

**WEST TRAVIS COUNTY
PUBLIC UTILITY AGENCY**

**Financial Statements and
Supplemental Information as of and for the
Year Ended September 30, 2015 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, 2015 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)

Larry Fox, 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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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, 2015, 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.

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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"
This firm is not a CPA firm*

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, 2015, 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.

Maxwell Locke + Ritter LLP

Austin, Texas
March 15, 2016

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

Management's Discussion and Analysis For the Year Ended September 30, 2015

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, 2015. 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, 2015 were approximately \$228.7 million while its liabilities were approximately \$232.8 million. Liabilities of the PUA exceeded its assets and deferred outflows of resources at September 30, 2015 by approximately \$4.1 million.
- Revenues for the year ended September 30, 2015 totaled approximately \$27.0 million while expenses totaled approximately \$32.0 million, resulting in a decrease in net position of approximately \$5.0 million for the year ended September 30, 2015.
- During the year ended September 30, 2015, the PUA issued \$37.0 million in Series 2015 bonds. Proceeds from the bonds were used to finance future construction costs, fund the third installment payment to the Lower Colorado River Authority ("LCRA"), and to fund future bond issue costs.

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 \$4.1 million at the close of the most recent year ending on September 30, 2015.

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 \$24.6 million at September 30, 2015. 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 \$78.6 million at September 30, 2015. Of this, approximately \$15.6 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 \$216.1 million at September 30, 2015; future water and wastewater revenues collected by the PUA will be used to pay this outstanding long-term debt.

Approximately \$31.0 million and approximately \$17.0 million of cash and cash equivalents at September 30, 2015 are in the Capital Projects and Impact Fee Funds, respectively. This money is segregated for the construction of new capital projects.

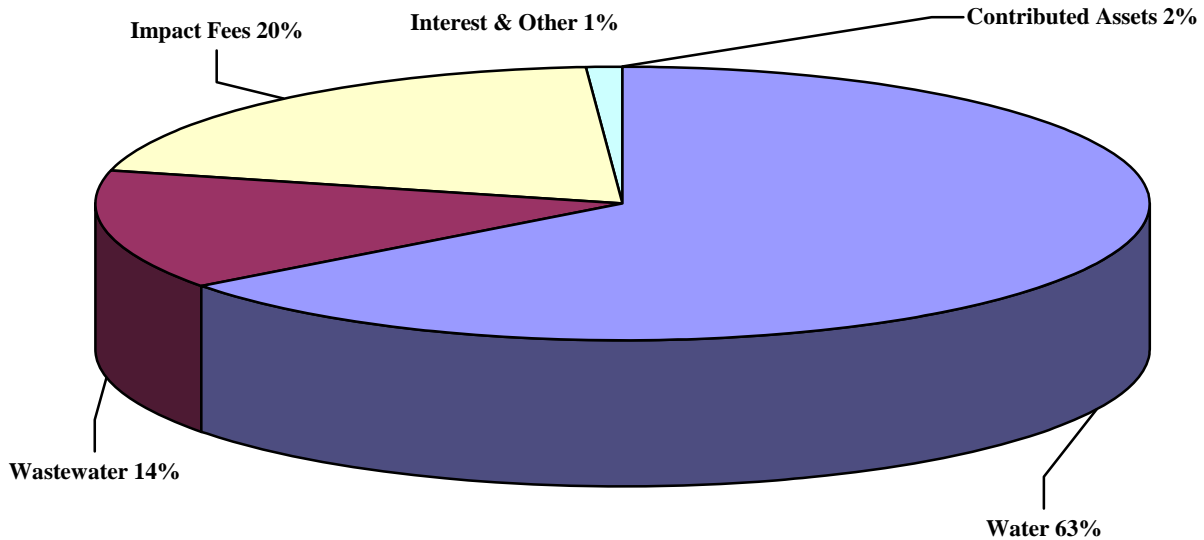
As part of the bond agreement for the previously issued Series 2013 issuance, the PUA agreed to maintain separate and special accounts known as the Rate Stabilization Fund and the Facilities Fund. The Rate Stabilization Fund is an account which holds funds that may be used at the discretion of the PUA for any lawful purpose, including capital additions and improvements to the District’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	
	2015	2014
Current and other assets	\$ 84,984,568	\$ 65,652,774
Capital and non-current assets	126,702,577	128,827,007
Total assets	\$ 211,687,145	\$ 194,479,781
Deferred outflows of resources	\$ 17,004,690	\$ 17,471,104
Current liabilities	\$ 7,468,653	\$ 5,935,836
Long-term liabilities	225,362,404	205,192,336
Total liabilities	\$ 232,831,057	\$ 211,128,172
Net investment in capital assets	\$ (70,118,558)	\$ (64,154,327)
Restricted	14,032,701	13,494,839
Unrestricted	51,946,635	51,482,201
Total net position	\$ (4,139,222)	\$ 822,713

