

**WEST TRAVIS COUNTY  
PUBLIC UTILITY AGENCY**

**Financial Statements and  
Supplemental Information  
as of and for the Year Ended  
September 30, 2017 and  
Independent Auditors' Report**

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## TABLE OF CONTENTS

---

	<u>Page</u>
ANNUAL FILING AFFIDAVIT	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position and Governmental Funds Balance Sheet	11
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	13
Notes to Basic Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in Net Pension Liability and Related Ratios	33
Schedule of Agency Contributions	34
Notes to Required Supplementary Information	35
SUPPLEMENTAL INFORMATION:	
Index of Supplemental Schedules	37
Supplemental Schedules	38
OTHER SUPPLEMENTAL INFORMATION:	
Index of Other Supplemental Schedules	47
Other Supplemental Schedules	48

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF TRAVIS

I, Scott Roberts  
(Name of Duly Authorized Agency Representative)

of the WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY,

hereby swear, or affirm, that the Agency named above has reviewed and approved at a meeting of the Board of Directors of the Agency on the 15 day of March, 2018, its audit report as of September 30, 2017 and for the year then ended and that copies of the annual audit report have been filed in the Agency office, located at 12117 Bee Cave Road, Building 3, Suite 120, Bee Cave, Texas 78738.

Date: March 15, 2018. By: [Signature]  
(Signature of Agency Representative)

Scott Roberts, Board President  
(Typed Name and Title of above Agency Representative)

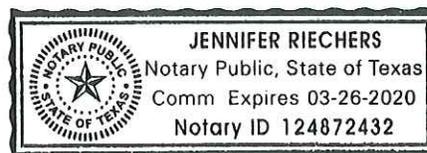
Sworn to and subscribed to before me this 15 day of March, 2018.

[Signature]  
(Signature of Notary)

(SEAL)

Jennifer Riechers  
(Printed Name of Notary)

My Commission Expires On: 3/26/20  
Notary Public in and for the State of Texas.





MAXWELL LOCKE & RITTER LLP

*Accountants and Consultants*

*An Affiliate of CPAmerica International*

tel (512) 370 3200 fax (512) 370 3250

www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100

Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300

Round Rock, TX 78664

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
West Travis County Public Utility Agency:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of West Travis County Public Utility Agency (the "PUA"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the PUA'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.

### **Auditors' Responsibility**

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 accounting 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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the PUA as of September 30, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of agency contributions, and the notes to required supplementary information on pages 5 through 10, 33, 34, and 35 through 36, respectively, 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 opinions on the financial statements that collectively comprise the PUA's basic financial statements. The supplemental information and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents 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 supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Maxwell Locke & Ritter LLP*

Austin, Texas  
March 15, 2018

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

---

## **Management's Discussion and Analysis For the Year Ended September 30, 2017**

As management of the West Travis County Public Utility Agency (the "PUA"), we provide readers of the PUA's financial statements this narrative overview and analysis of the financial activities of the PUA for the year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the PUA's financial statements that follow.

For purposes of Governmental Accounting Standards Board ("GASB") Statement No. 34, the PUA is considered a special purpose government. This allows the PUA to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

### **Financial Highlights**

- The assets and deferred outflows of resources of the PUA at September 30, 2017 were approximately \$229.9 million while its liabilities were approximately \$221.7 million. Assets and deferred outflows of resources of the PUA exceeded its liabilities at September 30, 2017 by approximately \$8.2 million.
- Revenues for the year ended September 30, 2017 totaled approximately \$36.5 million while expenses totaled approximately \$27.2 million, resulting in an increase in net position of approximately \$9.3 million for the year ended September 30, 2017.

### **Overview of the Basic Financial Statements**

The PUA's reporting is comprised of two parts:

- *Management's Discussion and Analysis*
- *Basic Financial Statements*
  - *Statement of Net Position and Governmental Funds Balance Sheet*
  - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
  - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
  - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Basic Financial Statements* are designed to provide readers with an overview of the PUA's finances, in a manner similar to the private sector business.

The *Statement of Net Position and Governmental Funds Balance Sheet* presents information on all the PUA's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. The statement of net position and governmental funds balance sheet can be found on page 11 of the report which includes a column (titled "Total Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the PUA's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* represents information showing how the PUA's net position changed during the most recent fiscal year which includes a column (titled "Total Governmental Funds") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the PUA's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

Required supplementary information related to the PUA's participation in the Texas County and District Retirement System pension plan, schedules required by the Water Agency Accounting Manual, and other schedules are presented immediately following the *Notes to Basic Financial Statements*.

## **Financial Analysis**

The *Statement of Net Position and Governmental Funds Balance Sheet* as noted earlier shows net position which may serve over time as a useful indicator of the PUA's financial position. In the case of the PUA, assets and deferred outflows of resources exceeded liabilities by approximately \$8.2 million at the close of the most recent year ending on September 30, 2017.

A large portion of the PUA's outstanding liabilities results from the Purchase Agreement with the LCRA to purchase the LCRA's West Travis County water and wastewater system in fiscal year 2012. This included long-term debt obligations due to the LCRA and other long-term developer liabilities of approximately \$21.1 million at September 30, 2017. The resources to pay the liabilities are the future income streams from water and wastewater services provided as well as the issuance of revenue bonds.

The PUA has total cash, cash equivalents, and temporary investments of approximately \$86.5 million at September 30, 2017. Of this, approximately \$15.2 million is specifically set aside for paying debt. Long-term debt related to the LCRA debt service obligations and the outstanding Series 2013 Revenue and Refunding Bonds and Series 2015 Revenue Bonds totaled approximately \$211.1 million at September 30, 2017; future water and wastewater revenues collected by the PUA will be used to pay this outstanding long-term debt.

Approximately \$25.0 million and approximately \$27.8 million of cash and cash equivalents at September 30, 2017 are in the Capital Projects and Impact Fee Funds, respectively. This money is segregated for the construction of new capital projects.

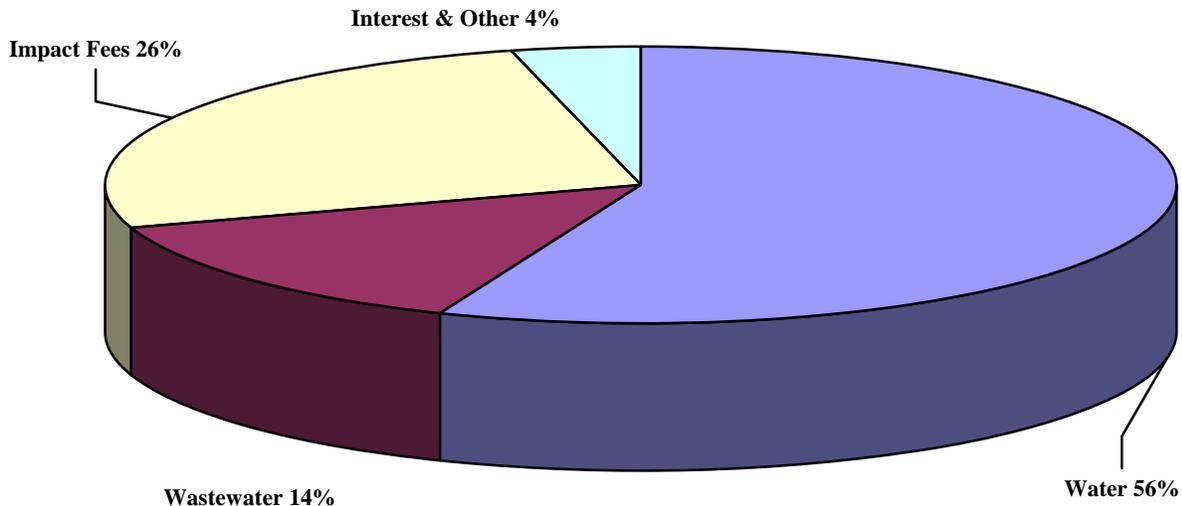
As part of the bond agreement for the previously issued Series 2013 issuance, the PUA agreed to maintain separate and special accounts known as the Rate Stabilization Fund and the Facilities Fund. The Rate Stabilization Fund is an account which holds funds that may be used at the discretion of the PUA for any lawful purpose, including capital additions and improvements to the PUA's water and wastewater system and to enable the PUA to manage rates and charges provided, however, that such funds shall be used in the following order of priority: 1) first for funding of operating and maintenance reserves and payment of principal and interest on debt obligations, 2) redemption or defeasance of outstanding obligations, if economically advantageous, and 3) transfer to the Facilities Fund for payment of costs of any capital additions and improvements. The Facilities Fund is an account which holds transfers from the General Fund for times coverage for payment of capital additions and improvements, including reimbursement of such costs. As funds transferred to either of these accounts are for specific purposes pursuant to approval by formal action by the Board of Directors, they are considered committed fund balance in the General Fund and are shown as such on the Governmental Funds Balance Sheet.

