

RUTHERFORD,  
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*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY SCHEDULES

Members of the Board

In our opinion, the accompanying information is stated accurately in all material respects in relation to the basic financial statements, taken as a whole, of the Bear Creek Special Utility District for the twelve months ended December 31, 2016, which are covered by our opinion presented in the first section of this report

The accompanying information is supplementary to the basic financial statements and is not essential for a fair presentation of financial position, results of operations or cash flows.

Our audit, which was made for the purpose of forming an opinion on the basic financial statements taken as a whole, included such tests of the accounting records, from which the supplementary information was compiled, and such other auditing procedures as we considered necessary in the circumstances

May 1, 2017  
Greenville, Texas

*Ruthell, Taylor & Co. P.C.*

**BEAR CREEK SPECIAL UTILITY DISTRICT  
ENTERPRISE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Water Sales	\$ 900,000	\$ 900,000	\$ 1,116,528	\$ 216,528
Charges for Services	825,000	825,000	827,807	2,807
Total Operating Revenues	<u>\$ 1,725,000</u>	<u>\$ 1,725,000</u>	<u>\$ 1,944,335</u>	<u>\$ 219,335</u>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 390,000	\$ 390,000	\$ 381,896	\$ 8,104
Water Purchases	541,301	541,301	551,497	(10,196)
Repairs and Maintenance	79,800	79,800	33,382	46,418
Utilities	65,200	65,200	60,262	4,938
Supplies	193,000	446,565	237,891	208,674
Insurance	188,000	188,000	114,604	73,396
Dues and Fees	8,000	8,000	8,404	(404)
Professional and Legal Fees	218,500	218,500	60,252	158,248
Depreciation and Amortization	-	-	263,506	(263,506)
Other Operating Costs	200,300	200,300	187,687	12,613
Total Operating Expenses	<u>\$ 1,884,101</u>	<u>\$ 2,137,666</u>	<u>\$ 1,899,381</u>	<u>\$ 238,285</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Developer/Member Contributions	\$ 150,000	\$ 150,000	\$ 301,930	\$ 151,930
Interest Income	12,000	12,000	6,269	(5,731)
Interest Expense	(12,000)	(12,000)	(64,462)	(52,462)
Gain (Loss) on Sale of Fixed Asset	-	-	7,500	7,500
Rental Income	10,800	10,800	7,500	(3,300)
Net Non-Operating Revenues (Expenses)	<u>\$ 160,800</u>	<u>\$ 160,800</u>	<u>\$ 258,737</u>	<u>\$ 97,937</u>
<b>Change in Net Position</b>	<u>\$ 1,699</u>	<u>\$ (251,866)</u>	<u>\$ 303,691</u>	<u>\$ 555,557</u>
Net Position - Beginning (January 1)	6,497,078	6,497,078	6,497,078	-
<b>Net Position - Ending (December 31)</b>	<u><u>\$ 6,498,777</u></u>	<u><u>\$ 6,245,212</u></u>	<u><u>\$ 6,800,769</u></u>	<u><u>\$ 555,557</u></u>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
SERVICES AND RATES  
YEAR ENDED DECEMBER 31, 2016**

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads

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

☐ Other (specify):

2. Retail Rates Based on 3/4" Meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1000 Gallons Over Minimum	Usage Levels
WATER	\$ 25.00	0	N	\$ 5.50	0 to 5,000
				\$ 6.10	5,001 to 10,000
				\$ 7.00	10,001 to 15,000
				\$ 8.65	15,001 to 25,000
				\$ 9.75	25,001 to unlimited

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

Total charges per 10,000 gallons usage: Water \$ 83.29

b. Water Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	0	0	x1.0	0
≤ 3/4"	2,164	2,094	x1.0	2,094
1"	24	22	x2.5	55
1 1/2"	0	0	x5.0	0
2"	19	19	x8.0	152
3"	1	1	x15.0	15
4"	0	0	x25.0	0
Total Water	2,208	2,136		0
Total Wastewater	0	0	x1.0	0

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

Gallons pumped into system:	<u>223,652,000</u>
Gallons billed to customers:	<u>208,285,200</u>
Water Accountability Percent:	<u>93.1%</u>

BEAR CREEK SPECIAL UTILITY DISTRICT  
SERVICES AND RATES  
YEAR ENDED DECEMBER 31, 2016

4 Standby Fees: District does not levy standby fees.

5. Location of District:  
County(ies) in which district is located Collin / Rockwall  
Is the District located entirely in one county? Yes \_\_\_\_\_ No X  
Is the District located within a city? Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_  
City(ies) in which District is located. Lavon  
Is the District located within a city's extra territorial jurisdiction (ETJ)?  
Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_  
ETJ's in which District is located Lavon, Rockwall, Fate  
Is the general membership of the Board appointed by an office outside the District?  
Yes \_\_\_\_\_ No X  
If Yes, by whom? N/A

**BEAR CREEK SPECIAL UTILITY DISTRICT  
ENTERPRISE FUND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2016**

Payroll and Benefits	\$	381,896
Water Purchases		551,497
Repairs and Maintenance		33,382
Utilities		60,262
Supplies		237,891
Insurance		114,604
Dues and Fees		8,404
Professional and Legal Fees		60,252
Depreciation and Amortization		263,506
Other Operating Costs		187,687
Interest Expense		<u>64,462</u>
Total Expenses	\$	<u><u>1,963,843</u></u>

Number of persons employed by the District:

Full Time	<u>6</u>
Part Time	<u>0</u>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
TEMPORARY INVESTMENTS  
YEAR ENDED DECEMBER 31, 2016**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
Money Market		0.010%		\$ 10,073	*
Ally Bank CD	4172017	1.000%	4/17/2017	100,000	*
Ally Bank CD	071717	1.150%	7/17/2017	100,000	*
Apple Bank CD	012717	0.750%	1/27/2017	100,000	*
Capital One Bank CD	102717	0.750%	10/27/2017	100,000	*
Santander Bank CD	091417	0.750%	9/14/2017	100,000	*
Wells Fargo Bank CD	022818	1.050%	2/28/2018	100,000	*
Total				<u>\$ 610,073</u>	<u>\$ -</u>

\* Interest is paid on a monthly basis

BEAR CREEK SPECIAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
INDEPENDENT BANK - BY YEARS  
YEAR ENDED DECEMBER 31, 2016

Year Ending December 31	Principal	Interest	Total Requirements
2017	\$ 76,038	\$ 62,749	\$ 138,787
2018	78,581	60,205	138,786
2019	81,210	57,576	138,786
2020	83,771	55,016	138,787
2021	86,729	52,057	138,786
2022-2026	479,027	214,906	693,933
2027-2031	564,734	129,199	693,933
2032-2035	488,159	31,533	519,692
Total	<u>\$ 1,938,249</u>	<u>\$ 663,241</u>	<u>\$ 2,601,490</u>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
ALL PROPRIETARY FUND TYPES  
FIVE YEARS ENDED DECEMBER 31, 2016**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUE				
	2016	2015	2014	2013*	2012	2016	2015	2014	2013*	2012
<b>OPERATING REVENUE</b>										
Water Sales	\$ 1,116,528	\$ 878,791	\$ 709,683	\$ 523,309	\$ -	57.42%	50.72%	34.54%	61.11%	0.00%
Customer Charges/Fees	827,807	854,002	1,344,762	332,977	-	42.58%	49.28%	65.46%	38.89%	0.00%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 1,944,335</b>	<b>\$ 1,732,793</b>	<b>\$ 2,054,445</b>	<b>\$ 856,286</b>	<b>\$ -</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>
<b>OPERATING EXPENSES</b>										
Payroll and Benefits	\$ 381,896	\$ 327,463	\$ 282,718	\$ 110,160	\$ -	19.64%	18.90%	13.76%	12.86%	0.00%
Water Purchases	551,497	464,271	423,323	198,326	-	28.36%	26.79%	20.61%	23.16%	0.00%
Repairs and Maintenance	33,382	44,137	19,411	28,996	-	1.72%	2.55%	0.94%	3.39%	0.00%
Utilities	60,262	61,815	50,671	24,519	-	3.10%	3.57%	2.47%	2.86%	0.00%
Supplies	237,891	100,841	132,870	28,847	-	12.24%	5.82%	6.47%	3.37%	0.00%
Insurance	114,604	115,350	85,617	36,472	-	5.89%	6.66%	4.17%	4.26%	0.00%
Dues and Fees	8,404	9,773	7,693	3,494	-	0.43%	0.56%	0.37%	0.41%	0.00%
Professional and Legal Fees	60,252	94,699	51,274	24,195	-	3.10%	5.47%	2.50%	2.83%	0.00%
Depreciation and Amortization	263,506	227,892	101,834	92,035	-	13.55%	13.15%	4.96%	10.75%	0.00%
Other Operating Costs	187,687	237,296	109,486	62,025	-	9.65%	13.69%	5.33%	7.24%	0.00%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,899,381</b>	<b>\$ 1,683,537</b>	<b>\$ 1,264,897</b>	<b>\$ 609,069</b>	<b>\$ -</b>	<b>97.69%</b>	<b>97.16%</b>	<b>61.57%</b>	<b>71.13%</b>	<b>0.00%</b>
<b>NET OPERATING REVENUE (EXPENSES)</b>	<b>\$ 44,954</b>	<b>\$ 49,256</b>	<b>\$ 789,548</b>	<b>\$ 247,217</b>	<b>\$ -</b>	<b>2.31%</b>	<b>2.84%</b>	<b>38.43%</b>	<b>28.87%</b>	<b>0.00%</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>										
Developer/Member Contributions	\$ 301,930	\$ 213,822	\$ 144,750	\$ 32,750	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Income	6,269	10,512	2,986	6,065	-	0.32%	0.61%	0.15%	0.71%	0.00%
Interest Expense	(64,462)	(103,605)	(96,610)	(49,123)	-	-3.32%	-5.98%	-4.70%	-5.74%	0.00%
Gain (Loss) on Sale of Fixed Assets	7,500	1,924	-	-	-	0.39%	-0.11%	0.00%	0.00%	0.00%
Rental Income	7,500	26,050	20,700	-	-	0.39%	-1.50%	-1.01%	0.00%	0.00%
<b>NET NON-OPERATING REVENUE (EXPENSES)</b>	<b>\$ 258,737</b>	<b>\$ 148,703</b>	<b>\$ 71,826</b>	<b>\$ (10,308)</b>	<b>\$ -</b>	<b>-2.22%</b>	<b>-6.99%</b>	<b>-5.56%</b>	<b>-5.03%</b>	<b>0.00%</b>
<b>NET REVENUE (EXPENSES)</b>	<b>\$ 303,691</b>	<b>\$ 197,959</b>	<b>\$ 861,374</b>	<b>\$ 236,909</b>	<b>\$ -</b>	<b>0.09%</b>	<b>-4.14%</b>	<b>32.87%</b>	<b>23.84%</b>	<b>0.00%</b>

\*For the six (6) months ended December 31, 2013, initial operating period

**BEAR CREEK SPECIAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
YEAR ENDED DECEMBER 31, 2016**

Complete District Mailing Address	P O Box 188, Lavon, TX 75166
District Business Telephone Number	972-843-2101
Submission Date of the most recent District Registration Form.	April 29, 2016
Limit on Fees of Office that a Director may receive during a fiscal year	\$ 588

<u>Names</u>	<u>Term of Office (Elected or Appointed or Date Hired)</u>	<u>Fees of Office Paid FYE Date</u>	<u>Expense Reimbursements FYE Date</u>	<u>Title at Year End</u>
<b>Board Members:</b>				
Herman Stork	3 Yrs	\$ 588	\$ -	President
Bryan Block	3 Yrs	\$ 588	\$ -	Vice-Pres
Cheryl Crowder	3 Yrs	\$ 588	\$ -	Secretary
Jeffrey Bialecki	3 Yrs	\$ 588	\$ -	Treasurer
Chris Elder	3 Yrs	\$ 343	\$ -	Director
Robert Haynes	3 Yrs	\$ 588	\$ -	Director
Kevin Hutchinson	3 Yrs	\$ 588	\$ -	Director
<b>Consultants:</b>				
Coats Rose		\$ 16,678	\$ -	Attorney
Rutherford, Taylor & Company, P C		\$ 8,550	\$ -	Auditor
KimleyHorn		\$ 36,722	\$ -	Engineer

BEAR CREEK SPECIAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2017

RUTHERFORD, TAYLOR & COMPANY, P.C.  
*Certified Public Accountants*  
2802 Washington Street  
Greenville, Texas 75401  
(903) 455-6252

**BEAR CREEK SPECIAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2017**

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BEAR CREEK SPECIAL UTILITY DISTRICT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF Collin

I, Herman Stork of the  
(Name of Duly Authorized District Representative)

Bear Creek Special Utility District  
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 8th day of MAY 2018,  
its annual audit report for the fiscal period ended December 31, 2017  
and that copies of the annual report have been filed in the District's office, located at  
P.O. Box 188 Lavon, TX 75166  
(Address of the District's Office)

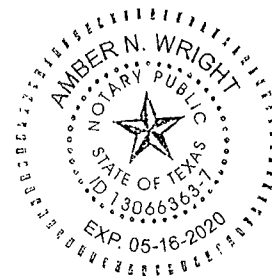
This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194

Date May 8 2018 By Herman Stork  
(Signature of District Representative)

Herman Stork  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 8 day of May 2018  
(SEAL) [Signature]  
(Signature of Notary)

My Commission Expires On May 16 2020  
Notary Public of the State of Texas



FINANCIAL SECTION

RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.  
*Certified Public Accountants*

2802 Washington Street

Greenville, Texas 75401

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INDEPENDENT AUDITOR'S REPORT

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**Members of the Board:**

We have audited the accompanying financial statements of the business type activities, which are the proprietary funds of the Bear Creek Special Utility District (District), as of and for the twelve months ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, which are the proprietary funds of the Bear Creek Special Utility District as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the twelve months then ended, in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note I to the financial statements, the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board during the year. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules identified as Texas Supplementary Information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

April 30, 2018  
Greenville, Texas



RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.  
*Certified Public Accountants*

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Greenville, Texas 75401

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INDEPENDENT AUDITOR'S 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

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Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities, which are the proprietary funds of the Bear Creek Special Utility District (District), as of and for the twelve months ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 30, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

Report on Internal Control – Continued

**Purpose of this Report**

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

April 30, 2018  
Greenville, Texas

*Russell D. Cooper, Jr.*

BEAR CREEK SPECIAL UTILITY DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017

Financial Statements Findings (Section I)

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NONE

BEAR CREEK SPECIAL UTILITY DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017

Prior Year Findings (Section II)

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2016 – 1

Depository Security

Condition: The District maintained accounts in excess of FDIC limits throughout the year. At year end, the District closed all accounts in these outside financial institutions.

