

**WEST TRAVIS COUNTY
PUBLIC UTILITY AGENCY**

**Financial Statements and
Supplemental Information
as of and for the Year Ended
September 30, 2016 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, 2016 and for the year then ended and that copies of the annual audit report have been filed in the Agency office, located at 12117 Bee Cave Road, Building 3, Suite 120, Bee Cave, Texas 78738.

Date: _____, 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.



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Accountants and Consultants

An Affiliate of CPAmerica International

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Austin, TX 78701

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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, 2016, 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, 2016, 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

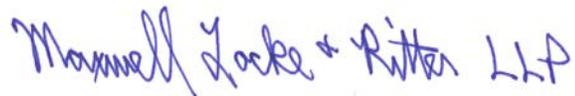
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

A handwritten signature in blue ink that reads "Maxwell Locke & Ritter LLP". The signature is written in a cursive, flowing style.

Austin, Texas
April 19, 2017

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

Management's Discussion and Analysis For the Year Ended September 30, 2016

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, 2016. 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, 2016 were approximately \$221.6 million while its liabilities were approximately \$222.8 million. Liabilities of the PUA exceeded its assets and deferred outflows of resources at September 30, 2016 by approximately \$1.2 million.
- Revenues for the year ended September 30, 2016 totaled approximately \$29.7 million while expenses totaled approximately \$26.7 million, resulting in an increase in net position of approximately \$3.0 million for the year ended September 30, 2016.

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*.

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, liabilities exceeded assets and deferred outflows of resources by approximately \$1.2 million at the close of the most recent year ending on September 30, 2016.

A large portion of the PUA's outstanding liabilities results from the Purchase Agreement with the LCRA to purchase the LCRA's West Travis County water and wastewater system in fiscal year 2012. This included long-term debt obligations due to the LCRA and other long-term developer liabilities of approximately \$18.5 million at September 30, 2016. 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 \$80.1 million at September 30, 2016. Of this, approximately \$17.0 million is specifically set aside for paying debt. Long-term debt related to the LCRA debt service obligations and the outstanding Series 2013 Revenue and Refunding Bonds and Series 2015 Revenue Bonds totaled approximately \$214.1 million at September 30, 2016; future water and wastewater revenues collected by the PUA will be used to pay this outstanding long-term debt.

Approximately \$27.3 million and approximately \$20.8 million of cash and cash equivalents at September 30, 2016 are in the Capital Projects and Impact Fee Funds, respectively. This money is segregated for the construction of new capital projects.

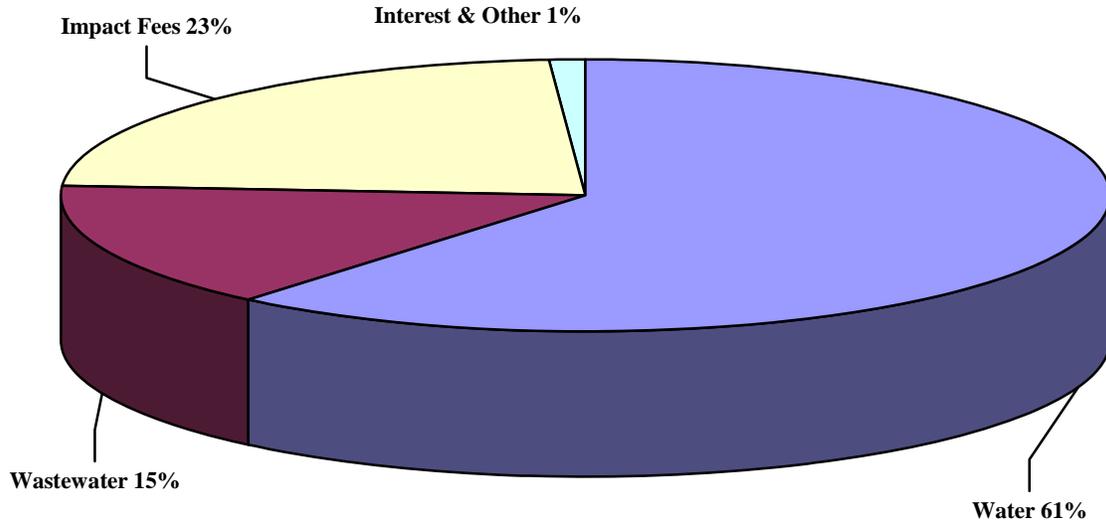
As part of the bond agreement for the previously issued Series 2013 issuance, the PUA agreed to maintain separate and special accounts known as the Rate Stabilization Fund and the Facilities Fund. The Rate Stabilization Fund is an account which holds funds that may be used at the discretion of the PUA 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 Rate Stabilization Fund 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	
	2016	2015
Current and other assets	\$ 85,082,329	\$ 84,984,568
Capital and non-current assets	124,844,202	126,702,577
Total assets	\$ 209,926,531	\$ 211,687,145
Deferred outflows of resources	\$ 11,719,835	\$ 17,004,690
Current liabilities	\$ 6,723,259	\$ 7,468,653
Long-term liabilities	216,077,965	225,362,404
Total liabilities	\$ 222,801,224	\$ 232,831,057
Net investment in capital assets	\$ (66,342,249)	\$ (70,118,558)
Restricted	15,728,752	14,032,701
Unrestricted	49,458,639	51,946,635
Total net position	\$ (1,154,858)	\$ (4,139,222)

The PUA's total assets were approximately \$209.9 million and \$211.7 million as of September 30, 2016 and 2015, respectively. At September 30, 2016, the PUA had deferred outflows of resources totaling \$11.7 million related to liabilities exceeding assets at the time of purchase of the LCRA West Travis County water and wastewater system (formerly known as "goodwill"). Like goodwill, these deferred outflows of resources are amortized systematically over a period of forty years; amortization expense for the year ending September 30, 2016 was \$334,852. The PUA had outstanding liabilities of approximately \$222.8 million and \$232.8 million as of September 30, 2016 and 2015, respectively, of which approximately \$197.5 million and \$199.5 million represents bonds payable as of September 30, 2016 and 2015, respectively, and approximately \$14.7 million represents liabilities owed to the LCRA as of September 30, 2016 and 2015.