### Statement of Net Position

	Governmental Activities	
	2017	2016
Current and other assets	\$ 91,120,028	\$ 85,082,329
Capital and non-current assets	122,545,341	124,844,202
Total assets	\$ 213,665,369	\$ 209,926,531
Deferred outflows of resources	\$ 16,219,177	\$ 16,540,175
Current liabilities	\$ 6,413,135	\$ 6,723,259
Long-term liabilities	215,312,157	220,898,305
Total liabilities	\$ 221,725,292	\$ 227,621,564
Net investment in capital assets	\$ (70,683,294)	\$ (66,342,249)
Restricted	15,657,459	15,728,752
Unrestricted	63,185,089	49,458,639
Total net position	\$ 8,159,254	\$ (1,154,858)

The PUA's total assets were approximately \$213.7 million and \$209.9 million as of September 30, 2017 and 2016, respectively. At September 30, 2017, the PUA had deferred outflows of resources totaling \$16.2 million mainly related to liabilities exceeding assets at the time of purchase of the LCRA West Travis County water and wastewater system (formerly known as "goodwill"). Like goodwill, these deferred outflows of resources are amortized systematically over a period of forty years; amortization expense for the year ending September 30, 2017 was \$472,576. The PUA had outstanding liabilities of approximately \$221.7 million and \$227.6 million as of September 30, 2017 and 2016, respectively, of which approximately \$194.6 million and \$197.5 million represents bonds payable as of September 30, 2017 and 2016, respectively, and approximately \$14.7 million represents liabilities owed to the LCRA as of September 30, 2017 and 2016.

## Sources of Revenue



## Statement of Activities

	Governmental Activities	
	2017	2016
Water and wastewater	\$ 25,646,460	\$ 22,520,878
Impact fees	9,358,123	6,891,383
Interest and other	1,533,565	305,591
<b>Total revenues</b>	<b>36,538,148</b>	<b>29,717,852</b>
Water and wastewater	5,627,475	8,105,937
General operating	955,583	1,527,531
Personnel expenses	2,608,056	709,684
Other	1,619,875	770,801
Debt service	9,257,337	9,309,306
Depreciation and amortization	7,155,710	6,310,229
<b>Total expenses</b>	<b>27,224,036</b>	<b>26,733,488</b>
Change in net position	9,314,112	2,984,364
Beginning net position	(1,154,858)	(4,139,222)
<b>Ending net position</b>	<b>\$ 8,159,254</b>	<b>\$ (1,154,858)</b>

Operating revenues were approximately \$36.5 million and \$29.7 million for the years ended September 30, 2017 and 2016, respectively. Water and wastewater service provided approximately \$25.6 million and \$22.5 million in revenues for the years ended September 30, 2017 and 2016, respectively. Impact fees generated approximately \$9.4 million and \$6.9 million in revenues for the years ended September 30, 2017 and 2016, respectively. Total expenses were approximately \$27.2 million and \$26.7 million for the years ended September 30, 2017 and 2016, respectively. Net position was approximately \$8.2 million and approximately a negative \$1.2 million at September 30, 2017 and 2016, respectively.

## Analysis of Governmental Funds

	2017	2016
Cash and cash equivalents	\$ 86,264,764	\$ 78,144,554
Temporary investments	240,000	1,920,000
Receivables	4,602,957	4,899,587
Interfund receivable	2,466,902	673,191
Prepaid expenses	-	105,881
Deposits	12,307	12,307
Total assets	\$ 93,586,930	\$ 85,755,520
Accounts payable	\$ 1,368,886	\$ 1,807,373
Refundable deposits	541,700	469,100
Other liabilities	257,232	378,963
Interfund payable	2,466,902	673,191
Due to developers for connection fee credit	726,255	997,442
Total liabilities	5,360,975	4,326,069
Nonspendable fund balance	-	105,881
Restricted fund balance	41,681,049	44,198,133
Committed fund balance	8,785,641	8,686,171
Assigned fund balance	27,633,004	20,316,709
Unassigned fund balance	10,126,261	8,122,557
Total fund balances	88,225,955	81,429,451
Total liabilities and fund balances	\$ 93,586,930	\$ 85,755,520

The *General Fund* pays for daily operating expenditures. For the year ended September 30, 2017, the PUA's amended budget projected an ending operating fund balance of approximately \$17.3 million. The General Fund reflected positive change in fund balance of approximately \$2.1 million, a positive difference of approximately \$1.6 million compared to the amended budget. This positive difference is primarily due to more water and wastewater revenues than budgeted.

The *Debt Service Fund* had an ending restricted fund balance of approximately \$17.0 million at September 30, 2017. During the year, the PUA paid approximately \$12.1 million in principal and interest due on the outstanding Series 2013 and Series 2015 bonds. More detailed information about the PUA's debt is presented in the *Notes to Basic Financial Statements*.

The *Capital Projects Fund* purchases primarily the PUA's infrastructure.

The *Impact Fee Fund* accounts for charges on new development within the PUA to help fund and pay for the construction or needed expansion of capital improvements.

## Capital Assets

	2017	2016
Land	\$ 6,097,409	\$ 6,097,409
Construction in progress	2,121,184	8,349,079
Water and wastewater facilities	149,600,469	139,257,810
Vehicles	861,891	505,911
Subtotal	158,680,953	154,210,209
Accumulated depreciation	(36,556,627)	(29,873,493)
Total	<u>\$ 122,124,326</u>	<u>\$ 124,336,716</u>

More detailed information about the PUA's capital assets is presented in the *Notes to Basic Financial Statements*.

## Long-Term Debt Activity

	2017	2016
Bonds payable	\$ 194,600,000	\$ 197,515,000
Premiums on bonds	3,326,038	3,444,242
Discount on bonds	(1,567,754)	(1,624,080)
LCRA debt obligation	14,739,537	14,739,537
Total	<u>\$ 211,097,821</u>	<u>\$ 214,074,699</u>

The PUA owes approximately \$194.6 million to bond holders from the Series 2013 and Series 2015 bonds issued in previous years. The PUA owes approximately \$14.7 million to the LCRA related to the purchase of the West Travis County water and wastewater system.

More detailed information about the PUA's long-term debt is presented in the *Notes to Basic Financial Statements*.

## Currently Known Facts, Decisions, or Conditions

The currently adopted fiscal year 2018 budget projects a General Fund balance increase of approximately \$2.0 million. Budgeted revenues total approximately \$25.9 million, while expenditures are expected to be approximately \$23.9 million, which includes approximately \$12.7 million reserved to fund future debt service obligations.

## Requests for Information

This financial report is designed to provide a general overview of the PUA's finances and to demonstrate the PUA's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the PUA at 12117 Bee Cave Road, Building 3, Suite 120, Bee Cave, Texas 78738.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET SEPTEMBER 30, 2017

