

**WEST TRAVIS COUNTY  
PUBLIC UTILITY AGENCY**

**Financial Statements and  
Supplemental Information  
as of and for the Year Ended  
September 30, 2018 and  
Independent Auditors' Report**

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

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# ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF TRAVIS

I, \_\_\_\_\_  
(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 \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, its audit report as of September 30, 2018 and for the year then ended and that copies of the annual audit report have been filed in the Agency office, located at 13215 Bee Cave Pkwy, Building B, Suite 110, Bee Cave, Texas 78738.

Date: \_\_\_\_\_, 20\_\_\_\_. By: \_\_\_\_\_  
(Signature of Agency Representative)

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

Sworn to and subscribed to before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

(SEAL)

\_\_\_\_\_  
(Printed Name of Notary)

My Commission Expires On: \_\_\_\_\_  
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, 2018, 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, 2018, 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 (asset) and related ratios, the schedule of agency contributions, and the notes to required supplementary information on pages 5 through 10, 35, 36, and 37 through 38, 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 20, 2019

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

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## **Management's Discussion and Analysis For the Year Ended September 30, 2018**

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, 2018. 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, 2018 were approximately \$259.2 million while its liabilities and deferred inflows of resources were approximately \$234.1 million. Assets and deferred outflows of resources of the PUA exceeded its liabilities and deferred inflows of resources at September 30, 2018 by approximately \$25.1 million.
- Revenues for the year ended September 30, 2018 totaled approximately \$41.9 million while expenses totaled approximately \$24.9 million, resulting in an increase in net position of approximately \$17.0 million for the year ended September 30, 2018.

### **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 and deferred inflows of resources by approximately \$25.1 million at the close of the most recent year ending on September 30, 2018.

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. 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 \$98.6 million at September 30, 2018. Of this, approximately \$17.2 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, Series 2015 Revenue Bonds, and Series 2017 Revenue Refunding Bonds totaled approximately \$223.8 million at September 30, 2018; future water and wastewater revenues collected by the PUA will be used to pay this outstanding long-term debt.



Approximately \$24.2 million and approximately \$39.1 million of cash, cash equivalents, and temporary investments at September 30, 2018 are in the Capital Projects and Impact Fee Funds, respectively. This money is segregated for the construction of new capital projects.

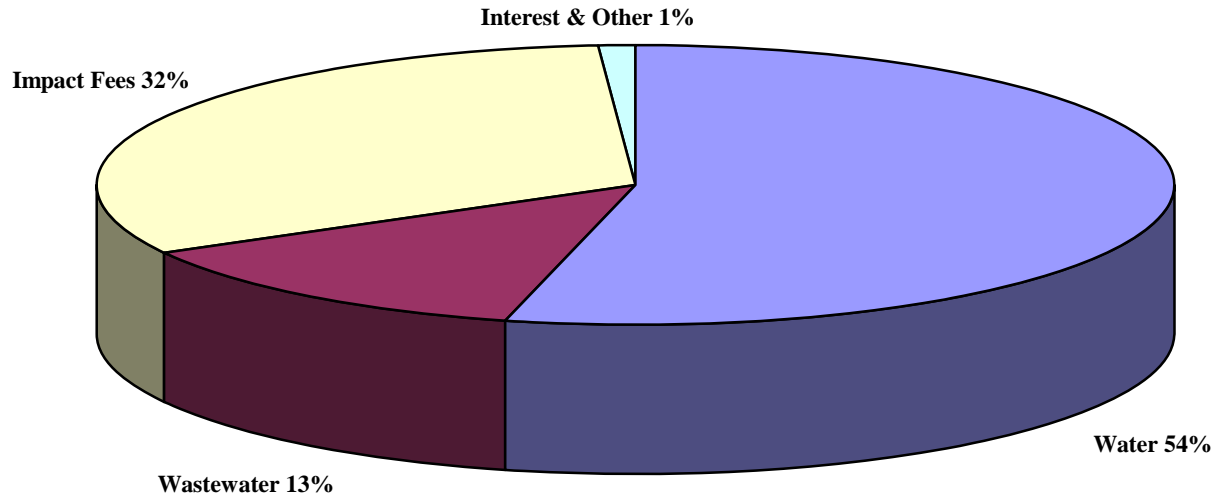
As part of the bond agreement for the previously issued Series 2013 issuance, the PUA agreed to maintain separate and special accounts known as the Rate Stabilization Fund and the Facilities Fund. The Rate Stabilization Fund is an account which holds funds that may be used at the discretion of the PUA 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	
	2018	2017
Current and other assets	\$ 103,390,700	\$ 91,120,028
Capital and non-current assets	123,306,014	122,545,341
Total assets	\$ 226,696,714	\$ 213,665,369
Deferred outflows of resources	\$ 32,513,030	\$ 16,219,177
Current liabilities	\$ 7,929,675	\$ 6,413,135
Long-term liabilities	226,149,038	215,312,157
Total liabilities	\$ 234,078,713	\$ 221,725,292
Deferred inflows of resources	\$ 624	\$ -
Net investment in capital assets	\$ (70,066,589)	\$ (70,683,294)
Restricted	15,888,991	15,657,459
Unrestricted	79,308,005	63,185,089
Total net position	\$ 25,130,407	\$ 8,159,254

The PUA’s total assets were approximately \$226.7 million and \$213.7 million as of September 30, 2018 and 2017, respectively. At September 30, 2018, the PUA had deferred outflows of resources totaling \$32.5 million mainly related to deferred charges on bond refundings and 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, 2018 was \$472,576. The PUA had outstanding liabilities of approximately \$234.1 million and \$221.7 million as of September 30, 2018 and 2017, respectively, of which approximately \$194.9 million and \$194.6 million represents bonds payable as of September 30, 2018 and 2017, respectively, and approximately \$14.7 million represents liabilities owed to the LCRA as of September 30, 2018 and 2017.

