

CAUSE NO. D-1-GV-09-002065

STATE OF TEXAS,  
Plaintiff,

VS.

KATHIE BRYANT, dba BUENA  
VISTA WATER SYSTEM,  
Defendant.

§  
§  
§  
§  
§  
§  
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

250<sup>th</sup> JUDICIAL DISTRICT

**RECEIVER'S MONTHLY REPORT**  
**BUENA VISTA WATER SYSTEM**  
**BURNET COUNTY, TEXAS**  
**For the Month Ending October 31, 2010**

COMES NOW, JOHN M. FULTZ, duly appointed Receiver for Buena Vista Water System (the "Water System"), and files this Receiver's Monthly Report for the month ending October 31, 2010, and would show this Court the following:

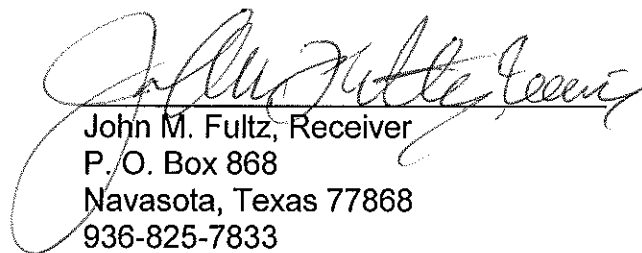
1. John M. Fultz was appointed Receiver of the Water System by Receivership Order signed by this Court on July 8, 2010 (the "Order").
2. The Water System is alleged to be owned by Kathie Bryant, individually, d/b/a Buena Vista Water System.
3. The Order authorized the Receiver to take possession and control of the Water System located in Burnet County, Texas.
4. The Receiver operates the Water System by contract with Gulf Utility Service, Inc., ("Operator"). The Operator operates the Water System on behalf of the Receiver.
5. The Operator operates the Water System by performing monthly testing, filing appropriate monthly water reports, reading the meters, billing the customers, collecting and depositing the funds received in payment, preparing checks for payment of the monthly bills and delivering them to the Receiver for review and payment.
6. The Operator prepared and delivered a monthly financial report for the Receiver for review and filing with this Receiver's Monthly Report.
7. The Receiver reviewed all invoices and operating expenses and the Operator's System Totals Report, Profit & Loss, and Balance Sheet for October, 2010, copies of which are attached hereto.

8. The Receiver continues to remain in contact with Mike Wortham, President of the Buena Vista Property Owners Association in an effort to maintain the communication between the customers and the Receiver.
9. The Operator's president, Terry Taylor, made personal visits to the water plant and facilities to oversee employees and operations.
10. The Receiver confirmed through the Operator that fire extinguishers were in place at the plant, the booster station, and at the raw water intake.
11. The Water System is operational. The two new service pumps have been installed at the Water Plant. Communication between the Water Plant and a standpipe storage tank has been by hardwire ground connection running above ground across adjoining property not owned by the Water System. The Operator is in the process of obtaining bids for a radio unit to wirelessly relay to and from the standpipe storage tank and the Water Plant.
12. The Receiver billed the Water System for Receiver's Fees for the month of October in the amount of \$1,519.00 for 124 connections at \$12.25 per connection. Receiver's Fees are current through the month of August, 2010. The Receiver is owed fees incurred for the months of September and October. Receiver's fees incurred for the month of October will be disbursed as specified by the Order when funds are available.
13. The Receiver is reviewing and evaluating with the Operator the financial condition of the Water System to determine the financial requirements and rates to be charged by the Water System to provide continuous and adequate supply of water to the customers of the Water System.
14. The Receiver over time has paid the outstanding debts owed by the Water System as of July 8, 2010, to the following entities: TCEQ for 2010 Permit fees, Highland Lakes Newspapers, LCRA for purchased water, LCRA Environmental Lab Services, RVS Software, and Pedernales Electric Cooperative, Inc.
15. On October 19, 2010, the Receiver made arrangements with the Donna Brenckle, Hach Credit Representative, regarding a charge by Hach on Kathie Bryant's credit card which was disputed by Ms. Bryant. The Receiver confirmed that the charges were for chemicals used by the Water System and made arrangements to make payment to Hach upon resolution of the disputed charges.
16. On October 21, 2010, the Receiver reviewed correspondence dated October 14, 2010, from the Texas Department of State Health Services, Revenue Management Unit regarding a delinquent obligation to the State for Laboratory Services incurred by the Water System prior to the appointment of the Receiver.