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	IMPACT FEE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET POSITION
<b>ASSETS</b>							
Cash and cash equivalents	\$ 18,165,654	15,227,346	25,043,920	27,827,844	86,264,764	-	\$ 86,264,764
Temporary investments	240,000	-	-	-	240,000	-	240,000
Receivables:							
Service accounts	4,498,650	-	-	-	4,498,650	-	4,498,650
Accrued interest	1,450	3,532	-	-	4,982	-	4,982
Other	17,622	-	81,703	-	99,325	-	99,325
Due from other funds	135,487	1,800,000	-	531,415	2,466,902	(2,466,902)	-
Deposits	12,307	-	-	-	12,307	-	12,307
Assets held for sale	-	-	-	-	-	6,400	6,400
Bond insurance costs	-	-	-	-	-	414,615	414,615
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	6,097,409	6,097,409
Construction in progress	-	-	-	-	-	2,121,184	2,121,184
Vehicles	-	-	-	-	-	515,761	515,761
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	-	-	-	-	-	113,389,972	113,389,972
Total assets	<u>\$ 23,071,170</u>	<u>17,030,878</u>	<u>25,125,623</u>	<u>28,359,259</u>	<u>93,586,930</u>	<u>120,078,439</u>	<u>\$ 213,665,369</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Consideration in excess of value of assets acquired (net of accumulated amortization)	\$ -	-	-	-	-	16,067,599	\$ 16,067,599
Pension contributions after measurement date	-	-	-	-	-	150,626	150,626
Deferred outflows related to pension liability	-	-	-	-	-	952	952
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,219,177</u>	<u>16,219,177</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,181,581	-	187,305	-	1,368,886	-	\$ 1,368,886
Refundable deposits	541,700	-	-	-	541,700	-	541,700
Other liabilities	257,232	-	-	-	257,232	-	257,232
Due to other funds	2,178,755	-	288,147	-	2,466,902	(2,466,902)	-
Bond interest payable	-	-	-	-	-	1,135,317	1,135,317
Long-term liabilities:							
Due within one year	-	-	-	-	-	3,110,000	3,110,000
Due after one year	-	-	-	-	-	207,987,821	207,987,821
Due to developers for connection fee credit	-	-	-	726,255	726,255	-	726,255
Due to developers for utility facility acquisition	-	-	-	-	-	6,359,970	6,359,970
LCRA interest payable	-	-	-	-	-	238,102	238,102
Net pension liability	-	-	-	-	-	9	9
Total liabilities	<u>4,159,268</u>	<u>-</u>	<u>475,452</u>	<u>726,255</u>	<u>5,360,975</u>	<u>216,364,317</u>	<u>221,725,292</u>
<b>FUND BALANCES / NET POSITION</b>							
Fund balances:							
Restricted for:							
Debt service	-	17,030,878	-	-	17,030,878	(17,030,878)	-
Capital projects	-	-	24,650,171	-	24,650,171	(24,650,171)	-
Committed for:							
Rate Stabilization Fund	2,972,864	-	-	-	2,972,864	(2,972,864)	-
Facilities Fund	5,812,777	-	-	-	5,812,777	(5,812,777)	-
Assigned for-							
Projects funded by impact fees	-	-	-	27,633,004	27,633,004	(27,633,004)	-
Unassigned	10,126,261	-	-	-	10,126,261	(10,126,261)	-
Total fund balances	<u>18,911,902</u>	<u>17,030,878</u>	<u>24,650,171</u>	<u>27,633,004</u>	<u>88,225,955</u>	<u>(88,225,955)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 23,071,170</u>	<u>17,030,878</u>	<u>25,125,623</u>	<u>28,359,259</u>	<u>93,586,930</u>	<u>-</u>	<u>-</u>
Net position:							
Net investment in capital assets							(70,683,294)
Restricted for debt service							15,657,459
Unrestricted							63,185,089
Total net position							<u>\$ 8,159,254</u>

The notes to financial statements are an integral part of this statement.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED SEPTEMBER 30, 2017

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	IMPACT FEE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
<b>EXPENDITURES/EXPENSES:</b>							
Service operations:							
LCRA raw water reservation fees	\$ 1,124,953	-	-	-	1,124,953	-	\$ 1,124,953
Repairs and maintenance - water	880,126	-	-	-	880,126	-	880,126
Other water expense	1,974,684	-	-	-	1,974,684	-	1,974,684
Repairs and maintenance - wastewater	409,507	-	-	-	409,507	-	409,507
Other wastewater expense	1,238,205	-	-	-	1,238,205	-	1,238,205
General operating	955,583	-	-	-	955,583	-	955,583
Personnel expenses	2,759,625	-	-	-	2,759,625	(151,569)	2,608,056
Other	1,121,502	-	77,930	1,856	1,201,288	418,587	1,619,875
Capital outlay	2,804,810	-	4,016,172	-	6,820,982	(6,820,982)	-
Debt service:							
Principal payments	238,286	2,915,000	-	-	3,153,286	(3,153,286)	-
Interest payments	-	9,223,405	-	-	9,223,405	33,932	9,257,337
Depreciation and amortization	-	-	-	-	-	7,155,710	7,155,710
Total expenditures/expenses	<u>13,507,281</u>	<u>12,138,405</u>	<u>4,094,102</u>	<u>1,856</u>	<u>29,741,644</u>	<u>(2,517,608)</u>	<u>27,224,036</u>
<b>REVENUES:</b>							
Program revenues:							
Water - retail	14,657,965	-	-	-	14,657,965	-	14,657,965
Water - wholesale	3,850,673	-	-	-	3,850,673	-	3,850,673
Water - other	2,176,311	-	-	-	2,176,311	-	2,176,311
Wastewater - retail and wholesale	4,930,140	-	-	-	4,930,140	-	4,930,140
Wastewater - other	31,371	-	-	-	31,371	-	31,371
Impact fees	-	-	-	9,358,123	9,358,123	-	-
Total program revenues	<u>25,646,460</u>	<u>-</u>	<u>-</u>	<u>9,358,123</u>	<u>35,004,583</u>	<u>-</u>	<u>25,646,460</u>
Net program revenue							<u>(1,577,576)</u>
General revenues:							
Other	4,634	-	1,441,161	-	1,445,795	-	1,445,795
Interest	13,500	10,543	33,783	29,944	87,770	-	-
Total general revenues	<u>18,134</u>	<u>10,543</u>	<u>1,474,944</u>	<u>29,944</u>	<u>1,533,565</u>	<u>-</u>	<u>1,445,795</u>
Total revenues	<u>25,664,594</u>	<u>10,543</u>	<u>1,474,944</u>	<u>9,388,067</u>	<u>36,538,148</u>	<u>-</u>	<u>27,092,255</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	12,137,588	-	-	12,137,588	(12,137,588)	-
Transfers out	(10,067,672)	-	-	(2,069,916)	(12,137,588)	12,137,588	-
Total other financing sources (uses)	<u>(10,067,672)</u>	<u>12,137,588</u>	<u>-</u>	<u>(2,069,916)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	2,089,641	9,726	(2,619,158)	7,316,295	6,796,504	(6,796,504)	-
Change in net position	-	-	-	-	-	(131,781)	(131,781)
<b>FUND BALANCES/ NET POSITION:</b>							
Beginning of year	16,822,261	17,021,152	27,269,329	20,316,709	81,429,451	(82,584,309)	(1,154,858)
End of year	<u>\$ 18,911,902</u>	<u>17,030,878</u>	<u>24,650,171</u>	<u>27,633,004</u>	<u>88,225,955</u>	<u>(89,512,594)</u>	<u>\$ (1,286,639)</u>

The notes to financial statements are an integral part of this statement.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED SEPTEMBER 30, 2017

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>				
Water and wastewater	\$ 24,167,526	24,167,526	25,646,460	1,478,934
Interest and other	11,879	11,879	18,134	6,255
<b>TOTAL REVENUES</b>	<b>24,179,405</b>	<b>24,179,405</b>	<b>25,664,594</b>	<b>1,485,189</b>
<b>EXPENDITURES:</b>				
Service operations:				
LCRA raw water reservation fees	1,264,086	1,264,086	1,124,953	139,133
Repair and maintenance - water	171,525	896,165	880,126	16,039
Other water expense	1,796,363	1,850,563	1,974,684	(124,121)
Repair and maintenance - wastewater	30,856	340,216	409,507	(69,291)
Other wastewater expense	1,037,265	1,050,065	1,238,205	(188,140)
General operating	1,346,566	1,265,886	955,583	310,303
Contract operations	4,069,974	-	-	-
Personnel expenses	947,126	2,791,000	2,759,625	31,375
Other	665,441	1,110,221	1,121,502	(11,281)
Capital outlay	2,563,085	2,963,085	2,804,810	158,275
Debt service:				
Principal payments	135,431	135,431	238,286	(102,855)
<b>TOTAL EXPENDITURES</b>	<b>14,027,718</b>	<b>13,666,718</b>	<b>13,507,281</b>	<b>159,437</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>10,151,687</b>	<b>10,512,687</b>	<b>12,157,313</b>	<b>1,644,626</b>
<b>OTHER FINANCING USES-</b>				
Transfers out	(10,067,672)	(10,067,672)	(10,067,672)	-
<b>CHANGE IN FUND BALANCE</b>	<b>84,015</b>	<b>445,015</b>	<b>2,089,641</b>	<b>1,644,626</b>
<b>FUND BALANCE:</b>				
Beginning of year	16,822,261	16,822,261	16,822,261	-
End of year	<b>\$ 16,906,276</b>	<b>17,267,276</b>	<b>18,911,902</b>	<b>1,644,626</b>

The notes to financial statements are an integral part of this statement.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2017

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Travis County Public Utility Agency (the “PUA”) was created, organized and established on December 21, 2011, pursuant to the provisions of Chapter 572 of the Texas Local Government Code. The PUA is a publicly owned water and wastewater utility, serving western Travis and northern Hays counties, which were formerly serviced by the Lower Colorado River Authority (the “LCRA”). Pursuant to a purchase agreement dated January 17, 2012 entered into with the LCRA (the “Purchase Agreement”), the PUA purchased the LCRA’s West Travis County water and wastewater system; the purchase became effective and operations began on March 19, 2012.

