



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2015 Board of Directors:
Bob Mebane, President
Dana Martin, Vice President
Mike Madden, Secretary/Treasurer
Bill Earnest, Director
Pat Mulligan, Director

Open Board of Directors meeting held: Thursday, July 16, 2015

Board Members Present:

Bob Mebane
Dana Martin
Bill Earnest
Mike Madden
Pat Mulligan

Minutes

Bob Mebane called the meeting to order at 6:30 PM, A quorum was established with all board members present.

Motion was made by Pat Mulligan to approve minutes of 03/16/2015, 04/06/2015, 05/13/2015 WOWSC Board Meetings Seconded by Mike Madden unanimous approval by the BOD's.

Review and Approval of updated WOWSC Tariff was deferred for future meeting as some Board Members had not had an opportunity to review the updated WOWSC Tariff.

Discussion of WOPOA Proposal for purchase of Boat Storage area at Old WWTP Property will be discussed in Executive Session.

Discussed Hill Condo Membership / Standby Fees. Motion was made by Mike Madden to draft a letter to the Hill Condo Owners listing the options they have under the WOWSC Tariff regarding membership fees, Standby Fees, Tap Fees, seconded by Pat Mulligan unanimous approval by BOD's.

General Manager's Report: George Burriss gave 6/30/15 Manager's Report copy attached

Financial Report: Karri Gibson and Mike Madden Gave Financial Reports for April, May and June, Also Bank Balances as of 07/16/2015. Copies attached.

Review of Old Business, Introduction of New Business: George asked the board to rescind that we are at Stage 2.5 of the WOWSC DCP, The Lake is now at 671. Pat Mulligan made a motion to rescind the Stage 2.5 since 671 is above all the DCP Levels. Seconded by Dana Martin unanimous approval by remaining BOD's.

Adjourned to Executive Session at 7:14 PM to discuss real Estate, Personnel or Legal Matters
Out of Executive Session at 7:58 PM motion made by Pat Mulligan to Adjourn seconded by Mike Madden unanimous approval by BOD's meeting adjourned at 7:59 PM

9:42 AM
07/08/15
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of April 30, 2015

	<u>Apr 30, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
10200 Cash in Bank-2100725	21,312.51
10400 · MM/Contingency Funds-128546	125,215.25
10500 · disbursement account for wwtp (this is a disbursement a...	25.00
Total Checking/Savings	<u>146,552.76</u>
Other Current Assets	
11000 · Standby Fees-Receiveable	34,898.42
Total Other Current Assets	<u>34,898.42</u>
Total Current Assets	181,451.18
Fixed Assets	
15000 · Furniture & Fixtures	2,702.03
15100 · Equipment	109,418.15
15200 · Fence	16,517.66
15300 · Water Treatment Facility	191,994.20
15310 · 2004 Water Plant Expansion	6,500.00
15340 · 3-Phase Electrical Upgrade	8,699.00
15350 · 2004 Water Storage Tank	70,649.95
15400 · Improvements	29,986.86
15500 · Building	3,377.58
15600 · Sewer Plant	125,233.87
15650 · Barge Replacement	652.27
15700 · Hydrotank Foundation	9,599.19
15750 · Boat	4,000.00
15800 · Decant Lagoon	18,475.51
15850 · 2014 WW Treatment Plant (Expenditures for WWTP)	782,118.12
15900 · Sewer Plant Bldg new	18,277.70
15950 · 2007 Water Treatment Plant	679,210.33
16800 · Lot 253	6,403.75
16900 · Land	61,424.08
17000 · Accumulated Depreciation	<u>-680,702.62</u>
Total Fixed Assets	1,464,537.63
Other Assets	
19300 · Standby Fees Delinquent	59,410.52
Total Other Assets	<u>59,410.52</u>
TOTAL ASSETS	<u>1,705,399.33</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
24000 · Other Taxes Payable	-155.97
24200 · Current Portion Lng Trm D	6,135.00
24700 · Loan 17160100	97,227.48
25000 · Water & Sewer Taxes Payable	4,905.63
27100 · Deferred Revenue-Standby Fees	35,426.42
Total Other Current Liabilities	<u>143,538.56</u>
Total Current Liabilities	143,538.56
Long Term Liabilities	
27000 · Note Payable WO POA	-871.62
27400 · Current Portion Long Term Debt	-6,135.00
27500 · Membership Fees Refundabl	78,710.59
27600 · Loan 17160100 Amer Bank	777.16
27700 · Current Portion Loan 1716	-97,227.48
27750 · Loan ABT WWTP April 4 2014 (This is first loan for WWTP)	665,097.99
27755 · Loan ABT WWTP2 July 11 2014 (Second loan for WWTP)	34,805.44
27800 · Def Revenue Standby Fees-Delinq	<u>59,410.52</u>

