provided a case will be filed if it is a change to the **original** scope of work and the purpose of the grant and grant remains the same.
- b. Grant funds not expended for authorized purposes will be cancelled (de-obligated) within 45 days of final completion of project. Prior to actual cancellation, you and your attorney and engineer will be notified of the Agency's intent to cancel the remaining funds and given appropriate appeal rights.
- c. Multiple advances – Loan funds that are not needed will be applied as an extra payment on the Agency's behalfness unless other disposition is required by the bond and/or resolution or State statute.

39. Technical, Managerial and Financial Capacity - It is required that members of the City Council, trustees, commissioners and other governing members possess the necessary technical, managerial, and financial capacity skills to consistently comply with pertinent Federal and State laws and requirements. In accordance with the Texas Government Code, Chapter 551 Subchapter A, Section 551.005 and Chapter 552, Subchapter A, Section 552.012 all members should receive training within one year of appointment or election to the governing board, and a refresher training for all governing members on a routine basis is also recommended. The content and amount of training should be tailored to the needs of the particular individual and the job system. Technical assistance providers are available to provide this training for no additional fee to the recipient. Contact the Agency for information.

40. Reporting Requirements Related to Expenditure of Funds

- a. **Financial Audit** - As a recipient of federal funds, you are required to prepare and submit an annual report of Federal financial activity for the fiscal year. Federal financial activity is reported from all sources, including grants, contracts, Federal financial assistance, and proceeds of sale of Federal property. The report should be submitted to the Agency for review.

A financial audit is required for all agencies receiving 20% or more of their total revenue from Federal funds. The audit should be completed by the end of the fiscal year and submitted to the Agency for review. The audit should include a statement of the agency's financial position, a statement of the agency's financial activities, and a statement of the agency's financial results. The audit should also include a statement of the agency's financial position, a statement of the agency's financial activities, and a statement of the agency's financial results.

If an audit is required, you must enter into a written agreement with the Auditor General and submit a copy to the Agency prior to the advertisement of bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate. However, the agreement should include the type of audit to be completed, the time frame in which the audit will be completed, and how the findings will be reported.

- b. **Reporting Subawards and Executive Compensation** - You as a recipient of Federal funds and your first-tier contractors are required by 2 CFR Part 170 to report disbursements to subrecipients in accordance with Appendix B of this letter and www.eis.gov. Your Agency processing staff can provide more information.

SECTION VII - SERVICING REQUIREMENTS DURING THE TERM OF THE LOAN

41. Prepayment and Extra Payments - Prepayments of scheduled installments or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

Prepayment of scheduled installments or any portion thereof may be made at any time at the option of borrower. Regarding extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt shall, after payment of interest, be applied to the first installment to become due under this note and shall not

affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments

42. Graduation - By accepting this loan, you are also agreeing to refinance/graduate the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines you are able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. Your ability to refinance will be assessed every other year for those loans that are five years old or older.

43. Security/Operational Inspections - The Agency will inspect the security and operational condition of your operations and records, including, but not limited to, the following: policies, procedures, and records of business operations; personnel; physical facilities; equipment; and records that reflect on the above.

44. Annual Financial Reporting/Audit Requirements - You are required to submit an annual financial statement to the Agency. The financial statement shall be prepared in accordance with generally accepted accounting principles and shall include a balance sheet, income statement, statement of operations, statement of cash flows, and statement of changes in net worth. The financial statement shall be prepared by a certified public accountant or a duly licensed professional accountant. The financial statement shall be prepared in accordance with the requirements of the Agency and shall be submitted to the Agency within 90 days of the end of the fiscal year. The financial statement shall be prepared in accordance with the requirements of the Agency and shall be submitted to the Agency within 90 days of the end of the fiscal year. The financial statement shall be prepared in accordance with the requirements of the Agency and shall be submitted to the Agency within 90 days of the end of the fiscal year.

The type of financial information that must be submitted is specified herein:

- a. **Audits** - An audit shall include the Single Audit Act is required to expend \$50,000 or more in Federal financial assistance per fiscal year. The term Federal financial expenditure means any disbursement of Federal financial assistance, regardless of whether it is a direct payment or a payment to a contractor, subcontractor, or other entity. Expenditures of indirect financial costs are considered Federal expenditures.

Audits are to be performed in accordance with 2 CFR Part 200 as adopted by USDA through 2 CFR Part 400. Further guidance on preparing a financial statement can be obtained from the Agency. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor as allowed by State law, and must be submitted within 90 days of your fiscal period.

If an audit is required, you must enter into a written agreement with the auditor and submit a copy to the Agency prior to the advertisement of bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate, however the agreement should include the type of audit or financial statements to be completed, the time frame in which the audit or financial statements will be completed, what type of reports will be generated from the services provided, and how irregularities will be reported.

- b. **Financial Statements** – If you expend less than \$750,000 in Federal financial assistance per fiscal year, you may submit financial statements in lieu of an audit which include at a minimum a balance sheet and an income and expense statement. You may use Form RD 442-2, "Statement of Budget, Income and Equity," and 442-3, "Balance Sheet," or similar format to provide the financial information. The financial statements must be signed by the appropriate borrower official and submitted within 60 days of your fiscal year end.

- c. **Quarterly Reports** – You will be required to submit quarterly reports to the Agency. The reports will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed. The reports will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed. The reports will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed.

45. **Annual Budget and Projected Cash Flow** – You will be required to submit a budget for each fiscal year. You will be required to submit an annual budget and projected cash flow to this office. The budget and cash flow will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed. The budget and cash flow will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed.

The budget and cash flow will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed. The budget and cash flow will be submitted to the Agency by the end of the quarter following the quarter in which the work was performed.

46. **Vulnerability Assessment/Emergency Response Plan (VA/ERP)** – You will be required to submit a certification to the servicing office every three years that the VA/ERP is current and covers all sites related to the facility. If a disaster is the result, the VA/ERP is not subject to the VA/ERP. The VA/ERP must address potential impacts from natural disasters and other emergency events. In particular, it should include plans to address impacts of fast flooding situations where severe drought or wildfires occur. The document should be reviewed and updated every three years at a minimum.