The PUA’s total assets were approximately \$211.7 million and \$194.5 million as of September 30, 2015 and 2014, respectively. At September 30, 2015, the PUA had deferred outflows of resources totaling \$17.0 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, 2015 was \$466,414. The PUA had outstanding liabilities of approximately \$232.8 million and \$211.1 million as of September 30, 2015 and 2014, respectively, of which approximately \$199.5 and \$163.9 million represents bonds payable as of September 30, 2015 and 2014, respectively, and approximately \$14.7 million and \$30.9 million represents liabilities owed to the LCRA as of September 30, 2015 and 2014, respectively.

Sources of Revenue



Statement of Activities

	Governmental Activities	
	2015	2014
Water and wastewater	\$ 20,663,472	\$ 19,855,463
Impact fees	5,574,972	8,505,194
Contributed assets	466,726	1,328,173
Interest and other	316,192	85,408
Total revenues	27,021,362	29,774,238
Water and wastewater	7,696,580	6,521,959
Contracted services	2,325,702	1,539,108
Personnel expenses	591,415	476,489
Other	841,774	840,963
Capital outlay	132,161	-
Debt service	13,053,157	7,812,661
Depreciation and amortization	7,342,508	7,276,498
Total expenses	31,983,297	24,467,678
Change in net position	(4,961,935)	5,306,560
Beginning net position	822,713	(4,483,847)
Ending net position	\$ (4,139,222)	\$ 822,713

Operating revenues were approximately \$27.0 million and \$29.8 million for the years ended September 30, 2015 and 2014, respectively. Water and wastewater service provided approximately \$20.7 million and \$19.9 million in revenues for the years ended September 30, 2015 and 2014, respectively. Impact fees generated approximately \$5.6 million and \$8.5 million in revenues for the years ended September 30, 2015 and 2014, respectively. Total expenses were approximately \$32.0 million and \$24.5 million for the years ended September 30, 2015 and 2014, respectively. Net position was approximately a negative \$4.1 million and approximately \$823,000 at September 30, 2015 and 2014, respectively.

Analysis of Governmental Funds

	2015	2014
Cash and cash equivalents	\$ 76,635,519	\$ 58,510,078
Temporary investments	1,920,000	2,880,000
Receivables	6,279,232	4,098,741
Interfund receivable	86,909	55,980
Prepaid expenses	134,418	152,024
Deposits	15,399	11,931
Total assets	\$ 85,071,477	\$ 65,708,754
Accounts payable	\$ 2,384,922	\$ 1,517,195
Refundable deposits	456,450	364,325
SER projects	500	14,622
Other liabilities	1,116,905	488,729
Interfund payable	86,909	55,980
Due to developers for connection fee credit	1,318,100	-
Total liabilities	5,363,786	2,440,851
Nonspendable fund balance	134,418	28,444
Restricted fund balance	45,288,023	29,334,886
Committed fund balance	6,459,858	9,222,986
Assigned fund balance	16,391,916	16,150,632
Unassigned fund balance	11,433,476	8,530,955
Total fund balances	79,707,691	63,267,903
Total liabilities and fund balances	\$ 85,071,477	\$ 65,708,754