Sources of Revenue



Statement of Activities

	Governmental Activities	
	2016	2015
Water and wastewater	\$ 22,520,878	\$ 20,663,472
Impact fees	6,891,383	5,574,972
Contributed assets	-	466,726
Interest and other	305,591	316,192
Total revenues	29,717,852	27,021,362
Water and wastewater	8,105,937	7,696,580
Contracted services	1,527,531	2,325,702
Personnel expenses	709,684	591,415
Other	770,801	841,774
Capital outlay	-	132,161
Debt service	9,309,306	13,053,157
Depreciation and amortization	6,310,229	7,342,508
Total expenses	26,733,488	31,983,297
Change in net position	2,984,364	(4,961,935)
Beginning net position	(4,139,222)	822,713
Ending net position	\$ (1,154,858)	\$ (4,139,222)

Operating revenues were approximately \$29.7 million and \$27.0 million for the years ended September 30, 2016 and 2015, respectively. Water and wastewater service provided approximately \$22.5 million and \$20.7 million in revenues for the years ended September 30, 2016 and 2015, respectively. Impact fees generated approximately \$6.9 million and \$5.6 million in revenues for the years ended September 30, 2016 and 2015, respectively. Total expenses were approximately \$26.7 million and \$32.0 million for the years ended September 30, 2016 and 2015, respectively. Net position was approximately a negative \$1.2 million and approximately a negative \$4.1 million at September 30, 2016 and 2015, respectively.

Analysis of Governmental Funds

	2016	2015
Cash and cash equivalents	\$ 78,144,554	\$ 76,635,519
Temporary investments	1,920,000	1,920,000
Receivables	4,899,587	6,279,232
Interfund receivable	673,191	86,909
Prepaid expenses	105,881	134,418
Deposits	12,307	15,399
Total assets	\$ 85,755,520	\$ 85,071,477
Accounts payable	\$ 1,807,373	\$ 2,384,922
Refundable deposits	469,100	456,450
SER projects	-	500
Other liabilities	378,963	1,116,905
Interfund payable	673,191	86,909
Due to developers for connection fee credit	997,442	1,318,100
Total liabilities	4,326,069	5,363,786
Nonspendable fund balance	105,881	134,418
Restricted fund balance	44,198,133	45,288,023
Committed fund balance	8,686,171	6,459,858
Assigned fund balance	20,316,709	16,391,916
Unassigned fund balance	8,122,557	11,433,476
Total fund balances	81,429,451	79,707,691
Total liabilities and fund balances	\$ 85,755,520	\$ 85,071,477

The *General Fund* pays for daily operating expenditures. For the year ended September 30, 2016, the PUA's amended budget projected an ending operating fund balance of approximately \$12.8 million. The General Fund reflected negative change in fund balance of approximately \$1.1 million, a positive difference of approximately \$4.0 million compared to the amended budget. This positive difference is primarily due to more water and wastewater revenues than projected as well as lower capital outlay and other operating expenditures than budgeted.

The *Debt Service Fund* had an ending restricted fund balance of approximately \$17.0 million at September 30, 2016. During the year, the PUA paid approximately \$11.6 million in principal and interest due on the outstanding Series 2013 and Series 2015 bonds. More detailed information about the PUA's debt is presented in the *Notes to Basic Financial Statements*.

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

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

Capital Assets

	2016	2015
Land	\$ 6,097,409	\$ 6,097,409
Construction in progress	8,349,079	5,004,017
Water and wastewater facilities	139,257,810	138,516,639
Vehicles	505,911	460,351
Subtotal	154,210,209	150,078,416
Accumulated depreciation	(29,873,493)	(23,898,116)
Total	<u>\$ 124,336,716</u>	<u>\$ 126,180,300</u>

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

Long-Term Debt Activity

	2016	2015
Bonds payable	\$ 197,515,000	\$ 199,450,000
Premiums on bonds	3,444,242	3,562,446
Discount on bonds	(1,624,080)	(1,680,406)
LCRA debt obligation	14,739,537	14,739,537
Total	<u>\$ 214,074,699</u>	<u>\$ 216,071,577</u>

The PUA owes approximately \$197.5 million to bond holders from the Series 2013 and Series 2015 bonds issued in previous years. The PUA owes approximately \$14.7 million to the LCRA related to the purchase of the West Travis County water and wastewater system.

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

Currently Known Facts, Decisions, or Conditions

The currently adopted fiscal year 2017 budget projects a General Fund balance increase of approximately \$2.8 million. Budgeted revenues total approximately \$24.2 million, while expenditures are expected to be approximately \$21.4 million, which includes approximately \$10.1 million reserved to fund future debt service obligations. In August 2016, the Board adopted a retail rate increase which was effective October 1, 2016.