47. **Insurance** – You will be required to maintain insurance on the facility and employees as previously described in this letter for the life of the loan.

48. **Statutory and National Policy Requirements** – As a recipient of Federal funding, you are required to comply with U.S. statutory and public policy requirements, including but not limited to:

- a. **Section 504 of the Rehabilitation Act of 1973** – Title Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 796), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.

SECTION VIII – REMEDIES FOR NON-COMPLIANCE

Non-compliance with the conditions in this letter or requirements of your security documents will be addressed under the provisions of 7 CFR 1752 and other applicable regulations, statutes, and policies.

We will continue to be in contact with you to complete this project. If you have any questions, please contact the Program Manager, Security, at ProgramManager@FrontierX.org.

Sincerely,

John J. Smith
John J. Smith

Enclosures

Communications Programs Director
Security Unit
Agency
Board of Directors
Engineer

ACRONYMS

ABA - Architectural Barriers Act
ACH - Automated Clearing House
AD - Agriculture Department
ADA - Age Discrimination Act
CIDA - Catalog of Federal Domestic Assistance
CFR - Code of Federal Regulations
CPAP - Commercial Program's Application Processing
DUMS - Don and Brian Reed Public Users' Naming System
CDE - Engineering, Construction, Planning Committee
EPF - Emergency Response Plan
CMA - Federally Adopted Accounting Principles
JEP - Joint English Proficiency
CMM - Construction and Maintenance
EOP - Emergency Financial Review
PE - Public Engineering
RUS - Rural Utilities Service
SACM - System for Accounting and Management
SF - Standard Form
CSC - Council on Community Development
ES - Emergency System
USDA - United States Department of Agriculture
USDA - Community Assistance

FORMS and GUIDELINES

Form AD-951 - "Assistance Request Letter: Conditions of Loan Delinquent Status for Corporate Applicants" - Item 28
Form RD 440-24, "Statement of Financial Statement Required" - Item 28
Form RD 442-2, "Statement of Budget Income and Expenditure" - Items 44 and 45
Form RD 442-3, "Balance Sheet" - Item 44
Form RD 442-7, "Operating Budget" - Item 21
Form RD 442-29, "Right-of-Way easement" - Item 14
Form RD 442-21, "Right-of-Way Conditional" - Item 14
Form RD 442-22, "Option: Easement Relative to Right-of-Way" - Item 14
Form RD 1940-1, "Request for Disbursement of Funds" - Pages 1 and 2
Form RD 1942-8, "Resolution of Members or Stockholders" - Item 5
Form RD 1942-46, "Letter of Intent to Meet Conditions" - Page 1
Form RD 3550-28, "Amendment Agreement on Privatized Payments" - Items 1 and 30
SF 7851, "MHI Vendor Miscellaneous Payment Line Item Form" - Items 8 and 15
RUS Bulletin 780-7, "Legal Services Agreement" - Item 13
RUS Bulletin 780-9, "Water User Agreement" - Items 15 and 19
RUS Bulletin 780-12, "Water and Waste System Grant Agreement" - Page 1 and Item 5
RUS Bulletin 780-24, "Guidance for the Use of FUDMC Documents on Water and Waste Projects with USDA Financial Assistance" - Items 11 and 12
RUS Bulletin 780-27, "Formation of Public Bodies" - Item 5

- c. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
- 4. Subaward.
 - a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you, as the recipient award to an eligible subrecipient.
 - b. The term does not include a contribution of property and services needed to carry out the project or program of a grant or cooperative agreement (see 2 CFR 200.33).
 - c. A subaward may be provided without any legal agreement, including to a subrecipient who does not intend to.
- 5. Subrecipient is a grantee that:
 - a. Receives a subaward from a grant or cooperative agreement.
 - b. Is not an alien, as defined in 22 USC 1431, for funds provided by the subaward.

Appendix B
2 CFR Part 170

Reporting Subawards and Executive Compensation

1. Reporting of first-tier subawards

Applicability: Unless you can verify, as provided in paragraph (b) of this section, you must report all obligating actions that are Federal awards that cover or include Federal funds as defined in section 512(a)(2) of the American Recovery and Reinvestment Act of 2009, Part 1, or that are subawards to an entity (see definition of "subaward" in this appendix).

2. Where and when to report

(a) You must report each obligating action described in paragraph (b) of this section to <http://www.fns.gov>.

(b) You must report initial obligating actions received from the first fiscal year in which the obligating action is received. An example of the obligating action is provided in November 2009; the obligating action must be reported by November 1, December 31, 2010.

3. What to report: You must report the information about each obligating action listed in the submission instructions posted at <http://www.fns.gov>.

4. Reporting Total Compensation of Recipient Executives

(a) **Applicability and what to report:** You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year if:

(i) the total Federal funding authorized to date under this award is \$25,000,000 or more;

(ii) in the preceding fiscal year, you received:

(A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

(B) \$25,000,000 or more of annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance **subject to the Transparency Act**, as defined at 2 CFR 170.320 (and subawards); and

(iii) The public does not have access to information about the compensation of the executives through mandatory reports filed under sections 13(a) or 15(d) of the

Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or Section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/eyecomp.htm>.)

2. Where and when to report. You must report executive total compensation described in paragraph b 1. of this appendix.

in the subjecting it's direct object, instead of the subject position, as in (1).

- (b) \$25,000,000 more in annual gross revenues from federal procurement contracts and subcontracts and federal financial assistance subject to the Transparency Act and federal awards and subawards; and

11. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 104 of the Internal Revenue Code of 1986 or to determine if the public has access to the compensation information. (See the U.S. Security and Exchange Commission's compensation filings: <http://www.sec.gov/answers/exccomp.htm>.)

- ⁷ Where and when to report. You must report subrecipient executive total compensation described in paragraph 1 of this appendix.

- (i) By the end of the month following the month during which you make the payment. For example, if a subsidiary is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subsidiary by November 30 of that year.

ii. Experiments

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

- i. Subgrants; and
- ii. The total compensation of the five most highly compensated executives of any subrecipient.