## Sources of Revenue



## Statement of Activities

	Governmental Activities	
	2018	2017
Water and wastewater	\$ 27,894,945	\$ 25,646,460
Impact fees	13,595,918	9,358,123
Interest and other	383,828	1,533,565
<b>Total revenues</b>	<b>41,874,691</b>	<b>36,538,148</b>
Water and wastewater	5,680,860	5,627,475
Professional services	673,526	955,583
Personnel expenses	2,652,999	2,608,056
Other	932,867	1,619,875
Debt service	7,919,305	9,257,337
Depreciation and amortization	7,043,981	7,155,710
<b>Total expenses</b>	<b>24,903,538</b>	<b>27,224,036</b>
Change in net position	16,971,153	9,314,112
Beginning net position	8,159,254	(1,154,858)
<b>Ending net position</b>	<b>\$ 25,130,407</b>	<b>\$ 8,159,254</b>

Operating revenues were approximately \$41.9 million and \$36.5 million for the years ended September 30, 2018 and 2017, respectively. Water and wastewater service provided approximately \$27.9 million and \$25.6 million in revenues for the years ended September 30, 2018 and 2017, respectively. Impact fees generated approximately \$13.6 million and \$9.4 million in revenues for the years ended September 30, 2018 and 2017, respectively. Total expenses were approximately \$24.9 million and \$27.2 million for the years ended September 30, 2018 and 2017, respectively. Net position was approximately \$25.1 million and approximately \$8.2 million at September 30, 2018 and 2017, respectively.

## Analysis of Governmental Funds

	2018	2017
Cash and cash equivalents	\$ 19,771,071	\$ 86,264,764
Temporary investments	78,810,098	240,000
Receivables	4,781,138	4,602,957
Interfund receivable	4,254,828	2,466,902
Deposits	28,393	12,307
Total assets	\$ 107,645,528	\$ 93,586,930
Accounts payable	\$ 1,625,268	\$ 1,368,886
Refundable deposits	586,775	541,700
Other liabilities	360,017	257,232
Interfund payable	4,254,828	2,466,902
Due to developers for connection fee credit	508,665	726,255
Total liabilities	7,335,553	5,360,975
Restricted fund balance	37,625,279	41,681,049
Committed fund balance	8,517,161	8,785,641
Assigned fund balance	39,206,346	27,633,004
Unassigned fund balance	14,961,189	10,126,261
Total fund balances	100,309,975	88,225,955
Total liabilities and fund balances	\$ 107,645,528	\$ 93,586,930

The *General Fund* pays for daily operating expenditures. For the year ended September 30, 2018, the PUA's budget projected an ending operating fund balance of approximately \$17.9 million. The General Fund reflected positive change in fund balance of approximately \$4.6 million, a positive difference of approximately \$5.5 million compared to the budget. This positive difference is primarily due to more water and wastewater revenues than budgeted and less capital outlay expenditures than budgeted.

The *Debt Service Fund* had an ending restricted fund balance of approximately \$17.2 million at September 30, 2018. During the year, the PUA paid approximately \$12.0 million in principal and interest due on the outstanding Series 2013, Series 2015, and Series 2017 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

	2018	2017
Land	\$ 6,097,409	\$ 6,097,409
Construction in progress	6,062,539	2,121,184
Water and wastewater facilities	152,409,603	149,600,469
Vehicles	951,306	861,891
Leasehold improvements	187,052	-
Subtotal	165,707,909	158,680,953
Accumulated depreciation and amortization	(43,100,702)	(36,556,627)
Total	<u>\$ 122,607,207</u>	<u>\$ 122,124,326</u>

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

## Long-Term Debt Activity

	2018	2017
Bonds payable	\$ 194,935,000	\$ 194,600,000
Premiums on bonds	14,212,672	3,326,038
Discount on bonds	(89,404)	(1,567,754)
LCRA debt obligation	14,739,537	14,739,537
Total	<u>\$ 223,797,805</u>	<u>\$ 211,097,821</u>

The PUA owes approximately \$194.9 million to bond holders from the Series 2013 and Series 2015 bonds issued in previous years and from the Series 2017 bonds issued in the current year. 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 2019 budget projects a General Fund balance increase of approximately \$3.8 million. Budgeted revenues and other financing sources total approximately \$43.0 million, while expenditures and other financing uses are expected to be approximately \$39.2 million, which includes approximately \$9.3 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 13215 Bee Cave Pkwy, Building B, Suite 110, Bee Cave, Texas 78738.

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET SEPTEMBER 30, 2018

	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	\$ 6,590,344	1,051,072	652,026	11,477,629	19,771,071	-	\$ 19,771,071
Temporary investments	11,504,239	16,160,460	23,499,520	27,645,879	78,810,098	-	78,810,098
Receivables:							
Service accounts	4,580,651	-	-	-	4,580,651	-	4,580,651
Accrued interest	26,003	36,510	53,118	62,523	178,154	-	178,154
Other	22,333	-	-	-	22,333	-	22,333
Due from other funds	3,725,848	-	-	528,980	4,254,828	(4,254,828)	-
Deposits	28,393	-	-	-	28,393	-	28,393
Bond insurance costs	-	-	-	-	-	639,897	639,897
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	6,097,409	6,097,409
Construction in progress	-	-	-	-	-	6,062,539	6,062,539
Vehicles	-	-	-	-	-	494,569	494,569
Leasehold improvements	-	-	-	-	-	166,269	166,269
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	-	-	-	-	-	109,786,421	109,786,421
Net pension asset	-	-	-	-	-	58,910	58,910
Total assets	<u>\$ 26,477,811</u>	<u>17,248,042</u>	<u>24,204,664</u>	<u>39,715,011</u>	<u>107,645,528</u>	<u>119,051,186</u>	<u>\$ 226,696,714</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Consideration in excess of value of assets acquired (net of accumulated amortization)	\$ -	-	-	-	-	15,595,023	\$ 15,595,023
Deferred charges on bond refundings	-	-	-	-	-	16,587,904	16,587,904
Pension contributions after measurement date	-	-	-	-	-	161,590	161,590
Deferred outflows related to pension liability	-	-	-	-	-	168,513	168,513
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,513,030</u>	<u>32,513,030</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,625,268	-	-	-	1,625,268	-	\$ 1,625,268
Refundable deposits	586,775	-	-	-	586,775	-	586,775
Other liabilities	258,438	-	101,579	-	360,017	-	360,017
Due to other funds	528,980	-	3,725,848	-	4,254,828	(4,254,828)	-
Bond interest payable	-	-	-	-	-	1,022,423	1,022,423
Long-term liabilities:							
Due within one year	-	-	-	-	-	3,998,564	3,998,564
Due after one year	-	-	-	-	-	219,799,241	219,799,241
Due to developers for connection fee credit	-	-	-	508,665	508,665	-	508,665
Due to developers for utility facility acquisition	-	-	-	-	-	5,841,132	5,841,132
LCRA interest payable	-	-	-	-	-	336,628	336,628
Total liabilities	<u>2,999,461</u>	<u>-</u>	<u>3,827,427</u>	<u>508,665</u>	<u>7,335,553</u>	<u>226,743,160</u>	<u>234,078,713</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pension liability	-	-	-	-	-	624	624
<b>FUND BALANCES / NET POSITION</b>							
Fund balances:							
Restricted for:							
Debt service	-	17,248,042	-	-	17,248,042	(17,248,042)	-
Capital projects	-	-	20,377,237	-	20,377,237	(20,377,237)	-
Committed for:							
Rate Stabilization Fund	2,985,585	-	-	-	2,985,585	(2,985,585)	-
Facilities Fund	5,531,576	-	-	-	5,531,576	(5,531,576)	-
Assigned for-							
Projects funded by impact fees	-	-	-	39,206,346	39,206,346	(39,206,346)	-
Unassigned	14,961,189	-	-	-	14,961,189	(14,961,189)	-
Total fund balances	<u>23,478,350</u>	<u>17,248,042</u>	<u>20,377,237</u>	<u>39,206,346</u>	<u>100,309,975</u>	<u>(100,309,975)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 26,477,811</u>	<u>17,248,042</u>	<u>24,204,664</u>	<u>39,715,011</u>	<u>107,645,528</u>		
Net position:							
Net investment in capital assets							(70,066,589)
Restricted for debt service							15,888,991
Unrestricted							79,308,005
Total net position							<u>\$ 25,130,407</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, 2018