Requests for Information

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

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET SEPTEMBER 30, 2016

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	IMPACT FEE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET POSITION
ASSETS							
Cash and cash equivalents	\$ 14,416,346	15,577,620	27,346,331	20,804,257	78,144,554	-	78,144,554
Temporary investments	480,000	1,440,000	-	-	1,920,000	-	1,920,000
Receivables:							
Service accounts	4,430,915	-	-	-	4,430,915	-	4,430,915
Accrued interest	1,450	3,532	-	-	4,982	-	4,982
Other	439,628	-	-	24,062	463,690	-	463,690
Due from other funds	-	-	-	673,191	673,191	(673,191)	-
Prepaid items	13,533	-	92,348	-	105,881	-	105,881
Deposits	12,307	-	-	-	12,307	-	12,307
Assets held for sale	-	-	-	-	-	78,080	78,080
Bond insurance costs	-	-	-	-	-	429,406	429,406
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	6,097,409	6,097,409
Construction in progress	-	-	-	-	-	8,349,079	8,349,079
Vehicles	-	-	-	-	-	380,527	380,527
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	-	-	-	-	-	109,509,701	109,509,701
Total assets	<u>\$ 19,794,179</u>	<u>17,021,152</u>	<u>27,438,679</u>	<u>21,501,510</u>	<u>85,755,520</u>	<u>124,171,011</u>	<u>209,926,531</u>
DEFERRED OUTFLOWS OF RESOURCES -							
Consideration in excess of value of assets acquired (net of accumulated amortization)	\$ -	-	-	-	-	11,719,835	11,719,835
LIABILITIES							
Accounts payable	\$ 1,686,929	-	70,768	49,676	1,807,373	-	1,807,373
Refundable deposits	469,100	-	-	-	469,100	-	469,100
Other liabilities	142,698	-	98,582	137,683	378,963	-	378,963
Due to other funds	673,191	-	-	-	673,191	(673,191)	-
Bond interest payable	-	-	-	-	-	1,152,823	1,152,823
Long-term liabilities:							
Due within one year	-	-	-	-	-	2,915,000	2,915,000
Due after one year	-	-	-	-	-	211,159,699	211,159,699
Due to developers for connection fee credit	-	-	-	997,442	997,442	-	997,442
Due to developers for utility facility acquisition	-	-	-	-	-	3,781,247	3,781,247
LCRA interest payable	-	-	-	-	-	139,577	139,577
Total liabilities	<u>2,971,918</u>	<u>-</u>	<u>169,350</u>	<u>1,184,801</u>	<u>4,326,069</u>	<u>218,475,155</u>	<u>222,801,224</u>
FUND BALANCES / NET POSITION							
Fund balances:							
Nonspendable-							
Prepaid items	13,533	-	92,348	-	105,881	(105,881)	-
Restricted for:							
Debt service	-	17,021,152	-	-	17,021,152	(17,021,152)	-
Capital projects	-	-	27,176,981	-	27,176,981	(27,176,981)	-
Committed for:							
Rate Stabilization Fund	2,972,597	-	-	-	2,972,597	(2,972,597)	-
Facilities Fund	5,713,574	-	-	-	5,713,574	(5,713,574)	-
Assigned for-							
Projects funded by impact fees	-	-	-	20,316,709	20,316,709	(20,316,709)	-
Unassigned	8,122,557	-	-	-	8,122,557	(8,122,557)	-
Total fund balances	<u>16,822,261</u>	<u>17,021,152</u>	<u>27,269,329</u>	<u>20,316,709</u>	<u>81,429,451</u>	<u>(81,429,451)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 19,794,179</u>	<u>17,021,152</u>	<u>27,438,679</u>	<u>21,501,510</u>	<u>85,755,520</u>		
Net position:							
Net investment in capital assets							(66,342,249)
Restricted for debt service							15,728,752
Unrestricted							49,458,639
Total net position							<u>(1,154,858)</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, 2016

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	IMPACT FEE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES:							
Service operations:							
LCRA raw water reservation fees	\$ 1,113,756	-	-	-	1,113,756	-	1,113,756
Repairs and maintenance - water	266,768	-	-	-	266,768	-	266,768
Other water expense	1,808,896	-	-	-	1,808,896	-	1,808,896
Repairs and maintenance - wastewater	140,750	-	-	-	140,750	-	140,750
Other wastewater expense	849,072	-	-	-	849,072	-	849,072
General operating	1,380,471	-	-	-	1,380,471	-	1,380,471
Special contract services	133,382	-	-	-	133,382	-	133,382
Transitional support services	13,678	-	-	-	13,678	-	13,678
Contract operations	3,926,695	-	-	-	3,926,695	-	3,926,695
Personnel expenses	709,684	-	-	-	709,684	-	709,684
Other	728,985	-	-	41,816	770,801	-	770,801
Capital outlay	1,175,158	-	2,484,214	472,421	4,131,793	(4,131,793)	-
Debt service:							
Principal payments	1,135,425	1,935,000	-	-	3,070,425	(3,070,425)	-
Interest payments	-	9,679,921	-	-	9,679,921	(370,615)	9,309,306
Depreciation and amortization	-	-	-	-	-	6,310,229	6,310,229
Total expenditures/expenses	<u>13,382,720</u>	<u>11,614,921</u>	<u>2,484,214</u>	<u>514,237</u>	<u>27,996,092</u>	<u>(1,262,604)</u>	<u>26,733,488</u>
REVENUES:							
Program revenues:							
Water - retail	12,526,118	-	-	-	12,526,118	-	12,526,118
Water - wholesale	3,160,548	-	-	-	3,160,548	-	3,160,548
Water - other	2,444,196	-	-	-	2,444,196	-	2,444,196
Wastewater - retail and wholesale	4,358,422	-	-	-	4,358,422	-	4,358,422
Wastewater - other	31,594	-	-	-	31,594	-	31,594
Grant income	97,490	-	-	-	97,490	-	97,490
Impact fees	-	-	-	6,891,383	6,891,383	-	6,891,383
Total program revenues	<u>22,618,368</u>	<u>-</u>	<u>-</u>	<u>6,891,383</u>	<u>29,509,751</u>	<u>-</u>	<u>29,509,751</u>
Net program revenue							<u>2,776,263</u>
General revenues:							
Other	2,081	20	707	-	2,808	-	2,808
Interest	136,907	8,211	37,780	22,395	205,293	-	205,293
Total general revenues	<u>138,988</u>	<u>8,231</u>	<u>38,487</u>	<u>22,395</u>	<u>208,101</u>	<u>-</u>	<u>208,101</u>
Total revenues	<u>22,757,356</u>	<u>8,231</u>	<u>38,487</u>	<u>6,913,778</u>	<u>29,717,852</u>	<u>-</u>	<u>29,717,852</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	46,242	12,979,213	-	-	13,025,455	(13,025,455)	-
Transfers out	(10,504,465)	-	(46,242)	(2,474,748)	(13,025,455)	13,025,455	-
Total other financing sources (uses)	<u>(10,458,223)</u>	<u>12,979,213</u>	<u>(46,242)</u>	<u>(2,474,748)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES							
	(1,083,587)	1,372,523	(2,491,969)	3,924,793	1,721,760	(1,721,760)	-
Change in net position	-	-	-	-	-	2,984,364	2,984,364
FUND BALANCES/ NET POSITION:							
Beginning of year	17,905,848	15,648,629	29,761,298	16,391,916	79,707,691	(83,846,913)	(4,139,222)
End of year	<u>\$ 16,822,261</u>	<u>17,021,152</u>	<u>27,269,329</u>	<u>20,316,709</u>	<u>81,429,451</u>	<u>(82,584,309)</u>	<u>(1,154,858)</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, 2016