3. **Disbursement purposes.** *(applicable to 2018-2019)*

1. The disbursement must be for a purpose that is:

- a. A direct cost of the project or program for which you received this award;
- b. A direct cost of the project or program for which you received this award through a subrecipient;

2. The disbursement must be for one or more of the following:

- a. Personnel; or
- b. Equipment.

A Federal agency or subrecipient's commitment of resources to a subrecipient is not a disbursement.

3. **For Federal awards officers or eligible personnel who are not employees of the agency or subrecipient.**

4. **Subaward**

i. This term means a legal instrument to provide support for the performance of a portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.

ii. The term does not include your procurement of property and services needed to carry out the project or program of a further explanation see Sec. ____ 2.0 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

iii. A subaward may be provided through any legal arrangement, including an agreement that you or a subrecipient considers a contract.

4. **Subrecipient means an entity that:**

- a. Receives a subaward from you (the recipient) under this award; and
- b. Is accountable to you for the use of the Federal funds provided by the subaward.

5. **Total compensation means** the cash and non-cash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (see the information in sec. 17 of CFR 226.403(a)(2)(i):

i Salary and bonus

ii Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R) Share-Based Payments.

iii Compensation expense for non-executive directors. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R) Share-Based Payments.

iv Compensation expense for executive officers. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R) Share-Based Payments.

v Other

vi Compensation expense for non-executive directors, executive officers, and other. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R) Share-Based Payments.

751838/00 Sep 14 2011 as amended - 0117/875 160110014

ATTACHMENT "F"
TCEQ Non-Compliance
Correspondence

PWS_1700032_CO_2/ 50,28_Investigation Report
Texas Commission on Environmental Quality
Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oce@tceq.texas.gov

Customer: Patton Village Water Co., Inc.
Customer Number: CN600658900

Regulated Entity Name: PATTON VILLAGE WEST WATER SYSTEM

Regulated Entity Number: RN102677929

Investigation # 1362877

Incident Numbers

239184

Investigator: FAITH COTTON

Site Classification GW 51-250 CONNECTION

Conducted: 07/28/2016 -- 08/05/2016

No Industry Code Assigned

Program(s): PUBLIC WATER SYSTEM/SUPPLY

Investigation Type: Compliance Investigation

Location: PLANT 1 - BEHIND POLICE STATION
PLANT 2 - SOUTH OF PLANT 1 AND WEST OF MAIN
KEY MAP 223Y

Additional ID(s): 1700032

Address: 17190 MAIN ST,
SPLENDORA, TX , 77372

Local Unit: REGION 12 - HOUSTON

Activity Type(s): PWSCMPL - PWS Complaint

Principal(s):

Role

Name

RESPONDENT

PATTON VILLAGE WATER CO INC

Contact(s):

Role

Title

Name

Phone

PARTICIPATED
IN

CHIEF OPERATOR

MR RAY HARLOW

Cell (832) 349-4465

REGULATED
ENTITY MAIL
CONTACT

PRESIDENT

MR MITCHELL
MARTIN

Work (281) 367-4065
Fax (281) 292-4439
Work (281) 444-7747
Work (281) 367-4462
Cell (713) 248-1465
Work (281) 447-7747

NOTIFIED

CONCERNED CITIZEN

MS LORI DEARING

Work (832) 599-0890

Other Staff Member(s):

Role

Name

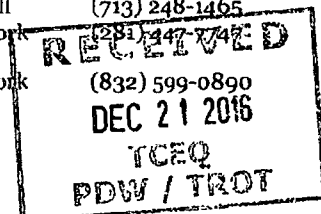
QA Reviewer
Supervisor
QA Reviewer

SHARON SALINAS
LATRICIA SPIKES
KENNETH MILLER

RECEIVED

FEB 22 2017

**TCEQ
CENTRAL FILE ROOM**



PATTON VILLAGE WEST WATER SYSTEM - TEM - SPLENDORA

7/28/2016 to 8/5/2016 Inv. # - 13626/7

Page 2 of 3

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS INVESTIGATION - EQUIPMENT	QR
MONITORING AND SAMPLING revised 06/2013	
PWS STANDARD FIELD	EQ

Investigation Comments:

DESCRIPTION OF COMPLAINT

The complainant contacted the Texas Commission on Environmental Quality (TCEQ) via phone July 18, 2016 at 11:44 AM. The complainant alleged that their water was off for hours at a time about three times per week. The complainant further alleges that there was no boil water notice issued, the water company had not mapped their water lines and ongoing sewer line construction on their street resulted in water line breaks.

ACTION TAKEN

07/27/2016

At approximately 11:35 AM, TCEQ investigator Ms. Faith Cotton contacted the complainant via phone to obtain additional information regarding the complaint allegation. The complainant stated their water had been shut off intermittently throughout the week of July 23-26, 2016 as a result of ongoing sewer line construction work. In addition, the complainant stated there was no boil water notice posted during the power outages.

Furthermore, the complainant stated that their water company has displayed poor customer service and does not respond to service complaint calls. The investigator informed the complainant that the operating company would be investigated regarding the complaint allegations.

07/28/2016

At approximately 9:29 AM, Ms. Cotton arrived at the complainant's home but the complainant was not home. The investigator could not enter the secured gate.

07/29/2016

At approximately 10:30 AM, Ms. Cotton arrived at the complainant's home. During the investigation, the free chlorine residual was found to be (0.53 mg/L), and the pressure reading was (35 psi). A pressure recorder was also setup (initial reading 34.5 psi) and a water sample was collected at the front yard tap (facing east). The water sample was tested for Total Coliform and E-Coli. Test results indicated the absent of E. Coli but the presence of Total Coliform.

TCEQ regulations require that the minimum free chlorine residual be 0.2 milligrams per liter (mg/L) and that the pressure in the distribution system be a minimum of 35 pound per square (psi) under normal conditions.

It was noted during the investigation, road construction was ongoing with heavy equipment being utilized to remove and replace sewer lines. This activity was directly related to broken water lines which resulted in low water pressure and the loss of water.