The *General Fund* pays for daily operating expenditures. For the year ended September 30, 2015, the PUA's amended budget projected an ending operating fund balance of approximately \$12.7 million. The General Fund reflected negative change in fund balance of approximately \$296,000, a positive difference of approximately \$5.2 million compared to the amended budget. This positive difference is due to more water and wastewater revenues than projected as well as lower principal payment expenditures than budgeted.

The *Debt Service Fund* had an ending restricted fund balance of approximately \$15.6 million at September 30, 2015. During the year, the PUA paid approximately \$7.9 million in interest due on the outstanding Series 2013 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 District to help fund and pay for the construction or needed expansion of capital improvements.

Capital Assets

	2015	2014
Land	\$ 6,097,409	\$ 6,097,409
Construction in progress	5,004,017	2,840,859
Water and wastewater facilities	138,516,639	136,428,072
Vehicles	460,351	-
Subtotal	150,078,416	145,366,340
Accumulated depreciation	(23,898,116)	(17,022,022)
Total	<u>\$ 126,180,300</u>	<u>\$ 128,344,318</u>

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

Long-Term Debt Activity

	2015	2014
Bonds payable	\$ 199,450,000	\$ 163,870,000
Premiums on bonds	3,562,446	3,010,070
Discount on bonds	(1,680,406)	(1,736,732)
LCRA debt obligation	14,739,537	30,895,718
Total	<u>\$ 216,071,577</u>	<u>\$ 196,039,056</u>

The PUA owes approximately \$162.4 million to bond holders from the Series 2013 bonds issued in the previous year. The PUA owes approximately \$14.7 million to the LCRA related to the purchase of the West Travis County water and wastewater system.

In April 2015, the District issued \$37,035,000 in Revenue Bonds, Series 2015. Approximately \$15.1 million was deposited in the Capital Projects Fund for future construction costs, approximately \$19.9 million funded the third installment payment to the LCRA, and approximately \$1.8 million was for future bond issuance costs. 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 2016 budget projects an Operating Fund balance increase of approximately \$5,000. Budgeted revenues total approximately \$19.9 million, while expenditures are expected to be approximately \$19.9 million, which includes approximately \$9.1 million reserved to fund future debt service obligations. In November 2015, the Board adopted a retail rate increase which was effective January 1, 2016 and a wholesale rate increase in December 2015 which was effective February 2016. These rate increases are expected to increase the PUA's annual revenues, which are not reflected in the adopted budget.