9:42 AM
07/08/15
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of April 30, 2015

	<u>Apr 30, 15</u>
Total Long Term Liabilities	<u>734,567.60</u>
Total Liabilities	878,106.16
Equity	
39005 · Retained Earnings	776,931.37
Net Income	<u>50,361.80</u>
Total Equity	<u>827,293.17</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,705,399.33</u></u>

9:38 AM
07/08/15
Cash Basis

**Windermere Oaks W.S.C.
Profit & Loss Budget Performance
April 2015**

	Apr 15	Budget	Jan - Apr 15	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
40000 - Standby Fees	2,376.00	3,333.33	42,984.00	13,333.32	40,000.00
40200 - Water & Sewer Services	20,373.87	22,500.00	80,570.27	90,000.00	270,000.00
40300 - Late Charges	1,119.85	416.66	2,787.33	1,666.64	5,000.00
40410 - Membership Transfer Fees	0.00	8.33	0.00	33.32	100.00
40500 - Equity Buy-in Fees	0.00	666.66	4,000.00	2,666.64	8,000.00
40600 - Water & Sewer Taps	0.00	500.00	1,500.00	2,000.00	6,000.00
41000 - Interest Income	30.92	33.33	112.08	133.32	400.00
43500 - Dues & Subscriptions Refund	-350.00		-350.00		
46400 - Reconnect fee	0.00	83.33	0.00	333.32	1,000.00
Total Income	23,550.64	27,541.64	131,603.68	110,166.56	330,500.00
Cost of Goods Sold					
50000 - COS-Operator	9,587.00	10,200.00	34,682.59	40,800.00	122,400.00
57000 - COS-Chemicals	0.00	333.33	350.00	1,333.32	4,000.00
57500 - COS-Electricity	1,684.18	1,750.00	7,071.96	7,000.00	21,000.00
58000 - COS-Sludge Removal	0.00	416.66	0.00	1,666.64	5,000.00
58500 - LCRA - Raw Water Fee	612.22	951.08	2,472.36	3,804.32	11,413.00
59000 - COS-Lab Fees	525.00	416.66	3,741.30	1,666.64	5,000.00
Total COGS	12,408.40	14,067.73	48,318.21	56,270.92	168,813.00
Gross Profit	11,142.24	13,473.91	83,285.47	53,895.64	161,687.00
Expense					
59620 - Misc Operations Expense	35.00		35.00		
62000 - Bank Charges	51.75	41.66	259.00	166.64	500.00
62500 - Accounting	0.00	183.33	0.00	733.32	2,200.00
62600 - Billing Services	0.00	125.00	0.00	500.00	1,500.00
62800 - Total Contract Services					
62806 - Consulting Fees	0.00	41.66	478.69	166.64	500.00
62808 - Inspections	0.00	41.66	0.00	166.64	500.00
Total 62800 - Total Contract Services	0.00	83.32	478.69	333.28	1,000.00
62900 - Licenses & Permits	0.00	12.50	0.00	50.00	150.00
63000 - Legal/Appraisal	0.00	41.66	0.00	166.64	500.00
63500 - Dues & Subscriptions	0.00	12.50	0.00	50.00	150.00
64000 - Regulatory Assessment Fee					
64020 - TCEQ Annual System Fee	0.00	216.66	1,255.00	866.64	2,600.00
Total 64000 - Regulatory Assessment Fee	0.00	216.66	1,255.00	866.64	2,600.00
65500 - Insurance	0.00	833.33	10,270.81	3,333.32	10,000.00
66000 - Office Supplies	524.79	100.00	717.13	400.00	1,200.00
66500 - Telephone and Internet	244.89	250.00	1,130.75	1,000.00	3,000.00
67000 - Postage & Shipping Expense	326.22	208.33	689.36	833.32	2,500.00
68000 - Equipment Rental Expense	0.00		0.00		
68500 - Repairs & Maintenance	1,425.94	1,666.66	7,787.48	6,666.64	20,000.00
68600 - Repair Parts	0.00	125.00	0.00	500.00	1,500.00
69000 - Printing Expense	0.00	83.33	0.00	333.32	1,000.00
71500 - Interest Expense	2,450.84	2,416.42	9,436.45	9,665.68	28,997.00
72500 - Depreciation Expense	0.00	5,638.58	0.00	22,554.32	67,663.00
77500 - Meetings/Conferences	120.00	83.33	120.00	333.32	1,000.00
89000 - Other Expense	744.00		744.00		
Total Expense	5,923.43	12,121.61	32,923.67	48,486.44	145,460.00
Net Ordinary Income	5,218.81	1,352.30	50,361.80	5,409.20	16,227.00
Net Income	5,218.81	1,352.30	50,361.80	5,409.20	16,227.00