Status: Complete

BEAR CREEK SPECIAL UTILITY DISTRICT  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2017

Corrective Action Plans (Section III)

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NONE

**BEAR CREEK SPECIAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

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

**FINANCIAL HIGHLIGHTS**

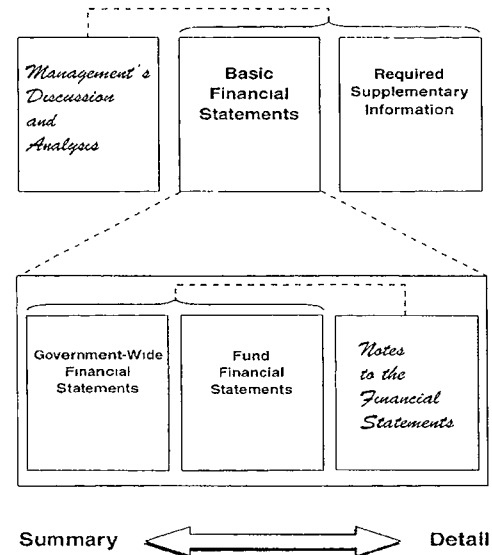
- The District's total net position was \$ 6,815,302 at year end.
- During the year, the District's expenses were \$ 14,533 less than the \$ 2,088,907 generated from charges for services and other revenues for business-type activities
- The District entered into no new debt agreements during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – Managements Discussion and Analysis (this section), the basic financial statements and required supplementary information. Management's Discussion and Analysis provides an overview of the financial activities of the District. The basic financial statements include three statements that present a financial view of the District: The Statement of Fund Net Position presents financial information, including assets and liabilities, representing a one day snapshot; the Statement of Revenues, Expenses and Changes in Fund Net Position presents a review of operating and non-operating activities for the fiscal period; the Statement of Cash Flows reflects the inflows and outflows of cash resources.

- Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as water sales.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.



**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total net position was \$ 6,815,302 at year end.

	2017	2016	Total Percentage Change 2016 - 2017
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,021,856	\$ 1,775,483	13.88%
Other Assets	241,721	382,706	-36.84%
Non-Current Assets	6,356,292	6,494,439	-2.13%
Restricted Assets	616,316	610,073	1.02%
<b>Total Assets</b>	<b>\$ 9,236,185</b>	<b>\$ 9,262,701</b>	<b>-0.29%</b>
<b>Liabilities</b>			
Current Liabilities	\$ 148,422	\$ 139,071	6.72%
Long-term Liabilities	2,272,461	2,322,861	-2.17%
<b>Total Liabilities</b>	<b>\$ 2,420,883</b>	<b>\$ 2,461,932</b>	<b>-1.67%</b>
<b>Net Position</b>			
Net Investment in Capital Assets	4,479,126	4,547,218	-1.50%
Restricted	628,597	833,503	-24.58%
Unrestricted	1,707,579	1,420,048	20.25%
<b>Total Net Position</b>	<b>\$ 6,815,302</b>	<b>\$ 6,800,769</b>	<b>0.21%</b>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**Table A-2  
Changes in Bear Creek Special Utility District's Net Position**

	2017	2016	Total Percentage Change 2016 - 2017
Program Revenues:			
Charges for Services	\$ 2,088,907	\$ 1,944,335	7.44%
Total Revenues	\$ 2,088,907	\$ 1,944,335	7.44%
Expenses			
Water Utilities	\$ 2,347,732	\$ 1,899,381	23.61%
Total Expenses	\$ 2,347,732	\$ 1,899,381	23.61%
Non-Operating Revenues (Expenses)			
Developer/Member Contributions	322,483	301,930	6.81%
Interest Income	6,242	6,269	-0.43%
Interest Expense	(62,567)	(64,462)	-2.94%
Gain (Loss) on Sale of Fixed Assets	-	7,500	-100.00%
Rental Income	7,200	7,500	-4.00%
Net Non-Operating Revenues	\$ 273,358	\$ 258,737	5.65%
Change in Net Position	\$ 14,533	\$ 303,691	-95.21%
Net Position (Beginning) - January 1	6,800,769	6,497,078	4.67%
Net Position (Ending) - December 31	\$ 6,815,302	\$ 6,800,769	0.21%

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

At year end, the District had invested \$ 7,263,442 in a broad range of capital assets, including land, water distribution system, buildings, equipment and vehicles (see Table A-3)

**Table A-3  
Bear Creek Special Utility District's Capital Assets**

	2017	2016	Total Percentage Change 2016 - 2017
Land and Improvements	\$ 255,368	\$ 255,368	0.00%
Construction in Progress	787,028	670,791	17.33%
Water Distribution System	5,373,339	5,373,339	0.00%
Vehicles and Equipment	395,837	395,837	0.00%
Buildings	451,870	451,870	0.00%
Totals at Historical Cost	\$ 7,263,442	\$ 7,147,205	1.63%
Total Accumulated Depreciation	(922,203)	(661,839)	39.34%
Net Capital Assets	\$ 6,341,239	\$ 6,485,366	-2.22%

**BEAR CREEK SPECIAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

*Long Term Debt*

At year end, the District had \$ 1,862,211 in debt outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the basic financial statements.

<p style="text-align: center;"><b>Table A-4</b> <b>Bear Creek Special Utility District's Long Term Debt</b></p>			
	2017	2016	Total Percentage Change 2016 - 2017
Loans Payable	\$ 1,862,211	\$ 1,938,249	-3 92%
Total Debt Payable	<u>\$ 1,862,211</u>	<u>\$ 1,938,249</u>	-3 92%

**BUDGET, ECONOMIC ENVIRONMENT AND RATES**

At this time Bear Creek Special Utility District is not aware of any decisions or conditions that would impact the District's operations through 2017.

**REQUEST FOR INFORMATION**

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

**BASIC FINANCIAL STATEMENTS**

**BEAR CREEK SPECIAL UTILITY DISTRICT**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	Enterprise Fund Water Utilities
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 2,021,856
Accounts Receivable	134,338
Prepaid Expenses - Supplies, Materials and Other	107,481
Total Current Assets	<u>\$ 2,263,675</u>
Restricted Assets:	
Cash - Board Restricted	\$ 616,316
Total Restricted Assets	<u>\$ 616,316</u>
Non-Current Assets:	
SUD Conversion Costs, Net	\$ 14,955
Capital Assets:	
Land	255,368
Construction in Progress	787,028
Water Distribution System	5,373,339
Buildings	451,870
Vehicles and Equipment	395,837
Accumulated Depreciation	(922,203)
Total Non-Current Assets	<u>\$ 6,356,194</u>
<b>Total Assets</b>	<u><b>\$ 9,236,185</b></u>

The accompanying notes are an integral part of this statement.

**BEAR CREEK SPECIAL UTILITY DISTRICT**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	Enterprise Fund <u>Water</u> <u>Utilities</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 17,422
Payroll Liabilities Payable	14,474
TCEQ Assessment Payable	5,909
Accrued Benefits Payable	21,682
Accrued Interest Payable	10,354
Loans Payable, Current Portion	<u>78,581</u>
Total Current Liabilities	<u>\$ 148,422</u>
Noncurrent Liabilities:	
Customer Deposits	\$ 488,831
Loans Payable, less Current Portion	<u>1,783,630</u>
Total Noncurrent Liabilities	<u>\$ 2,272,461</u>
<b>Total Liabilities</b>	<u><b>\$ 2,420,883</b></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 4,479,126
Restricted	628,597
Unrestricted	<u>1,707,579</u>
<b>Total Net Position</b>	<u><b>\$ 6,815,302</b></u>

The accompanying notes are an integral part of this statement.

**BEAR CREEK SPECIAL UTILITY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Enterprise Fund
	Water Utilities
<b>OPERATING REVENUES</b>	
Water Sales	\$ 1,185,455
Customer Charges/Fees	903,452
Total Operating Revenues	<u>\$ 2,088,907</u>
<b>OPERATING EXPENSES</b>	
Payroll and Benefits	\$ 400,236
Water Purchases	612,112
Repairs and Maintenance	387,470
Utilities	61,369
Supplies	243,553
Insurance	151,661
Dues and Fees	11,264
Depreciation and Amortization	260,364
Professional Fees	95,216
Other Operating Expenses	124,487
Total Operating Expenses	<u>\$ 2,347,732</u>
Net Operating Revenue (Expenses)	<u>\$ (258,825)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Developer/Member Contributions	\$ 322,483
Interest Income	6,242
Interest Expense	(62,567)
Rental Income	7,200
Net Non-Operating Revenue (Expenses)	<u>\$ 273,358</u>
<b>Change in Net Position</b>	<u>\$ 14,533</u>
Total Net Position - Beginning (January 1)	<u>6,800,769</u>
Total Net Position - Ending (December 31)	<u><u>\$ 6,815,302</u></u>

The accompanying notes are an integral part of this statement.

**BEAR CREEK SPECIAL UTILITY DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	Enterprise Fund
	Water Utilities
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,073,042
Cash Payments for Goods and Services	(1,534,550)
Cash Payments to Employees	(395,596)
Net Cash Provided by (Used for) Operating Activities	\$ 142,896
Cash Flows from Investing Activities	
Purchase of Property, Plant and Equipment	\$ (115,600)
Net Cash Provided by (Used for) Investing Activities	\$ (115,600)
Cash Flows from Financing Activities:	
Payments of Principal on Long-term Financing	\$ (74,154)
Payments of Interest on Long-term Financing	(64,633)
Increase (Decrease) in Customer Deposits	15,900
Developer/Member Contributions	322,483
Rental Income Received	7,200
Net Cash Provided by (Used for) Financing Activities	\$ 206,796
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 234,092
Cash and Cash Equivalents - Beginning (January 1)	1,775,483
Cash and Cash Equivalents - Ending (December 31)	\$ 2,009,575
<b>Reconciliation of Change in Equity to Net Cash Provided by Operating Activities</b>	
Operating Income Over (Under) Operating Expense	\$ (258,825)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	260,364
(Increase) Decrease in Prepaid Expenses - Supplies, Materials and Other	156,840
(Increase) Decrease in Accounts Receivable	(15,865)
Increase (Decrease) in Accounts Payable	(4,622)
Increase (Decrease) in Payroll Liabilities Payable	2,176
Increase (Decrease) in Accrued Benefits Payable	2,464
Increase (Decrease) in TCEQ Assessment Payable	364
Net Cash Provided by (Used for) Operating Activities	\$ 142,896

The accompanying notes are an integral part of this statement.

**BEAR CREEK SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**A. Summary of Significant Accounting Policies**

The Lavon Special Utility District was approved by the voters within the District on May 14, 2011. Effective January 1, 2016, the Lavon Special Utility District became known as the Bear Creek Special Utility District (District). The District is an organization as set forth under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code.

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

**1. Reporting Entity**

The Board of Directors (Board), a seven member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the Bear Creek Special Utility District. Members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units presented.

**2. Basis of Presentation**

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue and expenses. The fund type utilized by the District is described below:

**a. Proprietary fund types include the following –**

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

**3. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

**4. Budget**

The Board adopts an annual budget for the Enterprise Fund. The Budget for the Enterprise Fund is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the General Manager of the District.

**BEAR CREEK SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

A. Summary of Significant Accounting Policies (Continued)

5. Property, Plant and Equipment

Additions to the utility system are recorded at cost or, if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

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

6. Amortization of Equity Fee and Organizational Costs

The District has assets recorded in the basic financial statements entitled "SUD Conversion Costs, Net." Generally accepted accounting principles require that the District capitalize the costs associated with these assets and amortize those costs over a period not less than 60 months, rather than expensing the entire amount in the year incurred. The expense associated with this amortization appears in the basic financial statements as "Amortization." The amount expensed during the year, was \$ 5,982. The amount recorded as an asset (net of amortization) in the basic financial statements at year end, totaled \$ 14,955.

7. Prepaid Expenses, Supplies and Materials

Prepaid expenses consist of items paid for in the current period to be used in the following accounting period. Prepaid supplies and materials consist of supplies and repair parts for the distribution system, valued at cost. The cost of supplies and materials is recorded as an expense when consumed rather than when purchased.

8. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of ninety days or less.

9. Retirement Plan

The District participates in a Simple IRA plan to provide retirement benefits for its employees. Employees may contribute up to the maximum annual amount as set periodically by the Internal Revenue Service. The District matches employee contributions dollar for dollar up to a maximum of 3% of the employee's compensation or the limit set by the Internal Revenue Service, whichever is less. All matching contributions vest immediately. The District's matching contributions to the Simple IRA plan during the fiscal year totaled approximately \$ 4,736.

10. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave does not vest, but accumulates and is recorded as an expense as it is paid. Accrued vacation is paid at time of termination of employment.

**BEAR CREEK SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**B. Deposits, Securities and Investments**

The District's funds appear to be deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2017, it appears that District cash deposits were properly covered by FDIC insurance or by pledged collateral.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include deposits in money market accounts and certificates of deposit. All money market accounts and certificates of deposit are reported at share price (fair value) and are presented as cash and cash equivalents.

The following table categorizes the District's investment at year end.

	Credit Rating	Fair Value
Certificate of Deposit	n/a	\$ 199,996
Money Market Accounts	n/a	416,320
Total		<u>\$ 616,316</u>

In addition, the following is disclosed regarding coverage of combined cash balances on the date of highest balance:

- a. Name of bank: Independent Bank, McKinney, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 2,143,773.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 2,194,940 and occurred during the month of December 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 250,000.

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

- a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

**BEAR CREEK SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**B. Deposits, Securities and Investments (Continued)**

**b. Custodial Credit Risk**

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

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District was not exposed to custodial credit risk.