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, 2015

	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	\$ 14,457,759	14,205,263	30,972,638	16,999,859	76,635,519	-	76,635,519
Temporary investments	480,000	1,440,000	-	-	1,920,000	-	1,920,000
Receivables:							
Service accounts	5,973,824	-	-	-	5,973,824	-	5,973,824
Accrued interest	149	3,366	-	-	3,515	-	3,515
Other	301,893	-	-	-	301,893	-	301,893
Due from other funds	77,909	-	9,000	-	86,909	(86,909)	-
Prepaid items	12,514	-	121,904	-	134,418	-	134,418
Deposits	15,399	-	-	-	15,399	-	15,399
Assets held for sale	-	-	-	-	-	78,080	78,080
Bond insurance costs	-	-	-	-	-	444,197	444,197
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	6,097,409	6,097,409
Construction in progress	-	-	-	-	-	5,004,017	5,004,017
Vehicles	-	-	-	-	-	413,276	413,276
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	-	-	-	-	-	114,665,598	114,665,598
Total assets	<u>\$ 21,319,447</u>	<u>15,648,629</u>	<u>31,103,542</u>	<u>16,999,859</u>	<u>85,071,477</u>	<u>126,615,668</u>	<u>211,687,145</u>
DEFERRED OUTFLOWS OF RESOURCES -							
Consideration in excess of value of assets acquired (net of accumulated amortization)	\$ -	-	-	-	-	17,004,690	17,004,690
LIABILITIES							
Accounts payable	\$ 1,956,295	-	24,144	404,483	2,384,922	-	2,384,922
Refundable deposits	456,450	-	-	-	456,450	-	456,450
SER projects	500	-	-	-	500	-	500
Other liabilities	991,354	-	-	125,551	1,116,905	-	1,116,905
Due to other funds	9,000	-	-	77,909	86,909	(86,909)	-
Bond interest payable	-	-	-	-	-	1,574,876	1,574,876
Long-term liabilities:							
Due within one year	-	-	-	-	-	1,935,000	1,935,000
Due after one year	-	-	-	-	-	214,136,577	214,136,577
Due to developers for connection fee credit	-	-	1,318,100	-	1,318,100	-	1,318,100
Due to developers for utility facility acquisition	-	-	-	-	-	9,866,675	9,866,675
LCRA interest payable	-	-	-	-	-	41,052	41,052
Total liabilities	<u>3,413,599</u>	<u>-</u>	<u>1,342,244</u>	<u>607,943</u>	<u>5,363,786</u>	<u>227,467,271</u>	<u>232,831,057</u>
FUND BALANCES / NET POSITION							
Fund balances:							
Nonspendable-							
Prepaid items	12,514	-	121,904	-	134,418	(134,418)	-
Restricted for:							
Debt service	-	15,648,629	-	-	15,648,629	(15,648,629)	-
Capital projects	-	-	29,639,394	-	29,639,394	(29,639,394)	-
Committed for:							
Rate Stabilization Fund	2,541,177	-	-	-	2,541,177	(2,541,177)	-
Facilities Fund	3,918,681	-	-	-	3,918,681	(3,918,681)	-
Assigned for-							
Projects funded by impact fees	-	-	-	16,391,916	16,391,916	(16,391,916)	-
Unassigned	11,433,476	-	-	-	11,433,476	(11,433,476)	-
Total fund balances	<u>17,905,848</u>	<u>15,648,629</u>	<u>29,761,298</u>	<u>16,391,916</u>	<u>79,707,691</u>	<u>(79,707,691)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 21,319,447</u>	<u>15,648,629</u>	<u>31,103,542</u>	<u>16,999,859</u>	<u>85,071,477</u>	<u>-</u>	<u>-</u>
Net position:							
Net investment in capital assets							(70,118,558)
Restricted for debt service							14,032,701
Unrestricted							51,946,635
Total net position							<u>(4,139,222)</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, 2015