9:42 AM
07/08/15
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of May 31, 2015

	<u>May 31, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
10200 Cash in Bank-2100725	12,131.79
10400 - MM/Contingency Funds-128546	125,247.16
10500 - disbursement account for wwtp (this is a disbursement a...	25.00
Total Checking/Savings	<u>137,403.95</u>
Other Current Assets	
11000 - Standby Fees-Receiveable	34,898.42
Total Other Current Assets	<u>34,898.42</u>
Total Current Assets	<u>172,302.37</u>
Fixed Assets	
15000 - Furniture & Fixtures	2,702.03
15100 - Equipment	109,418.15
15200 - Fence	16,517.66
15300 - Water Treatment Facility	191,994.20
15310 - 2004 Water Plant Expansion	6,500.00
15340 - 3-Phase Electrical Upgrade	8,699.00
15350 - 2004 Water Storage Tank	70,649.95
15400 - Improvements	29,986.86
15500 - Building	3,377.58
15600 - Sewer Plant	125,233.87
15650 - Barge Replacement	652.27
15700 - Hydrotank Foundation	9,599.19
15750 - Boat	4,000.00
15800 - Decant Lagoon	18,475.51
15850 - 2014 WW Treatment Plant (Expenditures for WWTP)	782,118.12
15900 - Sewer Plant Bldg new	18,277.70
15950 - 2007 Water Treatment Plant	679,210.33
16800 - Lot 253	6,403.75
16900 - Land	61,424.08
17000 - Accumulated Depreciation	-680,702.62
Total Fixed Assets	<u>1,464,537.63</u>
Other Assets	
19300 - Standby Fees Delinquent	59,410.52
Total Other Assets	<u>59,410.52</u>
TOTAL ASSETS	<u><u>1,696,250.52</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
24000 - Other Taxes Payable	-155.97
24200 - Current Portion Lng Trm D	6,135.00
24700 - Loan 17160100	97,227.48
25000 - Water & Sewer Taxes Payable	5,000.57
27100 - Deferred Revenue-Standby Fees	35,426.42
Total Other Current Liabilities	<u>143,633.50</u>
Total Current Liabilities	<u>143,633.50</u>
Long Term Liabilities	
27000 - Note Payable WO POA	-871.62
27400 - Current Portion Long Term Debt	-6,135.00
27500 - Membership Fees Refundabl	78,710.59
27600 - Loan 17160100 Amer Bank	777.16
27700 - Current Portion Loan 1716	-97,227.48
27750 - Loan ABT WWTP April 4 2014 (This is first loan for WWTP)	604,376.75
27800 - Def Revenue Standby Fees-Delinq	59,410.52
Total Long Term Liabilities	<u>639,040.92</u>