**c. Concentration of Credit Risk**

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

**d. Interest Rate Risk**

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

**e. Foreign Currency Risk**

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

**C. Capital Assets**

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

	Beginning Balances	Additions and Reclassifications	Retirements	Ending Balances
Land and Improvements	\$ 255,368	\$ -	\$ -	\$ 255,368
Construction in Progress	670,791	116,237	-	787,028
Buildings	451,870	-	-	451,870
Water Distribution System	5,373,339	-	-	5,373,339
Vehicles	395,837	-	-	395,837
<b>Totals at Historical Cost</b>	<b>\$ 7,147,205</b>	<b>\$ 116,237</b>	<b>\$ -</b>	<b>\$ 7,263,442</b>
Less Accumulated Depreciation for:				
Buildings	\$ 39,185	\$ 14,406	\$ -	\$ 53,591
Water Distribution System	382,682	39,197	-	421,879
Vehicles	239,972	206,761	-	446,733
<b>Total Accumulated Depreciation</b>	<b>\$ 661,839</b>	<b>\$ 260,364</b>	<b>\$ -</b>	<b>\$ 922,203</b>
<b>Net Capital Assets</b>	<b>\$ 6,485,366</b>	<b>\$ (144,127)</b>	<b>\$ -</b>	<b>\$ 6,341,239</b>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**D. Long-Term Obligations**

The following schedule presents changes in long-term obligations for the fiscal year:

	Balance Beginning	Additions	Retirements	Balance Ending	Current Portion of Debt
Loans	\$ 1,938,249	\$ -	\$ 76,038	\$ 1,862,211	\$ 78,581
Total	\$ 1,938,249	\$ -	\$ 76,038	\$ 1,862,211	\$ 78,581

**Loans Payable**

The District executed an agreement with Independent Bank to refinance the USDA – Rural Development Loans for a savings of \$ 566,323 in interest payments. The note is for 20 years and requires monthly principle payments of \$ 11,566 and interest on the unpaid principle at 3.25%.

Payee	Interest Rate	Original Issue	Current Outstanding
Independent Bank	3.250%	\$ 2,030,468	\$ 1,862,211
Total			\$ 1,862,211

Maturities of loan balances at year end are as follows:

Year Ending December 31	Principal	Interest	Total Requirements
2018	\$ 78,581	\$ 60,205	\$ 138,786
2019	81,210	57,576	138,786
2020	83,771	55,016	138,787
2021	86,729	52,057	138,786
2022	89,631	49,156	138,787
2023-2027	495,052	198,880	693,932
2028-2032	583,583	110,350	693,933
2033-2035	363,654	17,252	380,906
Totals	\$ 1,862,211	\$ 600,492	\$ 2,462,703

**E. Customer Deposits**

The District requires each new customer to pay \$ 200, which is held as a refundable deposit to secure payment of the customer's water bill. At year end, the District's obligation totaled \$ 460,650.

**BEAR CREEK SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**F. Litigation**

As of year end, the District was not involved in a pending litigation.

**G. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year end, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**H. Subsequent Events**

District Management has evaluated subsequent events through April 30, 2018, which is the date the financial statements were available to be issued. There do not appear to be any events occurring after year end that could have a material effect on the financial statements at year end as presented.

**I. Change in Accounting Principles**

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application*
  - Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
  - Statement No. 77, *Tax Abatement Disclosures*
- a) Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
  - b) The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.
  - c) Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.

TEXAS SUPPLEMENTARY INFORMATION (TSI)  
(Other Supplementary Information)

**BEAR CREEK SPECIAL UTILITY DISTRICT  
SUPPLEMENTARY SCHEDULES INCLUDED WITHIN THIS REPORT  
YEAR ENDED DECEMBER 31, 2017**

Exhibit ID	Exhibit Title	Page
	Independent Auditor's Report on Supplementary Schedules	28
	Budgetary Comparison Schedule – Enterprise Fund	29
TSI-1	Services and Rates	30
TSI-2	Enterprise Fund Expenditures	32
TSI-3	Temporary Investments	33
TSI-5	Long-Term Debt Service Requirements by Years	34
TSI-7	Comparative Schedule of Revenues and Expenses	
	Enterprise Fund - Five Years	35
TSI-8	Board Members, Key Personnel and Consultants	36

The following schedules are not applicable to this District.

- I. Analysis of Taxes Levied and Receivable

RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.  
*Certified Public Accountants*

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Greenville, Texas 75401

(903) 455-6252

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INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY SCHEDULES

Members of the Board.

In our opinion, the accompanying information is stated accurately in all material respects in relation to the basic financial statements, taken as a whole, of the Bear Creek Special Utility District for the twelve months ended December 31, 2017, which are covered by our opinion presented in the first section of this report.

The accompanying information is supplementary to the basic financial statements and is not essential for a fair presentation of financial position, results of operations or cash flows.

Our audit, which was made for the purpose of forming an opinion on the basic financial statements taken as a whole, included such tests of the accounting records, from which the supplementary information was compiled, and such other auditing procedures as we considered necessary in the circumstances.

April 30, 2018  
Greenville, Texas

*Ruth A. Taylor & Company, P.C.*

**BEAR CREEK SPECIAL UTILITY DISTRICT  
ENTERPRISE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>OPERATING REVENUES</b>				
Water Sales	\$ 1,150,000	\$ 1,150,000	\$ 1,185,455	\$ 35,455
Charges for Services	1,025,000	1,025,000	903,452	(121,548)
Total Operating Revenues	<u>\$ 2,175,000</u>	<u>\$ 2,175,000</u>	<u>\$ 2,088,907</u>	<u>\$ (86,093)</u>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 435,000	\$ 435,000	\$ 400,236	\$ 34,764
Water Purchases	630,000	630,000	612,112	17,888
Repairs and Maintenance	75,000	75,000	387,470	(312,470)
Utilities	70,400	70,400	61,369	9,031
Supplies	195,000	195,000	243,553	(48,553)
Insurance	176,000	176,000	151,661	24,339
Dues and Fees	18,000	18,000	11,264	6,736
Professional and Legal Fees	244,000	294,000	95,216	198,784
Depreciation and Amortization	-	-	260,364	(260,364)
Other Operating Costs	183,300	188,300	124,487	63,813
Total Operating Expenses	<u>\$ 2,026,700</u>	<u>\$ 2,081,700</u>	<u>\$ 2,347,732</u>	<u>\$ (266,032)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Developer/Member Contributions	\$ 150,000	\$ 150,000	\$ 322,483	\$ 172,483
Interest Income	12,000	12,000	6,242	(5,758)
Interest Expense	(12,000)	(12,000)	(62,567)	(50,567)
Rental Income	7,200	7,200	7,200	-
Net Non-Operating Revenues (Expenses)	<u>\$ 157,200</u>	<u>\$ 157,200</u>	<u>\$ 273,358</u>	<u>\$ 116,158</u>
<b>Change in Net Position</b>	<u>\$ 305,500</u>	<u>\$ 250,500</u>	<u>\$ 14,533</u>	<u>\$ (235,967)</u>
Net Position - Beginning (January 1)	6,800,769	6,800,769	6,800,769	-
Net Position - Ending (December 31)	<u><u>\$ 7,106,269</u></u>	<u><u>\$ 7,051,269</u></u>	<u><u>\$ 6,815,302</u></u>	<u><u>\$ (235,967)</u></u>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
SERVICES AND RATES  
YEAR ENDED DECEMBER 31, 2017**

1. Services provided by the District:

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

2. Retail Rates Based on 3/4" Meter.

	Minimum Charge	Minimum Usage	Fiat Rate Y/N	Rate Per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 25.00	0	N	\$ 6.05	0 to 5,000
				\$ 6.71	5,001 to 10,000
				\$ 7.70	10,001 to 15,000
				\$ 9.52	15,001 to 25,000
				\$ 10.73	25,001 to unlimited

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

Total charges per 10,000 gallons usage: Water \$ 89.12

b. Water Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	0	0	x1.0	0
≤ 3/4"	2,253	2,207	x1.0	2,207
1"	28	28	x2.5	70
1 1/2"	0	0	x5.0	0
2"	19	19	x8.0	152
3"	1	1	x15.0	15
4"	0	0	x25.0	0
Total Water	2,301	2,255		0
Total Wastewater	0	0	x1.0	0

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

Gallons pumped into system:	<u>216,966,500</u>
Gallons billed to customers:	<u>184,723,600</u>
Water Accountability Percent:	<u>85 %</u>

BEAR CREEK SPECIAL UTILITY DISTRICT  
SERVICES AND RATES  
YEAR ENDED DECEMBER 31, 2017

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

5. Location of District:

County(ies) in which district is located Collin / Rockwall

Is the District located entirely in one county? Yes \_\_\_\_\_ No X

Is the District located within a city? Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_

City(ies) in which District is located. Lavon / Fate

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

Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_

ETJ's in which District is located Lavon, Rockwall, Fate

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

Yes \_\_\_\_\_ No X

If Yes, by whom? N/A

**BEAR CREEK SPECIAL UTILITY DISTRICT  
ENTERPRISE FUND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2017**

Payroll and Benefits	\$ 400,236
Water Purchases	612,112
Repairs and Maintenance	387,470
Utilities	61,369
Supplies	243,553
Insurance	151,661
Dues and Fees	11,264
Professional and Legal Fees	95,216
Depreciation and Amortization	260,364
Other Operating Costs	124,487
Interest Expense	<u>62,567</u>
Total Expenses	<u><u>\$ 2,410,299</u></u>

Number of persons employed by the District:

Full Time	<u>6</u>
Part Time	<u>0</u>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
TEMPORARY INVESTMENTS  
YEAR ENDED DECEMBER 31, 2017**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
Money Market		0.010%		\$ 416,320	*
Wells Fargo Bank CD	022818	1.050%	2/28/2018	99,959	*
Morgan Stanley Private Bank CD	042718	1.450%	4/27/2018	100,037	*
Total				<u>\$ 616,316</u>	<u>\$ -</u>

\* Interest is paid on a monthly basis

**BEAR CREEK SPECIAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**INDEPENDENT BANK - BY YEARS**  
**YEAR ENDED DECEMBER 31, 2017**

Year Ending December 31	Principal	Interest	Total Requirements
2018	\$ 78,581	\$ 60,205	\$ 138,786
2019	81,210	57,576	138,786
2020	83,771	55,016	138,787
2021	86,729	52,057	138,786
2022	89,631	49,156	138,787
2023-2027	495,052	198,880	693,932
2028-2032	583,583	110,350	693,933
2033-2035	363,654	17,252	380,906
			-
Total	\$ 1,862,211	\$ 600,492	\$ 2,462,703

**BEAR CREEK SPECIAL UTILITY DISTRICT  
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
ALL PROPRIETARY FUND TYPES  
FIVE YEARS ENDED DECEMBER 31, 2017**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUE				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
<b>OPERATING REVENUE</b>										
Water Sales	\$ 1,185,455	\$ 1,116,528	\$ 878,791	\$ 709,683	\$ 523,309	56.75%	57.42%	50.72%	34.54%	61.11%
Customer Charges/Fees	903,452	827,807	854,002	1,344,762	332,977	43.25%	42.58%	49.28%	65.46%	38.89%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 2,088,907</b>	<b>\$ 1,944,335</b>	<b>\$ 1,732,793</b>	<b>\$ 2,054,445</b>	<b>\$ 856,286</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>OPERATING EXPENSES</b>										
Payroll and Benefits	\$ 400,236	\$ 381,896	\$ 327,463	\$ 282,718	\$ 110,160	19.16%	19.64%	18.90%	13.76%	12.86%
Water Purchases	612,112	551,497	464,271	423,323	198,326	29.30%	28.36%	26.79%	20.61%	23.16%
Repairs and Maintenance	387,470	33,382	44,137	19,411	28,996	18.55%	1.72%	2.55%	0.94%	3.39%
Utilities	61,369	60,262	61,815	50,671	24,519	2.94%	3.10%	3.57%	2.47%	2.86%
Supplies	243,553	237,891	100,841	132,870	28,847	11.66%	12.24%	5.82%	6.47%	3.37%
Insurance	151,661	114,604	115,350	85,617	36,472	7.26%	5.89%	6.66%	4.17%	4.26%
Dues and Fees	11,264	8,404	9,773	7,693	3,494	0.54%	0.43%	0.56%	0.37%	0.41%
Professional and Legal Fees	95,216	60,252	94,699	51,274	24,195	4.56%	3.10%	5.47%	2.50%	2.83%
Depreciation and Amortization	260,364	263,506	227,892	101,834	92,035	12.46%	13.55%	13.15%	4.96%	10.75%
Other Operating Costs	124,487	187,687	237,296	109,486	62,025	5.96%	9.65%	13.69%	5.33%	7.24%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,347,732</b>	<b>\$ 1,899,381</b>	<b>\$ 1,683,537</b>	<b>\$ 1,264,897</b>	<b>\$ 609,069</b>	<b>112.39%</b>	<b>97.69%</b>	<b>97.16%</b>	<b>61.57%</b>	<b>71.13%</b>
<b>NET OPERATING REVENUE (EXPENSES)</b>	<b>\$ (258,825)</b>	<b>\$ 44,954</b>	<b>\$ 49,256</b>	<b>\$ 789,548</b>	<b>\$ 247,217</b>	<b>-12.39%</b>	<b>2.31%</b>	<b>2.84%</b>	<b>38.43%</b>	<b>28.87%</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>										
Developer/Member Contributions	\$ 322,483	\$ 301,930	\$ 213,822	\$ 144,750	\$ 32,750	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Income	6,242	6,269	10,512	2,986	6,065	0.30%	0.32%	0.61%	0.15%	0.71%
Interest Expense	(62,567)	(64,462)	(103,605)	(96,610)	(49,123)	-3.00%	-3.32%	-5.98%	-4.70%	-5.74%
Gain (Loss) on Sale of Fixed Assets	-	7,500	1,924	-	-	0.00%	-0.39%	-0.11%	0.00%	0.00%
Rental Income	7,200	7,500	26,050	20,700	-	0.34%	-0.39%	-1.50%	-1.01%	0.00%
<b>NET NON-OPERATING REVENUE (EXPENSES)</b>	<b>\$ 273,358</b>	<b>\$ 258,737</b>	<b>\$ 148,703</b>	<b>\$ 71,826</b>	<b>\$ (10,308)</b>	<b>-2.35%</b>	<b>-3.76%</b>	<b>-6.99%</b>	<b>-5.56%</b>	<b>-5.03%</b>
<b>NET REVENUE (EXPENSES)</b>	<b>\$ 14,533</b>	<b>\$ 303,691</b>	<b>\$ 197,959</b>	<b>\$ 861,374</b>	<b>\$ 236,909</b>	<b>-14.74%</b>	<b>-1.45%</b>	<b>-4.14%</b>	<b>32.87%</b>	<b>23.84%</b>

**BEAR CREEK SPECIAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
YEAR ENDED DECEMBER 31, 2017**

Complete District Mailing Address. P.O Box 188, Lavan, TX 75166

District Business Telephone Number. 972-843-2101

Submission Date of the most recent District Registration Form. August 17, 2017

Limit on Fees of Office that a Director may receive during a fiscal year: \$ 588

<u>Names</u>	<u>Term of Office (Elected or Appointed or Date Hired)</u>	<u>Fees of Office Paid FYE Date</u>	<u>Expense Reimbursements FYE Date</u>	<u>Title at Year End</u>
<b>Board Members:</b>				
Herman Stork	3 Yrs	\$ 588	\$ -	President
Bryan Block	3 Yrs	\$ 588	\$ -	Vice-Pres
Leticia Harrison	3 Yrs	\$ 294	\$ -	Secretary
Jeffrey Bralecki	3 Yrs	\$ 588	\$ -	Treasurer
Chris Elder	3 Yrs	\$ 588	\$ -	Director
Robert Haynes	3 Yrs	\$ 588	\$ -	Director
Kevin Hutchinson	3 Yrs	\$ 588	\$ -	Director
<b>Consultants:</b>				
Coats Rose		\$ 2,089	\$ -	Attorney
Rutherford, Taylor & Company, P.C		\$ 8,950	\$ -	Auditor
Kimley Horn		\$ 136,906	\$ -	Engineer
Gay, McCall, Isaacks & Roberts		\$ 24,267	\$ -	Attorney

Jon Niermann, *Chairman*  
Emily Lindley, *Commissioner*  
Toby Baker, *Executive Director*

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

*Protecting Texas by Reducing and Preventing Pollution*

September 21, 2018

Ms. Jessica Zuba  
Deputy Executive Administrator  
Water Supply & Infrastructure  
Texas Water Development Board  
P.O. Box 13231  
Austin, Texas 78711-3231

Re: Capacity Assessment Report for Bear Creek Special Utility District (SUD)  
Public Water System No. 0430037  
Drinking Water State Revolving Fund (DWSRF); FY 2018 Intended Use Plan;  
Collin County  
CN: 603655713; RN: 101457877

Dear Ms. Zuba:


Enclosed is the Capacity Assessment Report for the Bear Creek SUD. We find that the Bear Creek SUD has the financial, managerial and technical capacity to proceed with the proposed project. These findings indicate the Bear Creek SUD may proceed with the application for assistance from the Drinking Water State Revolving Fund.

