

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

STATE OF TEXAS,  
Plaintiff,

VS.

KATHIE BRYANT, dba BUENA  
VISTA WATER SYSTEM,  
Defendant.

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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 December 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 December 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 December, 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 the plant at the Water System is operational.
11. The Receiver billed the Water System for Receiver's Fees for the month of November 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, October, November, and December. Receiver's fees will be disbursed as specified by the Order when funds are available.
12. The Receiver has disbursed funds to the Operator to reimburse for travel expenses incurred and for operations and management for the month of July 2010. No funds have been disbursed to the Operator for management and operations in the Water System for the months of August, September, October, November, and December due the lack of sufficient funds. The Operator has shouldered the financial burden of improvements to the Water System to bring the Water System into compliance and to provide adequate and continuous water supply to the customers.
13. The Receiver and the Operator have reviewed and evaluated the condition of the System and assessed the financial requirements of the Water System to provide the continuous and adequate water supply to the customers of the Water System, and prepared a cost analysis of the operation of the Water System.
14. The Receiver submitted the cost analysis to TCEQ staff on December 20, 2010 for review and consideration. Upon review and response by staff, the Receiver will finalize a request for approval of a temporary rate increase for the customers in the Water System.
15. The outstanding debts owed by the Water System as of July 8, 2010, were reviewed and the Receiver made payment in full for past due balances owed by the System to the following entities: TCEQ for 2010 Permit fees, Highland Lakes Newspapers, LCRA for purchased water, LCRA Environmental Lab Services, RVS Software, Pedernales Electric Cooperative, Inc., and Altivia Corporation.
16. 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. On December 13, 2010, 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.

17. On December 1, 2010, the Receiver through the Operator mailed Notice of Monthly Surface Water Treatment Violation dated December 1, 2010, to each customer in the Water System, advising that the Water System failed to meet the minimum treatment technique requirements for the month of August 2010 and September 2010. The Notice advised that corrective actions to prevent a recurrence were being implemented.
18. On December 2, 2010, the Receiver, through the Operator forwarded Certification of Delivery of Public Notice dated December 2, 2010, to TCEQ certifying that Notice of Monthly Surface Water Treatment Violation dated December 1, 2010, was mailed to each customer in the Water System.
19. On December 12, 2010, the Receiver reviewed correspondence dated December 4, 2010, from LCRA regarding revisions to LCRA's Drought Contingency Plan modifying the firm water supply target reduction goals and drought response measures. The Receiver forwarded the notice to the Operator.
20. On December 27, 2010, the Receiver received Analysis Reports from the Texas Department of State Health Services, Laboratory Section, ("DSHS") stating that Test Results of Haloacetic Acids and Trihalomethanes were not provided because the Water System's account is delinquent. The Receiver forwarded correspondence to Jennifer Frithiof, Accounts Manager with DSHS, requesting that Analysis Reports be provided to the Receiver in accordance with the October 21, 2010, agreement between the Receiver and DSHS for repayment of delinquent fees incurred by the owner of the Water System prior to the appointment of the Receiver.
21. The Receiver continues to make monthly payments on the delinquent amounts owed to the Department of State Health Service, Central Lab Services (DSHS) for lab fees incurred prior to the appointment of the Receiver. The Receiver has an agreement with DSHS to make payment in full by April 2011.
22. The Receiver will continue to operate the System through the Operator.

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

Respectfully Submitted,

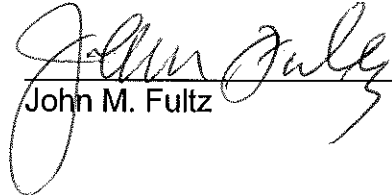
  
John M. Fultz, Receiver

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 December, 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

  
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John M. Fultz

# System Totals Report

**BUENA VISTA WATER SYSTEM**

Water Pumped This Month	466,700 Gallons
Water Sold This Month	409,000 Gallons
Water Loss	57,700 Gallons
Water Loss (%)	12.36 %

	Amount (\$)	# Of Accounts
Total Water	5,278.56	124
Total Late Charge	55.45	13
Total Adjustments		
Total Tap Fee	350.00	1
Total Sales Tax	52.80	124
<b>Total Current Charges</b>	<b>5,736.81</b>	<b>125</b>
<hr/>		
Amount Past Due 1-30 Days	91.29	3
Amount Past Due 31-60 Days	33.47	1
Amount Past Due Over 60 Days	291.66	2
Amount Of Overpayments/Prepayments	-5,313.19	116
<b>Total Receivables</b>	<b>840.04</b>	<b>24</b>