	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	\$ 1,260,394	-	-	-	1,260,394	-	1,260,394
Repairs and maintenance - water	340,606	-	-	-	340,606	-	340,606
Other water expense	1,691,792	-	-	-	1,691,792	-	1,691,792
Repairs and maintenance - wastewater	92,591	-	-	-	92,591	-	92,591
Other wastewater expense	897,845	-	-	-	897,845	-	897,845
General operating	2,023,005	-	-	-	2,023,005	-	2,023,005
Special contract services	80,487	-	-	-	80,487	-	80,487
Transitional support services	222,210	-	-	-	222,210	-	222,210
Contract operations	3,413,352	-	-	-	3,413,352	-	3,413,352
Personnel expenses	591,415	-	-	-	591,415	-	591,415
Other	802,820	-	10,000	28,954	841,774	-	841,774
Capital outlay	1,204,498	-	282,283	3,357,456	4,844,237	(4,712,076)	132,161
Debt service:							
Principal payments	17,542,978	1,455,000	-	-	18,997,978	(18,997,978)	-
Interest payments	3,779,007	7,872,375	-	-	11,651,382	595,825	12,247,207
Bond issuance costs	859,152	203	-	-	859,355	(53,405)	805,950
Depreciation and amortization	-	-	-	-	-	7,342,508	7,342,508
Total expenditures/expenses	<u>34,802,152</u>	<u>9,327,578</u>	<u>292,283</u>	<u>3,386,410</u>	<u>47,808,423</u>	<u>(15,825,126)</u>	<u>31,983,297</u>
REVENUES:							
Program revenues:							
Water - retail	11,328,258	-	-	-	11,328,258	-	11,328,258
Water - wholesale	2,957,695	-	-	-	2,957,695	-	2,957,695
Water - other	2,638,841	-	-	-	2,638,841	-	2,638,841
Wastewater - retail and wholesale	3,714,693	-	-	-	3,714,693	-	3,714,693
Wastewater - other	23,985	-	-	-	23,985	-	23,985
Impact fees	-	-	-	5,574,972	5,574,972	-	5,574,972
Contributed capital assets	-	-	-	-	-	466,726	466,726
Total program revenues	<u>20,663,472</u>	<u>-</u>	<u>-</u>	<u>5,574,972</u>	<u>26,238,444</u>	<u>466,726</u>	<u>26,705,170</u>
Net program expense							(5,278,127)
General revenues:							
Other	6,974	15	76,813	-	83,802	-	83,802
Interest	176,735	7,646	26,675	21,334	232,390	-	232,390
Total general revenues	<u>183,709</u>	<u>7,661</u>	<u>103,488</u>	<u>21,334</u>	<u>316,192</u>	<u>-</u>	<u>316,192</u>
Total revenues	<u>20,847,181</u>	<u>7,661</u>	<u>103,488</u>	<u>5,596,306</u>	<u>26,554,636</u>	<u>466,726</u>	<u>27,021,362</u>
OTHER FINANCING SOURCES (USES):							
Transfers in (out)	(7,109,571)	8,659,122	-	(1,549,551)	-	-	-
Proceeds of revenue bonds	20,110,369	1,830,538	15,094,093	-	37,035,000	(37,035,000)	-
Premium on sale of bonds	658,575	-	-	-	658,575	(658,575)	-
Total other financing sources (uses)	<u>13,659,373</u>	<u>10,489,660</u>	<u>15,094,093</u>	<u>(1,549,551)</u>	<u>37,693,575</u>	<u>(37,693,575)</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES							
	(295,598)	1,169,743	14,905,298	660,345	16,439,788	(16,439,788)	-
Change in net position	-	-	-	-	-	(4,961,935)	(4,961,935)
FUND BALANCES/ NET POSITION:							
Beginning of year	18,201,446	14,478,886	14,856,000	15,731,571	63,267,903	(62,445,190)	822,713
End of year	<u>\$ 17,905,848</u>	<u>15,648,629</u>	<u>29,761,298</u>	<u>16,391,916</u>	<u>79,707,691</u>	<u>(83,846,913)</u>	<u>(4,139,222)</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, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE
REVENUES:				
Water and wastewater	\$ 17,758,139	17,967,485	20,663,472	2,695,987
Interest and other	149,501	255,499	183,709	(71,790)
TOTAL REVENUES	17,907,640	18,222,984	20,847,181	2,624,197
EXPENDITURES:				
Service operations:				
LCRA raw water reservation fees	1,216,214	1,237,428	1,260,394	(22,966)
Repair and maintenance - water	-	447,121	340,606	106,515
Other water expense	1,774,486	1,671,785	1,691,792	(20,007)
Repair and maintenance - wastewater	-	74,763	92,591	(17,828)
Other wastewater expense	1,085,909	826,612	897,845	(71,233)
General operating	929,229	2,110,814	2,023,005	87,809
Special contract services	780,995	304,319	80,487	223,832
Transitional support services	25,000	-	222,210	(222,210)
Contract operations	2,976,645	3,455,437	3,413,352	42,085
Personnel expenses	855,000	565,828	591,415	(25,587)
Other	1,248,099	1,099,420	802,820	296,600
Capital outlay	1,573,700	1,573,700	1,204,498	369,202
Debt service:				
Principal payments	3,250,000	19,406,181	17,542,978	1,863,203
Interest payments	-	3,762,611	3,779,007	(16,396)
Bond issuance costs	-	-	859,152	(859,152)
TOTAL EXPENDITURES	15,715,277	36,536,019	34,802,152	1,733,867
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,192,363	(18,313,035)	(13,954,971)	4,358,064
OTHER FINANCING SOURCES (USES):				
Transfers out	(7,777,824)	(7,109,571)	(7,109,571)	-
Proceeds of revenue bonds	-	19,918,792	20,110,369	191,577
Premium on sale of bonds	-	-	658,575	658,575
Total other financing sources (uses)	(7,777,824)	12,809,221	13,659,373	850,152
CHANGE IN FUND BALANCE	(5,585,461)	(5,503,814)	(295,598)	5,208,216
FUND BALANCE:				
Beginning of year	18,201,446	18,201,446	18,201,446	-
End of year	\$ 12,615,985	12,697,632	17,905,848	5,208,216