Ms. Cotton contacted Mr. Ray Harlow, Chief Operator with Martin Water System (Patton Village West Water System) to coordinate the setup of a pressure recorder to be placed in distribution. Mr. Harlow confirmed that road construction and the heavy equipment used was the cause of several broken water lines that were the cause of water outages. Mr. Harlow stated that when a water line was broken the water was not shut off, a clamp was placed on the line then the piping was bypassed as not to cause water outages.

08/02/2016

At approximately 2:00 PM, Martin Water System personal placed a pressure recorder (reading 40.6 psi) in distribution.

08/08/2016

At approximately 1:30 PM, Ms. Cotton arrived at the complaint's residence to remove the pressure recorder. A free chlorine residual was found to be (0.70 mg/L), and the pressure reading was (40.7 psi). An additional, water sample was collected. The final test result confirmed that both Total Coliform and E-Coli was found to be absent.

The pressure recorder placed at the complainant's residence recorded (40.6 psi) and the one in distribution was

PATTON VILLAGE WEST WATER SYSTEM - SPLENDORA

7/28/2016 to 8/5/2016 Inv 1362877

Page 3 of 3

found to be (40.9 psi). The downloaded data from both the residence and distribution pressure recorders found some decreases (below 35 psi) in pressure during the six (6) day period.

At the time of the investigation, the complainant was aware of the ongoing road construction and broken water lines in the neighborhood. During the follow-up complaint investigation, the pressure was found to be within TCEQ regulations.

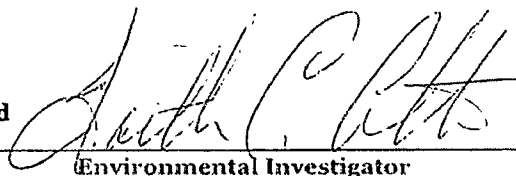
Mr. Harlow noted that ongoing road construction was the cause of low pressure and water outage.

CLOSURE COMMENTS

The complainant contacted the TCEQ Regional Office alleging their water was out for hours at a time about three times per week. The complainant further alleged there was no boil water notice issued, the water company had not mapped their water lines and there has been ongoing sewer line construction resulting in water line breaks. The pressure reading and chlorine residual were within TCEQ regulations which would not require a boil water notice to be issued. Thus, this complaint has been closed.

No Violations Associated to this Investigation

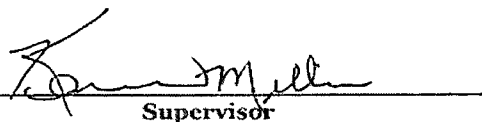
Signed


Environmental Investigator

Date

10/13/2016

Signed


Supervisor

Date

10-26-16

Attachments: (in order of final report submittal)

___ Enforcement Action Request (EAR)

✓ Letter to Facility (specify type) : LOI/L#16

___ Investigation Report

___ Sample Analysis Results

___ Manifests

___ Notice of Registration

___ Maps, Plans, Sketches

___ Photographs

___ Correspondence from the facility

___ Other (specify) :

PWS_1700503_CO_20150117 ENFORCEMENT REPORT
Texas Commission on Environmental Quality
Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oce@tceq.texas.gov

Customer: Patton Village Water Co., Inc.
Customer Number: CN600658900

Regulated Entity Name: PATTON VILLAGE EAST WATER SYSTEM

Regulated Entity Number: RN102678307

Investigation # 1058718

Incident Numbers

Investigator: MAGGIE WRIGHT

Site Classification GW 51-250 CONNECTION

Conducted: 01/14/2015 -- 06/26/2015

No Industry Code Assigned

Program(s): PUBLIC WATER SYSTEM/SUPPLY

Investigation Type: Compliance Investigation

Location: HWY 59 @ CHEATUM
KEY MAP 223Y

Additional ID(s): 1700503

Address: ,

Local Unit: REGION 12 - HOUSTON

Activity Type(s): PWSCCIGWCM - CCI GW PURCHASE
- COMMUNITY MANDATORY

Principal(s):

Role

Name

RESPONDENT

PATTON VILLAGE WATER CO INC

Contact(s):

Role

Title

Name

Phone

REGULATED
ENTITY
CONTACT

CO-OWNER

MR MICHAEL
MARTIN

Fax (281) 292-4439
Work (281) 367-4460
Work (281) 367-4465
Work (281) 444-7747

NOTIFIED

CO-OWNER

MR MICHAEL
MARTIN

Work (281) 367-4065
Work (281) 444-7747
Work (281) 367-4460
Fax (281) 292-4439

PARTICIPATED
IN

CO-OWNER

MR MICHAEL
MARTIN

Work (281) 444-7747
Work (281) 367-4460
Work (281) 367-4465
Fax (281) 292-4439

REGULATED
ENTITY MAIL
CONTACT

PRESIDENT

MR MITCHELL
MARTIN

Fax (281) 292-4439
Work (281) 367-4462
Work (281) 447-7747

PATTON VILLAGE EAST WATER SYSTEM -

1/14/2015 to 6/26/2015 Inv. # - 1C 18

Page 2 of 7

Other Staff Member(s):

Role	Name
Supervisor	LETICIA DELEON
QA Reviewer	DENISE EHRLICH
Supervisor	DARLA BRANCH

Associated Check List

<u>Checklist Name</u>	<u>Unit Name</u>
PWS STANDARD FIELD	FIELD CHECKLIST
PWS INVESTIGATION - EQUIPMENT	MONITORING AND SAMPLING
MONITORING AND SAMPLING revised 06/2013	

Investigation Comments:

Summary/General Information

An announced Comprehensive Compliance Investigation of:

Name of System: Patton Village East Water System PWS ID: 1700503

Notification Date: 01/09/2015

Investigation Date: 01/14/2015-06/26/2015

CCN: 11193

REG#: NA

TCEQ Investigator: Maggie Wright

Notified: Mr. Michael Martin, Co-Owner

Surveyed with: Mr. Michael Martin, Co-Owner

Name of Operating Company: Patton Village Water Company

Area Served: Patton Village East

Key Map: 223Y

Exit interview conducted with: Mr. Michael Martin, Co-Owner

Violations cited: Yes

Compliance due date: NA

Type of Letter Sent: NOE

Nearest PWS: ~ 1 mile Patton Village West Water System

Total # cert. Ops.: 1

Grade/Type: C-Groundwater

2) General Facility and Process Information:

Location of Plant: 25565 Cheatum Road

System Description: 1 Sub well, 1 GR, 2 SPS (#2 SP is not working) and Distribution. (There are two nonfunctioning service pumps and one nonfunctioning pressure tank at the plant site that are not connected to the system)

Treatment: Hypochlorination, injected prior to GR.