17. On October 21, 2010, the Receiver negotiated a monthly payment schedule on the past due balances owed by the Water System to the Texas Department of Health Services for lab services incurred prior to the appointment of the Receiver. The Water System will continue to make payment of each current month's charges incurred and make payment as agreed on the delinquent balance due with a final payment in full of all arrears to be made in April 2011.
18. The Receiver has paid the sum of \$1,190.00 against a delinquent balance of \$1,690.00 owed Altivia Corporation for chemicals purchased prior to the appointment of the Receiver. The remaining balance is scheduled to be paid in November, 2010.
19. The Receiver disbursed funds to the Operator to reimburse for travel expenses incurred but no funds have been disbursed to the Operator for management and operations in the Water System. The Operator is shouldering the financial burden of improvements to the Water System to bring the Water System into compliance with TCEQ and to provide adequate and continuous water supply to the Water System's customers.
20. Kathie Bryant continues to request payment for amounts alleged to be owed her for her operation of the Water System both prior and subsequent to the date of the Receivership. The Receiver notified Kathie Bryant's attorney, Keith Kebodeaux, that the Receiver will not make payment to Kathie Bryant for any amounts alleged by her to be due her, but will evaluate the allegations in accordance with the terms of the Order.
21. The Receiver is consulting with the Operator regarding any changes in the rates which may be deemed necessary to provide for the continued operation of the Water System and to make any improvements required to meet the minimum standards of TCEQ.
22. The Receiver will continue to operate the System through the Operator.

This concludes the Receiver's Monthly Report for the month ending October 31, 2010.

Respectfully Submitted,

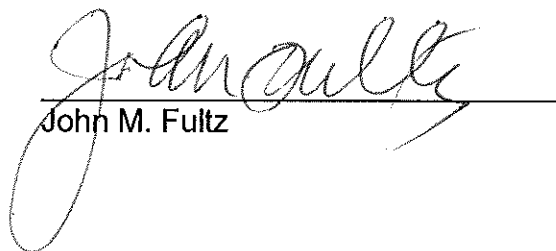


John M. Fultz, Receiver  
P. O. Box 868  
Navasota, Texas 77868  
936-825-7833  
936-825-2354 fax

Certificate of Service

I, John M. Fultz, Receiver, certify that a copy of the foregoing Receiver's Monthly Report for the month of October, 2010, for the Buena Vista Water System, was forwarded via email on the 15<sup>th</sup> day of February, 2011 to the following:

Mr. George Thomas ("Tom") Bohl, Assistant Attorney General  
Mr. Terence Webb, Receivership Coordinator  
Mr. Keith Kebodeaux, Attorney for Kathy Bryant  
Mr. Roger Borgelt, Attorney for the Buena Vista Property Owners Association

  
\_\_\_\_\_  
John M. Fultz

# System Totals Report

**BUENA VISTA WATER SYSTEM**

Water Pumped This Month **729,100 Gallons**  
 Water Sold This Month **511,560 Gallons**  
 Water Loss **217,540 Gallons**  
 Water Loss (%) **29.84 %**

	Amount (\$)	# Of Accounts
Total Water	5,560.55	124
Total Adjustments	-34.17	1
Total Sales Tax	55.63	124
<b>Total Current Charges</b>	<b>5,582.01</b>	<b>124</b>
Amount Past Due 1-30 Days	96.47	3
Amount Past Due 31-60 Days	102.01	2
Amount Past Due Over 60 Days	119.59	2
Amount Of Overpayments/Prepayments	-5,715.77	118
<b>Total Receivables</b>	<b>184.31</b>	<b>25</b>