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE
REVENUES:				
Water and wastewater	\$ 19,700,569	21,197,816	22,520,878	1,323,062
Interest and other	156,825	198,691	236,478	37,787
TOTAL REVENUES	19,857,394	21,396,507	22,757,356	1,360,849
EXPENDITURES:				
Service operations:				
LCRA raw water reservation fees	1,253,968	1,267,164	1,113,756	153,408
Repair and maintenance - water	327,120	239,268	266,768	(27,500)
Other water expense	1,675,964	1,999,886	1,808,896	190,990
Repair and maintenance - wastewater	81,413	117,172	140,750	(23,578)
Other wastewater expense	817,289	800,302	849,072	(48,770)
General operating	1,476,932	1,590,560	1,380,471	210,089
Special contract services	146,386	136,024	133,382	2,642
Transitional support services	25,000	16,414	13,678	2,736
Contract operations	3,540,266	3,909,437	3,926,695	(17,258)
Personnel expenses	893,652	700,393	709,684	(9,291)
Other	1,035,194	1,500,597	728,985	771,612
Capital outlay	1,626,636	1,799,384	1,175,158	624,226
Debt service:				
Principal payments	1,872,000	1,872,000	1,135,425	736,575
Interest payments	-	-	-	-
TOTAL EXPENDITURES	14,771,820	15,948,601	13,382,720	2,565,881
EXCESS OF REVENUES OVER EXPENDITURES	5,085,574	5,447,906	9,374,636	3,926,730
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	46,242	46,242
Transfers out	(9,139,370)	(10,504,465)	(10,504,465)	-
Total other financing sources (uses)	(9,139,370)	(10,504,465)	(10,458,223)	46,242
CHANGE IN FUND BALANCE	(4,053,796)	(5,056,559)	(1,083,587)	3,972,972
FUND BALANCE:				
Beginning of year	17,905,848	17,905,848	17,905,848	-
End of year	\$ 13,852,052	12,849,289	16,822,261	3,972,972

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, 2016

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, 2016, the PUA was governed by a five member Board of Directors (the “Board”) which were appointed, from each of the three entities that formed the PUA: City of Bee Cave, Hays County, and West Travis County Municipal Utility District No. 5 (the “Public Entities”). The PUA is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 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, 2016, expenditures for the General Fund were below budget by approximately \$2,566,000.

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

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

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

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

Assets Held for Sale - Assets held for sale consist of vehicles acquired through the purchase of facilities and equipment from the LCRA in a prior year. These vehicles had a total carrying value of \$78,080 as of September 30, 2016. Assets held for sale are not depreciated and are reported at the lower of their carrying amounts or fair value less cost to sell.

Capital Assets - Capital assets, which include land, construction in progress, vehicles, and water production, transmission, and distribution facilities and wastewater collection and treatment facilities (purchased, constructed or donated) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the PUA as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

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

Consideration in excess of value of assets acquired, which resulted from total liabilities assumed exceeding total assets acquired at the time of purchase of the LCRA West Travis County water and wastewater system in fiscal year 2012, is stated at cost and is being amortized systematically over a period of forty years. As of September 30, 2016, consideration in excess of value of assets acquired totaled \$11,719,835. For the year ending September 30, 2016, amortization expense was \$334,852.

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.

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.

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

Fair Value Measurements - The PUA adopted 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 are observable 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.

Implementation of GASB Statement No. 72 did not have a significant impact on the PUA's financial statements of the year ended September 30, 2016.

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	\$ 81,429,451
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	124,336,716
Consideration in excess of value of assets acquired, net of accumulated amortization	11,719,835
Assets held for sale	78,080
Bond insurance costs	429,406
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
LCRA debt obligation	(14,739,537)
LCRA interest payable	(139,577)
Due to developers for utility facility acquisition	(3,781,247)
Bonds payable, including premiums and discounts	(199,335,162)
Bond interest payable	<u>(1,152,823)</u>
Total net position	<u>\$ (1,154,858)</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	\$ 1,721,760
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense.	
Capital outlay	4,131,793
Depreciation expense	(5,975,377)
Amortization expense	(334,852)
Bond proceeds and other debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond principal payments	1,935,000
Payment to developers for utility facility acquisition	1,135,425
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.	
Change in bond interest payable	422,053
Change in LCRA interest payable	(98,525)
Amortization of bond discount	(56,326)
Amortization of bond insurance costs	(14,791)
Amortization of bond premium	<u>118,204</u>
Change in net position	<u>\$ 2,984,364</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, 2016, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the PUA to invest in funds under a written investment policy. The PUA's investment policy is approved annually by the Board. The primary objectives of the PUA's investment strategy, in order of priority, are safety, liquidity, and yield. At September 30, 2016, the PUA had \$1,920,000 invested in certificates of deposits with various banking institutions. The weighted average maturity of these certificates of deposits was 133 days at September 30, 2016.