The reporting entity of the PUA encompasses those activities and functions over which the PUA’s appointed officials exercise significant oversight or control. As of September 30, 2017, the PUA was governed by a five member Board of Directors (the “Board”) which were appointed, from each of the three entities that formed the PUA: City of Bee Cave, Hays County, and West Travis County Municipal Utility District No. 5 (the “Public Entities”). The PUA is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) since Board members are appointed by the Public Entities and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units included in the PUA’s reporting entity.

#### **Government-Wide and Fund Financial Statements**

For purposes of GASB Statement No. 34, the PUA is considered a special purpose government. This allows the PUA to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Total Governmental Funds” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the PUA. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the PUA. Other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

## **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the PUA considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include interest income.

The PUA reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes revenues collected to retire bond principal and to pay interest due.

The Capital Projects Fund is used to account for financial resources restricted for authorized construction and other capital asset acquisitions.

The Impact Fee Fund includes charges on new development within the PUA to help fund and pay for the construction or needed expansion of capital improvements.

## **Budgets and Budgetary Accounting**

Formal budgetary integration is employed as a management control device for the General Fund. The budget is proposed by the PUA Manager for the fiscal year commencing the following October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles. Under GASB Statement No. 34, budgetary comparison information is required for the General Fund and each major special revenue fund (the Impact Fee Fund); however, the PUA is not legally required to adopt a budget for the Impact Fee Fund. Therefore, budget comparison information for the Impact Fee Fund is not included in the PUA's financial statements. In addition, formal budgetary integration is not employed for the Debt Service Fund or Capital Projects Fund. For the year ended September 30, 2017, expenditures for the General Fund were below budget by approximately \$159,000.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances**

Cash and cash equivalents - Cash and cash equivalents included cash on deposit as well as investments with maturities of three months or less.

Temporary Investments - The PUA is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The PUA's investment policies and types of investments are governed by Section 2256 of the Government Code ("Public Funds Investment Act"). The PUA's management believes that it complied with the requirements of the Public Funds Investment Act and the PUA's investment policies. The PUA accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Accounts Receivable - The PUA provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of September 30, 2017, there was no allowance for uncollectible accounts.

Assets Held for Sale - Assets held for sale consist of vehicles acquired through the purchase of facilities and equipment from the LCRA in a prior year. These vehicles had a total carrying value of \$6,400 as of September 30, 2017. Assets held for sale are not depreciated and are reported at the lower of their carrying amounts or fair value less cost to sell.

Capital Assets - Capital assets, which include land, construction in progress, vehicles, and water production, transmission, and distribution facilities and wastewater collection and treatment facilities (purchased, constructed or donated) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the PUA as assets with an initial, individual cost of at least \$10,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Water and wastewater collection facilities are depreciated using the straight-line method over estimated useful lives ranging from one to sixty years. Vehicles are depreciated using the straight-line method over estimated useful lives ranging from five to fifteen years.

Consideration in Excess of Value of Assets Acquired - The PUA complies with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which provides guidance for accounting and financial reporting of government combinations, including mergers, acquisitions, and transfers of operations, and disposals of government operations, and requires, among other things, disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. In a government acquisition in which the consideration provided exceeds the net position acquired, the statement requires the excess (formerly known as "goodwill") be recognized as a deferred outflow of resources and those deferred outflows should be attributed to future periods in a systematic and rational manner, based on professional judgment, considering the relevant circumstances at the time of acquisition.

Consideration in excess of value of assets acquired, which resulted from total liabilities assumed exceeding total assets acquired at the time of purchase of the LCRA West Travis County water and wastewater system in fiscal year 2012, is stated at cost and is being amortized systematically over a period of forty years. As of September 30, 2017, consideration in excess of value of assets acquired totaled \$16,067,599. For the year ending September 30, 2017, amortization expense was \$472,576.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as bond insurance costs, are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, including bond insurance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - The fiduciary net position of the Texas County and District Retirement System (“TCDRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources - The PUA complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the PUA’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the PUA’s acquisition of net position applicable to a future reporting period.

The PUA complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 9 for additional information on deferred outflows of resources.

Fund Balance - The PUA’s fund balance classifications are presented in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 8 for additional information on those fund balance classifications.

Fair Value Measurements - The PUA complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **Recently Issued Accounting Pronouncements**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds total fund balance	\$ 88,225,955
Capital assets, consideration in excess of value of assets acquired, and other noncurrent assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	122,124,326
Consideration in excess of value of assets acquired, net of accumulated amortization	16,067,599
Assets held for sale	6,400
Bond insurance costs	414,615
The following liabilities and deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(9)
Pension contributions after measurement date	150,626
Deferred outflows related to pension liability	952
LCRA debt obligation	(14,739,537)
LCRA interest payable	(238,102)
Due to developers for utility facility acquisition	(6,359,970)
Bonds payable, including premiums and discounts	(196,358,284)
Bond interest payable	(1,135,317)
Total net position	<u>\$ 8,159,254</u>

Amounts reported for governmental activities in the statement of activities are different because:

Excess of revenues and other financing sources over expenditures and other financing uses	\$ 6,796,504
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense.	
Capital outlay	4,330,534
Disposal of capital assets	(418,587)
Depreciation expense	(6,683,134)
Amortization expense	(472,576)
Bond proceeds and other debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond principal payments	2,915,000
Payment to developers for utility facility acquisition	2,728,734
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension contributions made before the measurement date	17,381
Pension contributions made after the measurement date	150,626
Adjustments for ending deferred outflows related to net pension liability	(16,438)
Change in bond interest payable	17,506
Change in LCRA interest payable	(98,525)
Amortization of bond discount	(56,326)
Amortization of bond insurance costs	(14,791)
Amortization of bond premium	118,204
Change in net position	<u>\$ 9,314,112</u>

### 3. CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

The PUA's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2017, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the PUA to invest in funds under a written investment policy. The PUA's investment policy is approved annually by the Board. The primary objectives of the PUA's investment strategy, in order of priority, are safety, liquidity, and yield. At September 30, 2017, the PUA had \$240,000 invested in a certificate of deposit with a banking institution. The weighted average maturity of the certificate of deposit was 50 days at September 30, 2017.

Custodial Credit Risk - Custodial 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. The PUA's investment policies requires that the PUA's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. At September 30, 2017, investments consisted only of a certificate of deposit which was covered by FDIC insurance.

Interest Rate Risk - Certificates of deposit held by the PUA have set interest rates.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the PUA's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. As of September 30, 2017, the PUA had one certificate of deposit.

### 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." The composition of interfund balances as of September 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
Impact Fee Fund	General Fund	\$ 378,755
Impact Fee Fund	Capital Project Fund	152,660
Debt Service Fund	General Fund	1,800,000
General Fund	Capital Project Fund	135,487
Total		<u>\$ 2,466,902</u>

During the year, the General Fund and the Impact Fee Fund transferred \$10,067,672 and \$2,069,916, respectively, to the Debt Service Fund to fund interest payments due on the outstanding Series 2013 and 2015 bonds.