Total Receipts On Account	6,394.13	117
Net Change in Deposits	0.00	0
Amount of All Deposits	100.00	2
Turned Off Accounts (Amount Owed)	212.57	9
Collection Accounts (Amount Owed)	212.57	9
Number Of Unread (Turned On) Meters		
Average Usage For Active Meters	4,125	124
Average Water Charge For Active Meters	44.84	124

Usage Groups	Gallons	# Of Accounts	Usage	Gallons	% Of Usage	% Of Sales
Over 50,000		0		0	0.00	0.00
40,001-50,000		0		0	0.00	0.00
30,001-40,000		1		37,210	7.27	2.43
20,001-30,000		4		97,220	19.00	7.18
10,001-20,000		8		102,230	19.98	10.08
8,001-10,000		4		34,400	6.72	4.08
6,001-8,000		2		12,570	2.46	1.81
4,001-6,000		20		96,430	18.85	16.64
2,001-4,000		31		90,480	17.69	23.15
1-2,000		48		41,020	8.02	31.07
Zero Usage		6		0	0.00	3.56
<b>Total Meters</b>		<b>124</b>		<b>511,560</b>	<b>100.00</b>	<b>100.00</b>

10/29/2010

2:04:26PM

# System Totals Report

BUENA VISTA WATER SYSTEM

## Monthly Reconciliation

Ending Receivables (Last Month)		996.43
Sales this Month	+	5,616.18
Adjustments this Month		-34.17
Less Payments this Month	-	6,394.13
	=	<u>184.31</u>
Total Receivables		184.31
Ending Deposits (Last Month)		100.00
Changes this Month		0.00
	=	<u>100.00</u>
Total Memberships		100.00

8:39 AM  
 11/10/10  
 Accrual Basis

## Buena Vista Water System Receivership Profit & Loss Detail October 2010

Type	Date	Num	Name	Memo	Clr	Split	Amount
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
<b>Revenue</b>							
<b>Late Charge</b>							
General Journal	10/31/2010	3				Water Revenue	37.76
Total Late Charge							37.76
<b>Water Revenue</b>							
Deposit	10/1/2010			Deposit		Compass Bank	156.35
Deposit	10/4/2010		Water Customer	Deposit		Compass Bank	244.97
Deposit	10/5/2010		Water Customer	Deposit		Compass Bank	185.80
Deposit	10/6/2010			Deposit		Compass Bank	78.59
Deposit	10/7/2010			Deposit		Compass Bank	72.44
Deposit	10/8/2010			Deposit		Compass Bank	1,056.56
Deposit	10/12/2010			Deposit		Compass Bank	1,723.07
Deposit	10/13/2010			Deposit		Compass Bank	784.57
Deposit	10/15/2010			Deposit		Compass Bank	672.34
Deposit	10/18/2010			Deposit		Compass Bank	747.57
Deposit	10/19/2010			Deposit		Compass Bank	166.19
Deposit	10/21/2010			Deposit		Compass Bank	190.03
Deposit	10/25/2010			Deposit		Compass Bank	105.47
Deposit	10/27/2010			Deposit		Compass Bank	86.55
Deposit	10/29/2010			Deposit		Compass Bank	35.00
General Journal	10/31/2010	3				-SPLIT-	-6,394.13
General Journal	10/31/2010	3				Water Revenue	6,331.04
Total Water Revenue							6,242.41
Total Revenue							6,280.17
Total Income							6,280.17
<b>Cost of Goods Sold</b>							
<b>Lab Fees</b>							
Bill	10/15/2010	cen.c...	DSHS Central Lab ...	Sept 2010		Accounts Paya...	183.00
Bill	10/15/2010	74-0910	City of Round Rock	Lab fees Sept		Accounts Paya...	15.00
Total Lab Fees							198.00
<b>Management of Operations</b>							
Bill	10/1/2010	8899	Gulf Utility Service, I...	September 20...		Accounts Paya...	16,375.81
Total Management of Operations							16,375.81
<b>Plant Utilities</b>							
<b>Electricity</b>							
Bill	10/4/2010	2167-...	Pedemales Electric ...	2167-4051-00...		Accounts Paya...	51.62
Check	10/15/2010	ACH	Pedemales Electric ...	08/26/2010- 0...		Compass Bank	68.48
Bill	10/27/2010	Acct #...	Pedemales Electric ...	Acct # 2167-4...		Accounts Paya...	92.83
Bill	10/27/2010	Acct #...	Pedemales Electric ...	Acct # 0104-8...		Accounts Paya...	234.23
Total Electricity							447.16
Total Plant Utilities							447.16
<b>Purchased Water</b>							
Bill	10/4/2010	00500...	Lower Colorado Rive...	00500832 8/1...		Accounts Paya...	294.75
Check	10/4/2010	1023	Lower Colorado Rive...	VOID: VOIDE...	X	Compass Bank	0.00
Total Purchased Water							294.75
Total COGS							17,315.72
Gross Profit							-11,035.55
<b>Expense</b>							
<b>Bank Service Charges</b>							
Check	10/31/2010			Service Charge		Compass Bank	45.10
Total Bank Service Charges							45.10
<b>Miscellaneous Expense</b>							
General Journal	10/31/2010	3				Water Revenue	37.60
Total Miscellaneous Expense							37.60