Custodial Credit Risk - Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The PUA's investment policies requires that the PUA's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. At September 30, 2016, investments consisted only of certificates of deposit which were individually covered by FDIC insurance.

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the PUA's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. As of September 30, 2016, the PUA did not own any investments in individual securities.

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, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Impact Fee Fund	General Fund	\$ 673,191

During the year, the General Fund and the Impact Fee Fund transferred \$10,504,465 and \$2,474,748, respectively, to the Debt Service Fund to fund interest payments due on the outstanding Series 2013 and 2015 bonds. The Capital Projects Fund transferred \$46,242 to the General Fund for capital expenditures incurred.

5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2016 was as follows:

	Balance September 30, 2015	Additions	Retirements and Transfers	Balance September 30, 2016
Capital assets not being depreciated:				
Land	\$ 6,097,409	-	-	6,097,409
Construction in progress	5,004,017	3,500,208	(155,146)	8,349,079
Total capital assets not being depreciated	<u>11,101,426</u>	<u>3,500,208</u>	<u>(155,146)</u>	<u>14,446,488</u>
Capital assets being depreciated:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	138,516,639	586,025	155,146	139,257,810
Vehicles	460,351	45,560	-	505,911
Total capital assets being depreciated	<u>138,976,990</u>	<u>631,585</u>	<u>155,146</u>	<u>139,763,721</u>
Less accumulated depreciation for:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	(23,851,041)	(5,897,068)	-	(29,748,109)
Vehicles	(47,075)	(78,309)	-	(125,384)
Total accumulated depreciation	<u>(23,898,116)</u>	<u>(5,975,377)</u>	<u>-</u>	<u>(29,873,493)</u>
Total capital assets being depreciated, net	<u>115,078,874</u>	<u>(5,343,792)</u>	<u>155,146</u>	<u>109,890,228</u>
Capital assets, net	<u>\$ 126,180,300</u>	<u>(1,843,584)</u>	<u>-</u>	<u>124,336,716</u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2016:

	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016
Series 2013 bonds	\$ 162,415,000	-	(1,935,000)	160,480,000
Series 2015 bonds	37,035,000	-	-	37,035,000
Premiums on bonds	3,562,446	-	(118,204)	3,444,242
Discounts on bonds	(1,680,406)	-	56,326	(1,624,080)
LCRA debt obligation	14,739,537	-	-	14,739,537
Total	\$ 216,071,577	-	(1,996,878)	214,074,699

At September 30, 2016, long-term debt was comprised of the following:

Revenue and Refunding Bonds:

\$160,480,000 - Series 2013 Revenue and Refunding Bonds payable serially through the year 2045 at interest rates which range from 2.00% to 5.50%.

\$37,035,000 - Series 2015 Revenue Bonds payable serially through the year 2046 at interest rates which range from 2.00% to 5.00%.

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

Fiscal Year	Principal	Interest	Total Requirement
2017	\$ 2,915,000	9,222,588	12,137,588
2018	3,110,000	9,082,538	12,192,538
2019	3,280,000	8,991,688	12,271,688
2020	3,440,000	8,896,588	12,336,588
2021	3,635,000	8,782,263	12,417,263
2022-2026	22,285,000	40,913,065	63,198,065
2027-2031	29,275,000	34,906,346	64,181,346
2032-2036	36,655,000	27,659,338	64,314,338
2037-2041	46,250,000	18,076,813	64,326,813
2042-2046	46,670,000	5,828,200	52,498,200
Total	\$ 197,515,000	172,359,427	369,874,427

At September 30, 2016, 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, 2016. The Purchase Agreement obligates the PUA to pay the LCRA installments sufficient to permit the LCRA to defease and redeem the following outstanding debt service obligations:

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

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ -	-	-
2018	-	-	-
2019	528,564	398,206	926,770
2020	419,048	769,982	1,189,030
2021	440,750	749,030	1,189,780
2022-2026	2,555,609	3,390,344	5,945,953
2027-2031	3,294,626	2,652,375	5,947,001
2032-2036	4,297,903	1,649,073	5,946,976
2037-2039	3,203,037	366,855	3,569,892
Total	<u>\$ 14,739,537</u>	<u>9,975,865</u>	<u>24,715,402</u>

The above debt service requirements are absent the anticipated installment payments to be made to the LCRA. If the installment payments are made as anticipated, these debt service obligations would be equally adjusted. As of September 30, 2016, three installments totaling \$141,964,038 have been paid to the LCRA to fund principal and interest payments due on the LCRA's outstanding debt service obligations. Pursuant to the Purchase Agreement, the PUA is obligated to pay one additional installment to the LCRA in fiscal year 2019.

7. COMMITMENTS AND CONTINGENCIES

The PUA is involved in various legal proceedings which arise from time to time in the normal course of business. While the ultimate results of such matters generally cannot be predicted with certainty, management does not expect any such matters to have a material adverse effect on the financial position of the PUA or its results of operations as of September 30, 2016.

Operating Leases - The PUA leases office space under non-cancellable, operating lease agreements. Total rent expense for all operating leases was \$136,983 for the year ended September 30, 2016. The following is a schedule of future minimum lease payments required under these operating leases as of September 30, 2016:

2017	\$	167,436
2018		166,664
2019		<u>74,056</u>
Total	\$	<u>408,156</u>

The PUA subleased a portion of its office space under a long-term lease during 2016. Sublease rental income for the year ended September 30, 2016 was approximately \$27,000. Future minimum lease payments have not been reduced by the following minimum sublease rentals as of September 30, 2016:

2017	\$	28,176
2018		<u>27,790</u>
Total	\$	<u>55,966</u>

Due to Developers for Utility Facility Acquisition - As part of the Purchase Agreement entered with the LCRA, the PUA inherited and assumed certain obligations due on utility facility development and construction agreements entered into with various developers. As part of the original agreements, costs incurred by the developers in the creation of water and wastewater utilities were to be reimbursed by the LCRA. Pursuant to the Purchase Agreement, the PUA has taken on the liabilities to these developers under the various utility facility development and construction agreements. These liabilities are based on the allowed water and wastewater facility development and construction expenses incurred by the developers and estimates are subject to change. As of September 30, 2016, the outstanding liability owed to the various developers totaled \$3,781,247 and developer commitments under utility facility development and construction agreements totaled \$10,306,651.