9:42 AM
07/08/15
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of May 31, 2015

	<u>May 31, 15</u>
Total Liabilities	782,674.42
Equity	
39005 - Retained Earnings	776,931.37
Net Income	136,644.73
Total Equity	<u>913,576.10</u>
TOTAL LIABILITIES & EQUITY	<u>1,696,250.52</u>

9:39 AM
07/08/15
Cash Basis

**Windermere Oaks W.S.C.
Profit & Loss Budget Performance
May 2015**

	May 15	Budget	Jan - May 15	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
40000 - Standby Fees	0.00	3,333.33	42,984.00	16,666.65	40,000.00
40200 - Water & Sewer Services	19,354.83	22,500.00	99,925.10	112,500.00	270,000.00
40300 - Late Charges	160.20	416.66	2,947.53	2,083.30	5,000.00
40410 - Membership Transfer Fees	0.00	8.33	0.00	41.65	100.00
40500 - Equity Buy-in Fees	0.00	666.66	4,000.00	3,333.30	8,000.00
40500 - Water & Sewer Taps	0.00	500.00	1,500.00	2,500.00	6,000.00
41000 - Interest Income	31.91	33.33	143.99	166.65	400.00
43500 - Dues & Subscriptions Refund	0.00		-350.00		
46400 - Reconnect fee	0.00	83.33	0.00	416.65	1,000.00
48100 - Other Income (Other Income)	90,740.21		90,740.21		
49000 - Fee Discounts	1.93		1.93		
Total Income	110,289.08	27,541.64	241,892.76	137,708.20	330,500.00
Cost of Goods Sold					
50000 - COS-Operator	9,047.50	10,200.00	43,730.09	51,000.00	122,400.00
57000 - COS-Chemicals	0.00	333.33	350.00	1,666.65	4,000.00
57500 - COS-Electricity	1,634.33	1,750.00	8,706.29	8,750.00	21,000.00
58000 - COS-Sludge Removal	0.00	416.66	0.00	2,083.30	5,000.00
58500 - LCRA - Raw Water Fee	661.51	951.08	3,133.87	4,755.40	11,413.00
59000 - COS-Lab Fees	0.00	416.66	3,741.30	2,083.30	5,000.00
Total COGS	11,343.34	14,067.73	59,661.55	70,338.65	168,813.00
Gross Profit	98,945.74	13,473.91	182,231.21	67,369.55	161,687.00
Expense					
59600 - Operations Expense	15.17		15.17		
59620 - Misc Operations Expense	878.75		913.75		
62000 - Bank Charges	50.34	41.66	309.34	208.30	500.00
62500 - Accounting	0.00	183.33	0.00	916.65	2,200.00
62600 - Billing Services	0.00	125.00	0.00	625.00	1,500.00
62800 - Total Contract Services					
62806 - Consulting Fees	0.00	41.66	478.69	208.30	500.00
62808 - Inspections	0.00	41.66	0.00	208.30	500.00
Total 62800 - Total Contract Services	0.00	83.32	478.69	416.60	1,000.00
62900 - Licenses & Permits	0.00	12.50	0.00	62.50	150.00
63000 - Legal/Appraisal	2,722.40	41.66	2,722.40	208.30	500.00
63500 - Dues & Subscriptions	0.00	12.50	0.00	62.50	150.00
64000 - Regulatory Assessment Fee					
64020 - TCEQ Annual System Fee	0.00	216.66	1,255.00	1,083.30	2,600.00
Total 64000 - Regulatory Assessment Fee	0.00	216.66	1,255.00	1,083.30	2,600.00
65500 - Insurance	0.00	833.33	10,270.81	4,166.65	10,000.00
66000 - Office Supplies	15.00	100.00	732.13	500.00	1,200.00
66500 - Telephone and Internet	184.99	250.00	1,315.74	1,250.00	3,000.00
67000 - Postage & Shipping Expense	415.98	208.33	1,105.34	1,041.65	2,500.00
68000 - Equipment Rental Expense	0.00		0.00		
68500 - Repairs & Maintenance	4,439.39	1,666.66	12,226.87	8,333.30	20,000.00
68600 - Repair Parts	1,538.05	125.00	1,538.05	625.00	1,500.00
69000 - Printing Expense	0.00	83.33	0.00	416.65	1,000.00
71500 - Interest Expense	2,402.74	2,416.42	11,839.19	12,082.10	28,997.00
72500 - Depreciation Expense	0.00	5,638.58	0.00	28,192.90	67,663.00
77500 - Meetings/Conferences	0.00	83.33	120.00	416.65	1,000.00
89000 - Other Expense	0.00		744.00		
Total Expense	12,662.81	12,121.61	45,586.48	60,808.05	145,460.00
Net Ordinary Income	86,282.93	1,352.30	136,644.73	6,761.50	16,227.00
Net Income	86,282.93	1,352.30	136,644.73	6,761.50	16,227.00