8:39 AM  
 11/10/10  
 Accrual Basis

**Buena Vista Water System Receivership  
 Profit & Loss Detail  
 October 2010**

Type	Date	Num	Name	Memo	Clr	Split	Amount
<b>Repairs and Maintenance</b>							
Bill	10/31/2010	58796...	Buttery Company	VOID: GUS P...	X	Accounts Paya...	0.00
Total Repairs and Maintenance							0.00
<b>Telephone Expense</b>							
Bill	10/4/2010	512-7...	Verizon	8/25 & 9/25 In...		Accounts Paya...	88.04
Bill	10/25/2010	512 7...	Verizon	512 793- 263...		Accounts Paya...	38.84
Total Telephone Expense							126.88
Total Expense							209.58
Net Ordinary Income							-11,245.13
<b>Other Income/Expense</b>							
<b>Other Income</b>							
<b>Interest Income</b>							
Deposit	10/31/2010			Interest		Compass Bank	0.26
Total Interest Income							0.26
Total Other Income							0.26
Net Other Income							0.26
<b>Net Income</b>							<b>-11,244.87</b>



8:40 AM  
11/10/10  
Accrual Basis

**Buena Vista Water System Receivership  
Balance Sheet Detail  
As of October 31, 2010**

8:40 AM  
11/10/10  
Accrual Basis

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>LIABILITIES &amp; EQUITY</b>								5,526.97
<b>Liabilities</b>								23,333.58
<b>Current Liabilities</b>								23,283.58
<b>Accounts Payable</b>								21,285.94
<b>Accounts Payable</b>								21,285.94
Bill	10/1/2010	8899	Gulf Utility Service, I...	September 20...		Management of...	16,375.81	37,661.75
Bill	10/4/2010	00500...	Lower Colorado Rive...	00500832 8/1...		Purchased Wa...	294.75	37,956.50
Bill	10/4/2010	512-7...	Verizon	8/25 & 9/25 In...		Telephone Exp...	88.04	38,044.54
Bill	10/4/2010	2167-...	Pedemales Electric ...	2167-4051-00...		Electricity	51.62	38,096.16
Bill Pmt -Check	10/4/2010	ACH	Pedemales Electric ...			Compass Bank	-336.42	37,759.74
Bill Pmt -Check	10/14/2010	ACH	Verizon	8/25 & 9/25 In...		Compass Bank	-88.04	37,671.70
Bill Pmt -Check	10/14/2010	1024	Lower Colorado Rive...	00500832 8/1...		Compass Bank	-294.75	37,376.95
Bill Pmt -Check	10/14/2010	1025	Altivia Corporation	7/7 Alum and ...		Compass Bank	-345.00	37,031.95
Bill Pmt -Check	10/14/2010	1026	Gulf Utility Service, I...			Compass Bank	-3,415.61	33,616.34
Bill Pmt -Check	10/14/2010	1027	Hancock, Debbie -R...	Aug asst fees		Compass Bank	-250.00	33,366.34
Bill Pmt -Check	10/14/2010	1028	John M. Fultz, Recei...	VOID: August...	X	Compass Bank	0.00	33,366.34