## 5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2017 was as follows:

	Balance September 30, 2016	Additions	Retirements and Transfers	Balance September 30, 2017
Capital assets not being depreciated:				
Land	\$ 6,097,409	-	-	6,097,409
Construction in progress	8,349,079	1,158,207	(7,386,102)	2,121,184
Total capital assets not being depreciated	<u>14,446,488</u>	<u>1,158,207</u>	<u>(7,386,102)</u>	<u>8,218,593</u>
Capital assets being depreciated:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	139,257,810	3,375,144	6,967,515	149,600,469
Vehicles	505,911	355,980	-	861,891
Total capital assets being depreciated	<u>139,763,721</u>	<u>3,731,124</u>	<u>6,967,515</u>	<u>150,462,360</u>
Less accumulated depreciation for:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	(29,748,109)	(6,462,388)	-	(36,210,497)
Vehicles	(125,384)	(220,746)	-	(346,130)
Total accumulated depreciation	<u>(29,873,493)</u>	<u>(6,683,134)</u>	<u>-</u>	<u>(36,556,627)</u>
Total capital assets being depreciated, net	<u>109,890,228</u>	<u>(2,952,010)</u>	<u>6,967,515</u>	<u>113,905,733</u>
Capital assets, net	<u>\$ 124,336,716</u>	<u>(1,793,803)</u>	<u>(418,587)</u>	<u>122,124,326</u>

## 6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2017:

	Balance September 30, 2016	Additions	Retirements	Balance September 30, 2017
Series 2013 bonds	\$ 160,480,000	-	(2,725,000)	157,755,000
Series 2015 bonds	37,035,000	-	(190,000)	36,845,000
Premiums on bonds	3,444,242	-	(118,204)	3,326,038
Discounts on bonds	(1,624,080)	-	56,326	(1,567,754)
LCRA debt obligation	14,739,537	-	-	14,739,537
<b>Total</b>	<b>\$ 214,074,699</b>	<b>-</b>	<b>(2,976,878)</b>	<b>211,097,821</b>

At September 30, 2017, long-term debt was comprised of the following:

### Revenue and Refunding Bonds:

\$157,755,000 - Series 2013 Revenue and Refunding Bonds payable serially through the year 2045 at interest rates which range from 2.00% to 5.50%.

\$36,845,000 - Series 2015 Revenue Bonds payable serially through the year 2046 at interest rates which range from 2.00% to 5.00%.

Debt service requirements to maturity for PUA's bonds are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2018	\$ 3,110,000	9,082,538	12,192,538
2019	3,280,000	8,991,688	12,271,688
2020	3,440,000	8,896,588	12,336,588
2021	3,635,000	8,782,263	12,417,263
2022	3,895,000	8,600,513	12,495,513
2023-2027	23,740,000	39,785,465	63,525,465
2028-2032	30,595,000	33,617,802	64,212,802
2033-2037	38,385,000	25,935,607	64,320,607
2038-2042	48,475,000	15,855,875	64,330,875
2043-2046	36,045,000	3,588,500	39,633,500
<b>Total</b>	<b>\$ 194,600,000</b>	<b>163,136,839</b>	<b>357,736,839</b>

At September 30, 2017, revenue bonds of \$202,620,000 and refunding bonds of \$45,160,000 were authorized by the PUA and all were issued.

LCRA debt obligation:

Pursuant to the Purchase Agreement with the LCRA, the PUA assumed the outstanding debt service obligations of the LCRA related to the development and construction of the West Travis County water and wastewater system. The following bonds were issued by the LCRA and outstanding as of the acquisition date (March 19, 2012) and were outstanding as of September 30, 2017. The Purchase Agreement obligates the PUA to pay the LCRA installments sufficient to permit the LCRA to defease and redeem the following outstanding debt service obligations:

\$14,609,352 - Bonds callable May 15, 2019 payable serially through the year 2039 at interest rates which range from 4.00% to 5.625%.

\$130,185 - Bonds not callable payable serially through the year 2019 at interest rates which range from 3.00% to 5.00%.

Debt service requirements to maturity for the PUA's portion of the LCRA's debt service obligations are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2018	\$ -	-	-
2019	528,564	398,206	926,770
2020	419,048	769,982	1,189,030
2021	440,750	749,030	1,189,780
2022	463,538	726,993	1,190,531
2023-2027	2,685,732	3,259,821	5,945,553
2028-2032	3,472,307	2,475,856	5,948,163
2033-2037	4,536,054	1,409,292	5,945,346
2038-2039	2,193,544	186,685	2,380,229
Total	<u>\$ 14,739,537</u>	<u>9,975,865</u>	<u>24,715,402</u>

The above debt service requirements are absent the anticipated installment payments to be made to the LCRA. If the installment payments are made as anticipated, these debt service obligations would be equally adjusted. As of September 30, 2017, three installments totaling \$141,964,038 have been paid to the LCRA to fund principal and interest payments due on the LCRA's outstanding debt service obligations. Pursuant to the Purchase Agreement, the PUA is obligated to pay one additional installment to the LCRA in fiscal year 2019.

## 7. COMMITMENTS AND CONTINGENCIES

The PUA is involved in various legal proceedings which arise from time to time in the normal course of business. While the ultimate results of such matters generally cannot be predicted with certainty, management does not expect any such matters to have a material adverse effect on the financial position of the PUA or its results of operations as of September 30, 2017.

**Operating Leases** - The PUA leases office space under non-cancellable, operating lease agreements. Total rent expense for all operating leases was \$170,289 for the year ended September 30, 2017. The following is a schedule of future minimum lease payments required under these operating leases as of September 30, 2017:

2018	\$	169,172
2019		<u>75,728</u>
Total	\$	<u>244,900</u>

**Due to Developers for Utility Facility Acquisition** - As part of the Purchase Agreement entered with the LCRA, the PUA inherited and assumed certain obligations due on utility facility development and construction agreements entered into with various developers. As part of the original agreements, costs incurred by the developers in the creation of water and wastewater utilities were to be reimbursed by the LCRA. Pursuant to the Purchase Agreement, the PUA has taken on the liabilities to these developers under the various utility facility development and construction agreements. These liabilities are based on the allowed water and wastewater facility development and construction expenses incurred by the developers and estimates are subject to change. As of September 30, 2017, the outstanding liability owed to the various developers totaled \$6,359,970 and developer commitments under utility facility development and construction agreements totaled \$5,486,311.

**Due to Developers for Connection Fee Credit** - As part of an agreement entered into with three developers, the developers plan to develop land within the PUA's water service area and the funds provided to the PUA will go towards developing the water service area. In return, the developers will receive future connection fee credits. As of September 30, 2017, outstanding connection fee credits totaled \$726,255.

## 8. FUND BALANCES

For the year ended September 30, 2017, the PUA has presented fund balance classifications with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the PUA's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 11. Fund balance of the PUA may be committed for a specific purpose by formal action of the Board, the PUA's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has the authority to assign fund balance for a specific purpose. As of September 30, 2017, spending and commitments and assignments of fund balance have been executed in accordance with the PUA's GASB 54 policy. Under the policy, in circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

As part of the bond agreement for the Series 2013 issuance, the PUA agreed to maintain separate and special accounts known as the Rate Stabilization Fund and the Facilities Fund. The Rate Stabilization Fund is an account which holds funds that may be used at the discretion of the PUA for any lawful purpose, including capital additions and improvements to the PUA's water and wastewater system and to enable the PUA to manage rates and charges provided, however, that such funds shall be used in the following order of priority: 1) first for funding of operating and maintenance reserves and payment of principal and interest on debt obligations, 2) redemption or defeasance of outstanding obligations, if economically advantageous, and 3) transfer to the Facilities Account for payment of costs of any capital additions and improvements. The Facilities Fund is an account which holds transfers from the General Fund for times coverage for payment of capital additions and improvements, including reimbursement of such costs. As funds transferred to either of these accounts are for specific purposes pursuant to approval by formal action by the Board, they are considered committed fund balance in the General Fund and are shown as such on the governmental funds balance sheet on page 11.

## 9. DEFINED BENEFIT PENSION PLAN

### Plan Description

The PUA provides retirement, disability, and death benefits for all of its non-temporary full-time employees through a nontraditional defined benefit pension plan administered by TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 738 active participating counties and districts throughout Texas. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (“TCDRS Act”). Members can retire at age 60 and above with 8 or more years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

### Benefits Provided

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employee membership data related to the Plan, as of the valuation date of December 31, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to but not yet receiving benefits	-
Active plan members	6
Total	<u>6</u>

### Contributions

The PUA has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The PUA contributed using the actuarially determined rate of 10.62% for 2017 as adopted by the governing body of the PUA. The employee contribution rate was 7.00%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the PUA within the options available in the TCDRS Act. The required contribution and actual contributions for the year ended September 30, 2017 equaled \$168,007.