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, 2016, outstanding connection fee credits totaled \$997,442.

8. FUND BALANCES

For the year ended September 30, 2016, 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, 2016, 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 Rate Stabilization Fund for payment of capital additions and improvements, including reimbursement of such costs. As funds transferred to either of these accounts are for specific purposes pursuant to approval by formal action by the Board, they are considered committed fund balance in the General Fund and are shown as such on the governmental funds balance sheet on page 11.

9. SUBSEQUENT EVENT

The PUA terminated the Operations, Maintenance, and Customer Services Agreement (the “Services Agreement”) with U.S. Water Services Corporation effective January 2, 2017. The PUA took over and assumed all operational responsibilities and other services previously performed by U.S. Water Services Corporation under the Services Agreement.

SUPPLEMENTAL INFORMATION

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

INDEX OF SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2016

- 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, 2016

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

(A) Creation of Agency

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 7 to basic financial statements.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

See Note 6 to basic financial statements.

(E) Compliance with Debt Service Requirements

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

(F) Redemption of Bonds

See Note 6 to basic financial statements.

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

**SI-2 SCHEDULE OF SERVICES AND RATES
YEAR ENDED SEPTEMBER 30, 2016**

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
(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	\$ 51.95	N/A	N	\$ 4.90	0 to 10,000
				6.13	10,001 to 20,000
				9.20	20,001 to 35,000
				13.79	35,001 to 50,000
				15.86	50,001 to 80,000
				18.24	80,001 above
WASTEWATER	\$ 55.12	N/A	N	\$ 5.28	0 to above
SURCHARGE	N/A				

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

Total charges per 10,000 gallons usage: Water: \$ 100.95 (1) Wastewater: \$ 107.92 (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, 2016**

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>
<=3/4"	6,798
1"	141
1 1/2"	90
2"	94
3"	6
4"	1
6"	-
8"	1
10"	-
Total Water	7,131
Total Wastewater	2,229

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

Gallons pumped into system:	<u>2,586,588,000</u>	Water Accountability Ratio:
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>2,322,285,000</u>	<u>89.78%</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, 2016**

5. Location of Agency:

County(ies) in which agency is located:

Travis and Hays

Is the Agency located entirely within one county?

Yes No

Is the Agency located within a city?

Entirely Partly Not at all

City(ies) in which Agency is located:

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

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

Entirely Partly Not at all

ETJ's in which agency is located:

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

Are Board members appointed by an office outside the Agency?

Yes No

If yes, by whom?

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

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2016

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2016	Accrued Interest Receivable at September 30, 2016
<u>General Fund:</u>					
Certificate of Deposit - Green Bank	9009010402	0.40%	11/20/2016	240,000	342
Certificate of Deposit - Third Coast Bank, SSB	600019627	0.50%	10/28/2016	240,000	1,108
Total Temporary Investments - General Fund				480,000	1,450
<u>Debt Service Fund:</u>					
Certificate of Deposit - Central Bank	66000251	0.40%	2/1/2017	240,000	634
Certificate of Deposit - First State Bank	100141643	0.50%	1/31/2017	240,000	795
Certificate of Deposit - Green Bank	9009010403	0.50%	1/30/2017	240,000	799
Certificate of Deposit - Independent Bank	531587	0.60%	1/31/2017	240,000	956
Certificate of Deposit - Allegiance Bank	1002917706	0.50%	4/1/2017	240,000	187
Certificate of Deposit - Third Coast Bank, SSB	60000022183	0.50%	8/12/2017	240,000	161
Total Temporary Investments - Debt Service Fund				1,440,000	3,532
TOTAL ALL FUNDS				\$ 1,920,000	\$ 4,982

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-4 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2016