This proposed project will assist the Bear Creek SUD in remaining compliant with the Texas Commission on Environmental Quality (TCEQ) rules and regulations.

The assessment of financial capability is conducted for the purpose of determining the general financial health of the water service provider and its access to funding sources. This general financial review does not constitute a determination of whether a water service provider meets the financial assistance requirements of the Texas Water Development Board.

Please call Kamal Adhikari at (512) 239-0680 if you have any questions.

Sincerely,



Cari-Michel La Caille, Director  
Water Supply Division

CML/KA/db

Enclosure

cc. Bear Creek SUD - Attn: Mr. Herman Stork, President, P.O. Box 188, Lavon, Texas 75166  
Jeff Tate, TCEQ, Dallas/Fort Worth Regional Office  
Luis Farias, Texas Water Development Board  
Joe Helmberger, P.E., Kimley-Horn and Associates, Inc., 106 West Louisiana Street,  
McKinney, Texas 75069  
Drew Satterwhite, P.E., Greater Texoma Utility Authority, 5100 Airport Drive, Denison,  
Texas 75020

## **Exhibit CR-15**

**Drinking Water State Revolving Fund  
Capacity Assessment Report  
Bear Creek Special Utility District (SUD)  
Public Water System No. 0430037  
Certificate of Convenience and Necessity No. 10066  
CN 603655713; RN 101457877**

### **I. Background**

The Bear creek SUD serves 2,209 connections with a population of 6,842 in Collin County. The Bear creek SUD is listed on the FY 2018 Intended Use Plan of the Drinking Water State Revolving Fund (DWSRF) with a combined factor of zero.

The Bear Creek SUD proposes to use DWSRF funds for planning, design and construction of a new ground storage tank, replacement of existing pump station and relocation of existing waterlines. The project has a total proposed cost of approximately \$7,490,000.

### **II. Summary of Findings**

We find that the Bear creek SUD has the financial<sup>1</sup>, managerial and technical (FMT) capability to proceed with their proposed project. These findings indicate the Bear Creek SUD may proceed with the application for assistance from the DWSRF.

This report is based on an assessment conducted by Kamal Adhikari of the Texas Commission on Environmental Quality.

<sup>1</sup> The assessment of financial capability is conducted for the purpose of determining the general financial health of the water service provider and its access to funding sources. This general financial review does not constitute a determination of whether a water service provider meets the financial assistance requirements of the Texas Water Development Board.



# TCEQ FMT ASSISTANCE CONTRACT

## FMT Capacity Assessment Exit Interview Form

Review of this preliminary Financial, Managerial and Technical (FMT) Capability assessment helped identify the following strengths of your water or wastewater system which you should continue to build upon and opportunities for improvement which, if addressed, should allow your system to attain a higher level of capability. A final FMT assessment of your system will involve more detailed review of this field assessment, and your compliance and operating records. If you have any questions, or need more detailed information or assistance, please contact the Texas Commission on Environmental Quality (TCEQ) at 512-239-6403.

0430037	Bear Creek SUD	Collin	4
PWS or WW Permit #	Water or Wastewater System Name	County	Region

### MANAGERIAL ASSESSMENT

Strengths	Opportunities	Criteria
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Knowledge of legal authority
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Operating reports to Board / Council
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Written operating policies
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Phone accessibility for customers (24 hours)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Application/formal process for service
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Service for all applicants in CCN area
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Record Keeping
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget (periodic review & adjustment)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	75% / 90% rule for plant expansion
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Emergency Planning
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequate elections
<input type="checkbox"/>	<input type="checkbox"/>	TCEQ Annual Reports (IOUs only)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Correction of audit material weaknesses
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Capital Improvement Plan
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Staff/Board training (not operator cert)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Approved CCN (WSCs or IOUs only)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Long-range Planning
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water Conservation Plan
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Customer Service
<input checked="" type="checkbox"/>	<input type="checkbox"/>	85% Rule Violation

## FINANCIAL ASSESSMENT

Strengths	Opportunities	Criteria
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rates based on cost of service
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Customer termination policy / enforcement
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water metered rates for winter average
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Revenues cover expenses
<input checked="" type="checkbox"/>	<input type="checkbox"/>	No delinquent debt payment
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Metered Rates
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequate reserve accounts
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insurance coverage
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Access to financing
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Audited financial statement
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rate study / review frequency
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ready access to cash for emergencies
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Current on regulatory fees
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Current on lab fees
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Correction of Inspection deficiencies
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequate water/wastewater treatment facilities
<input type="checkbox"/>	<input type="checkbox"/>	Cross-connection control program at WWTP
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequate storage / pressure
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Preventative Maintenance Program
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Written O&M Manual (current)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Proper water or wastewater treatment
<input type="checkbox"/>	<input type="checkbox"/>	Source Water Protection Program
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Metered Connections
<input checked="" type="checkbox"/>	<input type="checkbox"/>	No Primary Chemical Violations
<input checked="" type="checkbox"/>	<input type="checkbox"/>	No Secondary Chemical Violations
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Tank Maintenance Program
<input type="checkbox"/>	<input type="checkbox"/>	No discharge Violations
<input type="checkbox"/>	<input type="checkbox"/>	Current discharge permit
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Drawings / plans of treatment facilities
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Monitored unaccounted water loss

Strengths	Opportunities	Criteria
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Lab Equipment
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Operator training
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Certified operator/proper level & number
<input type="checkbox"/>	<input type="checkbox"/>	Turbidity Treatment
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequate Source Water or Contracts
<input type="checkbox"/>	<input type="checkbox"/>	TCEQ Approved CT Study (surface water)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Disinfection Throughout Distr. System
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Emergency Interconnections

The above has been discussed during an exit interview with the Contractor (or TCEQ staff).

Camille Reagan	General Manager	9/13/18
Name of Water or Wastewater Official	Title	Date

Scott Willeford	9/13/18		
Contractor (or TCEQ Staff)	Date	Contractor (or TCEQ Staff)	Date



# TCEQ FMT ASSISTANCE CONTRACT

## What to Expect from the FMT Assessment Visit Form

We have scheduled an FMT Assessment with your water/wastewater system:

System Name:	Bear Creek SUD				
PWS ID No.	TX0430037	CCN No.	10066	Discharge No.:	
Type of Entity:	<input checked="" type="checkbox"/> Water	<input checked="" type="checkbox"/> Wastewater	<input type="checkbox"/> Other:		
An FMT Assessment visit is scheduled for:	Date:	9/6/18	Time:	9:00 am	
System Contact Name:	Camille Reagan				
Location of Visit:	16881 CR 541 Lavon, TX 75166				

### I. What is an FMT Assignment?

FMT stands for financial, managerial and technical. During an FMT assessment we conduct an interview with the water system staff. The purpose of the interview is to look at the system's financial, managerial and technical capabilities and to target assistance.

### II. Who should attend?

It is important to have the system's decision makers involved in the assessment. If possible, please have as many of the following people attend:

- Staff,
- Owners,
- Board members,
- Elected officials and
- Operators or managers who make decisions for the water system.

(Questions about planning, budgeting, rates, staffing and operations are some issues normally discussed.)

### III. What to expect from the FMT Assessment of your system:

- An opportunity to discuss and review challenges that face your system now and in the future;
- An opportunity to identify the strengths of your system;
- An opportunity to get assistance in areas that might need improvement; and
- An opportunity to improve communication between various departments of the water system with associates and the regulatory agency (TCEQ).

### IV. What should you have on hand for the FMT Assessment visit?

This list is provided to help make the interview faster. It is not necessary to have copies ready for all of the documents listed below. However, copies may be made during the interview if

necessary. Depending on how your system is organized, some of the items below may be included together in the same report or document.

1. Governing documents of the water system.
2. List of system officers, board members, their occupations and tenures.
3. Organization chart, if available.
4. List of training sessions or continuing education relating to the water system attended by board and staff in the last two years. This does not include operator or customer service training.
5. Example of package of reports provided to the board at each regular meeting.
6. Operations/management policy manual, if available.
7. Personnel policy manual, if available.
8. List of customer relations training attended by staff in past two years.
9. Example of customer service application.
10. Customer complaint log, if available.
11. Current records in the following areas (for visual review only; copies are not necessary):
  - a. Accounting/Financial (general ledger, daily journals, source documents, etc.),
  - b. Regulatory associated (letters from regulatory agencies, monitoring reports, etc.)
  - c. Customer associated (billing records, meter records, etc.),
  - d. Facility associated (asset inventory and installation dates, etc.) and
  - e. Operations & Maintenance (equipment maintenance log, sampling schedule, etc)
12. Current budget.
13. Reports on actual to budgeted amounts.
14. Capital Improvement Plan for future repair and replacement of major components.
15. Any emergency management plan relating to water service.
16. Water Conservation Plan, Drought Contingency Plan, Source Water Protection Plan
17. Copy of latest audit report and any interim unaudited financial statements since that date.
18. Current rate schedule and effective date of current rates.
19. Any rate studies or calculations which project the rates needed.
20. Information on average collection rate for water bills and number of service terminations each month due to nonpayment.
21. Policies for delinquent accounts (may be included in rate resolution).
22. Example of billing statements and delinquency notices.
23. List of debt outstanding (may be included in audit report).
24. Procedures for handling unbudgeted expenditures.
25. Auditors Management Letter on Internal Control.
26. Map of distribution system.
27. Master meter logs and calculations of unaccounted-for water.
28. Meter replacement program: priorities and number of meters replaced each year.

29. List of operators, certifications and training sessions attended in past two years.
30. Operations and maintenance manual.



System No.

CN No.

RN No.

# TCEQ FMT ASSISTANCE CONTRACT

## FMT Capacity Assessment Summary Report Form

Type of FMT Assessment: ☐ DWSRF FMT ☐ TCEQ FMT ☐ Other

Type of System: ☐ Surface Water ☐ Groundwater ☐ Purchased ☐ Wastewater  
Type of Utility: ☐ WSC ☐ Investor Owned ☐ Municipality ☐ District

PWS / WW #: \_\_\_\_\_ System Name: \_\_\_\_\_  
TCEQ Region: \_\_\_\_\_ County: \_\_\_\_\_  
CCN #: \_\_\_\_\_ Date Assigned: \_\_\_\_\_  
CN: \_\_\_\_\_ RN: \_\_\_\_\_

Date Assigned: \_\_\_\_\_ Date Visited: \_\_\_\_\_

Contractor Performing the Assessment: \_\_\_\_\_

What are the strengths of the water or wastewater system?

What are the weaknesses of this water or wastewater system?

What are the Contractor's recommendations (in Priority Order)?

Contractor Authorized Signature Approval

Date Reviewed and Approved

**PREPARED IN COOPERATION WITH THE  
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AND THE U.S.  
ENVIRONMENTAL PROTECTION AGENCY**

*The preparation of this report was financed through grants from the U.S. Environmental Protection Agency through the Texas Commission on Environmental Quality*

System No.