Does the system have an up to date approval letter to disinfect with chloramines? No

Does the water system have the appropriate required monochloramine test kit? NA

Is the Water System documenting the required testing as stated in the exception letter? NA

Exceptions/Variations: No Date: NA

Type and Description: NA

Is a raw water sample required to be collected to maintain the granted exception?: No

PATTON VILLAGE EAST WATER SYSTEM -

1/14/2015 to 6/26/2015 Inv. # 1058718

Page 3 of 7

Emergency Power: No
Type: NA
What does it operate? NA

Approved EPP: No Date: NA
EPP Option: NA
Has EPP Option been implemented: No

Microbiological/Chemical Monitoring:
Number of Bacteriological Samples per Month: 1
Acceptable Monitoring Plan on File: Yes
Disinfection Level Quarterly Operating Report (DLQOR) on file: Yes
Plant Operation Manual on file: Yes

Interconnection (I/C): Yes, One emergency interconnect with Patton Village West Water System (ID#1700032), that is normally closed.

Interconnect Capacity Calculations Needed?: No
Chemical Analysis:

Type	Latest Date	Compliant	Exceedance
Min	11/26/12	Yes	No
Metals	11/26/12	Yes	No
NO2/NO3	12/30/14	Yes	No
Radio Chems	11/26/12	Yes	No
VOCs	08/26/09	Yes	No
SOC 5	11/26/12	Yes	No
THMs	09/18/13	Yes	No
HAAs	09/18/13	Yes	No

Notification/Date: N/A

3) Background:

Are there Current Enforcement Actions: No

Is there an Agreed Order and Compliance Agreements: No

Are there Outstanding Violations from a previous CCI that have not been resolved?: No

4) Additional Information: NA

Please see attached T-NET documentation for system specifics. Attached for review are: Water System, Water Storage Tanks, Water Sources, Service Pumps, System Capacities, Treatment Plants, Field Checklist, and Exit Interview.

NOE Date: 8/18/2015

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

Track Number: 559237

Compliance Due Date: To Be Determined

Violation Start Date: Unknown

30 TAC Chapter 290.45(b)(1)(C)(iii)

PATTON VILLAGE EAST WATER SYSTEM -

1/14/2015 to 6/26/2015 Inv. # - 10, 18

Page 4 of 7

Alleged Violation:

Investigation: 1058718

Comment Date: 02/19/2015

Capacity Requirements

Failure to provide a minimum service pump capacity such that each pump station or pressure plane must have two or more pumps with a total capacity of 2.0 gallons per minute per connection.

At the time of the investigation on January 14, 2015, the facility had a total of 203 conn. and is required to provide 2 gallons per minute(gpm) per conn. Your service pumps produced a total of 250 gpm and was short a total of 156 gpm. This is calculated in the following manner:

Required 2 gpm /conn. X 203 conn. = 406 gpm Total
Short 406 gpm Required - 250 gpm Produced = 156 gpm Total

$250 \text{ gpm} / 406 \text{ gpm} \times 100 = 38.42 \%$

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone. (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

Track Number: 559239

Compliance Due Date: To Be Determined

Violation Start Date: Unknown

30 TAC Chapter 290.41(c)(1)(F)

Alleged Violation:

Investigation: 1058718

Comment Date: 02/19/2015

Ground Water Sources and Development

Failure to make available sanitary control easements for well #1 at the time of inspection, or executive director approval for a substitute authorized in §290.41(c)(1)(F)(iv). A sanitary easement, or approved substitute, covering all property within 150 feet of the well location must be secured from adjacent landowners and recorded at the county courthouse to ensure that hazards will not develop in the well area. Residential type wells within the easement must be constructed to public water well standards. A copy of the recorded document must be submitted for our records.

With the approval of the executive director, political subdivisions which have adopted and enforce equivalent ordinances or land use restrictions may substitute these documents for sanitary control easements. The water system may request an exception to this requirement in writing to the:

Texas Commission on Environmental Quality, Technical Review and Oversight Team (MC-159), P.O. Box 13087, Austin, Texas 78711-3087, phone (512)239-4691.

Please be aware that all requests for exceptions must be in writing and supported with adequate documentation.

PATTON VILLAGE EAST WATER SYSTEM -

1/14/2015 to 6/26/2015 Inv. # 1058718

Page 5 of 7

Recommended Corrective Action: Submit a photocopy of the exception granted by the TCEQ's Technical Review and Oversight Team or an approved substitute to verify compliance.

Track Number: 559240

Compliance Due Date: To Be Determined

Violation Start Date: Unknown

30 TAC Chapter 290.45(b)(1)(C)(i)

Alleged Violation:

Investigation: 1058718

Comment Date: 01/22/2015

Capacity Requirement

Failure to provide a well capacity of 0.6 gallons per minute per connection.

At the time of the investigation on January 14, 2015, the facility had a total of 203 active connections and is required to provide 0.6 gallons per minute (gpm) per connection (conn). Your well produced a total of 55 gpm and is short a total of 66.8 gpm. This is calculated in the following manner:

Required 0.6 gpm / conn X 203 conn. = 121.8 gpm Total

Short 121.8 gpm Required - 55 gpm Produced = 66.8 gpm Total

$66.8 \text{ gpm} / 121.8 \text{ gpm} \times 100 = 54.8\% \text{ short}$

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

Track Number: 559242

Compliance Due Date: To Be Determined

Violation Start Date: Unknown

30 TAC Chapter 290.45(b)(1)(C)(iv)

Alleged Violation:

Investigation: 1058718

Comment Date: 01/22/2015

Capacity Requirements

Failure to provide a pressure tank capacity of 20 gallons per connection.