12:45 PM
07/11/15
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of June 30, 2015

	<u>Jun 30, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
10200 Cash in Bank-2100725	14,052.63
10400 - MM/Contingency Funds-128546	115,776.33
10500 - disbursement account for wwtp (this is a disbursement account for loan proceeds and inter...	25.00
Total Checking/Savings	<u>129,853.96</u>
Other Current Assets	
11000 - Standby Fees-Receivable	34,898.42
Total Other Current Assets	<u>34,898.42</u>
Total Current Assets	164,752.38
Fixed Assets	
15000 - Furniture & Fixtures	2,702.03
15100 - Equipment	109,418.15
15200 - Fence	16,517.66
15300 - Water Treatment Facility	191,994.20
15310 - 2004 Water Plant Expansion	6,500.00
15340 - 3-Phase Electrical Upgrade	8,699.00
15350 - 2004 Water Storage Tank	70,649.95
15400 - Improvements	29,986.86
15500 - Building	3,377.58
15600 - Sewer Plant	125,233.87
15650 - Barge Replacement	652.27
15700 - Hydrotank Foundation	9,599.19
15750 - Boat	4,000.00
15800 - Decant Lagoon	18,475.51
15850 - 2014 WW Treatment Plant (Expenditures for WWTP)	782,118.12
15900 - Sewer Plant Bldg new	18,277.70
15950 - 2007 Water Treatment Plant	679,210.33
16800 - Lot 253	6,403.75
16900 - Land	61,424.08
17000 - Accumulated Depreciation	<u>-680,702.62</u>
Total Fixed Assets	1,464,537.63
Other Assets	
19300 - Standby Fees Delinquent	59,410.52
Total Other Assets	<u>59,410.52</u>
TOTAL ASSETS	<u>1,688,700.53</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
24000 - Other Taxes Payable	-155.97
24200 - Current Portion Lng Trm D	6,135.00
24700 - Loan 17160100	97,227.48
25000 - Water & Sewer Taxes Payable	5,104.52
27100 - Deferred Revenue-Standby Fees	<u>35,426.42</u>
Total Other Current Liabilities	143,737.45
Total Current Liabilities	143,737.45
Long Term Liabilities	
27000 - Note Payable WO POA	-871.62
27400 - Current Portion Long Term Debt	-6,135.00
27500 - Membership Fees Refundabl	78,710.59
27600 - Loan 17160100 Amer Bank	777.16
27700 - Current Portion Loan 1716	-97,227.48
27750 - Loan ABT WWTP April 4 2014 (This is first loan for WWTP)	599,619.51
27800 - Def Revenue Standby Fees-Delinq	<u>59,410.52</u>
Total Long Term Liabilities	<u>634,283.68</u>