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, 2015

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, 2015, 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 balances are 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, 2015, expenditures for the General Fund were below budget by approximately \$1,734,000.

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. All cash and cash equivalents are recorded at cost, which approximates fair market value.

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, 2015. 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 fair 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, 2015, consideration in excess of value of assets acquired totaled \$17,004,690. For the year ending September 30, 2015, amortization expense was \$466,414.

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 District 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 District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District 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.

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	\$ 79,707,691
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	126,180,300
Consideration in excess of value of assets acquired, net of accumulated amortization	17,004,690
Assets held for sale	78,080
Bond insurance costs	444,197
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	(41,052)
Due to developers for utility facility acquisition	(9,866,675)
Bonds payable, including premiums and discounts	(201,332,040)
Bond interest payable	<u>(1,574,876)</u>
Total net position	<u>\$ (4,139,222)</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	\$ 16,439,788
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	4,712,076
Depreciation expense	(6,876,094)
Amortization expense	(466,414)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Contributed capital assets	466,726
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 proceeds, including premium	(37,693,575)
Bond principal payments	1,455,000
LCRA principal payment	16,156,181
Payment to developers for utility facility acquisition	1,386,797
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	(590,829)
Change in LCRA interest payable	(41,052)
Amortization of bond discount	(56,326)
Amortization of bond insurance costs	(13,818)
Amortization of bond premium	106,199
Bond insurance premium	53,406
Change in net position	<u>\$ (4,961,935)</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, 2015, 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, 2015, 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 149 days at September 30, 2015.

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, 2015, investments consisted only of certificates of deposit which were individually covered by FDIC insurance.

Interest Rate Risk - Certificates of deposit held by the District 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, 2015, 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, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Impact Fee Fund	\$ 77,909
Capital Projects Fund	General Fund	9,000
Total		<u>\$ 86,909</u>

During the year, the General Fund and the Impact Fee Fund transferred \$7,109,571 and \$1,549,551, respectively, to the Debt Service Fund to fund interest payments due on the outstanding Series 2013 bonds.

5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015 was as follows:

	Balance September 30, 2014	Additions	Retirements and Transfers	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 6,097,409	-	-	6,097,409
Construction in progress	2,840,859	4,023,746	(1,860,588)	5,004,017
Total capital assets not being depreciated	<u>8,938,268</u>	<u>4,023,746</u>	<u>(1,860,588)</u>	<u>11,101,426</u>
Capital assets being depreciated:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	136,428,072	227,979	1,860,588	138,516,639
Vehicles	-	460,351	-	460,351
Total capital assets being depreciated	<u>136,428,072</u>	<u>688,330</u>	<u>1,860,588</u>	<u>138,976,990</u>
Less accumulated depreciation for:				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	(17,022,022)	(6,829,019)	-	(23,851,041)
Vehicles	-	(47,075)	-	(47,075)
Total accumulated depreciation	<u>(17,022,022)</u>	<u>(6,876,094)</u>	<u>-</u>	<u>(23,898,116)</u>
Total capital assets being depreciated, net	<u>119,406,050</u>	<u>(6,187,764)</u>	<u>1,860,588</u>	<u>115,078,874</u>
Capital assets, net	<u>\$ 128,344,318</u>	<u>(2,164,018)</u>	<u>-</u>	<u>126,180,300</u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Balance September 30, 2014	Additions	Retirements	Balance September 30, 2015
Series 2013 bonds	\$ 163,870,000	-	(1,455,000)	162,415,000
Series 2015 bonds	-	37,035,000	-	37,035,000
Premiums on bonds	3,010,070	658,575	(106,199)	3,562,446
Discounts on bonds	(1,736,732)	-	56,326	(1,680,406)
LCRA debt obligation	30,895,718	-	(16,156,181)	14,739,537
Total	\$ 196,039,056	37,693,575	(17,661,054)	216,071,577

At September 30, 2015, long-term debt was comprised of the following:

Revenue and Refunding Bonds:

\$162,415,000 - 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
2016	\$ 1,935,000	9,679,118	11,614,118
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
2021-2025	20,895,000	41,960,965	62,855,965
2026-2030	27,910,000	36,181,690	64,091,690
2031-2035	35,025,000	29,274,032	64,299,032
2036-2040	44,130,000	20,193,438	64,323,438
2041-2045	55,825,000	8,516,500	64,341,500
2046	985,000	39,400	1,024,400
Total	\$ 199,450,000	182,038,545	381,488,545

In April 2015, the PUA issued \$37,035,000 Revenue Bonds, Series 2015. The net proceeds of \$36,843,423 (after payment of \$850,152 in underwriter fees, insurance, and other bond related costs) were used for the following: \$15,094,093 deposited with the District's Capital Projects Fund to finance construction costs, \$19,918,792 transferred to Lower Colorado River Authority to fund the third installment payment, and \$1,830,538 to pay for subsequent bond issue costs. The bonds are payable from the proceeds of and are secured by a pledge of the net revenues of the PUA's water and wastewater system. At September 30, 2015, 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, 2015. 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>
2016	\$ -	-	-
2017	-	-	-
2018	-	-	-
2019	528,564	398,206	926,770
2020	419,048	769,982	1,189,030
2021-2025	2,433,308	3,513,344	5,946,652
2026-2030	3,127,851	2,818,314	5,946,165
2031-2035	4,073,862	1,875,338	5,949,200
2036-2039	4,156,904	600,681	4,757,585
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, 2015, 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, 2015.

Operating Leases - The PUA leases office space under non-cancellable, operating lease agreements. Total rent expense for all operating leases was \$124,844 for the year ended September 30, 2015. The following is a schedule of future minimum lease payments required under these operating leases as of September 30, 2015:

2016	\$	137,091
2017		108,563
2018		110,445
2019		48,186
Total	\$	<u>404,285</u>

The PUA subleased a portion of its office space under a long-term lease during 2015. Sublease rental income for the year ended September 30, 2015 was approximately \$18,000. Future minimum lease payments have not been reduced by the following minimum sublease rentals as of September 30, 2015:

2016	\$	18,912
2017		19,770
2018		19,734
Total	\$	<u>58,416</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, 2015, the outstanding liability owed to the various developers totaled \$9,866,675, which the PUA has determined to be the uppermost balance owed to these various developers.

Due to Developers for Connection Fee Credit - As part of an agreement entered into with three developers, the PUA received \$1,318,100. 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.

8. FUND BALANCES

For the year ended September 30, 2015, 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, 2015, 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.