## Net Pension Liability

### Actuarial Assumptions

The PUA's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	20.0 years
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the PUA are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 4.5% for age 40-44 to high of 30.0% for age 65 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

### Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation (a)</u>	<u>Geometric Real Rate of Return (Expected minus Inflation) (b)</u>
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (c)	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index (d)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (e)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

- (a) Target asset allocation adopted at the April 2017 TCDRS Board meeting.
- (b) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2017 capital market assumptions.
- (c) Includes vintage years 2006-present of Quarter Pooled Horizon internal rates of return.
- (d) Includes vintage years 2005-present of Quarter Pooled Horizon internal rates of return.
- (e) Includes vintage years 2007-present of Quarter Pooled Horizon internal rates of return.

#### Discount Rate

The discount rate used to measure the total pension liability was 8.10%. This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

#### **Changes in Net Pension Liability**

Changes in the PUA's net pension liability for the valuation year ended December 31, 2016 are as follows:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance as of December 31, 2015	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	28,142	-	28,142
Interest on total pension liability (1)	1,118	-	1,118
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	23	-	23
Effect of assumptions changes or inputs	-	-	-
Administrative expenses	-	-	-
Member contributions	-	11,456	(11,456)
Net investment income	-	-	-
Employer contributions	-	17,381	(17,381)
Other (3)	-	437	(437)
Balance as of December 31, 2016	<u>\$ 29,283</u>	<u>\$ 29,274</u>	<u>\$ 9</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to allocation of system-wide items.

## Sensitivity Analysis

The following presents the net pension liability of the PUA, calculated using the discount rate of 8.10%, as well as what the PUA's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$ 35,808	\$ 29,283	\$ 24,150
Fiduciary net position	29,274	29,274	29,274
Net pension liability / (asset)	\$ 6,534	\$ 9	\$ (5,124)

## Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2017, the PUA recognized pension expense of \$16,438. As of September 30, 2017, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22	\$ -
Net difference between projected and actual earnings	930	-
Contributions made subsequent to measurement date	150,626	-
Total	\$ 151,578	\$ -

The \$150,626 reported as deferred outflows of resources related to pensions resulting from PUA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Pension Expense Amount
2018	\$ 234
2019	234
2020	234
2021	232
2022	1
Thereafter	17
	\$ 952

## **10. RISK MANAGEMENT**

The PUA is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The PUA has obtained coverage from the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

## **11. SUBSEQUENT EVENT**

In December 2017, the PUA issued \$151,730,000 of Revenue Refunding Bonds, Series 2017 to advance refund previously issued bonds in order to lower its overall debt service requirements. The Series 2017 refunding resulted in overall debt service net present value savings of approximately \$11,200,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SEPTEMBER 30, 2017

	Year Ended December 31, 2016*
<b>Total Pension Liability</b>	
Service cost	\$ 28,142
Interest on total pension liability	1,118
Effect of plan changes	-
Effect of assumption changes or inputs	23
Effect on economic/demographic (gains) or losses	-
Benefit paymens/refunds of contributions	-
Net change in total pension liability	29,283
Total pension liability, beginning	-
Total pension liability, ending (a)	\$ 29,283
<b>Fiduciary Net Position</b>	
Employer contributions	\$ 17,381
Member contributions	11,456
Investment income net of investment expenses	-
Benefit payments/refunds of contributions	-
Administrative expenses	-
Other	437
Net change in fiduciary net position	29,274
Fiduciary net position, beginning	-
Fiduciary net position, ending (b)	\$ 29,274
Net pension liability / (asset), ending = (a) - (b)	\$ 9
Fiduciary net position as a % of total pension liability	99.97%
Pensionable covered payroll	\$ 163,664
Net pension liability as a % of covered payroll	0.01%

\* Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SCHEDULE OF DISTRICT CONTRIBUTIONS SEPTEMBER 30, 2017

---

Year Ending September 30 **	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll *	Actual Contribution as a % of Covered Payroll
2017	168,007	168,007	-	1,575,339	10.7%

\* Payroll is calculated based on contributions as reported to TCDRS.

\*\* Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2017

---

### 1. METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following methods and assumptions were used to determine the contributions rates:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	20.0 years
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the PUA are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 4.5% for age 40-44 to high of 30.0% for age 65 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no adjustment for males and a two-year set-forward for females.

## **2. CHANGE IN ASSUMPTIONS**

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

## **SUPPLEMENTAL INFORMATION**

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

**INDEX OF SUPPLEMENTAL SCHEDULES  
YEAR ENDED SEPTEMBER 30, 2017**

---

- SI-1 Notes Required by the Water Agency Accounting Manual
- SI-2 Schedule of Services and Rates
- SI-3 Schedule of Temporary Investments
- SI-4 Long-Term Debt Service Requirements by Years
- SI-5 Analysis of Changes in Long-Term Debt
- SI-6 Board Members, Key Personnel and Consultants

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-1 NOTES REQUIRED BY THE WATER AGENCY ACCOUNTING MANUAL YEAR ENDED SEPTEMBER 30, 2017

---

The notes which follow are not necessarily required for fair presentation of the audited basic financial statements of the PUA which are contained in the preceding section of this report.

(A) Creation of PUA

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 7 to basic financial statements.

(C) Pension Coverage

See Note 9 to basic financial statements.

(D) Pledge of Revenues

See Note 6 to basic financial statements.

(E) Compliance with Debt Service Requirements

The provisions of the bond resolutions as summarized in Note 6 to basic financial statements relating to debt service requirements have been met.

(F) Redemption of Bonds

See Note 6 to basic financial statements.

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

**SI-2 SCHEDULE OF SERVICES AND RATES  
YEAR ENDED SEPTEMBER 30, 2017**

---

**1. Services Provided by the Agency:**

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Retail Water   | <input checked="" type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage              |
| <input checked="" type="checkbox"/> Retail Wastewater  | <input checked="" type="checkbox"/> Wholesale Wastewater | <input checked="" 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 type="checkbox"/> Participates in joint venture, regional system and or wastewater service<br>(other than emergency interconnect) |  |  |
| <input checked="" type="checkbox"/> Other (specify):   | <u>Raw Water and Effluent Water</u>                      |  |

**2. Retail Service Providers:**

**a. Retail Rates for a 5/8" Meter (or equivalent):**

	<u>Minimum Charge (1)</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum (1)</u>	<u>Usage Levels</u>
WATER	\$ 41.97	N/A	N	\$ 5.20	0 to 10,000
				6.50	10,001 to 20,000
				9.75	20,001 to 35,000
				14.63	35,001 to 50,000
				16.82	50,001 to 80,000
				19.35	80,001 above
WASTEWATER	\$ 55.12	N/A	N	\$ 6.94	0 to above
SURCHARGE	N/A				

Agency employs winter averaging for wastewater usage?  Yes (2)  No

Total charges per 10,000 gallons usage: Water: \$ 93.97 (1) Wastewater: \$ 124.52 (1)

(1) Rates indicated above are for Retail Residential customers. See Other Supplemental Schedules for rates for non-residential customers.

(2) Agency employs winter averaging for residential customers only. Winter averaging is not employed for commercial customers.

(continued)

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

**SI-2 SCHEDULE OF SERVICES AND RATES (continued)  
YEAR ENDED SEPTEMBER 30, 2017**

---

**b. Water and Wastewater Retail Connections:**

Meter Size	Total Connections
≤3/4"	7,178
1"	143
1 1/2"	91
2"	107
3"	7
4"	1
6"	1
8"	1
10"	-
Total Water	7,529
Total Wastewater	2,247

**3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):**

Gallons pumped into system: <u>2,788,731,000</u>	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers: <u>2,320,102,000</u>	<u>83.20%</u>

**4. Standby Fees (authorized only under TWC Section 49.231):**

Does the Agency have Debt Service standby fees?  Yes  No

If yes, Date of the most recent Commission Order: N/A

Does the Agency have Operation and Maintenance standby fees?  Yes  No

If yes, Date of the most recent Commission Order: N/A

(continued)

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

**SI-2 SCHEDULE OF SERVICES AND RATES (continued)  
YEAR ENDED SEPTEMBER 30, 2017**

---

**5. Location of Agency:**

County(ies) in which agency is located:

Travis and Hays

Is the Agency located entirely within one county?

Yes  No

Is the Agency located within a city?