Total Receipts On Account	5,334.88	112
Net Change in Deposits	50.00	1
Amount of All Deposits	150.00	3
Turned Off Accounts (Amount Owed)	0.00	2
Collection Accounts (Amount Owed)	212.57	6
Number Of Unread (Turned On) Meters		1
Average Usage For Active Meters	3,298	124
Average Water Charge For Active Meters	42.57	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		30,940	7.56	2.24
20,001-30,000		0		0	0.00	0.00
10,001-20,000		8		93,760	22.92	10.18
8,001-10,000		2		18,340	4.48	2.21
6,001-8,000		8		53,900	13.18	7.81
4,001-6,000		17		82,400	20.15	14.92
2,001-4,000		34		98,590	24.11	26.69
1-2,000		47		31,070	7.60	31.59
Zero Usage		7		0	0.00	4.38
<hr/>						
<b>Total Meters</b>		<b>124</b>		<b>409,000</b>	<b>100.00</b>	<b>100.00</b>

12/31/2010

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# System Totals Report

BUENA VISTA WATER SYSTEM

## Monthly Reconciliation

Ending Receivables (Last Month)		438.11
Sales this Month	+	5,736.81
Adjustments this Month		0.00
Less Payments this Month	-	<u>5,334.88</u>
	=	840.04
Total Receivables		<b>840.04</b>
Ending Deposits (Last Month)		100.00
Changes this Month		<u>50.00</u>
	=	150.00
Total Memberships		<b>150.00</b>

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

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Revenue								
Late Charge	12/31/2010	5				Water Revenue	40.10	40.10
Total Late Charge							40.10	40.10
<b>Water Revenue</b>								
Deposit	12/1/2010			Deposit		Compass Bank	79.11	79.11
Deposit	12/3/2010		Water Customer	Deposit		Compass Bank	19.05	98.16
Deposit	12/7/2010			Deposit		Compass Bank	127.24	225.40
Deposit	12/9/2010			Deposit		Compass Bank	1,357.23	1,582.63
Deposit	12/10/2010		Water Customer	Deposit		Compass Bank	879.51	2,462.14
Deposit	12/13/2010			Deposit		Compass Bank	780.51	3,242.75
Deposit	12/14/2010			Deposit		Compass Bank	360.17	3,602.92
Deposit	12/15/2010			Deposit		Compass Bank	363.88	3,966.80
Deposit	12/15/2010			Deposit		Compass Bank	73.50	4,040.30
Deposit	12/16/2010			Deposit		Compass Bank	122.44	4,162.74
Deposit	12/17/2010			Deposit		Compass Bank	106.91	4,269.65
Deposit	12/20/2010			Deposit		Compass Bank	103.55	4,373.20
Deposit	12/21/2010			Deposit		Compass Bank	243.90	4,617.10
Deposit	12/22/2010		Water Customer	Deposit		Compass Bank	35.33	4,652.43
Deposit	12/27/2010			Deposit		Compass Bank	542.49	5,194.92
Deposit	12/28/2010		Water Customer	Deposit		Compass Bank	189.96	5,384.88
General Journal	12/31/2010	5		Deposit		-SPLIT-	-5,384.88	0.00
General Journal	12/31/2010	5				Water Revenue	4,897.66	4,897.66
Total Water Revenue							4,897.66	4,897.66
<b>Total Revenue</b>								
Total Revenue							4,937.76	4,937.76
<b>Tap Fee</b>								
General Journal	12/31/2010	5				Water Revenue	350.00	350.00
Total Tap Fee							350.00	350.00
<b>Total Income</b>								
Total Income							5,287.76	5,287.76
<b>Cost of Goods Sold</b>								
Lab Fees	12/13/2010	74-1110	City of Round Rock	11/10 Bac T's		Accounts Paya...	15.00	15.00
Total Lab Fees							15.00	15.00
<b>Management of Operations</b>								
Bill	12/1/2010	9022	Gulf Utility Service, L...	November Op...		Accounts Paya...	4,310.00	4,310.00
Total Management of Operations							4,310.00	4,310.00
<b>Plant Utilities</b>								
Electricity	12/3/2010	ACH	Pedemales Electric ...	2167-4051-00		Compass Bank	84.71	84.71
Bill	12/22/2010	2167-...	Pedemales Electric ...	349 cr 139pu...		Accounts Paya...	99.51	184.22
Bill	12/28/2010	Acct #...	Pedemales Electric ...	Acct # 0104-8...		Accounts Paya...	84.20	268.42
Total Electricity							268.42	268.42