FMT Capacity Assessment Form

**General Information**

a. System Information

System Name: \_\_\_\_\_

County: \_\_\_\_\_ Region: \_\_\_\_\_

PWS #: \_\_\_\_\_ CCN or Reg # (If applicable): \_\_\_\_\_

Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_ Phone Number: \_\_\_\_\_

b. Compliance Information

Total Problem Factor \_\_\_\_\_

For What Problems? \_\_\_\_\_

Enforcement Status \_\_\_\_\_

For: \_\_\_\_\_

Other Reporting Violations or Compliance Issues Known to TCEQ:  
\_\_\_\_\_

c. Sanitary Survey Information

Date of Last Sanitary Survey: \_\_\_\_\_ by \_\_\_\_\_

Connections: \_\_\_\_\_ Pop. \_\_\_\_\_ Meters \_\_\_\_\_

Interconnects \_\_\_\_\_

TCEQ Comments (History of Enforcement, Special Considerations, etc.)  
\_\_\_\_\_

d. Assessment Performed By:

\_\_\_\_\_ Date \_\_\_\_\_

e. Utility Representatives Present

\_\_\_\_\_

# FINANCIAL ASSESSMENT

## FINANCIAL ASSESSMENT

F <sup>1</sup> . RATES	POINTS	COMMENTS
1. What are your average rates for residential, commercial, and industrial users on a monthly basis (If applicable)? See Attachment E.	N/A	For Info Only
2. Average Number of gallons pumped and/or purchased per month for the last 12 months? gal. per mo.		+1 if known o if unknown
3. Average Number of gallons sold per month for the last 12 months? gal. per mo.		+1 if known o if unknown
4. What is the total number of connections? Multifamily Residential Single Family Residential Commercial Industrial Other		+1 if 200 or > o if <200
5. What are rates based on? <input type="checkbox"/> a) Capital Improvement Plan and Annual Budget <input type="checkbox"/> b) Annual Budget Only <input type="checkbox"/> c) Last year's expenses <input type="checkbox"/> d) Not sure <input type="checkbox"/> e) Anticipated Needs Next Year <input type="checkbox"/> f) Cash on Hand <input type="checkbox"/> g) Other - Please Specify	N/A	+1 for a or b o for c, d, e, or f.  g is For Info Only
6. What type of rate do you have? <input type="checkbox"/> a) Increasing block rate <input type="checkbox"/> b) Single block rate <input type="checkbox"/> c) fixed rate of (            ) <input type="checkbox"/> d)            declining block rate <input type="checkbox"/> e) Other (Please Specify:            )	N/A	+1 for a or b o for c or d  e is For Info Only

## FINANCIAL ASSESSMENT

F1. RATES	POINTS	COMMENTS
7. What were the dates of the last two rate increases? <div style="display: flex; justify-content: space-around; width: 100%;"> <span>Rate Increase</span> <span>Rate Increase</span> </div>	N/A	For Info Only
8. Was your last rate increase approved by TCEQ/PUC? <input type="checkbox"/> Yes <input type="checkbox"/> No		
9. How often are the rates reviewed: <input type="checkbox"/> a) Annually or more frequently <input type="checkbox"/> b) Every 2 years <input type="checkbox"/> c) When cash is low <input type="checkbox"/> d) When major improvements are needed <input type="checkbox"/> e) Other		+ for a or b o for c, d or e
10. What resources are used in determining rate design? <input type="checkbox"/> Rate Study prepared by consultant <input type="checkbox"/> Rate Study prepared in-house <input type="checkbox"/> In-house accounting staff prepares review and proposal <input type="checkbox"/> PWS operator or manager prepares review and proposal <input type="checkbox"/> Engineer prepares review and proposal <input type="checkbox"/> Technical Assistance Provider prepares review and proposal <input type="checkbox"/> Other	N/A	For Info Only
11. Will a rate increase be necessary in the next year? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know If yes, what is the estimated monthly increase for a typical household? \$	N/A	For Info Only
12. Is the total number of active connections in your distribution system (compared to last year) : <input type="checkbox"/> a) increasing <input type="checkbox"/> b) staying the same <input type="checkbox"/> c) decreasing <input type="checkbox"/> d) don't know		+ for a or b o for c, d or e
13. What is the percent collection rate? % <input type="checkbox"/> Don't Know		+1 if 95% or > o if <95% or don't know
14. Does your system have a written policy for notice and termination for non-payment? <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 for yes o for no

## FINANCIAL ASSESSMENT

F <sup>1</sup> . RATES		POINTS	COMMENTS
15.	Do you enforce your termination policy for non-payment? <input type="checkbox"/> Yes <input type="checkbox"/> No		
16.	How many disconnects do you average per month (estimated as a percentage of your customer base)? %	N/A	For Info Only
17.	Do you meter all the water that you sell? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, how many non-metered?  Do you have a process to check for non-metered connections? <input type="checkbox"/> Yes <input type="checkbox"/> No  Do you sub-meter? <input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	+1 for yes   +1 for yes   For Info Only
18.	Comments:	N/A	For Info Only
SUBTOTAL: F <sup>1</sup> . RATES			CRITERIA

F <sup>2</sup> . GENERAL FINANCIAL CONDITION					POINTS	COMMENTS
1.	What were your annual water revenues in the last fiscal year?				N/A	For Info Only
2.	What were your annual water expenses in the last fiscal year?				N/A	For Info Only
3.	Do your annual revenues cover your annual expenses? <input type="checkbox"/> Yes <input type="checkbox"/> No					+1 for yes 0 for no
4.	What is the amount of debt outstanding on the water system as of the last fiscal year-end? (DATE)				N/A	May refer to Audit Report or Financial Statement
Type of Debt	Creditors	Avg Int. Rate	Term	Remaining Principal Due	N/A	For Info Only

## FINANCIAL ASSESSMENT

F <sup>2</sup> . GENERAL FINANCIAL CONDITION	POINTS	COMMENTS
<p>5. Has your water system been declared in default on any debt in the last 5 years (or under present Ownership if &lt;5 years)?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(If yes, state circumstances and current status)</p> <p>What is the amount of debt outstanding on the water system as of the last fiscal year-end? (DATE)</p>		<p>+1 if no</p> <p>0 if yes</p>
<p>6. Has your water system missed or been delinquent on any debt repayment in the last year?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>7. What is the water system's debt coverage ratio? (Revenues available for debt service*/debt service requirements)</p> <p>* Add back depreciation and interest expense</p>		<p>+1 if 1 or &gt;</p> <p>0 if &lt;1</p>
<p>8. Comments:</p>		
<b>SUBTOTAL: F<sup>2</sup>. GENERAL FINANCIAL CONDITION</b>		<b>CRITERIA</b>

F <sup>3</sup> . RESERVE ACCOUNTS	POINTS	COMMENTS
<p>1. Do you have a reserve account? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Amount \$                      Percent of Budget</p> <p>Type(s)</p>	<p>N/A</p> <p>N/A</p>	<p>+1 for yes</p> <p>0 for no</p> <p>For Info Only</p> <p>For Info Only</p>
<p>2. How do you determine the amount to put into the reserve account?</p> <p><input type="checkbox"/> Fixed Amount</p> <p><input type="checkbox"/> Percentage of Revenues</p> <p><input type="checkbox"/> % of Expenses</p>	<p>N/A</p>	<p>For Info Only</p>

## FINANCIAL ASSESSMENT

<b>F3. RESERVE ACCOUNTS</b>		<b>POINTS</b>	<b>COMMENTS</b>
<input type="checkbox"/> Other, Please Specify			
3.	Does the water system have cash on hand or ready access to cash in the case of an emergency (other than the reserve accounts noted above, or line of credit)?  <input type="checkbox"/> Yes <input type="checkbox"/> No  If yes, how much? \$		+if \$5,000 or >
4.	Comments:	<b>N/A</b>	For Info Only
<b>SUBTOTAL: F3. RESERVE ACCOUNTS</b>			<b>CRITERIA</b>

<b>F4. REVENUES</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	Do you have standby fees or availability fees? <input type="checkbox"/> Yes <input type="checkbox"/> No (Note: This is illegal for IOU's) If Yes, How much is the fee? \$ <input type="checkbox"/> Annual <input type="checkbox"/> Monthly <input type="checkbox"/> Per Lot How is the fee collected?	<b>N/A</b>	For Info Only
2.	What other fees do you have and how are they set? <input type="checkbox"/> connection fees \$ <input type="checkbox"/> impact/equity fees \$ <input type="checkbox"/> Other \$	<b>N/A</b>	For Info Only
3.	How do you finance operation and maintenance costs? (Check all that apply) <input type="checkbox"/> Rates collected from rate payers <input type="checkbox"/> Revenue from other activities <input type="checkbox"/> Surcharges <input type="checkbox"/> Reserve account <input type="checkbox"/> Other (Please Specify)	<b>N/A</b>	For Info Only
4.	If revenues exceed expenses, what happens to the surplus? <input type="checkbox"/> Remains in retained earnings <input type="checkbox"/> Withdrawn by Owners as Dividends or Drawing <input type="checkbox"/> Rates are lowered <input type="checkbox"/> Early debt repayment	<b>N/A</b>	For Info Only

## FINANCIAL ASSESSMENT

F4. REVENUES		POINTS	COMMENTS
<input type="checkbox"/> Other (Please specify)			
5. Comments:		N/A	For Info Only
<b>SUBTOTAL: F4. REVENUES</b>			<b>CRITERIA</b>

F5. EXPENSES AND MAJOR REPAIRS		POINTS	COMMENTS
<p>1. Fees Due</p> <p>Do you currently owe any penalties or past due regulatory fees? Specify type &amp; amount below:</p> <p><b>TCEQ PWS Fee:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, Amount:</p> <p><b>TCEQ Regulatory Assessment:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, Amount:</p> <p><b>TDH Lab Fees:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, Amount:</p> <p><b>Other Lab Fees:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, Amount:                      Type of Fees:</p> <p><b>Other Regulatory Fees or Penalties:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, Amount:                      Type of Fees or Penalties:</p>			
<p>2. How did you finance your LAST major repair or improvement?</p> <p><input type="checkbox"/> Texas Water Development Board</p> <p><input type="checkbox"/> Bonded Debt (not purchased by TWDB)</p> <p><input type="checkbox"/> Other state or federal loan/grant program</p> <p><input type="checkbox"/> Commercial bank loan</p> <p><input type="checkbox"/> Revenue from other activities (Specify):</p> <p><input type="checkbox"/> USDA RD Grant/Loan</p> <p><input type="checkbox"/> Reserve Account</p> <p><input type="checkbox"/> Personal Capital</p> <p><input type="checkbox"/> Other (Specify):</p>		N/A	For Info Only
<p>3. Do you have written procedures for handling unbudgeted expenses?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>			+1 for yes 0 for no

## FINANCIAL ASSESSMENT

<b>F5. EXPENSES AND MAJOR REPAIRS</b>		<b>POINTS</b>	<b>COMMENTS</b>
If yes, which of the following procedures do you use? <input type="checkbox"/> Authority to manager (or other) up to a certain amount: \$ <input type="checkbox"/> Special authorization by governing board <input type="checkbox"/> Procedure not established <input type="checkbox"/> Other (Specify):		N/A	For Info Only
4.	Is depreciation calculated and funded? (Rates are set to cover depreciation) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know		+1 for yes 0 for no
5.	Comments:	N/A	For Info Only
<b>SUBTOTAL: F5. EXPENSES AND MAJOR REPAIRS</b>			<b>CRITERIA</b>

<b>F6. INSURANCE</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	Does the system carry the following insurance? (Check all that apply) <input type="checkbox"/> Workman's Comp <input type="checkbox"/> General Liability <input type="checkbox"/> Automobile <input type="checkbox"/> Errors & omissions <input type="checkbox"/> Property Damage <input type="checkbox"/> Equipment <input type="checkbox"/> Fidelity Bonds <input type="checkbox"/> Board Liability <input type="checkbox"/> Other (Specify):		+ 1 for each yes  Max +3
2.	Comments:	N/A	For Info Only
<b>SUBTOTAL: F6. INSURANCE</b>			<b>CRITERIA</b>

<b>F7. INTERNAL CONTROL</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	Has an independent audit been performed in the past 2 years? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (N/A is for WSC's with < 200 connections)		

## FINANCIAL ASSESSMENT

<b>F7. INTERNAL CONTROL</b>		<b>POINTS</b>	<b>COMMENTS</b>
2.	<p>Has the independent auditor noted material weakness in the Internal Controls in either of the past 2 audits?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (N/A is for WSC's with &lt; 200 connections)</p> <p>If Yes, what are they?: (Get copies of the auditors' management letters)</p>	N/A	<p>+1 for no or N/A</p> <p>For Info Only</p>
3.	<p>Has the independent auditor noted any material conditions in the compliance letters in the past 2 years?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>If Yes, what are they?: (Get copies of the auditors' compliance letters)</p>	N/A	<p>+1 for no or N/A</p> <p>For Info Only</p>
4.	<p>Has a plan been developed and implemented to correct the problems identified in questions 2 &amp; 3 above?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>If Yes, please specify?:</p>		<p>+1 for yes or N/A 0 for no</p>
5.	<p>How are restricted funds segregated?</p> <p><input type="checkbox"/> Separate bank accounts</p> <p><input type="checkbox"/> Accounting records identify restricted funds upon receipt</p> <p><input type="checkbox"/> Reported separately in financial statements</p> <p><input type="checkbox"/> Other (Specify):</p>		<p>+ 1 for any</p> <p>Max +1</p>
6.	<p>Who reconciles bank statements?</p> <p>Who receives the utility payments?</p>		<p>+ 1 if different people</p>
7.	Comments:	N/A	For Info Only
<b>SUBTOTAL: F7. INTERNAL CONTROL</b>			<b>CRITERIA</b>

**FINANCIAL ASSESSMENT**  
**SUMMARY OF FINANCIAL ASSESSMENT**

SUMMARY OF FINANCIAL ASSESSMENT	Potential +	Actual +	Criteria +
SUBTOTAL: F <sup>1</sup> . RATES			
SUBTOTAL: F <sup>2</sup> . GENERAL FINANCIAL CONDITION			
SUBTOTAL: F <sup>3</sup> . RESERVE ACCOUNTS			
SUBTOTAL: F <sup>4</sup> . REVENUES			
SUBTOTAL: F <sup>5</sup> . EXPENSES AND MAJOR REPAIRS			
SUBTOTAL: F <sup>7</sup> . INTERNAL CONTROL			
<b>TOTAL - FINANCIAL ASSESSMENT</b>			

# MANAGERIAL ASSESSMENT

## MANAGERIAL ASSESSMENT

M1. GENERAL INFORMATION	POINTS	COMMENTS
1. What type of organization owns the water system? <input type="checkbox"/> Municipality <input type="checkbox"/> Water Supply Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Privately Owned <input type="checkbox"/> Home Owner's Association (HOA) <input type="checkbox"/> Property Owner's Association (POA) <input type="checkbox"/> Water District <input type="checkbox"/> Other (Specify):		+1 o if wrong or unknown without prompting
2. What types of customers are served? (please check all that apply) <input type="checkbox"/> MHP - permanent residents <input type="checkbox"/> MHP / RV Park - Transient residents <input type="checkbox"/> Resort /seasonal / vacation residents <input type="checkbox"/> Private development of permanent homes <input type="checkbox"/> Business, dining or other establishment <input type="checkbox"/> Other (Specify):	N/A	For Info Only
3. By what legal authority does the organization operate? <input type="checkbox"/> Texas Water Code Chapter 49 (Most districts) <input type="checkbox"/> Texas Water Code & Special Law (Special law districts) <input type="checkbox"/> Texas Water Code Chapter 67 (or 1434a) WSCs <input type="checkbox"/> Local Government Code Chapter <input type="checkbox"/> Non-Profit Association Act & By-Laws of Association (HOA) <input type="checkbox"/> Other (Specify):		+1 if general authority is known (may know Code but not chapter)  o if unknown
4. How is wastewater treated for most of your customers? <input type="checkbox"/> Individual septic <input type="checkbox"/> Centralized collection and treatment owned by you <input type="checkbox"/> Centralized collection and treatment owned by others <input type="checkbox"/> Other (Specify):	N/A	For Info Only

## MANAGERIAL ASSESSMENT

M <sup>1</sup> . GENERAL INFORMATION		POINTS	COMMENTS
5.	Does the local fire department have use of water from your lines for fire response? <input type="checkbox"/> Yes <input type="checkbox"/> No  If yes, is the water measured? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	N/A	For Info Only
6.	Did you file an Annual Report (291.73) with TCEQ for the previous year? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if Yes or NA - 0 if No
7.	Comments:	N/A	For Info Only
<b>SUBTOTAL: M<sup>1</sup>. GENERAL INFORMATION</b>			<b>CRITERIA</b>