Entirely  Partly  Not at all

City(ies) in which Agency is located:

City of Bee Cave, Village of Bear Creek, City of Dripping Springs

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

Entirely  Partly  Not at all

ETJ's in which agency is located:

City of Bee Cave, Village of Bear Creek, City of Dripping Springs, City of Austin

Are Board members appointed by an office outside the Agency?

Yes  No

If yes, by whom?

City of Bee Cave, Texas; Hays County; West Travis County Municipal Utility District No. 5

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2017

---

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at September 30, 2017</u>	<u>Accrued Interest Receivable at September 30, 2017</u>
<u>General Fund:</u>					
Certificate of Deposit - Green Bank	9009010402	0.40%	11/20/2017	240,000	1,450
TOTAL ALL FUNDS				<u>\$ 240,000</u>	<u>\$ 1,450</u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-4 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2017

Due During Fiscal Years Ending 9/30	West Travis County Public Utility Agency Revenue and Refunding Bonds, Series 2013			West Travis County Public Utility Agency Revenue Bonds, Series 2015			LCRA Debt Obligation			Total		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due Various	Interest Due Various	Total	Principal Due Various	Interest Due Various	Total
2018	2,865,000	7,653,775	10,518,775	245,000	1,428,763	1,673,763	-	-	-	3,110,000	9,082,538	12,192,538
2019	2,950,000	7,567,825	10,517,825	330,000	1,423,863	1,753,863	528,564	398,206	926,770	3,808,564	9,389,894	13,198,458
2020	3,035,000	7,479,325	10,514,325	405,000	1,417,263	1,822,263	419,048	769,982	1,189,030	3,859,048	9,666,570	13,525,618
2021	3,145,000	7,373,100	10,518,100	490,000	1,409,163	1,899,163	440,750	749,030	1,189,780	4,075,750	9,531,293	13,607,043
2022	3,300,000	7,215,850	10,515,850	595,000	1,384,663	1,979,663	463,538	726,993	1,190,531	4,358,538	9,327,506	13,686,044
2023	3,465,000	7,050,850	10,515,850	695,000	1,360,863	2,055,863	487,465	703,816	1,191,281	4,647,465	9,115,529	13,762,994
2024	3,640,000	6,877,600	10,517,600	815,000	1,326,113	2,141,113	507,588	679,442	1,187,030	4,962,588	8,883,155	13,845,743
2025	3,840,000	6,677,400	10,517,400	910,000	1,285,363	2,195,363	533,967	654,063	1,188,030	5,283,967	8,616,826	13,900,793
2026	4,030,000	6,485,400	10,515,400	995,000	1,248,963	2,243,963	563,051	626,030	1,189,081	5,588,051	8,360,393	13,948,444
2027	4,250,000	6,263,750	10,513,750	1,100,000	1,209,163	2,309,163	593,661	596,470	1,190,131	5,943,661	8,069,383	14,013,044
2028	4,435,000	6,083,125	10,518,125	1,140,000	1,176,163	2,316,163	625,878	565,302	1,191,180	6,200,878	7,824,590	14,025,468
2029	4,655,000	5,861,375	10,516,375	1,180,000	1,139,113	2,319,113	654,786	532,444	1,187,230	6,489,786	7,532,932	14,022,718
2030	4,890,000	5,628,625	10,518,625	1,235,000	1,086,013	2,321,013	690,475	498,068	1,188,543	6,815,475	7,212,706	14,028,181
2031	5,100,000	5,414,688	10,514,688	1,290,000	1,044,331	2,334,331	729,826	460,091	1,189,917	7,119,826	6,919,110	14,038,936
2032	5,330,000	5,185,188	10,515,188	1,340,000	999,181	2,339,181	771,342	419,951	1,191,293	7,441,342	6,604,320	14,045,662
2033	5,595,000	4,918,688	10,513,688	1,395,000	952,281	2,347,281	810,141	377,527	1,187,668	7,800,141	6,248,496	14,048,637
2034	5,865,000	4,652,925	10,517,925	1,450,000	901,756	2,351,756	856,348	332,969	1,189,317	8,171,348	5,887,650	14,058,998
2035	6,155,000	4,361,238	10,516,238	1,505,000	843,756	2,348,756	906,205	284,800	1,191,005	8,566,205	5,489,794	14,055,999
2036	6,460,000	4,055,125	10,515,125	1,560,000	789,200	2,349,200	953,867	233,826	1,187,693	8,973,867	5,078,151	14,052,018
2037	6,780,000	3,733,838	10,513,838	1,620,000	726,800	2,346,800	1,009,491	180,171	1,189,662	9,409,491	4,640,809	14,050,300
2038	7,120,000	3,396,625	10,516,625	1,690,000	662,000	2,352,000	1,068,243	123,387	1,191,630	9,878,243	4,182,012	14,060,255
2039	7,475,000	3,042,500	10,517,500	1,755,000	594,400	2,349,400	1,125,303	63,297	1,188,600	10,355,303	3,700,197	14,055,500
2040	7,845,000	2,668,750	10,513,750	1,825,000	524,200	2,349,200	-	-	-	9,670,000	3,192,950	12,862,950
2041	8,240,000	2,276,500	10,516,500	1,900,000	451,200	2,351,200	-	-	-	10,140,000	2,727,700	12,867,700
2042	8,650,000	1,864,500	10,514,500	1,975,000	375,200	2,350,200	-	-	-	10,625,000	2,239,700	12,864,700
2043	9,085,000	1,432,000	10,517,000	2,055,000	296,200	2,351,200	-	-	-	11,140,000	1,728,200	12,868,200
2044	9,540,000	977,750	10,517,750	2,140,000	214,000	2,354,000	-	-	-	11,680,000	1,191,750	12,871,750
2045	10,015,000	500,750	10,515,750	2,225,000	128,400	2,353,400	-	-	-	12,240,000	629,150	12,869,150
2046	-	-	-	985,000	39,400	1,024,400	-	-	-	985,000	39,400	1,024,400
	<u>\$ 157,755,000</u>	<u>136,699,065</u>	<u>294,454,065</u>	<u>\$ 36,845,000</u>	<u>26,437,774</u>	<u>63,282,774</u>	<u>\$ 14,739,537</u>	<u>9,975,865</u>	<u>24,715,402</u>	<u>\$ 209,339,537</u>	<u>173,112,704</u>	<u>382,452,241</u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-5 ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2017

	Series 2013	Series 2015	LCRA Debt Obligation	Totals
Interest rate	2.00-5.50%	2.00-5.00%	Various	
Dates interest payable	2/15; 8/15	2/15; 8/15	Various	
Maturity dates	8/15/2045	8/15/2046	2039	
Bonds outstanding, beginning of period	\$ 160,480,000	\$ 37,035,000	\$ 14,739,537	\$ 212,254,537
Bonds issued/acquired during current period	-	-	-	-
Bonds retired during current period	(2,725,000)	(190,000)	-	(2,915,000)
Bonds outstanding, end of period	<u>\$ 157,755,000</u>	<u>\$ 36,845,000</u>	<u>\$ 14,739,537</u>	<u>\$ 209,339,537</u>
Interest paid during current period	<u>\$ 7,790,842</u>	<u>\$ 1,432,563</u>	<u>\$ -</u>	<u>\$ 9,223,405</u>
Paying agent's name & address:	Bank of Texas, N.A. Austin, Texas	Bank of Texas, N.A. Austin, Texas	LCRA Austin, Texas	
	<u>Revenue Bonds</u>	<u>Refunding Bonds</u>		
Bond authority:				
Amount authorized	\$ 202,620,000 *	\$ 45,160,000 *		
Amount issued	<u>(202,620,000)</u>	<u>(45,160,000)</u>		
Remaining to be issued	<u>\$ -</u>	<u>\$ -</u>		
Debt Service Fund cash and temporary investments balances as of September 30, 2017:				<u>\$ 15,227,346</u>
Average annual debt service payments (principal & interest) for remaining term of debt:				<u>\$ 13,188,008</u>

\* Since the PUA has no taxing authority, it has no specific standing authorization to issue bonds.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-6 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2017

---

Complete Agency Mailing Address: 12117 Bee Cave Road, Building 3, Suite 120

Bee Cave, Texas 78738

Agency Business Telephone Number: (512) 263-0100

Submission date of the most recent Registration Form: N/A

Limit on fees of office that a director may receive during a fiscal year: N/A

<u>Name and Address</u>	<u>Term of Office Appointed &amp; Expires or Date Hired</u>	<u>Fees 9/30/17</u>	<u>Expense Reimbursements 9/30/17</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Scott Roberts	Appointed 10/16 - 9/18	\$ -	\$ -	President
Fred Goff	Appointed 10/16 - 9/20	-	-	Vice President
Ray Whisenant	Appointed 10/16 - 9/20	-	-	Secretary/Treasurer
Dan Walden	Appointed 10/16 - 9/20	-	-	Director
Bill Goodwin	Appointed 10/16 - 9/18	-	-	Director

Note: No director is disqualified from serving on this board under the Texas Water Code.