	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	\$ 1,113,642	-	-	-	1,113,642	-	\$ 1,113,642
Repairs and maintenance - water	745,757	-	-	-	745,757	-	745,757
Other water expense	2,297,647	-	-	-	2,297,647	-	2,297,647
Repairs and maintenance - wastewater	258,623	-	-	-	258,623	-	258,623
Other wastewater expense	1,265,191	-	-	-	1,265,191	-	1,265,191
Professional services	673,526	-	-	-	673,526	-	673,526
Personnel expenses	2,889,819	-	-	-	2,889,819	(236,820)	2,652,999
Other	803,882	-	21,868	85,243	910,993	-	910,993
Capital outlay	3,224,836	-	4,363,762	-	7,588,598	(7,566,724)	21,874
Debt service:							
Principal payments	-	5,635,000	-	-	5,635,000	(5,635,000)	-
Interest payments	-	6,415,795	-	-	6,415,795	(930,122)	5,485,673
Bond issuance costs	-	2,760,760	-	-	2,760,760	(327,128)	2,433,632
Depreciation and amortization	-	-	-	-	-	7,043,981	7,043,981
Total expenditures/expenses	<u>13,272,923</u>	<u>14,811,555</u>	<u>4,385,630</u>	<u>85,243</u>	<u>32,555,351</u>	<u>(7,651,813)</u>	<u>24,903,538</u>
<b>REVENUES:</b>							
Program revenues:							
Water - retail	16,143,828	-	-	-	16,143,828	-	16,143,828
Water - wholesale	4,538,439	-	-	-	4,538,439	-	4,538,439
Water - other	1,941,277	-	-	-	1,941,277	-	1,941,277
Wastewater - retail and wholesale	4,720,725	-	-	-	4,720,725	-	4,720,725
Wastewater - other	550,676	-	-	-	550,676	-	550,676
Impact fees	-	-	-	13,595,918	13,595,918	-	13,595,918
Total program revenues	<u>27,894,945</u>	<u>-</u>	<u>-</u>	<u>13,595,918</u>	<u>41,490,863</u>	<u>-</u>	<u>41,490,863</u>
Net program revenue							<u>16,587,325</u>
General revenues:							
Other	7,117	-	-	-	7,117	-	7,117
Interest	57,309	71,039	112,696	135,667	376,711	-	376,711
Total general revenues	<u>64,426</u>	<u>71,039</u>	<u>112,696</u>	<u>135,667</u>	<u>383,828</u>	<u>-</u>	<u>383,828</u>
Total revenues	<u>27,959,371</u>	<u>71,039</u>	<u>112,696</u>	<u>13,731,585</u>	<u>41,874,691</u>	<u>-</u>	<u>41,874,691</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Issuance of bonds	-	151,730,000	-	-	151,730,000	(151,730,000)	-
Premium on sale of bonds	-	13,844,703	-	-	13,844,703	(13,844,703)	-
Payment to refunded bond escrow agent	-	(162,810,023)	-	-	(162,810,023)	162,810,023	-
Transfers in	-	12,193,000	-	-	12,193,000	(12,193,000)	-
Transfers out	(10,120,000)	-	-	(2,073,000)	(12,193,000)	12,193,000	-
Total other financing sources (uses)	<u>(10,120,000)</u>	<u>14,957,680</u>	<u>-</u>	<u>(2,073,000)</u>	<u>2,764,680</u>	<u>(2,764,680)</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>							
	4,566,448	217,164	(4,272,934)	11,573,342	12,084,020	(12,084,020)	-
Change in net position	-	-	-	-	-	16,971,153	16,971,153
<b>FUND BALANCES/ NET POSITION:</b>							
Beginning of year	18,911,902	17,030,878	24,650,171	27,633,004	88,225,955	(89,512,594)	8,159,254
End of year	<u>\$ 23,478,350</u>	<u>17,248,042</u>	<u>20,377,237</u>	<u>39,206,346</u>	<u>100,309,975</u>	<u>(75,179,568)</u>	<u>\$ 25,130,407</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, 2018

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>			
Water and wastewater	\$ 25,799,000	27,894,945	2,095,945
Interest and other	84,000	64,426	(19,574)
<b>TOTAL REVENUES</b>	<b>25,883,000</b>	<b>27,959,371</b>	<b>2,076,371</b>
<b>EXPENDITURES:</b>			
Service operations:			
LCRA raw water reservation fees	1,250,000	1,113,642	136,358
Repair and maintenance - water	1,000,000	745,757	254,243
Other water expense	2,259,000	2,297,647	(38,647)
Repair and maintenance - wastewater	150,000	258,623	(108,623)
Other wastewater expense	1,279,000	1,265,191	13,809
Professional services	775,000	673,526	101,474
Personnel expenses	3,160,000	2,889,819	270,181
Other	874,800	803,882	70,918
Capital outlay	5,993,100	3,224,836	2,768,264
<b>TOTAL EXPENDITURES</b>	<b>16,740,900</b>	<b>13,272,923</b>	<b>3,467,977</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>9,142,100</b>	<b>14,686,448</b>	<b>5,544,348</b>
<b>OTHER FINANCING USES-</b>			
Transfers out	(10,120,000)	(10,120,000)	-
<b>CHANGE IN FUND BALANCE</b>	<b>(977,900)</b>	<b>4,566,448</b>	<b>5,544,348</b>
<b>FUND BALANCE:</b>			
Beginning of year	18,911,902	18,911,902	-
End of year	<b>\$ 17,934,002</b>	<b>23,478,350</b>	<b>5,544,348</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, 2018

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### 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, 2018, 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 Lake Pointe Municipal Utility District (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, 2018, expenditures for the General Fund were below budget by approximately \$3,468,000.