M <sup>2</sup> . STAFF AND GOVERNING OFFICIALS		POINTS	COMMENTS
1.	Name, occupation and tenure of Owner or governing Officials (If applicable) -- place on Attachment A, if not provided. Inquire as to any outstanding vacancies.	N/A	For Info Only
2.	Who is directly responsible for the water/wastewater operations, by name and position?  Description of reporting relationships and responsibilities		+1 if reporting responsibilities are clearly defined.
3.	Number of full- time employees or FTE's of Contractor allocated to water system (See Attachments A & B)	N/A	For Info Only
4.	Part-time employees  Equivalent in Full-Time (%)	N/A	For Info Only
5.	What type of training/continuing education did board members/Owners and/or staff attend in the last 2 years ( <u>not including training required for operator certification</u> )? (See Attachments A and B)		+1 for any relevant training
6.	Does your water system <u>employ or contract</u> with, an:		+1 for one or more
(Check all that apply)		N/A	For Info Only
<input type="checkbox"/> Accountant	Name		
<input type="checkbox"/> Attorney			
<input type="checkbox"/> Engineer			
<input type="checkbox"/> Other Consultant			

## MANAGERIAL ASSESSMENT

M <sup>2</sup> . STAFF AND GOVERNING OFFICIALS	POINTS	COMMENTS
7. Describe how contractor's or staff's project work is monitored (e.g. tracking engineer's tasks during a CIP) and evaluated (e.g. periodic assessment of after projects are completed)		+ 1 if such processes have been established or performed
8. Is your water system or any of the people associated with the water system members of technical or professional societies that are related to water utilities?  <input type="checkbox"/> AWBD <input type="checkbox"/> AWWA <input type="checkbox"/> IWSCOT <input type="checkbox"/> TML <input type="checkbox"/> TRWA <input type="checkbox"/> TWUA <input type="checkbox"/> WEF <input type="checkbox"/> Other (Specify):		+ 1 for one or more memberships
9. How are minutes taken at the water system meetings?  <input type="checkbox"/> Tape Recording <input type="checkbox"/> Notes by Secretary <input type="checkbox"/> Notes by Others <input type="checkbox"/> N/A <input type="checkbox"/> No minutes taken <input type="checkbox"/> Other method (Specify):		+1 if minutes are kept or NA
10. Information provided to membership at each meeting:  <input type="checkbox"/> Income & expense/Budget Status <input type="checkbox"/> Repairs <input type="checkbox"/> Cut-Offs <input type="checkbox"/> Water Usage Data <input type="checkbox"/> Customer Complaints <input type="checkbox"/> N/A <input type="checkbox"/> Other regular reports (Specify):		

## MANAGERIAL ASSESSMENT

<b>M<sup>2</sup>. STAFF AND GOVERNING OFFICIALS</b>		<b>POINTS</b>	<b>COMMENTS</b>
11.	How does the water system comply with the Open Meetings Act? Meetings are held: <input type="checkbox"/> within the service area <input type="checkbox"/> in the evenings or weekends <input type="checkbox"/> at a public location (not in a private office or home) <input type="checkbox"/> Other (Specify):		+1 if accessible to the public
12.	Frequency of Board/Council meetings (including subcommittees): <input type="checkbox"/> More than once per week <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Every Two Weeks <input type="checkbox"/> As needed <input type="checkbox"/> No regular schedule <input type="checkbox"/> N/A <input type="checkbox"/> Other regular reports (Specify):		+1 if monthly, N/A, or more frequently
13.	Are elections held for the governing officials according to your by-laws (or other authority) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A  How often are elections held? <input type="checkbox"/> annually <input type="checkbox"/> every two years <input type="checkbox"/> As needed	N/A	+1 for yes or N/A  For Info Only
14.	Comments:	N/A	For Info Only
<b>SUBTOTAL: M<sup>2</sup>. STAFF AND GOVERNING OFFICIALS</b>			<b>CRITERIA</b>

## MANAGERIAL ASSESSMENT

M3. AUTHORITY AND DECISION-MAKING	POINTS	COMMENTS
1. Have Management Operating Policies (i.e. procedures relating to roles, communications, responsibilities and transactions with customers) been adopted and if so, by whom? <input type="checkbox"/> a) Owner <input type="checkbox"/> b) Council/Officers <input type="checkbox"/> c) GM <input type="checkbox"/> d) Operator <input type="checkbox"/> e) Other (Specify): <input type="checkbox"/> f) Not adopted		+1 for a or b o for c, d, e, or f.
2. Do you have written Operating Policies? <input type="checkbox"/> Yes <input type="checkbox"/> No		
3. How often are the operating policies reviewed? <input type="checkbox"/> a) At least once a year <input type="checkbox"/> b) Scheduled review every 3 years <input type="checkbox"/> c) As needed only		+1 for a or b o for c
4. Has your water system been referred for TCEQ enforcement under present management? <input type="checkbox"/> Yes <input type="checkbox"/> No  How many times?  Is the system still under enforcement? <input type="checkbox"/> Yes <input type="checkbox"/> No  Why?	N/A   N/A  N/A	+1 for no  For Info Only For Info Only For Info Only
5. Do you have written Personnel Policies? <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
6. Have written Personnel Policies been adopted and by whom? (i.e. hiring and firing, pay scales, leave, workman's comp, and other related matters.) <input type="checkbox"/> Mayor <input type="checkbox"/> Council/Officers <input type="checkbox"/> GM <input type="checkbox"/> Operator <input type="checkbox"/> Not Adopted <input type="checkbox"/> Other (Specify):		+1 if Mayor or Council/Board o if any other
7. How often are the personnel policies reviewed? <input type="checkbox"/> At least once a year <input type="checkbox"/> Scheduled review every 3 years <input type="checkbox"/> As needed only	N/A	For Info Only

## MANAGERIAL ASSESSMENT

<b>M3. AUTHORITY AND DECISION-MAKING</b>		<b>POINTS</b>	<b>COMMENTS</b>
8.	How are the By-Laws, charter and code of ethics revised and approved?	N/A	For Info Only
9.	Comments:	N/A	For Info Only
<b>SUBTOTAL: M3. AUTHORITY AND DECISION-MAKING</b>			<b>CRITERIA</b>

<b>M4. CUSTOMER SERVICE</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	Have you or any of your staff had customer relations and/or CCR training in the past 2 years? <input type="checkbox"/> Yes <input type="checkbox"/> No (See Attachments A & B)		+1 for yes
2.	Is the water system accessible by phone at all times to all customers? <input type="checkbox"/> Yes <input type="checkbox"/> No What are the customer emergency procedures?		
3.	Are there regular business hours? <input type="checkbox"/> Yes <input type="checkbox"/> No What are they?		+1 if yes 0 if no or if hours < 20 per week
4.	Have you mailed the Consumer Confidence Report to all your customers? <input type="checkbox"/> Yes <input type="checkbox"/> No Have you sent a certification to TCEQ? <input type="checkbox"/> Yes <input type="checkbox"/> No		
5.	Is there an application form or other formal process to apply for service? <input type="checkbox"/> Yes <input type="checkbox"/> No		
6.	Do you log complaints? <input type="checkbox"/> Yes <input type="checkbox"/> No (ask to review)		+1 if yes 0 if no
7.	What are the most frequent complaint(s) and approx. How many complaints do you receive each month?	N/A	For Info Only
8.	How are customer complaints/disputes resolved?	N/A	For Info Only

## MANAGERIAL ASSESSMENT

M4. CUSTOMER SERVICE		POINTS	COMMENTS
9.	Do you notify customers prior to shutting down the system for scheduled repairs? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Sometimes <input type="checkbox"/> Only if > 2 hours		+1 if yes 0 if any other
10.	Do you serve (or offer services to) all qualified applicants within your boundaries or CCN? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, what is being done to address this?		
11.	Does anyone evaluate for possible leaks on the homeowner's side of the meter? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, how is the customer notified?	N/A	For Info Only
12.	Comments:	N/A	For Info Only
SUBTOTAL: M4. CUSTOMER SERVICE			CRITERIA

M <sup>5</sup> . RECORD KEEPING					POINTS	COMMENTS
1. Do you keep water system records? (Check all that apply) (Ask to see current records - may be hard copies or on computer)						Summary of chart below
Financial	Regulatory	Customer	Facility	O&M	+	Comments
<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		+1 for each Yes
<input type="checkbox"/> No	<input type="checkbox"/> No	<input type="checkbox"/> No	<input type="checkbox"/> No	<input type="checkbox"/> No		
2. Are the records accessible to the public during normal business hours? <input type="checkbox"/> Yes <input type="checkbox"/> No					N/A	For Info Only
3. Do you comply with the Open Records Laws?					N/A	For Info Only
4. Comments:					N/A	For Info Only
SUBTOTAL: M <sup>5</sup> . RECORD KEEPING						CRITERIA

## MANAGERIAL ASSESSMENT

M <sup>6</sup> . BUDGET (Ask to see current budget)	POINTS	COMMENTS
1. Do you have an operating budget? (Check all that apply) <input type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/> As Needed for Financing or other purposes <input type="checkbox"/> No Budget		
2. How often is the Budget compared to Actual Expenditures? <input type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/> Never, or N/A (No Budget)		+1 if monthly, quarterly or annually 0 if never or no budget
3. Within the past year did you spend more than budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A By how much? Why ?		+1 if no 0 if yes, or assessor's call if justifiable reason
4. Do you use your budget to determine if your rates are adequate to cover your expenses? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes 0 if no
5. Do your rates fully cover the cost of service? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Don't Know <input type="checkbox"/> Service provided as incidence of tenancy (water rate included in rent)		+1 if yes 0 if no or don't know
6. If no, what other sources of funding do you use? (Check all that apply) <input type="checkbox"/> Taxes (+1) <input type="checkbox"/> Fees (+1) <input type="checkbox"/> Funds from other business (-1) <input type="checkbox"/> Personal funds (-1) <input type="checkbox"/> Personal Loans (-1) <input type="checkbox"/> Other (please specify)	N/A	For Info Only

## MANAGERIAL ASSESSMENT

<b>M<sup>6</sup>. BUDGET (Ask to see current budget)</b>		<b>POINTS</b>	<b>COMMENTS</b>
7.	<p>Do you have an impact fee, equity buy-in or capital improvement fee for new customers?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>How is the fee authorized?</p> <p><input type="checkbox"/> Local Ordinance</p> <p><input type="checkbox"/> Local Government Code</p> <p><input type="checkbox"/> Tariff</p> <p><input type="checkbox"/> TCEQ</p> <p><input type="checkbox"/> Other</p>		+1 if yes and buy-in fee is authorized
8.	Comments:	N/A	For Info Only
<b>SUBTOTAL: M<sup>6</sup>. BUDGET</b>			<b>CRITERIA</b>

<b>M<sup>7</sup>. WATER SUPPLY AND CAPITAL IMPROVEMENTS PLANNING</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	<p>Are the well sites/plant sites/reservoirs owned by the water system with conveyable title?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, state the nature of the lease or other arrangement for use including any necessary easements.</p>		+1 if yes or if long-term lease and has easements
2.	<p>Does the water system have a record of all water &amp; wastewater utility easements? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
3.	<p>Do you have a <u>written</u> capital improvements plan for future repair or replacement of major components?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, what time frame is covered by the plan? Please attach the plan.</p> <p><input type="checkbox"/> 1 year</p> <p><input type="checkbox"/> 3 year</p> <p><input type="checkbox"/> 5 year</p> <p><input type="checkbox"/> 10 year</p> <p><input type="checkbox"/> Other (specify )</p>		+1 if yes and plan covers at least 3 years
4.	<p>Is the Capital Improvement Plan used in:</p> <p>Calculation of Rates: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Calculation of Reserve Account: <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 for each yes

## MANAGERIAL ASSESSMENT

M7. WATER SUPPLY AND CAPITAL IMPROVEMENTS PLANNING	POINTS	COMMENTS
5. What projects are in the capital improvements plan or are currently in progress (especially those that increase capacity or improve treatment)?	N/A	For Info Only
6. Does your system have an approved CCN? <input type="checkbox"/> Yes <input type="checkbox"/> No		
7. If the system has a CCN and exceeds the 85 percent capacity rule, have you notified TCEQ? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Don't Know if Exceeds		
8. Have flooding, main breaks or natural disasters affected your service area? <input type="checkbox"/> Yes <input type="checkbox"/> No How?	N/A	For Info Only
9. Do you have an emergency plan available for : (Ask to see) <input type="checkbox"/> Flooding <input type="checkbox"/> Major Line Leak <input type="checkbox"/> Electric Failure <input type="checkbox"/> Drought <input type="checkbox"/> System contamination <input type="checkbox"/> Equipment Failure <input type="checkbox"/> Other		
10. Do you have (or a documented plan to secure) sufficient water rights to meet projected needs for the next 5 years? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Ask to see plan or current contract with all amendments)		
11. Have you ever participated in a regional planning program (including the SB1 effort coordinated by the Texas Water Development Board?) <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, Nature of Participation:		+1 if yes
12. Has your system ever considered merging or consolidating with another entity? <input type="checkbox"/> Yes <input type="checkbox"/> No What Happened?	N/A	For Info Only

## MANAGERIAL ASSESSMENT

M7. WATER SUPPLY AND CAPITAL IMPROVEMENTS PLANNING	POINTS	COMMENTS
13. Do you have a drought contingency plan? (Ask to see) <input type="checkbox"/> Yes <input type="checkbox"/> No		
14. Do you have any of the following water plans? (Ask to see) <input type="checkbox"/> a) water loss plan <input type="checkbox"/> b) water conservation plan <input type="checkbox"/> c) source protection plan <input type="checkbox"/> d) enforceable water rationing plan <input type="checkbox"/> e) other (specify:            )	N/A	+1 for each mark a-d  e is For Info Only
15. What other public service does the organization provide? <input type="checkbox"/> Wholesale Water <input type="checkbox"/> Retail Wastewater Collection <input type="checkbox"/> Retail Wastewater Treatment <input type="checkbox"/> Solid Waste Collection <input type="checkbox"/> Flood Control, drainage or storm water control <input type="checkbox"/> Parks & Recreation <input type="checkbox"/> Streets & Roads <input type="checkbox"/> Electric Power <input type="checkbox"/> Security <input type="checkbox"/> Natural Gas <input type="checkbox"/> Other, Specify:	N/A	For Info Only
16. Do you have a meter testing and replacement program? <input type="checkbox"/> Yes <input type="checkbox"/> No  How many are replaced per year? Number %	N/A	+1 if yes   For Info Only
17. Comments:	N/A	For Info Only
<b>SUBTOTAL: M7. WATER SUPPLY AND CAPITAL IMPROVEMENTS PLANNING</b>		<b>CRITERIA</b>

## MANAGERIAL ASSESSMENT

<b>M<sup>8</sup>. AUDIT</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	Does the water system have audited financial statements for a fiscal year end (FYE) within the past 12 months?  <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In Process <input type="checkbox"/> Last FYE		
2.	Does the governing board (or the highest level of authority) review and approve the audit?  <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes
3.	If annual audits are not prepared, does the system prepare any of the following annual financial statements:  <input type="checkbox"/> Balance Sheet <input type="checkbox"/> Revenue and Expense (Expenditures) <input type="checkbox"/> Cash Flow <input type="checkbox"/> Comparison of Actual to Budget <input type="checkbox"/> Other (specify            ) 		+1 for any  Max +1
4.	Comments:	N/A	For Info Only
<b>SUBTOTAL: M<sup>8</sup>. AUDIT</b>			<b>CRITERIA</b>

**MANAGERIAL ASSESSMENT**  
**SUMMARY OF MANAGEMENT ASSESSMENT**

SUMMARY OF MANAGEMENT ASSESSMENT	Potential +	Actual +	Criteria +
SUBTOTAL: M <sup>1</sup> . GENERAL INFORMATION			
SUBTOTAL: M <sup>2</sup> . STAFF AND GOVERNING OFFICIALS			
SUBTOTAL: M <sup>3</sup> . AUTHORITY AND DECISION-MAKING			
SUBTOTAL: M <sup>4</sup> . CUSTOMER SERVICE			
SUBTOTAL: M <sup>5</sup> . RECORD KEEPING			
SUBTOTAL: M <sup>6</sup> . BUDGET			
SUBTOTAL: M <sup>7</sup> . WATER SUPPLY AND CAPITAL IMPROVEMENTS PLANNING			
SUBTOTAL: M <sup>8</sup> . AUDIT			
<b>TOTAL - MANAGEMENT ASSESSMENT</b>			

## TECHNICAL ASSESSMENT

### TECHNICAL ASSESSMENT

Refer to the Sanitary Survey. Questions are to assess technical capacity, not technical compliance. Capacity means the ability to comply with TCEQ Rules and Regulations now and in the future.