At the time of the investigation on January 14, 2015, the facility had a total of 203 connections (conn) and is required to provide 20 gallons per connection. Your system has a total of 0 MG (no working pressure tank onsite) and is short a minimum total of 0.004060 MG (4060 gal). This is calculated in the following manner:

PATTON VILLAGE EAST WATER SYSTEM -

1/14/2015 to 6/26/2015 Inv. # - 10, 18

Page 6 of 7

Required 20 gal/conn. X 203 units = 4060 Total Gallons
Short 4060 gallons Required - 0 gallons Provided = 4060 Total Gallons Short

4060 gallons / 4060 gallons X 100 = 100% short

At the time of the investigation the pressure tank (HD) was not in operation (off line).

Your water system must be modified to meet this requirement to assure an adequate supply of water at all times.

Please be advised that public water systems shall notify the executive director prior to making any significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specifications for the proposed changes upon request.

The water system may request an exception to this requirement by writing to TCEQ, Water Supply Division, Public Drinking Water Section, Technical Review & Oversight, MC 159, P.O. Box 13087, Austin, TX 78711-3087; phone: (512) 239-4691.

Recommended Corrective Action: Submit a compliance plan, engineering report or certification OR a copy of a letter requesting an exception in addition to a compliance plan for final compliance, OR a copy of a letter granting an exception to verify compliance.

Track Number: 559245

Compliance Due Date: To Be Determined

Violation Start Date: Unknown

30 TAC Chapter 290.46(s)(1)

Alleged Violation:

Investigation: 1058718

Comment Date: 01/22/2015

Testing Equipment

Failure by the regulated entity to calibrate the well meter required by 30 TAC 290.41(c)(3)(N) according to the manufacturer's specifications at least once every three years.

At the time of the investigation on January 14, 2015, the well meter calibration records were not available.

Recommended Corrective Action: Submit a copy of your well meter calibration report to verify compliance.

Track Number: 559248

Compliance Due Date: To Be Determined

Violation Start Date: Unknown

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1058718

Comment Date: 02/19/2015

Operating Practices for Public Water Systems

Failure to properly maintain the regulated entity by not removing the non-operational pressure tank (HD) and two non-operational service pumps (SPS) from the plant site.

At the time of the investigation on January 14, 2015, the pressure tank (HD) and two service pumps on site were not on-line. The investigator requested that the tank and the service pumps be removed if there are no plans for it be used.

PATTON VILLAGE EAST WATER SYSTEM -

1/14/2015 to 6/26/2015 Inv. # 1058718

Page 7 of 7

Recommended Corrective Action: Submit photos that show the non-operational pressure tank (HD) and two service pumps (SPS) have been removed from the water plant to verify compliance.

Additional Issues

Description Item 1

Additional Comments

30 TAC, §291.93(3)

Adequacy of Water Utility Service

Failure, by a retail public utility that possesses a certificate of public convenience and necessity that has reached 85% of its capacity as compared to the most restrictive criteria of the commission's minimum capacity requirements in Chapter 290 T.A.C., to submit to the executive director a planning report that clearly explains how the retail public utility will provide the expected service demands to the remaining areas within the boundaries of its certificated area. A report is not required if the source of supply available to the utility service provider is reduced to below the 85% level due to a court or agency conservation order unless that order is expected to extend for more than 18 months from the date it is entered in which case a report shall be required.

Specifically, it was noted on this investigation that your well, service pumps and pressure tank have reached over 85% of their capacities. The well (199%), service pump (104%) and pressure tank (100%). This was based on 203 connections.

Signed

Ngene Wright
Environmental Investigator

Date

8/18/15

Signed

Kevin D. Baker
Supervisor

Date

8/18/15

Attachments: (in order of final report submittal)

☒ Enforcement Action Request (EAR)

☒ Letter to Facility (specify type) : L11

Investigation Report

☐ Sample Analysis Results

☐ Manifests

☐ Notice of Registration

☒ Maps, Plans, Sketches

☐ Photographs

☐ Correspondence from the facility

☐ Other (specify) :

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
PATTON VILLAGE WATER CO.,
INC.
RN101194793

§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2016-0119-PWS-E

I. JURISDICTION AND STIPULATIONS

On AUG 02 2017, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding PATTON VILLAGE WATER CO., INC. (the "Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent together stipulate that:

1. The Respondent owns and operates a public water supply located at 17414 Oak Hills Drive in New Caney, Montgomery County, Texas (the "Facility") that has approximately 37 service connections and serves at least 25 people per day for at least 60 days per year.
2. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
3. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about January 10, 2016.
4. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
5. An administrative penalty in the amount of Three Hundred Eighty-One Dollars (\$381) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Three Hundred Five Dollars (\$305) of the administrative penalty and Seventy-Six Dollars (\$76) is deferred contingent upon the

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JUL 06 2017

TCEQ
CENTRAL FILE ROOM

Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

6. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
7. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).
8. The Executive Director recognizes that on November 17, 2015, the Respondent submitted a copy of the calibration well meter report.
9. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
10. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
11. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Facility, the Respondent is alleged to have:

1. Failed to obtain a sanitary control easement that covers the land within 150 feet of the Facility's well, in violation of 30 TEX. ADMIN. CODE § 290.41(c)(1)(F), as documented during investigations conducted on August 25, 2011 and October 14, 2015 through November 9, 2015.
2. Failed to provide a well capacity of 1.5 gallons per minute ("gpm") per connection, in violation of 30 TEX. ADMIN. CODE § 290.45(b)(1)(A)(i) and TEX. HEALTH & SAFETY CODE § 341.0315(c), as documented during investigations conducted on August 25, 2011 and October 14, 2015 through November 9, 2015. Specifically, the Facility's 37 service connections require a minimum well capacity of 55.5 gpm. However, the Facility only provides 35 gpm, indicating a 37% deficiency.
3. Failed to calibrate the Facility's well meter at least once every three years, in violation of 30 TEX. ADMIN. CODE § 290.46(s)(1), as documented during investigations conducted on August 25, 2011 and October 14, 2015 through November 9, 2015.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 5 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: PATTON VILLAGE WATER CO., INC., Docket No. 2016-0119-PWS-E" to:

Financial Administration Division, Revenue Operations Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Within 90 days after the effective date of this Agreed Order, obtain a sanitary control easement that covers the land within 150 feet of the well, in accordance with 30 TEX. ADMIN. CODE § 290.41, or obtain Commission approval of an exception to the easement requirement pursuant to 30 TEX. ADMIN. CODE § 290.39(l). The exception request shall be submitted to:

Technical Review and Oversight Team
Water Supply Division, MC 159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
 - b. Within 105 days after the effective date of this Agreed Order, submit written certification as described in Ordering Provision No. 2.d below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.a.
 - c. Within 180 days after the effective date of this Agreed Order, provide a well capacity of 1.5 gpm per connection, in accordance with 30 TEX. ADMIN. CODE § 290.45; and

- d. Within 195 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.c. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

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

The certification shall be submitted to:

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

with a copy to:

Water Section Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Avenue, Suite H
Houston, Texas 77023-1486

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
4. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
5. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.

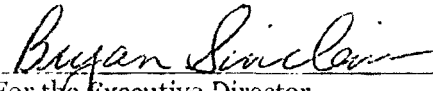
6. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
7. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date


For the Executive Director

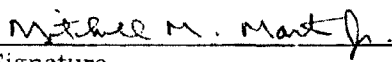
8/2/2016
Date

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

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

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

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


Signature

5-2-2016
Date

Mitchell M. Martin, Jr.
Name (Printed or typed)
Authorized Representative of
PATTON VILLAGE WATER CO., INC.

PRESIDENT
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Section IV, Paragraph 1 of this Agreed Order

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 5, 2016

Mr. Mitchell M. Martin Jr.
President
PATTON VILLAGE WATER CO., INC.
P.O. Box 308
Spring, Texas 77383

Re: TCEQ Enforcement Action
PATTON VILLAGE WATER CO., INC.
Docket No. 2016-0119-PWS-E

Dear Mr. Martin Jr.:

Enclosed for your records is a fully-executed copy of the Agreed Order for the above-referenced matter.

Please review the enclosed Agreed Order, particularly the "Ordering Provisions" section, to determine if further action will be required of you, such as the completion of technical requirements to achieve compliance. When technical requirements are listed (usually Ordering Provision No. 2 or 3), a deadline will be provided based on a specific number of days after the effective date. The effective date is as stated in the enclosed Agreed Order.

Should you have any questions, please contact Yuliya Dunaway, the Enforcement Coordinator assigned to this matter, at (210) 403-4077.

Sincerely,

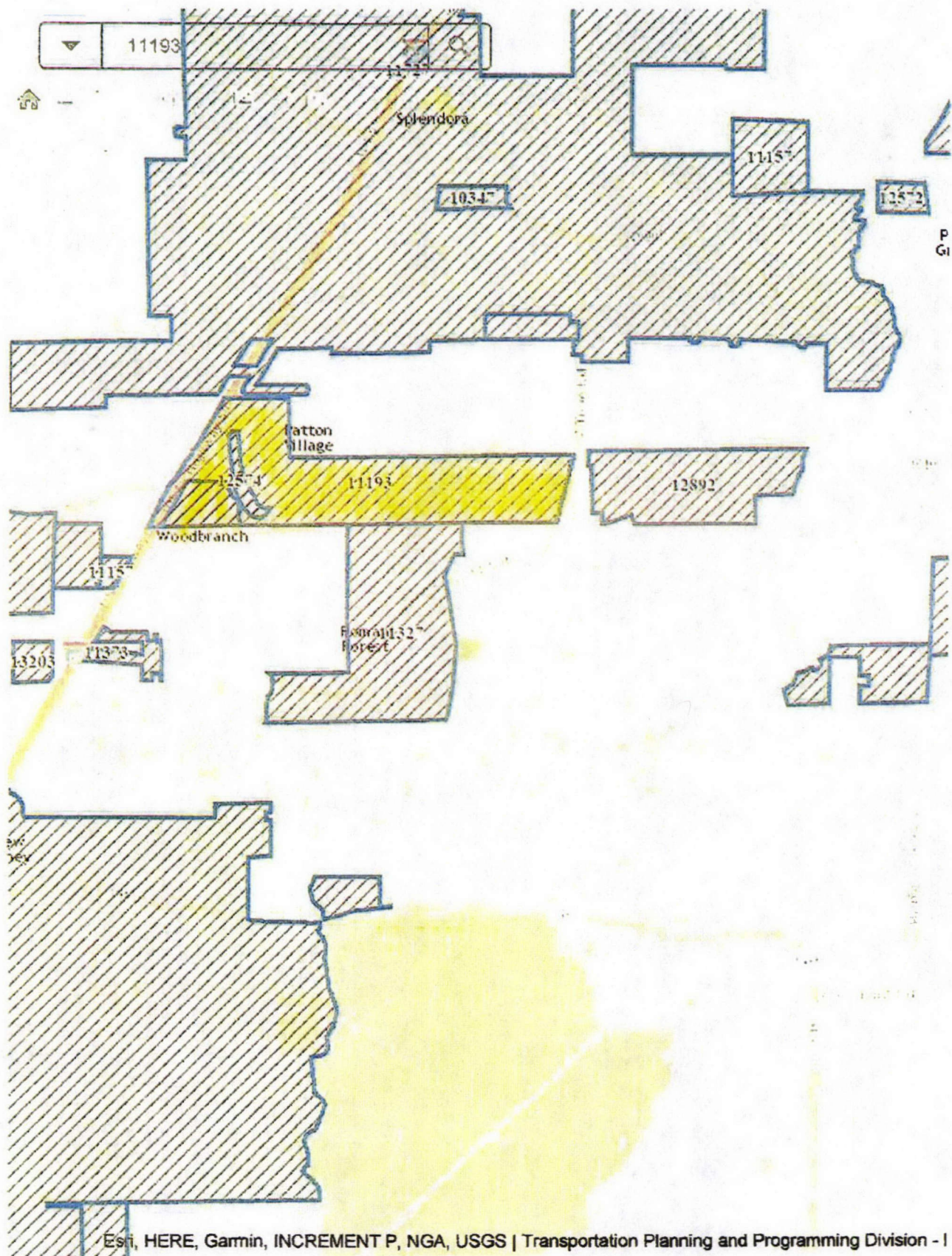
A handwritten signature in black ink, appearing to read "Michael Parrish".