## **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, corporate bonds, money market and other mutual funds, 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, 2018, there was no allowance for uncollectible accounts.

Capital Assets - Capital assets, which include land, construction in progress, vehicles, leasehold improvements, 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. Leasehold improvements are amortized over the term of the lease agreement.

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, 2018, consideration in excess of value of assets acquired, net totaled \$15,595,023. For the year ending September 30, 2018, 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 (asset), 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 6 and Note 10 for additional information on deferred outflows and inflows 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 9 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	\$ 100,309,975
Prepaid bond insurance costs are recorded as expenditures in the funds, but are amortized over the life of the related bonds in the statement of net position.	639,897
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	122,607,207
Consideration in excess of value of assets acquired, net of accumulated amortization	15,595,023
Net pension asset is not receivable in the current period and, therefore, is not reported in the funds.	58,910
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:	
Pension contributions after measurement date	161,590
Deferred outflows related to pension asset	168,513
Deferred inflows related to pension asset	(624)
LCRA debt obligation	(14,739,537)
LCRA interest payable	(336,628)
Due to developers for utility facility acquisition	(5,841,132)
Bonds payable, including premiums and discounts	(209,058,268)
Less: Deferred charges on bond refundings	16,587,904
Bond interest payable	<u>(1,022,423)</u>
Total net position	<u>\$ 25,130,407</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	\$ 12,084,020
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	6,049,115
Depreciation expense	(6,571,405)
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.	
Issuance of bonds, including premium	(165,574,703)
Payment to refunded bond escrow agent	162,810,023
Bond principal payments	5,635,000
Payment to developers for utility facility acquisition	1,517,609
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	59,395
Pension contributions made after the measurement date	161,590
Adjustments for ending deferred outflows and inflows related to net pension asset	15,835
Change in bond interest payable	112,894
Change in LCRA interest payable	(98,526)
Amortization of bond discount	(1,478,350)
Amortization of deferred charges on bond refunding	(462,119)
Bond insurance premium	327,128
Amortization of bond insurance costs	(101,846)
Amortization of bond premium	2,958,069
Change in net position	<u><u>\$ 16,971,153</u></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, 2018, 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.

Investments held at September 30, 2018 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
U.S. Government Notes	\$ 39,192,710	581	AA+
U.S. Government Inflation Bonds	1,415,934	196	AA+
Corporate Bonds	11,362,445	429	AA- - AAA
Municipal Bonds	380,945	792	A
U.S. Agencies:			
Federal Farm Credit Bank	6,458,010	171	AA+
Federal Home Loan Mortgage	6,829,561	536	AA+
Federal National Mortgage Assn.	6,551,356	160	AA+
Federal Home Loan Bank	6,619,137	1,078	AA+
Total	<u>\$ 78,810,098</u>		

The PUA invests excess funds in U.S. government notes, U.S. government inflation bonds, corporate bonds, municipal bonds, and U.S. agency securities and are valued using Level 1 inputs that are based on market data obtained from independent sources. The investments are reported by the PUA at fair value in accordance with GASB Statement No. 72.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2018, investments had ratings from Standard & Poor's in compliance with the PUA's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the PUA's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the PUA, and are held by either the counterparty or the counterparty's trust department or agent but not in the PUA's name. At September 30, 2018, the PUA was not exposed to custodial credit risk.

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, 2018, the PUA's investments which require disclosure are as follows:

Issuer	Fair Value	Percentage of Portfolio
Federal Farm Credit Bank	\$ 6,458,010	8%
Federal Home Loan Mortgage	6,829,561	9%
Federal National Mortgage Assn.	6,551,356	8%
Federal Home Loan Bank	6,619,137	8%

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the PUA's investment policy requires that individual investments have a maximum allowable maturity of five years, unless otherwise stated in the investment policy. The PUA's investments had weighted-average maturities at September 30, 2018 in compliance with the PUA's investment policy. At September 30, 2018, the PUA was not exposed to significant interest rate risk.

#### 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, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
Impact Fee Fund	General Fund	\$ 528,980
General Fund	Capital Projects Fund	3,725,848
Total		<u>\$ 4,254,828</u>

During the year, the General Fund and the Impact Fee Fund transferred \$10,120,000 and \$2,073,000, respectively, to the Debt Service Fund to fund principal and interest payments due on the outstanding Series 2013, 2015, and 2017 bonds.



## 5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2018 was as follows:

	Balance September 30, 2017	Additions	Retirements and Transfers	Balance September 30, 2018
Capital assets not being depreciated:				
Land	\$ 6,097,409	-	-	6,097,409
Construction in progress	2,121,184	4,015,823	(74,468)	6,062,539
Total capital assets not being depreciated	<u>8,218,593</u>	<u>4,015,823</u>	<u>(74,468)</u>	<u>12,159,948</u>
Capital assets being depreciated/amortized:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	149,600,469	2,734,666	74,468	152,409,603
Vehicles	861,891	116,745	(27,330)	951,306
Leasehold improvements	-	187,052	-	187,052
Total capital assets being depreciated/amortized	<u>150,462,360</u>	<u>3,038,463</u>	<u>47,138</u>	<u>153,547,961</u>
Less accumulated depreciation and amortization for:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	(36,210,497)	(6,412,685)	-	(42,623,182)
Vehicles	(346,130)	(137,937)	27,330	(456,737)
Leasehold improvements	-	(20,783)	-	(20,783)
Total accumulated depreciation and amortization	<u>(36,556,627)</u>	<u>(6,571,405)</u>	<u>27,330</u>	<u>(43,100,702)</u>
Total capital assets being depreciated/amortized, net	<u>113,905,733</u>	<u>(3,532,942)</u>	<u>74,468</u>	<u>110,447,259</u>
Capital assets, net	<u>\$ 122,124,326</u>	<u>482,881</u>	<u>-</u>	<u>122,607,207</u>

## 6. DEFERRED CHARGES ON BOND REFUNDINGS

The following is a summary of changes in deferred charges on bond refundings for the year ended September 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
Deferred charges on bond refundings	\$ -	17,050,023	(462,119)	16,587,904

## 7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018
Series 2013 bonds	\$ 157,755,000	-	(148,625,000)	9,130,000
Series 2015 bonds	36,845,000	-	(245,000)	36,600,000
Series 2017 bonds	-	151,730,000	(2,525,000)	149,205,000
Premiums on bonds	3,326,038	13,844,703	(2,958,069)	14,212,672
Discounts on bonds	(1,567,754)	-	1,478,350	(89,404)
LCRA debt obligation	14,739,537	-	-	14,739,537
Total	\$ 211,097,821	165,574,703	(152,874,719)	223,797,805

At September 30, 2018, long-term debt was comprised of the following:

### Revenue and Refunding Bonds:

\$9,130,000 - Series 2013 Revenue and Refunding Bonds payable serially through the year 2021 at interest rates which range from 2.00% to 5.50%.