Due During Fiscal Years Ending 9/30	West Travis County Public Utility Agency Revenue and Refunding Bonds, Series 2013			West Travis County Public Utility Agency Revenue Bonds, Series 2015			LCRA Debt Obligation			Total		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due Various	Interest Due Various	Total	Principal Due Various	Interest Due Various	Total
2017	2,725,000	7,790,025	10,515,025	190,000	1,432,563	1,622,563	-	-	-	2,915,000	9,222,588	12,137,588
2018	2,865,000	7,653,775	10,518,775	245,000	1,428,763	1,673,763	-	-	-	3,110,000	9,082,538	12,192,538
2019	2,950,000	7,567,825	10,517,825	330,000	1,423,863	1,753,863	528,564	398,206	926,770	3,808,564	9,389,894	13,198,458
2020	3,035,000	7,479,325	10,514,325	405,000	1,417,263	1,822,263	419,048	769,982	1,189,030	3,859,048	9,666,570	13,525,618
2021	3,145,000	7,373,100	10,518,100	490,000	1,409,163	1,899,163	440,750	749,030	1,189,780	4,075,750	9,531,293	13,607,043
2022	3,300,000	7,215,850	10,515,850	595,000	1,384,663	1,979,663	463,538	726,993	1,190,531	4,358,538	9,327,506	13,686,044
2023	3,465,000	7,050,850	10,515,850	695,000	1,360,863	2,055,863	487,465	703,816	1,191,281	4,647,465	9,115,529	13,762,994
2024	3,640,000	6,877,600	10,517,600	815,000	1,326,113	2,141,113	507,588	679,442	1,187,030	4,962,588	8,883,155	13,845,743
2025	3,840,000	6,677,400	10,517,400	910,000	1,285,363	2,195,363	533,967	654,063	1,188,030	5,283,967	8,616,826	13,900,793
2026	4,030,000	6,485,400	10,515,400	995,000	1,248,963	2,243,963	563,051	626,030	1,189,081	5,588,051	8,360,393	13,948,444
2027	4,250,000	6,263,750	10,513,750	1,100,000	1,209,163	2,309,163	593,661	596,470	1,190,131	5,943,661	8,069,383	14,013,044
2028	4,435,000	6,083,125	10,518,125	1,140,000	1,176,163	2,316,163	625,878	565,302	1,191,180	6,200,878	7,824,590	14,025,468
2029	4,655,000	5,861,375	10,516,375	1,180,000	1,139,113	2,319,113	654,786	532,444	1,187,230	6,489,786	7,532,932	14,022,718
2030	4,890,000	5,628,625	10,518,625	1,235,000	1,086,013	2,321,013	690,475	498,068	1,188,543	6,815,475	7,212,706	14,028,181
2031	5,100,000	5,414,688	10,514,688	1,290,000	1,044,331	2,334,331	729,826	460,091	1,189,917	7,119,826	6,919,110	14,038,936
2032	5,330,000	5,185,188	10,515,188	1,340,000	999,181	2,339,181	771,342	419,951	1,191,293	7,441,342	6,604,320	14,045,662
2033	5,595,000	4,918,688	10,513,688	1,395,000	952,281	2,347,281	810,141	377,527	1,187,668	7,800,141	6,248,496	14,048,637
2034	5,865,000	4,652,925	10,517,925	1,450,000	901,756	2,351,756	856,348	332,969	1,189,317	8,171,348	5,887,650	14,058,998
2035	6,155,000	4,361,238	10,516,238	1,505,000	843,756	2,348,756	906,205	284,800	1,191,005	8,566,205	5,489,794	14,055,999
2036	6,460,000	4,055,125	10,515,125	1,560,000	789,200	2,349,200	953,867	233,826	1,187,693	8,973,867	5,078,151	14,052,018
2037	6,780,000	3,733,838	10,513,838	1,620,000	726,800	2,346,800	1,009,491	180,171	1,189,662	9,409,491	4,640,809	14,050,300
2038	7,120,000	3,396,625	10,516,625	1,690,000	662,000	2,352,000	1,068,243	123,387	1,191,630	9,878,243	4,182,012	14,060,255
2039	7,475,000	3,042,500	10,517,500	1,755,000	594,400	2,349,400	1,125,303	63,297	1,188,600	10,355,303	3,700,197	14,055,500
2040	7,845,000	2,668,750	10,513,750	1,825,000	524,200	2,349,200	-	-	-	9,670,000	3,192,950	12,862,950
2041	8,240,000	2,276,500	10,516,500	1,900,000	451,200	2,351,200	-	-	-	10,140,000	2,727,700	12,867,700
2042	8,650,000	1,864,500	10,514,500	1,975,000	375,200	2,350,200	-	-	-	10,625,000	2,239,700	12,864,700
2043	9,085,000	1,432,000	10,517,000	2,055,000	296,200	2,351,200	-	-	-	11,140,000	1,728,200	12,868,200
2044	9,540,000	977,750	10,517,750	2,140,000	214,000	2,354,000	-	-	-	11,680,000	1,191,750	12,871,750
2045	10,015,000	500,750	10,515,750	2,225,000	128,400	2,353,400	-	-	-	12,240,000	629,150	12,869,150
2046	-	-	-	985,000	39,400	1,024,400	-	-	-	985,000	39,400	1,024,400
	<u>\$ 160,480,000</u>	<u>144,489,090</u>	<u>304,969,090</u>	<u>\$ 37,035,000</u>	<u>27,870,337</u>	<u>64,905,337</u>	<u>\$ 14,739,537</u>	<u>9,975,865</u>	<u>24,715,402</u>	<u>\$ 212,254,537</u>	<u>182,335,292</u>	<u>394,589,829</u>

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-5 ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2016

	Series 2013	Series 2015	LCRA Debt Obligation	Totals
Interest rate	2.00-5.50%	2.00-5.00%	Various	
Dates interest payable	2/15; 8/15	2/15; 8/15	Various	
Maturity dates	8/15/2045	8/15/2046	2039	
Bonds outstanding, beginning of period	\$ 162,415,000	\$ 37,035,000	\$ 14,739,537	\$ 214,189,537
Bonds issued/acquired during current period	-	-	-	-
Bonds retired during current period	(1,935,000)	-	-	(1,935,000)
Bonds outstanding, end of period	<u>\$ 160,480,000</u>	<u>\$ 37,035,000</u>	<u>\$ 14,739,537</u>	<u>\$ 212,254,537</u>
Interest paid during current period	<u>\$ 7,829,127</u>	<u>\$ 1,850,794</u>	<u>\$ -</u>	<u>\$ 9,679,921</u>
Paying agent's name & address:	Bank of Texas, N.A. Austin, Texas	Bank of Texas, N.A. Austin, Texas	LCRA Austin, Texas	
	<u>Revenue Bonds</u>	<u>Refunding Bonds</u>		
Bond authority:				
Amount authorized	\$ 202,620,000 *	\$ 45,160,000 *		
Amount issued	<u>(202,620,000)</u>	<u>(45,160,000)</u>		
Remaining to be issued	<u>\$ -</u>	<u>\$ -</u>		
Debt Service Fund cash and temporary investments balances as of September 30, 2016:				<u>\$ 17,017,620</u>
Average annual debt service payments (principal & interest) for remaining term of debt:				<u>\$ 13,152,994</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, 2016