T <sup>1</sup> . GENERAL INFORMATION	POINTS	COMMENTS
1. When was the last TCEQ sanitary survey? Who from the water system went with the TCEQ inspector during the survey?	N/A	For Info Only
2. Since the last sanitary survey, the water system has had major changes in: <input type="checkbox"/> Management. <input type="checkbox"/> Operators <input type="checkbox"/> Physical changes in the system <input type="checkbox"/> Anything else? (specify )	N/A	For Info Only
3. Based on the most recent sanitary survey: <input type="checkbox"/> There were no deficiencies found. <input type="checkbox"/> OR TCEQ documentation granting an exception provided		+1 if yes
<input type="checkbox"/> All deficiencies were corrected, or will be, within the specified time. <input type="checkbox"/> OR TCEQ documentation granting an exception provided.)		
<input type="checkbox"/> Water system personnel responded to the TCEQ sanitary survey letter. Name	N/A	For Info Only
<input type="checkbox"/> Some deficiencies have been corrected.		+1 if yes
<input type="checkbox"/> None of the deficiencies have been corrected. If not, why not?	N/A	For Info Only
4. The water system does is required to do special monitoring required by TCEQ. (i.e., VOCs, raw water sampling, etc.) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Why?	N/A	For Info Only
5. The water system: <input type="checkbox"/> Has a regular schedule of preventive maintenance.		+1 if yes
<input type="checkbox"/> The water system's staff follows the schedule.		+1 if yes
<input type="checkbox"/> The water system's staff maintains activity logs or other documentation of equipment maintenance and repairs.		+1 if yes

## TECHNICAL ASSESSMENT

T <sup>1</sup> . GENERAL INFORMATION		POINTS	COMMENTS
6.	The water system has drawings/plans of the water treatment facilities. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or NA
7.	The water system has: <input type="checkbox"/> An accurate distribution map.  <input type="checkbox"/> The water system has a policy for updating the distribution map.  Who is responsible? (Ask to see, check updates)		+1 if yes  +1 if yes  N/A For Info Only
8.	The water system has equipment manufacturer's manuals and warranties available. <input type="checkbox"/> Yes <input type="checkbox"/> No The water system's staff uses them. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes +1 if yes
9.	The water system has a written emergency plan for critical equipment failures. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
10.	What is the next major water system component that will need to be replaced?  In the next 5 years?		+1 if they know  N/A For Info Only
11.	The water system: <input type="checkbox"/> Monitors energy consumption.  <input type="checkbox"/> Attempts to minimize the power bills.  If yes, give some examples:		+1 if yes  +1 if yes  N/A For Info Only
SUBTOTAL T <sup>1</sup> . GENERAL INFORMATION			CRITERIA

## TECHNICAL ASSESSMENT

<b>T<sup>2</sup>. WATER SOURCE(S)</b>	<b>SOURCE TYPE</b>	<b>COMMENTS</b>
If source is Surface Water Enter S in column to the right. Go to section T <sup>2A</sup> .		For Info Only
If Ground Water Enter G, in column to the right. Go to section T <sup>2B</sup> .		For Info Only
If Purchased Enter P in column to the right. Go to section T <sup>2C</sup> .		For Info Only
If combination, complete all applicable sections.		

<b>T<sup>2A</sup>. SURFACE WATER SOURCE</b>	<b>POINTS</b>	<b>COMMENTS</b>
<p>1. The water system has a properly established 200 foot restricted zone radius around the raw water intake.  <input type="checkbox"/> Yes <input type="checkbox"/> No [No recreational activities or trespassing.]</p> <p>The water system has a program in place to locate potential sources of contamination on the watershed.  <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The raw water intake does not have any public boat ramps, marinas, docks or floating piers within 1000 feet of it.  <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The water system has a contingency plan if a water system source(s) is contaminated.  <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<b>N/A</b>	<p>+1 if yes</p> <p>For Info Only</p> <p>+1 if yes</p> <p>+1 if yes</p>
<p>2. The raw water pumps have a variable level intake.  <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<b>N/A</b>	For Info Only
<p>3. The raw water pumps and water treatment plant are protected from flooding.  <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
<p>4. The raw water intake has a problem with silting.  <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
<p><b>SUBTOTAL T<sup>2A</sup>. SURFACE WATER SOURCE</b>  <b>(N/A if not applicable)</b></p>		<b>CRITERIA</b>

## TECHNICAL ASSESSMENT

T2B. GROUNDWATER SOURCE	POINTS	COMMENTS
1. The water system has maps of the aquifer and aquifer recharge areas. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
2. The water system knows if other water systems are using the same aquifer. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
3. The water system knows the recharge rate of the aquifer and the total water pumped by the water system on an annual basis. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
4. The water system has the well driller's logs and other required construction data for each well. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
If no, the water system has applied resources and effort to obtain the above. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+ if yes or N/A
5. The water system prepares and keeps records of the static, pumping and drawdown levels of its wells. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
6. The water system keeps records on the number of hours the pumps are operated each day. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
7. The water system has a Wellhead Protection Program. <input type="checkbox"/> Yes <input type="checkbox"/> No  The water system actively participates in the program. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes   +1 if yes
8. The water system has restrictions on the amount of water they may remove from the aquifer. <input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	For Info Only
9. The system has a properly recorded Sanitary Control Easement(s) for all well sources. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes

## TECHNICAL ASSESSMENT

<b>T<sup>2B</sup>. GROUNDWATER SOURCE</b>	<b>POINTS</b>	<b>COMMENTS</b>
<p>10. Each well has a properly completed well head. (Well vent &amp; screen, well casing 18-inches above ground or extended above 100-yr. flood elevation, proper well slab, well head sealed, etc.)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
<p style="text-align: center;"><b>SUBTOTAL T<sup>2B</sup>. GROUNDWATER SOURCE</b> (N/A if not applicable)</p>		<b>CRITERIA</b>

<b>T<sup>2C</sup>. PURCHASED WATER SOURCE</b>	<b>POINTS</b>	<b>COMMENTS</b>
<p>1. The water system has a current contract for purchased water.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>When does the contract expire?</p> <p>The contract establishes the maximum rate the water may be drafted on a daily and hourly basis.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	N/A	<p>+1 if yes</p> <p>For Info Only</p> <p>+1 if yes</p>
<p>The contract authorizes the purchase of enough water to meet or supplement the monthly, annual and peak needs of the purchaser.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
<p>What happens if more is needed?</p>	N/A	For Info Only
<p>2. Both the wholesaler and the purchaser keep readings of the master meter(s).</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>These readings are compared.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	N/A	For Info Only
<p style="text-align: center;"><b>SUBTOTAL T<sup>2C</sup>. PURCHASED WATER SOURCE</b> (N/A if not applicable)</p>		<b>CRITERIA</b>

## TECHNICAL ASSESSMENT

<b>T<sup>3</sup>. TREATMENT</b>	<b>SOURCE TYPE</b>	<b>COMMENTS</b>
If source is Surface Water Enter S in column to the right. Go to section T <sup>3A</sup> .		For Info Only
If Ground Water Enter G, in column to the right. Go to section T <sup>3B</sup> .		For Info Only
If Purchased Enter P in column to the right. Go to section T <sup>3C</sup> .		For Info Only
If combination, complete all applicable sections.		

<b>T<sup>3A</sup>. SURFACE WATER AND GUI TREATMENT</b>	<b>POINTS</b>	<b>COMMENTS</b>
1. The water system has adequate disinfection and treatment to achieve at least a 99.9% log inactivation and /or removal of Giardia lamblia cysts and at least 99.99% log inactivation and/or removal of viruses <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
2. The water system has had a microbiological maximum contaminant level (MCL) violation or failed to take a required microbiological sample in the last 12 months. <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, when? In what way? (positive bacti, missed samples, etc.)	N/A	+1 if no  For Info Only
3. The chemical dosing equipment is adequate and maintained. <input type="checkbox"/> Yes <input type="checkbox"/> No A standby/spare unit is provided for each chemical used. <input type="checkbox"/> Yes <input type="checkbox"/> No The chemical dosing equipment is calibrated on a regular schedule and Calibration logs are maintained on each piece of equipment. <input type="checkbox"/> Yes <input type="checkbox"/> No What is the schedule?  The on-line monitors are calibrated as required <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A What is the schedule?		+1 if yes  +1 if yes  +1 if yes    +1 if yes or N/A
4. The water system monitors the disinfectant residuals in the distribution system as required by regulations. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
The water system maintains the minimum required disinfectant residual at the far reaches of the distribution system. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes

## TECHNICAL ASSESSMENT

T3A. SURFACE WATER AND GUI TREATMENT		POINTS	COMMENTS
5.	The water system has a TCEQ approved CT Study (or has submitted a study to TCEQ for approval). <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	A copy is kept at the treatment plant. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
6.	The existing treatment plant produces settled water of less than 5.0 NTU all of the time. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
7.	The existing treatment plant produces filtered water at 0.5 NTU or less at least 95% of the measurements taken each month. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	The combined filter effluent has exceeded 5.0 NTU in the last 12 months. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if no
	If yes, how often?	N/A	For Info Only
8.	Each of the treatment plant's filters has an individual turbidity monitor. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	They sample at a minimum of every 15 minutes. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
9.	The water system's distribution water exceeds the action levels for lead or copper. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if no
	The water system's treated water exceeds the maximum contaminant levels (MCL) for disinfectant-by-products. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if no or N/A
SUBTOTAL T3A. SURFACE WATER AND GUI TREATMENT (N/A if not applicable)			CRITERIA

## TECHNICAL ASSESSMENT

<b>T3<sup>B</sup>. GROUNDWATER SOURCE TREATMENT</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	The water system has adequate disinfection facilities to meet disinfection requirements. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
2.	The water system has had a microbiological maximum contaminant level (MCL) violation or failed to take a required microbiological sample in the last 12 months. <input type="checkbox"/> Yes <input type="checkbox"/> No  If yes, when? In what way? (positive bacti, missed samples, etc.)	N/A	+1 if no  For Info Only
3.	The disinfection equipment is inspected on a scheduled basis and maintained. <input type="checkbox"/> Yes <input type="checkbox"/> No What is the schedule?		+1 if yes
4.	The water system monitors the disinfectant residuals in the distribution system as required by regulations. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	The water system maintains the minimum required disinfectant residual at the far reaches of the distribution system. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
5.	The water system's distribution water exceeds the action levels for lead or copper. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if no
	The water system's treated water exceeds the maximum contaminant levels (MCLs) for disinfectant-by-product. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	N/A	For Info Only
<b>SUBTOTAL T3<sup>B</sup>. GROUNDWATER SOURCE TREATMENT</b> (N/A if not applicable)			<b>CRITERIA</b>

<b>T3<sup>C</sup>. PURCHASED WATER TREATMENT</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	Disinfection facilities exist, if needed, to meet disinfection requirements. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or N/A

## TECHNICAL ASSESSMENT

<b>T3C. PURCHASED WATER TREATMENT</b>		<b>POINTS</b>	<b>COMMENTS</b>
2.	The water system has had a microbiological maximum contaminant level (MCL) violation or failed to take a required microbiological sample in the last 12 months. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if no
	If yes, when? In what way? (positive bacti, missed samples, etc.)	<b>N/A</b>	For Info Only
3.	The disinfection equipment is inspected on a scheduled basis and maintained. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A What is the schedule?		+1 if yes or N/A
4.	The water system monitors the disinfectant residuals in the distribution system as required by regulations. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	The water system maintains the minimum required disinfectant residual at the far reaches of the distribution system. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
5.	The water system's distribution water exceeds the action levels for lead or copper. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if no
6.	The water system's treated water exceeds the maximum contaminant levels (MCLs) for disinfectant-by-product. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<b>N/A</b>	For Info Only
<b>SUBTOTAL T3C. PURCHASED WATER SOURCE (N/A if not applicable)</b>			<b>CRITERIA</b>

<b>T4. STORAGE</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	The water system has a written maintenance schedule for all storage and pressure tanks. <input type="checkbox"/> Yes <input type="checkbox"/> No [Ask to see the schedule] What is the schedule?		+1 if yes
	All storage and pressure tanks are maintained in a water tight condition. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes

## TECHNICAL ASSESSMENT

<b>T4. STORAGE</b>		<b>POINTS</b>	<b>COMMENTS</b>
2.	All storage and pressure tanks are inspected at least annually for structural integrity. <input type="checkbox"/> Yes <input type="checkbox"/> No  Records of all tank inspections are kept. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes   +1 if yes
3.	According to the most recent TCEQ sanitary survey, the water system has adequate storage and pressure capacity to meet TCEQ Rules. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	The water system has enough storage and pressure capacity to meet projected growth for the next 5 years. <input type="checkbox"/> Yes <input type="checkbox"/> No	N/A	For Info Only
<b>SUBTOTAL T4. STORAGE</b>			<b>CRITERIA</b>