\$36,600,000 - Series 2015 Revenue Bonds payable serially through the year 2046 at interest rates which range from 2.00% to 5.00%.

\$149,205,000 - Series 2017 Revenue Refunding Bonds payable serially through the year 2045 at interest rates which range from 2.00% to 5.00%.

On December 22, 2017, the PUA issued \$151,730,000 Series 2017 Revenue Refunding Bonds to advance refund \$145,760,000 of previously issued PUA bonds in order to lower its overall debt service requirements. The net proceeds of \$162,812,472 (after payment of \$2,760,760 in underwriting fees, insurance, and other issuance costs) were used for the following: \$162,810,023 was deposited with an escrow agent to provide the debt service payment on the portion of the bonds advance refunded and \$2,449 was deposited in the Debt Service Fund for future interest and principal payments. As a result, \$145,760,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$17,050,023. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunded debt which is shorter than the life of the new debt issued. The advance refunding reduced debt service payments by \$17,437,577 and resulted in economic gain of \$10,680,673.

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

Fiscal Year	Principal	Interest	Total Requirement
2019	\$ 3,470,000	8,179,388	11,649,388
2020	3,635,000	8,078,588	11,713,588
2021	3,835,000	7,958,413	11,793,413
2022	4,100,000	7,770,663	11,870,663
2023	4,380,000	7,571,613	11,951,613
2024-2028	26,330,000	34,345,015	60,675,015
2029-2033	33,650,000	27,473,769	61,123,769
2034-2038	41,295,000	19,920,912	61,215,912
2039-2043	50,225,000	10,987,600	61,212,600
2044-2046	24,015,000	1,509,000	25,524,000
Total	<u>\$ 194,935,000</u>	<u>133,794,961</u>	<u>328,729,961</u>

The PUA defeased outstanding general obligation bonds through the Series 2017 Revenue Refunding Bonds by placing the proceeds of the new bonds and additional payments from the PUA in an irrevocable trust to provide for the future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the PUA’s financial statements. At September 30, 2018, outstanding bonds of \$145,760,000 are considered defeased.

At September 30, 2018, 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, 2018. 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:

Fiscal Year	Principal	Interest	Total Requirement
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	487,465	703,816	1,191,281
2024-2028	2,824,145	3,121,307	5,945,452
2029-2033	3,656,570	2,288,081	5,944,651
2034-2038	4,794,154	1,155,153	5,949,307
2039	1,125,303	63,297	1,188,600
Total	\$ 14,739,537	9,975,865	24,715,402

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, 2018, 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.

## 8. 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, 2018.

**Operating Leases** - The PUA leases office space under non-cancellable, operating lease agreements. Total rent expense for all operating leases was \$179,595 for the year ended September 30, 2018. The following is a schedule of future minimum lease payments required under these operating leases as of September 30, 2018:

2019	\$ 238,842
2020	172,860
2021	176,616
2022	180,384
2023	184,608
Thereafter	397,841
Total	\$ 1,351,151

**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, 2018, the outstanding liability owed to the various developers totaled \$5,841,132 and developer commitments under utility facility development and construction agreements totaled \$4,650,783.

**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, 2018, outstanding connection fee credits totaled \$508,665.

## 9. FUND BALANCES

For the year ended September 30, 2018, 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, 2018, 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.

## **10. 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 760 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, 2017 was as follows:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to but not yet receiving benefits	9
Active plan members	<u>36</u>
Total	<u><u>45</u></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 10.40% for 2018 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, 2018 equaled \$221,705.

## Net Pension Asset

### Actuarial Assumptions

The PUA's net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2017 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	0.0 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
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 25.0% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, 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 2018 information for a 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 2017.

<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	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (c)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed	MSCI World Ex USA (net) Index	11.00%	4.55%
International Equities - Emerging	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (d)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (e)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(a) Target asset allocation adopted at the April 2018 TCDRS Board meeting.

(b) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 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 (Asset)**

Changes in the PUA's net pension liability (asset) for the valuation year ended December 31, 2017 are as follows:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of December 31, 2016	\$ 29,283	\$ 29,274	\$ 9
Changes for the year:			
Service cost	119,674	-	119,674
Interest on total pension liability (1)	12,066	-	12,066
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	172,751	-	172,751
Effect of assumptions changes or inputs	(663)	-	(663)
Administrative expenses	-	(262)	262
Member contributions	-	138,442	(138,442)
Net investment income	-	9,878	(9,878)
Employer contributions	-	210,021	(210,021)
Other (3)	-	4,668	(4,668)
Balance as of December 31, 2017	<u>\$ 333,111</u>	<u>\$ 392,021</u>	<u>\$ (58,910)</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 (asset) of the PUA, calculated using the discount rate of 8.10%, as well as what the PUA's net pension liability (asset) 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	\$ 397,321	\$ 333,111	\$ 281,178
Fiduciary net position	392,021	392,021	392,021
Net pension liability/(asset)	<u>\$ 5,300</u>	<u>\$ (58,910)</u>	<u>\$ (110,843)</u>

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

For the year ended September 30, 2018, the PUA recognized pension expense of \$(15,115). As of September 30, 2018, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 162,610	\$ 624
Net difference between projected and actual earnings	5,903	-
Contributions made subsequent to measurement date	161,590	-
Total	<u>\$ 330,103</u>	<u>\$ 624</u>

The \$161,590 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 (asset) in the year ended September 30, 2019. The remaining amounts currently reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	Pension Expense Amount
2019	\$ 11,658
2020	11,658
2021	11,657
2022	11,426
2023	10,124
Thereafter	111,366
	<u>\$ 167,889</u>