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

Bee Cave, Texas 78738

Agency Business Telephone Number: (512) 263-0100

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

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

<u>Name and Address</u>	<u>Term of Office Appointed & Expires or Date Hired</u>	<u>Fees 9/30/16</u>	<u>Expense Reimbursements 9/30/16</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Larry Fox	Appointed 12/11 - 9/16	\$ -	\$ -	President
Michael Murphy	Appointed 12/11 - 9/16	-	-	Vice President
Ray Whisenant	Appointed 12/11 - 9/16	-	-	Secretary/Treasurer
Scott Roberts	Appointed 9/14 - 9/18	-	-	Director
Bill Goodwin	Appointed 9/14 - 9/18	-	-	Director

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

Key Administrative Personnel:

Donald G. Rauschuber	2013	\$ 214,952	\$ -	Former Gen. Manager
Robert Pugh	2016	\$ 17,340	\$ -	General Manager

(continued)

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-6 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2016

Name and Address	Date Hired	Fees and Expense Reimbursements 9/30/16	Title at Year End
<u>Consultants:</u>			
USW Utility Group	Jun-14	\$ 3,692,092	Operator
Murfee Engineering Company	Dec-11	1,178,206	Engineer
Lloyd Gosselink Rochelle & Townsend, P.C.	Dec-11	811,137	Attorney
The Wallace Group, Inc	Dec-11	167,182	Engineer
Municipal Accounts & Consulting	Jan-12	288,927	Bookkeeper
Nelisa Heddin Consulting, LLC	Feb-14	249,938	Financial Consultant
Maxwell Locke & Ritter LLP	Sep-12	53,300	Auditor

**OTHER
SUPPLEMENTAL INFORMATION**

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

INDEX OF OTHER SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2016

- 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, 2016

WATER

Name of Rate Payer	2016		
	Gallons Used	Revenue	% of Total Revenue
Spanish Oaks Owners Association	22,202,000	\$ 361,956	2.0%
Highpointe Community Association	8,251,000	144,411	0.8%
CSHV HCG Retail & Office	10,487,000	122,638	0.7%
HEB	6,370,000	101,077	0.6%
Paseo at Bee Cave	8,979,000	92,245	0.5%
The Salt Lick Bar B Q	4,880,000	79,227	0.4%
Connell Falconhead Apts	4,926,000	60,200	0.3%
Silverado Memory Care	3,777,000	49,784	0.3%
Hill Country Apts	4,531,000	42,015	0.2%
Ladera HOA	2,754,000	41,096	0.2%
	<u>77,157,000</u>	<u>\$ 1,094,649</u>	<u>6.0%</u>

WASTEWATER

Name of Rate Payer	2016		
	Gallons Used	Revenue	% of Total Revenue
CSHV HCG Retail & Office	10,487,000	\$ 153,818	3.5%
Paseo at Bee Cave	8,979,000	105,726	2.4%
HEB	3,995,000	78,136	1.8%
Connell Falconhead Apts	4,926,000	69,929	1.6%
Hill Country Apts	4,531,000	53,612	1.2%
Whole Foods Market	1,935,000	25,393	0.6%
Silverado Memory Care	1,549,000	22,541	0.5%
Coachworks Car Wash	2,243,000	21,983	0.5%
Spanish Oaks Owners Association	1,297,000	16,393	0.4%
Lake Travis ISD	1,288,000	15,188	0.3%
	<u>41,230,000</u>	<u>\$ 562,719</u>	<u>12.8%</u>

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

OSI-2 HISTORICAL CONDENSED STATEMENT OF OPERATIONS SEPTEMBER 30, 2016

	Year Ended September 30, 2016	Year Ended September 30, 2015	Year Ended September 30, 2014	Year Ended September 30, 2013	Period from Inception to September 30, 2012
<u>Revenues and Expenses</u>					
Gross Water and Wastewater System Revenue	\$ 22,618,368	20,663,472	20,561,874	18,469,424	11,049,938
Direct O&M Expense	11,072,137	11,416,517	11,048,868	9,096,117	4,926,854
Total Net Revenues	11,546,231	9,246,955	9,513,006	9,373,307	6,123,084
Impact Fees Recognized/Collected	6,891,383	5,574,972	5,380,796	6,190,414	7,472,335
Total Net Water and Wastewater System Income	<u>\$ 18,437,614</u>	<u>14,821,927</u>	<u>14,893,802</u>	<u>15,563,721</u>	<u>13,595,419</u>
	<u>Retail</u>	<u>Wholesale (estimated)</u>			
Water Connections	7,131	4,361			
Wastewater Connections	2,229	525			
Water Population Served (1)	34,476				
PUA General Operating Fund Unassigned Balance	8,122,557				
PUA Rate Stabilization Fund Balance	2,972,597				
PUA Facilities Fund Balance	5,713,574				
PUA Impact Fee Fund Balance	20,316,709				

(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, 2016

Water Impact Fees:

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

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

(continued)

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

OSI-3 MONTHLY WATER RATES AND IMPACT FEES OF THE PARTICIPANTS (continued) SEPTEMBER 30, 2016

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"	\$ 51.95
1"	\$ 89.82
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	\$ 4.90
10,001-20,000	\$ 6.13
20,001-35,000	\$ 9.20
35,001-50,000	\$ 13.79
50,001-80,000	\$ 15.86
80,000 +	\$ 18.24

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

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

Mult-Unit Residential and Multi-Use Facilities:

Gallons	Base Fee
1 and above	\$ 7.50

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

OSI-4 MONTHLY WASTEWATER RATES SEPTEMBER 30, 2016

Wastewater Impact Fee per LUE:

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

Monthly Fee Per Rate District

	<u>Base Fee</u>
Minimum Monthly Charge:	
Residential	\$ 55.12
Commercial (per LUE)	\$ 55.12
Multi Family Residential/Multi-Use Facilities (per LUE)	\$ 55.12
Volume Charge (per thousand gallons):	
Residential	\$ 5.28
Non-Residential	\$ 7.84
Multi-Use Residential/Multi-Use Facilities	\$ 7.84