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

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	12/3/2010	ACH	Pedernales Electric ...	104-8297-00		Compass Bank	177.40	177.40
							177.40	177.40
							445.82	445.82
							152.50	152.50
Check	12/30/2010	ACH	Lower Colorado Rive...	10/19-11/13/1...		Compass Bank	152.50	152.50
							4,923.32	4,923.32
							364.44	364.44
							33.67	33.67
							33.67	33.67
							250.00	250.00
Bill	12/9/2010	11/2050	Hancock, Debbie-R...	Nov 10 Asst. ...		Accounts Paya...	250.00	250.00
							250.00	250.00
Bill	12/9/2010	11/2010	John M. Fultz, Recei...	Nov 2010 Rec...		Accounts Paya...	1,519.00	1,519.00
							1,519.00	1,519.00
							1,769.00	1,769.00
							32.12	32.12
							32.12	32.12
							32.12	32.12
Bill	12/2/2010	Inv # ...	Buttery Company	Inv # 8965438		Accounts Paya...	38.89	38.89
							38.89	38.89
							77.78	77.78
							1,912.57	1,912.57
							-1,548.13	-1,548.13



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

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Other Income/Expense								
Other Income								
Interest Income								
Deposit	12/31/2010			Interest		Compass Bank	0.40	0.40
Total Interest Income							0.40	0.40
Total Other Income							0.40	0.40
Net Other Income							0.40	0.40
<b>Net Income</b>							<b>-1,547.73</b>	<b>-1,547.73</b>

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

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>ASSETS</b>								
Current Assets								
Checking/Savings								11,117.15
Compass Bank								11,117.15
Check	12/31/2010			Service Charge	X		-33.67	11,117.15
Deposit	12/31/2010			Interest	X		0.40	11,083.48
Total Compass Bank							-33.27	11,083.88
Total Checking/Savings							-33.27	11,083.88
Accounts Receivable								0.00
Total Accounts Receivable								0.00
Other Current Assets								0.00
Total Other Current Assets								0.00
Total Current Assets							-33.27	11,083.88
Fixed Assets								0.00
Accumulated Depreciation								0.00
Total Accumulated Depreciation								0.00
Furniture and Equipment								0.00
Total Furniture and Equipment								0.00
Total Fixed Assets								0.00
Other Assets								0.00
Total Other Assets								0.00
<b>TOTAL ASSETS</b>							<b>-33.27</b>	<b>11,083.88</b>
LIABILITIES & EQUITY								11,117.15
Liabilities								53,859.17
Current Liabilities								53,809.17
Accounts Payable								50,479.88
Accounts Payable								50,479.88
Total Accounts Payable								50,479.88
Total Accounts Payable								50,479.88
Credit Cards								0.00
Total Credit Cards								0.00
Other Current Liabilities								3,329.29
Payroll Liabilities								0.00
Total Payroll Liabilities								0.00
Receivers Escrow								3,077.20
Total Receivers Escrow								3,077.20

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

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Regulatory Assessment General Journal	12/31/2010	5				Water Revenue	47.12	252.09 299.21
Total Regulatory Assessment							47.12	299.21
Total Other Current Liabilities							47.12	3,376.41
Total Current Liabilities							47.12	53,856.29
Long Term Liabilities Customer Water Deposit General Journal	12/31/2010	5				Water Revenue	50.00	50.00 50.00 100.00
Total Customer Water Deposit							50.00	100.00
Total Long Term Liabilities							50.00	100.00
Total Liabilities							97.12	53,956.29
Equity Opening Balance Equity								-42,742.02 0.00
Total Opening Balance Equity								0.00
Retained Earnings								0.00
Total Retained Earnings								0.00
Net Income								-42,742.02
Total Net Income							-130.39	-42,872.41
Total Equity							-130.39	-42,872.41
<b>TOTAL LIABILITIES &amp; EQUITY</b>							<b>-33.27</b>	<b>11,983.88</b>