## **11. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS SEPTEMBER 30, 2018

	Year Ended December 31, 2017*	Year Ended December 31, 2016*
<b>Total Pension Liability</b>		
Service cost	\$ 119,674	\$ 28,142
Interest on total pension liability	12,066	1,118
Effect of plan changes	-	-
Effect of assumption changes or inputs	(663)	23
Effect on economic/demographic (gains) or losses	172,751	-
Benefit payments/refunds of contributions	-	-
Net change in total pension liability	303,828	29,283
Total pension liability, beginning	29,283	-
Total pension liability, ending (a)	<u>\$ 333,111</u>	<u>\$ 29,283</u>
<b>Fiduciary Net Position</b>		
Employer contributions	\$ 210,021	\$ 17,381
Member contributions	138,442	11,456
Investment income net of investment expenses	9,878	-
Benefit payments/refunds of contributions	-	-
Administrative expenses	(262)	-
Other	4,668	437
Net change in fiduciary net position	362,747	29,274
Fiduciary net position, beginning	29,274	-
Fiduciary net position, ending (b)	\$ 392,021	\$ 29,274
Net pension liability / (asset), ending = (a) - (b)	\$ (58,910)	\$ 9
Fiduciary net position as a % of total pension liability	117.68%	99.97%
Pensionable covered payroll	\$ 1,977,741	\$ 163,664
Net pension liability (asset) as a % of covered payroll	-2.98%	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 AGENCY CONTRIBUTIONS SEPTEMBER 30, 2018

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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%
2018	\$ 221,705	221,705	-	2,119,800	10.5%

\* 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, 2018

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### 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	0.0 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
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 25.0% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.



## 2. CHANGE IN ASSUMPTIONS

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

- Inflation assumption decreased from 3.0% per year to 2.75% per year, with a corresponding decrease in the general wage growth assumption from 3.5% to 3.25%.
- Slightly adjusted all mortality rates to better reflect anticipated experience.
- Adjusted retirement ratios to reflect people retiring at older ages.
- Lowered disability retirement rates.
- Adjustments made to termination rates.
- Lowered probability of withdrawal of contributions upon termination.
- Adjusted merit salary scale to reflect anticipated future experience.

## **SUPPLEMENTAL INFORMATION**

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

## **INDEX OF SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2018**

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- 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, 2018

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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 8 to basic financial statements.

(C) Pension Coverage

See Note 10 to basic financial statements.

(D) Pledge of Revenues

See Note 7 to basic financial statements.

(E) Compliance with Debt Service Requirements

The provisions of the bond resolutions as summarized in Note 7 to basic financial statements relating to debt service requirements have been met.

(F) Redemption of Bonds

See Note 7 to basic financial statements.

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

**SI-2 SCHEDULE OF SERVICES AND RATES  
YEAR ENDED SEPTEMBER 30, 2018**

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**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, 2018**

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

Meter Size	Total Connections
≤3/4"	7,432
1"	153
1 1/2"	101
2"	104
3"	10
4"	1
6"	1
8"	1
10"	-
Total Water	7,803
Total Wastewater	2,317

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

Gallons pumped into system: <u>2,967,836,000</u>	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers: <u>2,571,350,000</u>	<u>86.64%</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, 2018**

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**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; Lake Pointe Municipal Utility District

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2018

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2018	Accrued Interest Receivable at September 30, 2018
<u>General Fund:</u>					
U.S. Government Notes	Various	Various	Various	\$ 5,684,404	\$ 11,533
U.S. Government Inflation Bonds	Various	Various	Various	206,245	119
Corporate Bonds	Various	Various	Various	1,626,512	8,361
Municipal Bonds	Various	Various	Various	56,627	899
U.S. Agencies:					
Federal Farm Credit Bank	Various	Various	Various	948,831	256
Federal Home Loan Mortgage	Various	Various	Various	994,208	2,734
Federal National Mortgage Association	Various	Various	Various	1,035,577	1,234
Federal Home Loan Bank	Various	Various	Various	951,835	867
Total Temporary Investments - General Fund				11,504,239	26,003
<u>Debt Service Fund:</u>					
U.S. Government Notes	Various	Various	Various	8,044,956	16,359
U.S. Government Inflation Bonds	912828C99	0.13%	4/15/2019	290,667	168
Corporate Bonds	Various	Various	Various	2,338,109	12,058
Municipal Bonds	20772G4V7	4.95%	12/1/2020	77,219	1,227
U.S. Agencies:					
Federal Farm Credit Bank	3133EGVE2	1.07%	3/21/2019	1,321,408	356
Federal Home Loan Mortgage	Various	Various	Various	1,400,372	3,842
Federal National Mortgage Association	3135GOJ53	1.00%	2/26/2019	1,327,965	1,261
Federal Home Loan Bank	3130ACF33	1.88%	9/13/2021	1,359,764	1,239
Total Temporary Investments - Debt Service Fund				16,160,460	36,510
<u>Capital Projects Fund:</u>					
U.S. Government Notes	Various	Various	Various	11,704,447	23,803
U.S. Government Inflation Bonds	912828C99	0.13%	4/15/2019	422,109	244
Corporate Bonds	Various	Various	Various	3,396,324	17,528
Municipal Bonds	20772G4V7	4.95%	12/1/2020	113,254	1,800
U.S. Agencies:					
Federal Farm Credit Bank	3133EGVE2	1.07%	3/21/2019	1,922,500	518
Federal Home Loan Mortgage	Various	Various	Various	2,039,569	5,596
Federal National Mortgage Association	3135GOJ53	1.00%	2/26/2019	1,924,803	1,827
Federal Home Loan Bank	3130ACF33	1.88%	9/13/2021	1,976,514	1,802
Total Temporary Investments - Capital Projects Fund				23,499,520	53,118
<u>Impact Fee Fund:</u>					
U.S. Government Notes	Various	Various	Various	13,758,903	27,987
U.S. Government Inflation Bonds	912828C99	0.13%	4/15/2019	496,913	287
Corporate Bonds	Various	Various	Various	4,001,500	20,640
Municipal Bonds	20772G4V7	4.95%	12/1/2020	133,845	2,127
U.S. Agencies:					
Federal Farm Credit Bank	3133EGVE2	1.07%	3/21/2019	2,265,271	610
Federal Home Loan Mortgage	Various	Various	Various	2,395,412	6,598
Federal National Mortgage Association	3135GOJ53	1.00%	2/26/2019	2,263,011	2,149
Federal Home Loan Bank	3130ACF33	1.88%	9/13/2021	2,331,024	2,125
Total Temporary Investments - Impact Fee Fund				27,645,879	62,523
<b>TOTAL ALL FUNDS</b>				<b>\$ 78,810,098</b>	<b>\$ 178,154</b>



# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-4 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2018

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			West Travis County Public Utility Agency Revenue Refunding Bonds, Series 2017			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 8/15	Interest Due 2/15, 8/15	Total	Principal Due Various	Interest Due Various	Total	Principal Due Various	Interest Due Various	Total
2019	\$ 2,950,000	351,975	3,301,975	\$ 330,000	1,423,863	1,753,863	\$ 190,000	6,403,550	6,593,550	\$ 528,564	398,206	926,770	\$ 3,998,564	8,577,594	12,576,158
2020	3,035,000	263,475	3,298,475	405,000	1,417,263	1,822,263	195,000	6,397,850	6,592,850	419,048	769,982	1,189,030	4,054,048	8,848,570	12,902,618
2021	3,145,000	157,250	3,302,250	490,000	1,409,163	1,899,163	200,000	6,392,000	6,592,000	440,750	749,030	1,189,780	4,275,750	8,707,443	12,983,193
2022	-	-	-	595,000	1,384,663	1,979,663	3,505,000	6,386,000	9,891,000	463,538	726,993	1,190,531	4,563,538	8,497,656	13,061,194
2023	-	-	-	695,000	1,360,863	2,055,863	3,685,000	6,210,750	9,895,750	487,465	703,816	1,191,281	4,867,465	8,275,429	13,142,894
2024	-	-	-	815,000	1,326,113	2,141,113	3,870,000	6,026,500	9,896,500	507,588	679,442	1,187,030	5,192,588	8,032,055	13,224,643
2025	-	-	-	910,000	1,285,363	2,195,363	4,060,000	5,833,000	9,893,000	533,967	654,063	1,188,030	5,503,967	7,772,426	13,276,393
2026	-	-	-	995,000	1,248,963	2,243,963	4,265,000	5,630,000	9,895,000	563,051	626,030	1,189,081	5,823,051	7,504,993	13,328,044
2027	-	-	-	1,100,000	1,209,163	2,309,163	4,475,000	5,416,750	9,891,750	593,661	596,470	1,190,131	6,168,661	7,222,383	13,391,044
2028	-	-	-	1,140,000	1,176,163	2,316,163	4,700,000	5,193,000	9,893,000	625,878	565,302	1,191,180	6,465,878	6,934,465	13,400,343
2029	-	-	-	1,180,000	1,139,113	2,319,113	4,935,000	4,958,000	9,893,000	654,786	532,444	1,187,230	6,769,786	6,629,557	13,399,343
2030	-	-	-	1,235,000	1,086,013	2,321,013	5,185,000	4,711,250	9,896,250	690,475	498,068	1,188,543	7,110,475	6,295,331	13,405,806
2031	-	-	-	1,290,000	1,044,331	2,334,331	5,440,000	4,452,000	9,892,000	729,826	460,091	1,189,917	7,459,826	5,956,422	13,416,248
2032	-	-	-	1,340,000	999,181	2,339,181	5,710,000	4,180,000	9,890,000	771,342	419,951	1,191,293	7,821,342	5,599,132	13,420,474
2033	-	-	-	1,395,000	952,281	2,347,281	5,940,000	3,951,600	9,891,600	810,141	377,527	1,187,668	8,145,141	5,281,408	13,426,549
2034	-	-	-	1,450,000	901,756	2,351,756	6,180,000	3,714,000	9,894,000	856,348	332,969	1,189,317	8,486,348	4,948,725	13,435,073
2035	-	-	-	1,505,000	843,756	2,348,756	6,425,000	3,466,800	9,891,800	906,205	284,800	1,191,005	8,836,205	4,595,356	13,431,561
2036	-	-	-	1,560,000	789,200	2,349,200	6,685,000	3,209,800	9,894,800	953,867	233,826	1,187,693	9,198,867	4,232,826	13,431,693
2037	-	-	-	1,620,000	726,800	2,346,800	6,950,000	2,942,400	9,892,400	1,009,491	180,171	1,189,662	9,579,491	3,849,371	13,428,862
2038	-	-	-	1,690,000	662,000	2,352,000	7,230,000	2,664,400	9,894,400	1,068,243	123,387	1,191,630	9,988,243	3,449,787	13,438,030
2039	-	-	-	1,755,000	594,400	2,349,400	7,520,000	2,375,200	9,895,200	1,125,303	63,297	1,188,600	10,400,303	3,032,897	13,433,200
2040	-	-	-	1,825,000	524,200	2,349,200	7,815,000	2,074,400	9,889,400	-	-	-	9,640,000	2,598,600	12,238,600
2041	-	-	-	1,900,000	451,200	2,351,200	8,130,000	1,761,800	9,891,800	-	-	-	10,030,000	2,213,000	12,243,000
2042	-	-	-	1,975,000	375,200	2,350,200	8,455,000	1,436,600	9,891,600	-	-	-	10,430,000	1,811,800	12,241,800
2043	-	-	-	2,055,000	296,200	2,351,200	8,795,000	1,098,400	9,893,400	-	-	-	10,850,000	1,394,600	12,244,600
2044	-	-	-	2,140,000	214,000	2,354,000	9,150,000	746,600	9,896,600	-	-	-	11,290,000	960,600	12,250,600
2045	-	-	-	2,225,000	128,400	2,353,400	9,515,000	380,600	9,895,600	-	-	-	11,740,000	509,000	12,249,000
2046	-	-	-	985,000	39,400	1,024,400	-	-	-	-	-	-	985,000	39,400	1,024,400
	<b>\$ 9,130,000</b>	<b>772,700</b>	<b>9,902,700</b>	<b>\$ 36,600,000</b>	<b>25,009,011</b>	<b>61,609,011</b>	<b>\$ 149,205,000</b>	<b>108,013,250</b>	<b>257,218,250</b>	<b>\$ 14,739,537</b>	<b>9,975,865</b>	<b>24,715,402</b>	<b>\$ 209,674,537</b>	<b>143,770,826</b>	<b>353,445,363</b>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-5 ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2018