Key Administrative Personnel:

Robert Pugh	2016	\$	173,064	\$	5,711	General Manager
-------------	------	----	---------	----	-------	-----------------

(continued)

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-6 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2017

---

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements 9/30/17</u>	<u>Title at Year End</u>
<u>Consultants:</u>			
USW Utility Group	Jun-14	\$ 2,209,219	Former Operator
Murfee Engineering Company	Dec-11	1,140,038	Engineer
Lloyd Gosselink Rochelle & Townsend, P.C.	Dec-11	555,684	Attorney
The Wallace Group, Inc	Dec-11	184,789	Engineer
Municipal Accounts & Consulting	Jan-12	131,643	Former Bookkeeper
Nelisa Heddin Consulting, LLC	Dec-11	31,770	Rate Consultant
Maxwell Locke & Ritter LLP	Sep-12	56,000	Auditor

**OTHER  
SUPPLEMENTAL INFORMATION**

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

## **INDEX OF OTHER SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2017**

---

- OSI-1 Major PUA Water and Wastewater Customers
- OSI-2 Historical Condensed Statement of Operations
- OSI-3 Monthly Water Rates and Impact Fees of the Participants
- OSI-4 Monthly Wastewater Rates

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-1 MAJOR PUA WATER AND WASTEWATER CUSTOMERS SEPTEMBER 30, 2017

### WATER

Name of Rate Payer	2017		
	Gallons Used	Revenue	% of Total Revenue
Spanish Oaks Owners Association	19,222,000	\$ 329,028	1.6%
Highpointe Community Association	10,215,000	189,863	0.9%
CSHV HCG Retail & Office	11,519,000	129,225	0.6%
HEB	6,089,000	93,528	0.5%
Estates at Bee Cave	6,304,000	87,034	0.4%
Paseo at Bee Cave	8,257,000	84,771	0.4%
The Salt Lick Bar B Q	4,031,000	71,388	0.3%
Connell Falconhead Apts	8,417,000	69,117	0.3%
Ladera HOA	3,548,000	61,581	0.3%
Hill Country Apts	6,514,000	56,970	0.3%
	<u>84,116,000</u>	<u>\$ 1,172,505</u>	<u>5.7%</u>

### WASTEWATER

Name of Rate Payer	2017		
	Gallons Used	Revenue	% of Total Revenue
CSHV HCG Retail & Office	11,519,000	\$ 164,395	3.3%
Estates at Bee Cave	6,304,000	118,218	2.4%
Paseo at Bee Cave	8,257,000	99,683	2.0%
Connell Falconhead Apts	8,417,000	82,527	1.7%
HEB	4,575,000	74,082	1.5%
Hill Country Apts	6,514,000	72,238	1.5%
Inven Trust Property Management	4,830,000	50,435	1.0%
Home Depot	2,145,000	37,758	0.8%
Whole Foods Market	1,425,000	26,052	0.5%
Coachworks Car Wash	1,842,000	19,733	0.4%
	<u>55,828,000</u>	<u>\$ 745,121</u>	<u>15.0%</u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-2 HISTORICAL CONDENSED STATEMENT OF OPERATIONS SEPTEMBER 30, 2017

	Year Ended September 30, 2017	Year Ended September 30, 2016	Year Ended September 30, 2015	Year Ended September 30, 2014	Year Ended September 30, 2013
<b>Revenues and Expenses</b>					
Gross Water and Wastewater System Revenue	\$ 25,646,460	22,618,368	20,663,472	20,561,874	18,469,424
Direct O&M Expense	10,464,185	11,072,137	11,416,517	11,048,868	9,096,117
Total Net Revenues	15,182,275	11,546,231	9,246,955	9,513,006	9,373,307
Impact Fees Recognized/Collected	9,358,123	6,891,383	5,574,972	5,380,796	6,190,414
Total Net Water and Wastewater System Income	\$ 24,540,398	18,437,614	14,821,927	14,893,802	15,563,721
	Retail	Wholesale (estimated)			
Water Connections	7,529	5,018			
Wastewater Connections	2,247	664			
Water Population Served (1)	37,641				
PUA General Operating Fund Unassigned Balance	10,126,261				
PUA Rate Stabilization Fund Balance	2,972,864				
PUA Facilities Fund Balance	5,812,777				
PUA Impact Fee Fund Balance	27,633,004				

(1) Calculated based upon 3 occupants/water connection.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-3 MONTHLY WATER RATES AND IMPACT FEES OF THE PARTICIPANTS SEPTEMBER 30, 2017

---

### Water Impact Fees:

	<u>Bee Cave Rate District</u>	<u>Bee Cave South Rate District</u>	<u>Homestead/ Meadow Fox Rate District</u>	<u>HPR/290 Rate District</u>	<u>Highway 71 Water System Service Area</u>	<u>Highway 290 Water System Service Area</u>
Historical Water Impact Fee	\$ 4,120	\$ 5,180	\$ 4,120	\$ 5,180	N/A	N/A
2012 Water Impact Fee	N/A	N/A	N/A	N/A	\$ 5,992	\$ 8,809
2015 Water Impact Fee	N/A	N/A	N/A	N/A	\$ 7,476	\$ 12,938

The PUA assesses, collects and reports water and wastewater impact fees by rate districts. In addition, the PUA designs and constructs and accounts for capital improvement projects that provide water and wastewater services to existing/new development and associated system expansions to and within these rate districts.

(continued)

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-3 MONTHLY WATER RATES AND IMPACT FEES OF THE PARTICIPANTS (continued) SEPTEMBER 30, 2017

---

### Residential, Multi-Unit Residential and Multi-Use Facilities, Irrigation and Fire Hydrant Meters (Minimum Monthly Bill):

Meter Size	Base Fee
5/8"	\$ 41.97
3/4"	\$ 54.22
1"	\$ 97.13
1 1/2"	\$ 154.43
2"	\$ 255.54
3"	\$ 338.11
4"	\$ 499.14
6"	\$ 1,645.80
8"	\$ 2,633.28
12"	\$ 3,785.34

### Volume Charge (per thousand gallons used):

### Residential (with 5/8" and 3/4" meters), Commercial (with 5/8" and 3/4" meters), Irrigation and Fire Hydrant Meters:

Gallons	Base Fee
0-10,000	\$ 5.20
10,001-20,000	\$ 6.50
20,001-35,000	\$ 9.75
35,001-50,000	\$ 14.63
50,001-80,000	\$ 16.82
80,000 +	\$ 19.35

### Commercial with 1" and Greater Meters (excluding multiple use facilities):

Meter Size	Gallons	Base Fee
1"	0-55,000	\$ 4.25
	55,001 and above	\$ 8.10
1 1/2"	0-75,000	\$ 4.25
	75,001 and above	\$ 8.10
2", 3", 4"	0-100,000	\$ 4.25
	above	\$ 8.10

### Mult-Unit Residential and Multi-Use Facilities:

Gallons	Base Fee
1 and above	\$ 7.50

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-4 MONTHLY WASTEWATER RATES SEPTEMBER 30, 2017

---

### Wastewater Impact Fee per LUE:

	<u>System Wide</u>
Historical Water Impact Fee	\$ 5,250
2012 Wastewater Impact Fee	\$ 11,500
2015 Wastewater Impact Fee	\$ 11,644

### Monthly Fee Per Rate District

	<u>Base Fee</u>
Minimum Monthly Charge:	
Residential	\$ 55.12
Commercial (based on meter size 5/8")	\$ 55.12
Multi Family Residential/Multi-Use Facilities (based on meter size 5/8")	\$ 55.12
Volume Charge (per thousand gallons):	
Residential	\$ 6.94
Non-Residential	\$ 7.84
Multi-Use Residential/Multi-Use Facilities	\$ 7.84