<b>T5. DISTRIBUTION</b>		<b>POINTS</b>	<b>COMMENTS</b>
1.	All water connections are metered. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
2.	All the customer meters are read on a monthly basis. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
3.	The water system has a proper working master meter(s). <input type="checkbox"/> Yes <input type="checkbox"/> No  Readings of the master meter (s) is recorded daily. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes  +1 if yes
4.	The water system calculates the unaccounted loss of water each month. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes
	What is the % of unaccounted for water?                      %  Who creates the logs?  The water system checks the logs for trends. <input type="checkbox"/> Yes <input type="checkbox"/> No  The water system uses the logs to trigger a leak detection effort. <input type="checkbox"/> Yes <input type="checkbox"/> No  The water system has a customer meter testing and replacement <input type="checkbox"/> Yes <input type="checkbox"/> No  How many (percent of total) are replaced each year?                      %	N/A  N/A  N/A  N/A	+1 if < 15%  For Info Only  For Info Only  For Info Only  +1 if yes  For Info Only
5.	The water system has issued a TCEQ required "Boil Water" notice		+1 if no or yes

## TECHNICAL ASSESSMENT

T5. DISTRIBUTION	POINTS	COMMENTS
<p>in the last year.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, what were the cause(s) of the "Boil Water" notice?</p>		<p>if due to lack of capacity or operator errors</p>
<p>6. The water system staff, or a contractor with the proper registration, provides written reports for inspections of new and existing connections for possible cross connections.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>+1 if yes</p>
<b>SUBTOTAL T5. DISTRIBUTION</b>		<b>CRITERIA</b>

T6. PRIMARY DRINKING WATER STANDARDS	POINTS	COMMENTS
<p>1. The water system has been cited by TCEQ for one or more primary chemical Drinking Water Standards violations.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, what are they?</p>		<p>+1 if no</p>
<p>2. If the water system is in violation of a primary chemical Drinking Water Standard MCL(s):</p> <p>The water system has investigated:</p> <p>Blending <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>When?</p> <p>Alternate sources <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>When?</p> <p>The water system knows which source(s) does not meet the primary chemical Drinking Water Standards.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Which one(s)?</p> <p>The water system has a source(s) that does meet the primary chemical Drinking Water Standards.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Which one(s)?</p> <p>The water system has investigated blending techniques, using existing sources, to meet the primary chemical Drinking Water Standards.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>	<b>N/A</b>	<p>+1 if yes or N/A</p> <p>+1 if yes or N/A</p> <p>+1 if yes or N/A</p> <p>For Info Only</p> <p>+1 if yes or N/A</p>
<p>Other sources near the water system can be used for blending to meet the primary chemical Drinking Water Standards. (Example,</p>	<b>N/A</b>	<p>For Info Only</p>

## TECHNICAL ASSESSMENT

T6. PRIMARY DRINKING WATER STANDARDS		POINTS	COMMENTS
<p>can they go to a deeper or shallower strata)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Name of Source(s):</p> <p>What is the name of the closest water system that can provide water that meets the primary chemical Drinking Water Standards?</p> <p>How far is it?                      miles</p> <p>The water system has determined what kind of treatment their existing water would need to meet the primary chemical Drinking Water standards.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>What is the treatment?</p> <p>When was the study done?</p> <p>What was the treatment cost?</p>		<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>For Info Only</p> <p>+1 if yes or N/A</p> <p>For Info Only</p> <p>For Info Only</p> <p>For Info Only</p>
3.	<p>The water system has a chemical Compliance Agreement with the TCEQ in regards to the violation of the primary chemical Drinking Water Standards.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>	N/A	For Info Only
4.	<p>The water system complies with the requirements of the Compliance Agreement.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>		+1 if yes or N/A
<b>SUBTOTAL T6. PRIMARY DRINKING WATER STANDARDS</b>			<b>CRITERIA</b>

## TECHNICAL ASSESSMENT

T7. OTHER WATER QUALITY CONCERNS	POINTS	COMMENTS
<p>1. The water system has been cited by TCEQ for the following secondary chemical Drinking Water Standards violations.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Aluminum</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Chloride</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Fluoride</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Hydrogen sulfide</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Iron</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Manganese</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - pH</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Silver</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Sulfate</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - TDS</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No - Zinc</p>		+1 for each no
<p>2. The water system has had complaints of hot water. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if no
<p>3. If the water system is in violation of a secondary chemical Drinking Water Standard MCL(s): The water system has investigated: Blending <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A When?</p> <p>Alternate sources <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A When?</p> <p>The water system knows which source(s) does not meet the secondary chemical Drinking Water Standards. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Which one(s)?</p> <p>The water system has a source(s) that does meet the secondary chemical Drinking Water Standards. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Which one(s)?</p> <p>The water system has investigated blending techniques, using existing sources, to meet the secondary chemical Drinking Water Standards. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>	N/A	<p>+1 if yes or N/A</p> <p>+1 if yes or N/A</p> <p>+1 if yes or N/A</p> <p>For Info Only</p> <p>+1 if yes or N/A</p>

## TECHNICAL ASSESSMENT

T7. OTHER WATER QUALITY CONCERNS		POINTS	COMMENTS
<p>Other sources near the water system can be used for blending to meet the secondary chemical Drinking Water Standards. (Example, can they go to a deeper or shallower strata) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Name of Source(s):</p> <p>What is the name of the closest water system that can provide water that meets the secondary chemical Drinking Water Standards?</p> <p>How far is it?                      miles</p> <p>The water system has determined what kind of treatment their existing water would need to meet the secondary chemical Drinking Water standards. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>What is the treatment?</p> <p>When was the study done?</p> <p>What was the treatment cost?</p>	N/A	For Info Only	
	N/A	For Info Only	
	N/A	+1 if yes or N/A	
	N/A	For Info Only	
	N/A	For Info Only	
	N/A	For Info Only	
4.    The water system is notifying the customers for violation of secondary fluoride maximum contaminant level per TCEQ Rules. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or N/A	
SUBTOTAL T7. OTHER WATER QUALITY CONCERNS			CRITERIA

T <sup>8</sup> . SYSTEM CAPACITY		POINTS	COMMENTS
1.	The water system's facilities comply with all of the TCEQ's minimum water system capacity requirements. <input type="checkbox"/> Yes <input type="checkbox"/> No If not, list problem areas.	N/A	+1 if yes  For Info Only
2.	The water system has an adequate number of sources to meet TCEQ requirements. (Including emergency interconnections) <input type="checkbox"/> Yes <input type="checkbox"/> No They are in proper working order. <input type="checkbox"/> Yes <input type="checkbox"/> No		+1 if yes  +1 if yes
3.	The water system has experienced low pressures (<35 psi) or water outages in the last five years. <input type="checkbox"/> Yes <input type="checkbox"/> No The outages were due to a lack of capacity. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	N/A	For Info Only  +1 if no or N/A

## TECHNICAL ASSESSMENT

<b>T<sup>8</sup>. SYSTEM CAPACITY</b>		<b>POINTS</b>	<b>COMMENTS</b>
4.	A drought has affected the production ability of the source(s) to meet system demands. <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>N/A</b>	For Info Only
	A drought has caused the water demand to rise above the system's ability to produce/deliver an adequate quantity of water. <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>N/A</b>	For Info Only
<b>SUBTOTAL T<sup>8</sup>. SYSTEM CAPACITY</b>			<b>CRITERIA</b>

<b>T<sup>9</sup>. TECHNICAL KNOWLEDGE AND CAPABILITY</b>		<b>POINTS</b>	<b>COMMENTS</b>
<b>T<sup>9A</sup>. CERTIFIED OPERATORS (Does not apply to transient non-community water systems)</b>			
1.	The water system is under the direct supervision of a certified waterworks operator(s). <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or N/A
2.	A certified waterworks operator is available to respond at all times to prevent prolonged water outages. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or N/A
3.	The water system has operators with the waterworks certification required by TCEQ Rules. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or N/A
4.	The water system has the number of certified waterworks operators required by TCEQ Rules. <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		+1 if yes or N/A
<b>SUBTOTAL T<sup>9A</sup>. CERTIFIED OPERATORS</b>			<b>CRITERIA</b>

## TECHNICAL ASSESSMENT

T9B. OPERATOR CAPABILITY	POINTS	COMMENTS
<p>1. The <u>operator(s) has adequate technical knowledge</u> of applicable requirements in the following (check all that apply):</p> <p><input type="checkbox"/> Daily operations requirements.</p> <p><input type="checkbox"/> System Repairs</p> <p><input type="checkbox"/> Emergency Operation (Specific written procedures are followed for emergencies.)</p> <p><input type="checkbox"/> All on-call operators are aware of emergency procedures and water quality requirements.</p> <p><input type="checkbox"/> Water Quality Requirements (The operator(s) understand the potential health effects of contamination of their customers' water by bacteria and chemicals.</p> <p><input type="checkbox"/> Required testing requirements. (The operators know the purpose of each operational test.)</p> <p><input type="checkbox"/> Availability &amp; location of references and standards. (The operator(s) knows their location.)</p> <p><input type="checkbox"/> AWWA recommended disinfection procedures are followed when repairing main breaks. Describe :</p>		<p>+1 for each item checked</p> <p>Fail if &lt;+5</p>
<p>2. The <u>operator(s) can effectively implement</u> this technical knowledge:</p> <p>The water treatment or production has decreased because the operator(s) failed to perform or improperly performed a daily operation.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The water production has decreased because the operator(s) failed to make or improperly made a system repair.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The water system has had to contract out minor repairs because of the operator's limited knowledge to do repairs.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The water treatment or production has decreased because of the operator's ability to properly respond during an emergency.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has the improper treatment of the water ever resulted in the failure to meet TCEQ's Drinking Water Standards requirements?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (bacteriological &amp; chemical)</p> <p>Has there ever been a requirement to regularly recollect bacteriological samples because the submitted samples were unsuitable or positive?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>+1 for each no</p> <p>Fail if &lt;+5</p>

## TECHNICAL ASSESSMENT

T <sup>9</sup> B. OPERATOR CAPABILITY	POINTS	COMMENTS
<p>Inaccurate interpretation of test results has sometimes resulted in improper water treatment.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Either too much or not enough chemical dosage.)</p>		
<p>3. The operator(s) fully understand the system's individual technical and operational characteristics. (As interpreted by the Assessor)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
<p>4. The water system has a <u>written</u> and implemented (Ask to see each):</p> <p>Operation and Maintenance Manual.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>On the Job Training (OJT) program.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Standard Operations Procedures (SOP) program.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Preventive Maintenance (PM) program.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 for each yes
<p>5. The Operation and Maintenance Manual is kept updated as changes occur.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if yes
<p>6. The lack of management support for attendance to training programs has resulted in the operators making improper operating decisions?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		+1 if no
<b>SUBTOTAL T<sup>9</sup>B. OPERATOR CAPABILITY</b>		<b>CRITERIA</b>

**TECHNICAL ASSESSMENT**  
**SUMMARY OF TECHNICAL ASSESSMENT**

SUMMARY OF TECHNICAL ASSESSMENT	Potential +	Actual +	< pts. = <i>fails</i>
SUBTOTAL: T <sup>1</sup> . GENERAL INFORMATION			
SUBTOTAL: T <sup>2</sup> . SOURCE WATER			
SUBTOTAL: T <sup>2A</sup> . SURFACE WATER SOURCE			
SUBTOTAL: T <sup>2B</sup> . GROUNDWATER SOURCE			
SUBTOTAL: T <sup>2C</sup> . PURCHASED WATER SOURCE			
SUBTOTAL: T <sup>3</sup> . TREATMENT			
SUBTOTAL: T <sup>3A</sup> . SURFACE WATER SOURCE TREATMENT			
SUBTOTAL: T <sup>3B</sup> . GROUNDWATER SOURCE TREATMENT			
SUBTOTAL: T <sup>3C</sup> . PURCHASED WATER SOURCE TREATMENT			
SUBTOTAL: T <sup>4</sup> . STORAGE			
SUBTOTAL: T <sup>5</sup> . DISTRIBUTION			
SUBTOTAL: T <sup>6</sup> . PRIMARY DRINKING WATER STANDARDS			
SUBTOTAL: T <sup>7</sup> . OTHER WATER QUALITY CONCERNS			
SUBTOTAL: T <sup>8</sup> . SYSTEM CAPACITY			
SUBTOTAL: M <sup>8</sup> . AUDIT			

## TECHNICAL ASSESSMENT

SUMMARY OF TECHNICAL ASSESSMENT	Potential +	Actual +	< pts. = <i>fails</i>
T <sup>9</sup> . TECHNICAL KNOWLEDGE AND CAPABILITY			
SUB SUBTOTAL: T <sup>9A</sup> . CERTIFIED OPERATORS			
SUB SUBTOTAL: T <sup>9B</sup> . OPERATORS CAPABILITY			
<b>TOTAL - MANAGEMENT ASSESSMENT</b>			

## ATTACHMENTS

## ATTACHMENTS

### ATTACHMENT A - WATER SYSTEM OFFICE STAFF

(Do not include staff with operator licenses - include in Attachment B)  
(See M<sup>2</sup>. STAFF AND GOVERNING OFFICIALS)

Position	Full-Time (FT) or Part- Time (PT) (%)	Contractor	License (TYPE)	Years of Experience	Formal Training in past 2 years	Training Provider
Owner	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Manager	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Bookkeeper	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				

## ATTACHMENTS

### ATTACHMENT B - WATER SYSTEM FIELD STAFF

(Do not include staff included above at Attachment A)  
(See M<sup>2</sup>. STAFF AND GOVERNING OFFICIALS)

Position	Full-Time (FT) or Part- Time (PT) (%)	Contractor	License (TYPE)	Years of Experience	Formal Training in past 2 years	Training Provider
Operator	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				
	<input type="checkbox"/> FT <input type="checkbox"/> PT %	<input type="checkbox"/> Yes <input type="checkbox"/> No				

## **ATTACHMENTS**

### **ATTACHMENT C - OPERATOR REQUIREMENTS**

Grade and number of operators required : \_\_\_\_\_

Special Training Required? \_\_\_\_\_

Grade and number of operators on staff: \_\_\_\_\_ Special Training Received? \_\_\_\_\_

## ATTACHMENTS

### ATTACHMENT D - OWNER NAMES, PARTNERSHIPS, AFFILIATES, ETC.

(See M<sup>2</sup>. STAFF AND GOVERNING OFFICIALS)

Name	Office/Position	Years of Service	Occupation