	Series 2013	Series 2015	Series 2017	LCRA Debt Obligation	Totals
Interest rate	2.00-5.50%	2.00-5.00%	2.00-5.00%	Various	
Dates interest payable	2/15; 8/15	2/15; 8/15	2/15; 8/15	Various	
Maturity dates	8/15/2045	8/15/2046	8/15/2045	2039	
Bonds outstanding, beginning of period	\$ 157,755,000	\$ 36,845,000	\$ -	\$ 14,739,537	\$ 209,339,537
Bonds issued/acquired during current period	-	-	151,730,000	-	151,730,000
Bonds retired during current period	(148,625,000)	(245,000)	(2,525,000)	-	(151,395,000)
Bonds outstanding, end of period	<u>\$ 9,130,000</u>	<u>\$ 36,600,000</u>	<u>\$ 149,205,000</u>	<u>\$ 14,739,537</u>	<u>\$ 209,674,537</u>
Interest paid during current period	<u>\$ 437,925</u>	<u>\$ 1,428,762</u>	<u>\$ 4,069,637</u>	<u>\$ -</u>	<u>\$ 5,936,324</u>
Paying agent's name & address:	BOK Financial Dallas, Texas	BOK Financial Dallas, Texas	BOK Financial Dallas, 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, 2018:					<u>\$ 17,211,532</u>
Average annual debt service payments (principal & interest) for remaining term of debt:					<u>\$ 12,623,049</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, 2018

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Complete Agency Mailing Address: 13215 Bee Cave Pkwy, Building B Suite 110

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 9/30/18</u>	<u>Expense Reimbursements 9/30/18</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Scott Roberts	Appointed 10/14 - 9/18	\$ -	\$ -	President
Don Walden	Appointed 10/16 - 9/20	-	-	Vice President
Ray Whisenant	Appointed 10/16 - 9/20	-	-	Secretary/Treasurer
Bill Goodwin	Appointed 10/14 - 9/18	-	-	Director
Eileen Brzoska	Appointed 3/18 - 9/20	-	-	Director
<u>Former Board Members-</u>				
Fred Goff	Appointed 10/16 - 3/18	-	-	

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

### Key Administrative Personnel-

Robert Pugh	2016	\$ 178,318	\$ 2,456	General Manager
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(continued)

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-6 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2018

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<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements 9/30/18</u>	<u>Title at Year End</u>
<u>Consultants:</u>			
Murfee Engineering Company	Dec-11	\$ 1,637,683	Engineer
Lloyd Gosselink Rochelle & Townsend, P.C.	Dec-11	357,929	Attorney
The Wallace Group, Inc	Dec-11	135,270	Engineer
Nelisa Heddin Consulting, LLC	Dec-11	35,400	Rate Consultant
Maxwell Locke & Ritter LLP	Sep-12	62,000	Auditor
CP&Y, Inc.	Dec-17	171,997	Engineer

**OTHER  
SUPPLEMENTAL INFORMATION**

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

## **INDEX OF OTHER SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2018**

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- 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, 2018

Name of Rate Payer	WATER		
	2018		
	Gallons Used	Revenue	% of Total Revenue
Spanish Oaks Owners Association	22,333,000	\$ 394,861	1.7%
Highpointe Community Association	14,138,000	262,539	1.2%
CSHV HCG Retail & Office	12,218,000	139,632	0.6%
Estates at Bee Cave	7,845,000	106,590	0.5%
WSH 71 TX Partners, LLC	9,128,000	93,409	0.4%
HEB	5,536,000	86,260	0.4%
The Salt Lick Bar B Q	3,735,000	66,048	0.3%
Connell Falconhead Apts	7,990,000	65,915	0.3%
Silverado Memory Care	4,157,000	61,921	0.3%
Hill Country Apts	6,821,000	59,272	0.3%
	<u>93,901,000</u>	<u>\$ 1,336,447</u>	<u>5.9%</u>

Name of Rate Payer	WASTEWATER		
	2018		
	Gallons Used	Revenue	% of Total Revenue
CSHV HCG Retail & Office	12,218,000	\$ 178,140	3.4%
Estates at Bee Cave	7,845,000	144,191	2.7%
WSH 71 TX Partners, LLC	9,128,000	111,249	2.1%
Connell Falconhead Apts	7,990,000	79,179	1.5%
Hill Country Apts	6,821,000	74,644	1.4%
HEB	4,305,000	71,910	1.4%
Inven Trust Property Management	4,900,000	51,973	1.0%
Hill Country Galleria Hotel	3,796,000	40,345	0.8%
Whole Foods Market	1,423,000	25,151	0.5%
Golds Gym International Inc.	2,248,000	20,931	0.4%
	<u>60,674,000</u>	<u>\$ 797,713</u>	<u>15.1%</u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-2 HISTORICAL CONDENSED STATEMENT OF OPERATIONS SEPTEMBER 30, 2018

	Year Ended September 30, 2018	Year Ended September 30, 2017	Year Ended September 30, 2016	Year Ended September 30, 2015	Year Ended September 30, 2014
<b>Revenues and Expenses</b>					
Gross Water and Wastewater System Revenue	\$ 27,894,945	25,646,460	22,618,368	20,663,472	20,561,874
Direct O&M Expense	10,048,087	10,464,185	11,072,137	11,416,517	11,048,868
Total Net Revenues	17,846,858	15,182,275	11,546,231	9,246,955	9,513,006
Impact Fees Recognized/Collected	13,595,918	9,358,123	6,891,383	5,574,972	5,380,796
Total Net Water and Wastewater System Income	\$ 31,442,776	24,540,398	18,437,614	14,821,927	14,893,802
	Retail	Wholesale (estimated)			
Water Connections	7,803	8,467			
Wastewater Connections	2,317	965			
Water Population Served (1)	48,810				
PUA General Operating Fund Unassigned Balance	14,961,189				
PUA Rate Stabilization Fund Balance	2,985,585				
PUA Facilities Fund Balance	5,531,576				
PUA Impact Fee Fund Balance	39,206,346				

(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, 2018

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### 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
September 20, 2018 Water Impact Fee	N/A	N/A	N/A	N/A	\$ 3,776	\$ 6,139

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.

Additional information about the PUA's tariff can be found on their website at the following address:  
<https://wtcpua.org/rates-and-policies>.

(continued)

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-3 MONTHLY WATER RATES AND IMPACT FEES OF THE PARTICIPANTS (continued) SEPTEMBER 30, 2018

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### 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

### Multi-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, 2018

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### 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
September 20, 2018 Wastewater Impact Fee	\$ 7,868

### 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

Additional information about the PUA's tariff can be found on their website at the following address:  
<https://wtcpua.org/rates-and-policies>.