12:45 PM
07/11/15
Cash Basis

Windermere Oaks W.S.C.
Balance Sheet
As of June 30, 2015

	<u>Jun 30, 15</u>
Total Liabilities	778,021.13
Equity	776,931.37
39005 - Retained Earnings	133,748.03
Net Income	<u>910,679.40</u>
Total Equity	<u>910,679.40</u>
TOTAL LIABILITIES & EQUITY	<u>1,688,700.53</u>

12:56 PM
07/11/15
Cash Basis

**Windermere Oaks W.S.C.
Profit & Loss Budget Performance
June 2015**

	Jun 15	Budget	Jan - Jun 15	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
40000 · Standby Fees	864.00	3,333.33	43,848.00	19,999.98	40,000.00
40200 · Water & Sewer Services	21,146.27	22,500.00	121,071.37	135,000.00	270,000.00
40300 · Late Charges	520.12	416.66	3,467.65	2,499.96	5,000.00
40400 · Membership Fees	350.00		350.00		
40410 · Membership Transfer Fees	0.00	8.33	0.00	49.98	100.00
40500 · Equity Buy-in Fees	0.00	866.66	4,000.00	3,999.96	8,000.00
40600 · Water & Sewer Taps	0.00	500.00	1,500.00	3,000.00	6,000.00
41000 · Interest Income	29.17	33.33	173.16	199.98	400.00
43500 · Dues & Subscriptions Refund	39.02		-310.98		
46400 · Reconnect fee	0.00	83.33	0.00	499.98	1,000.00
48100 · Other Income (Other Income)	0.00		90,740.21		
49000 · Fee Discounts	0.00		1.93		
49100 · Lab fees refunded	661.51		661.51		
Total Income	23,610.09	27,541.64	265,502.85	165,249.84	330,500.00
Cost of Goods Sold					
50000 · COS-Operator	11,916.39	10,200.00	55,646.48	61,200.00	122,400.00
57000 · COS-Chemicals	0.00	333.33	350.00	1,999.98	4,000.00
57500 · COS-Electricity	1,685.01	1,750.00	10,391.30	10,500.00	21,000.00
58000 · COS-Sludge Removal	0.00	416.66	0.00	2,499.96	5,000.00
58500 · LCRA - Raw Water Fee	1,958.70	951.08	5,092.57	5,706.48	11,413.00
59000 · COS-Lab Fees	1,773.69	416.66	5,514.99	2,499.96	5,000.00
Total COGS	17,333.79	14,067.73	76,995.34	84,406.38	168,813.00
Gross Profit	6,276.30	13,473.91	188,507.51	80,843.46	161,687.00
Expense					
59600 · Operations Expense	2,959.37		2,974.54		
59620 · Misc Operations Expense	411.35		1,325.10		
61000 · Benefits Paid to Members	350.00		350.00		
62000 · Bank Charges	54.48	41.66	363.82	249.96	500.00
62500 · Accounting	980.00	183.33	980.00	1,099.98	2,200.00
62600 · Billing Services	0.00	125.00	0.00	750.00	1,500.00
62800 · Total Contract Services					
62806 · Consulting Fees	0.00	41.66	478.69	249.96	500.00
62808 · Inspections	0.00	41.66	0.00	249.96	500.00
Total 62800 · Total Contract Services	0.00	83.32	478.69	499.92	1,000.00
62900 · Licenses & Permits	0.00	12.50	0.00	75.00	150.00
63000 · Legal/Appraisal	0.00	41.66	2,722.40	249.96	500.00
63500 · Dues & Subscriptions	385.00	12.50	385.00	75.00	150.00
64000 · Regulatory Assessment Fee					
64020 · TCEQ Annual System Fee	0.00	216.66	1,255.00	1,299.96	2,600.00
Total 64000 · Regulatory Assessment Fee	0.00	216.66	1,255.00	1,299.96	2,600.00
65500 · Insurance	0.00	833.33	10,270.81	4,999.98	10,000.00
66000 · Office Supplies	0.00	100.00	732.13	600.00	1,200.00
66500 · Telephone and Internet	304.89	250.00	1,620.63	1,500.00	3,000.00
67000 · Postage & Shipping Expense	15.98	208.33	1,121.32	1,249.98	2,500.00
68000 · Equipment Rental Expense	0.00		0.00		
68500 · Repairs & Maintenance	1,508.14	1,666.66	13,735.01	9,999.96	20,000.00
68600 · Repair Parts	0.00	125.00	1,538.05	750.00	1,500.00
69000 · Printing Expense	0.00	83.33	0.00	499.98	1,000.00
71500 · Interest Expense	2,203.79	2,416.42	14,042.98	14,498.52	28,997.00
72500 · Depreciation Expense	0.00	5,638.58	0.00	33,831.48	67,663.00
77500 · Meetings/Conferences	0.00	83.33	120.00	499.98	1,000.00
89000 · Other Expense	0.00		744.00		
Total Expense	9,173.00	12,121.61	54,759.48	72,729.66	145,460.00
Net Ordinary Income	-2,896.70	1,352.30	133,748.03	8,113.80	16,227.00
Net income	-2,896.70	1,352.30	133,748.03	8,113.80	16,227.00