Bill Pmt -Check	10/14/2010	1029	John M. Fultz, Recei...	August 127 c...		Compass Bank	-933.45	32,432.89
Bill	10/15/2010	cen.c...	DSHS Central Lab ...	Sept 2010		Lab Fees	183.00	32,615.89
Bill Pmt -Check	10/15/2010	1030	DSHS Central Lab ...			Compass Bank	-680.00	31,935.89
Bill	10/15/2010	74-0910	City of Round Rock	Lab fees Sept		Lab Fees	15.00	31,950.89
Bill Pmt -Check	10/15/2010	1031	City of Round Rock	Lab fees Sept		Compass Bank	-15.00	31,935.89
Bill Pmt -Check	10/21/2010	1032	DSHS Central Lab ...	12/2009		Compass Bank	-204.00	31,731.89
Bill	10/25/2010	512 7...	Verizon	512 793- 263...		Telephone Exp...	38.84	31,770.73
Bill	10/27/2010	Acct #...	Pedemales Electric ...	Acct # 2167-4...		Electricity	92.83	31,863.56
Bill	10/27/2010	Acct #...	Pedemales Electric ...	Acct # 0104-8...		Electricity	234.23	32,097.79
Bill	10/31/2010	58796...	Buttery Company	VOID: GUS P...	X	Repairs and M...	0.00	32,097.79
<b>Total Accounts Payable</b>							<u>10,811.85</u>	<u>32,097.79</u>
Total Accounts Payable							10,811.85	32,097.79
<b>Credit Cards</b>								0.00
Total Credit Cards								0.00
<b>Other Current Liabilities</b>								1,997.64
<b>Payroll Liabilities</b>								0.00
Total Payroll Liabilities								0.00
<b>Receivers Escrow</b>								1,862.00
Total Receivers Escrow								1,862.00
<b>Regulatory Assessment</b>								135.64
General Journal	10/31/2010	3				Water Revenue	62.93	198.57
Total Regulatory Assessment							<u>62.93</u>	<u>198.57</u>
Total Other Current Liabilities							<u>62.93</u>	<u>2,060.57</u>
Total Current Liabilities							10,874.78	34,158.36
<b>Long Term Liabilities</b>								50.00
<b>Customer Water Deposit</b>								50.00
Total Customer Water Deposit							<u>50.00</u>	<u>50.00</u>
Total Long Term Liabilities							<u>50.00</u>	<u>50.00</u>
Total Liabilities							10,874.78	34,208.36
<b>Equity</b>								-17,806.61
<b>Opening Balance Equity</b>								0.00
Total Opening Balance Equity							0.00	0.00
<b>Retained Earnings</b>								0.00
Total Retained Earnings							0.00	0.00
<b>Net Income</b>								-17,806.61
Total Net Income							<u>-11,244.87</u>	<u>-29,051.48</u>
Total Equity							<u>-11,244.87</u>	<u>-29,051.48</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>							<u><u>-370.09</u></u>	<u><u>5,156.88</u></u>