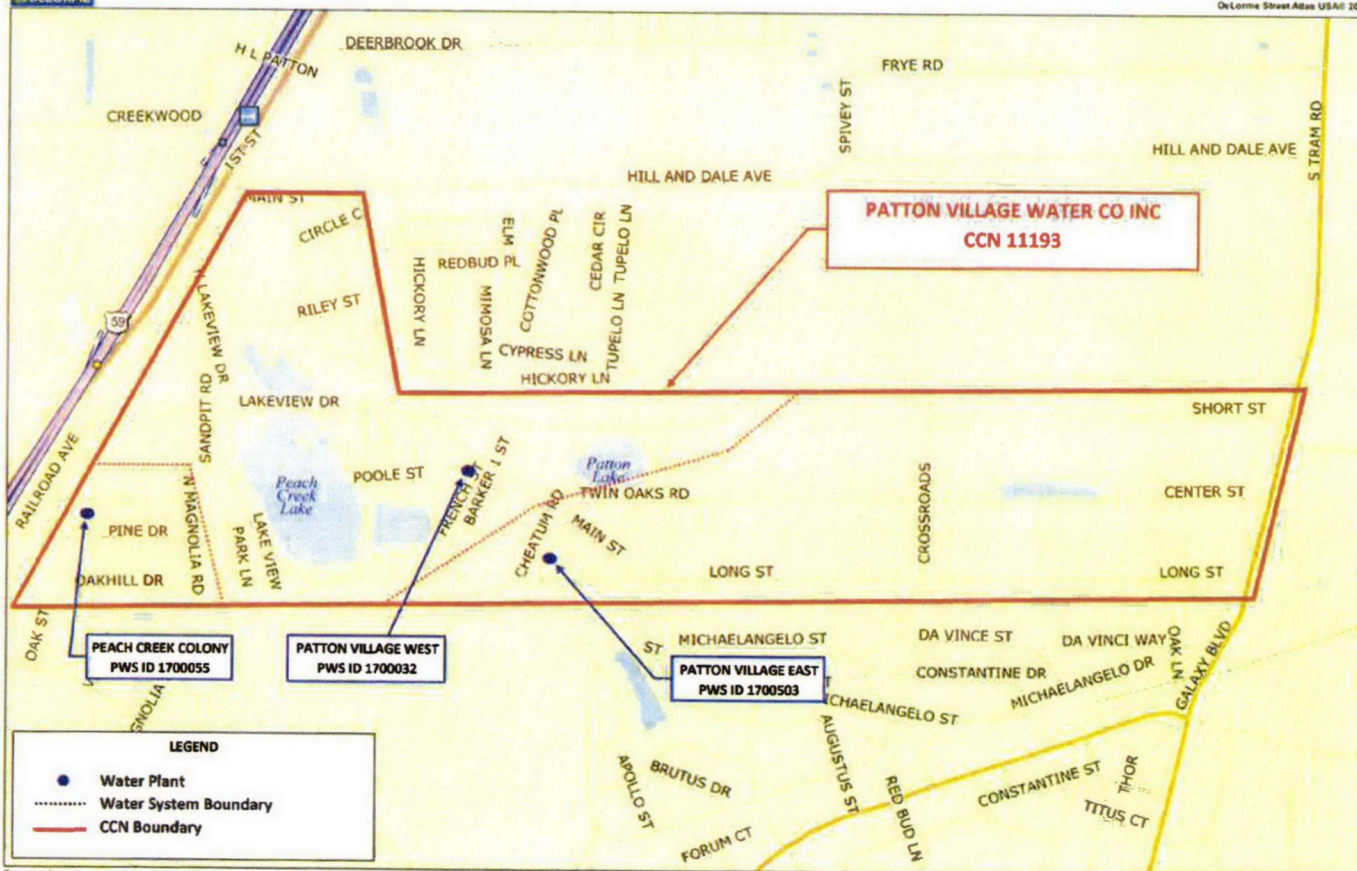
Michael Parrish
Enforcement Division

Enclosure

cc: Yuliya Dunaway, Enforcement Division
Water Section Manager, Region 12

ATTACHMENT "G"
CCN Boundary Map





ATTACHMENT "H"
Cost Estimate for System
Improvement/Replacement

City of Patton Village - New Water System
Revised Cost Estimate
April 2018

Item	Description	Unit	Qty	Unit Price	Total Price
Construction Costs					
	New Water Plant Facility with Water Well	LS	1	\$ 2,105,000	\$ 2,105,000
	New Distribution System	LS	1	\$ 4,348,000	\$ 4,348,000
	Water Plant No. 3 Modifications	LS	1	\$ 380,000	\$ 380,000
	Water Plant No. 2 Modifications	LS	1	\$ 100,000	\$ 100,000
Construction Subtotal					\$ 6,933,000
Other					
	Construction Contingency (8%)				\$ 562,000
	Purchase System from Patton Village Water Company				\$ 900,000
	Land and Easement Acquisition				-
	Interest During Construction				\$ 100,000
	Bond Counsel - Legal Fees				\$ 50,000
	Environmental Report				\$ 35,000
	Preliminary Engineering Report				\$ 25,000
	Communities Unlimited (Interest on \$60,000 loan for Environmental and PER)				\$ 7,000
	Engineering Fee				\$ 586,000
	Surveying				\$ 125,000
	Resident Project Representative				\$ 75,000
Total Non-Construction Costs					\$ 2,465,000
Total Project Cost					\$ 9,398,000