Manager's Report

for June 30,2015

For the past several years the two critical issues confronting WOWSC have been the condition of the wastewater treatment plant and the low lake level. As of September when the new WWTP came online, that reduced the critical issues to the lake level. As of April, only two months ago, the lake level was below 630', and the odds of having to haul in water by the end of summer were probably no better than 50/50.

As of the end of June, the lake level has risen to 670' and life is beginning to look like it might be returning to normal. But, as is usually the case, that kind of rapid rise in the lake level is associated with some kind of storm. Instead of a hurricane, this time it was torrential rains, lightning strikes and destructive winds, even tornadoes. Apparently, lightning struck the PEC power line, sending an electrical spike into the treatment plant, knocking out the control system and damaging pumps, computers and other components. Even though the plant was able to maintain water service through the storm, an interface card in the computer which controls the operation of the plant, was damaged, in addition to transducers which control the operation of the high pressure pumps. The operators were able to operate the plant manually until the components could be replaced.

However, the most substantial damage was inflicted on the intake pumps on the barge. The rush of the current and the high winds forced the barge downstream, and broke one of the three steel cables which anchor the barge, which in turn allowed the barge to move just far enough so that three of the four electric cables which supply power to the four intake pumps were torn loose. In order to assess the damage, the three pumps which were not running were taken to the pump supplier to be checked, and they determined that two of the pump motors were inoperable. Our electrician was called to analyze the condition of the electric cables and their integrity will not be certain until the rebuilt pumps are installed in the next few days. In the meantime, the electric switches on the barge have been replaced and the broken steel anchor cable has been repaired. Until the pumps are up and running it will not be possible to know what the cost of all repairs will be. If the electric cables are satisfactory, the total cost will be around \$10,000, but the replacement of the electric cables could themselves run an additional \$20,000.

In any event, the insurance company is aware of the storm and its impact on the system, and a claim has been initiated. Contact has been made with the agent and the adjuster. A preliminary description of the damage has been provided and we are waiting on their instruction as to how to proceed. Our policy includes a \$1000 deductible, so most of the expense hopefully will be covered.

OTHER DEVELOPMENTS

- After many hours of discussions with TCEQ, they have concluded that we are not required at this time to begin chemical treatment to address a violation of the lead and copper regulations. All that is required will be additional sampling to determine if chemical treatment will be necessary.
- TCEQ inspectors performed an inspection of the new WWTP. Their report and the inspection results have not yet been received. During the inspection, they did not indicate there were any major issues. They were pleased with the new plant, and the only concern they expressed was that a meter on the line to the irrigation line may be required.
- Progress on controlling the erosion of the berms around the ponds at the new WWTP has been delayed by the rain which has made preparation of the soil impossible until it dries out.
- The final draft of the revised tariff has been forwarded to all BOD members, and the next step will be for the BOD to raise any questions or concerns prior to adoption.

Respectfully submitted,

George Burriss