8:40 AM  
11/10/10  
Accrual Basis

**Buena Vista Water System Receivership**  
**Balance Sheet Detail**  
As of October 31, 2010

8:40 AM  
11/10/10  
Accrual Basis

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>ASSETS</b>								5,526.97
<b>Current Assets</b>								5,526.97
<b>Checking/Savings</b>								5,526.97
<b>Compass Bank</b>								5,526.97
Deposit	10/1/2010			Deposit	X	Water Revenue	156.35	5,683.32
Deposit	10/4/2010			Deposit	X	Water Revenue	244.97	5,928.29
Check	10/4/2010			VOID: VOIDE...	X	Purchased Wa...	0.00	5,928.29
Bill Pmt -Check	10/4/2010	1023	Lower Colorado Rive...		X	Accounts Paya...	-336.42	5,591.87
Deposit	10/5/2010	ACH	Pedemales Electric ...	Deposit	X	Water Revenue	185.80	5,777.67
Deposit	10/6/2010			Deposit	X	Water Revenue	78.59	5,856.26
Deposit	10/7/2010			Deposit	X	Water Revenue	72.44	5,928.70
Deposit	10/8/2010			Deposit	X	Water Revenue	1,056.56	6,985.26
Deposit	10/12/2010			Deposit	X	Water Revenue	1,723.07	8,708.33
Deposit	10/13/2010			Deposit	X	Water Revenue	784.57	9,492.90
Bill Pmt -Check	10/14/2010	ACH	Verizon	8/25 & 9/25 In...	X	Accounts Paya...	-88.04	9,404.86
Bill Pmt -Check	10/14/2010	1024	Lower Colorado Rive...	00500832 8/1...	X	Accounts Paya...	-294.75	9,110.11
Bill Pmt -Check	10/14/2010	1025	Allivia Corporation	7/7 Alum and ...	X	Accounts Paya...	-345.00	8,765.11
Bill Pmt -Check	10/14/2010	1026	Gulf Utility Service, I...		X	Accounts Paya...	-3,415.61	5,349.50
Bill Pmt -Check	10/14/2010	1027	Hancock, Debbie -R...	Aug asst fees		Accounts Paya...	-250.00	5,099.50
Bill Pmt -Check	10/14/2010	1028	John M. Fultz, Recei...	VOID: August...	X	Accounts Paya...	0.00	5,099.50
Bill Pmt -Check	10/14/2010	1029	John M. Fultz, Recei...	August 127 c...	X	Accounts Paya...	-933.45	4,166.05
Bill Pmt -Check	10/15/2010	1030	DSHS Central Lab ...		X	Accounts Paya...	-680.00	3,486.05
Check	10/15/2010	ACH	Pedemales Electric ...	0009-6644-00...	X	Electricity	-68.48	3,417.57
Bill Pmt -Check	10/15/2010	1031	City of Round Rock	Lab fees Sept		Accounts Paya...	-15.00	3,402.57
Deposit	10/15/2010			Deposit	X	Water Revenue	672.34	4,074.91
Deposit	10/18/2010			Deposit	X	Water Revenue	747.57	4,822.48
Deposit	10/19/2010			Deposit	X	Water Revenue	166.19	4,988.67
Bill Pmt -Check	10/21/2010	1032	DSHS Central Lab ...	12/2009	X	Accounts Paya...	-204.00	4,784.67
Deposit	10/21/2010			Deposit	X	Water Revenue	190.03	4,974.70
Deposit	10/25/2010			Deposit	X	Water Revenue	105.47	5,080.17
Deposit	10/27/2010			Deposit	X	Water Revenue	86.55	5,166.72
Deposit	10/29/2010			Deposit	X	Water Revenue	35.00	5,201.72
Check	10/31/2010			Service Charge	X	Bank Service C...	-45.10	5,156.62
Deposit	10/31/2010			Interest	X	Interest Income	0.26	5,156.88
<b>Total Compass Bank</b>							<b>-370.09</b>	<b>5,156.88</b>
<b>Total Checking/Savings</b>							<b>-370.09</b>	<b>5,156.88</b>
<b>Accounts Receivable</b>								0.00
<b>Total Accounts Receivable</b>								0.00
<b>Other Current Assets</b>								0.00
<b>Total Other Current Assets</b>								0.00
<b>Total Current Assets</b>							<b>-370.09</b>	<b>5,156.88</b>
<b>Fixed Assets</b>								0.00
<b>Accumulated Depreciation</b>								0.00
<b>Total Accumulated Depreciation</b>								0.00
<b>Furniture and Equipment</b>								0.00
<b>Total Furniture and Equipment</b>								0.00
<b>Total Fixed Assets</b>								0.00
<b>Other Assets</b>								0.00
<b>Total Other Assets</b>								0.00
<b>TOTAL ASSETS</b>							<b>-370.09</b>	<b>5,156.88</b>