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

INDEX OF SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2015

- 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, 2015

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, 2015**

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	\$ 32.65	N/A	N	\$ 4.44	0 to 10,000
				5.94	10,001 to 20,000
				8.43	20,001 to 35,000
				12.43	35,001 to 50,000
				14.36	50,001 to 80,000
				16.86	80,001 above
WASTEWATER	\$ 40.00	N/A	N	\$ 4.87	0 to above
SURCHARGE	N/A				

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

Total charges per 10,000 gallons usage: Water: \$ 77.05 (1) Wastewater: \$ 88.70 (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, 2015**

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>
<=3/4"	6,777
1"	132
1 1/2"	85
2"	88
3"	14
4"	1
6"	-
8"	1
10"	-
Total Water	7,098
Total Wastewater	2,187

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

Gallons pumped into system:	<u>2,301,094,000</u>	Water Accountability Ratio:
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>1,952,526,000</u>	<u>84.85%</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, 2015**

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

SUPPLEMENTAL INFORMATON

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2015

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2015	Accrued Interest Receivable at September 30, 2015
<u>General Fund:</u>					
Certificate of Deposit - Green Bank	9009010402	0.20%	11/23/2015	240,000	49
Certificate of Deposit - Third Coast Bank, SSB	600019627	0.25%	10/29/2015	240,000	100
Total Temporary Investments - General Fund				480,000	149
<u>Debt Service Fund:</u>					
Certificate of Deposit - Central Bank	66000251	0.40%	2/2/2016	240,000	631
Certificate of Deposit - First State Bank	100141643	0.50%	2/1/2016	240,000	792
Certificate of Deposit - Green Bank	9009010403	0.40%	1/31/2016	240,000	637
Certificate of Deposit - Independent Bank	531587	0.60%	2/1/2016	240,000	951
Certificate of Deposit - Texas Capital Bank	3116003140	0.40%	8/1/2016	240,000	158
Certificate of Deposit - Third Coast Bank, SSB	2183	0.50%	8/12/2016	240,000	197
Total Temporary Investments - Debt Service Fund				1,440,000	3,366
TOTAL ALL FUNDS				\$ 1,920,000	\$ 3,515

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-4 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2015

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
2016	1,935,000	7,828,725	9,763,725	-	1,850,393	1,850,393	-	-	-	1,935,000	9,679,118	11,614,118
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>\$ 162,415,000</u>	<u>152,317,815</u>	<u>314,732,815</u>	<u>\$ 37,035,000</u>	<u>29,720,730</u>	<u>66,755,730</u>	<u>\$ 14,739,537</u>	<u>9,975,865</u>	<u>24,715,402</u>	<u>\$ 214,189,537</u>	<u>192,014,410</u>	<u>406,203,947</u>

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-5 ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2015

	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	\$ 163,870,000	\$ -	\$ 30,895,718	\$ 194,765,718
Bonds issued/acquired during current period	-	37,035,000	-	37,035,000
Bonds retired during current period	(1,455,000)	-	(16,156,181)	(17,611,181)
Bonds outstanding, end of period	<u>\$ 162,415,000</u>	<u>\$ 37,035,000</u>	<u>\$ 14,739,537</u>	<u>\$ 214,189,537</u>
Interest paid during current period	<u>\$ 7,872,375</u>	<u>\$ -</u>	<u>\$ 3,762,611</u>	<u>\$ 11,634,986</u>
Paying agent's name & address:	Bank of Texas, N.A. Austin, Texas	Bank of Texas, N.A. Austin, Texas	LCRA Austin, Texas	
	Revenue Bonds	Refunding Bonds		
Bond authority:				
Amount authorized	\$ 202,620,000 *	\$ 45,160,000 *		
Amount issued	(202,620,000)	(45,160,000)		
Remaining to be issued	<u>\$ -</u>	<u>\$ -</u>		

Debt Service Fund cash and temporary investments balances as of September 30, 2015:	<u>\$ 15,645,263</u>
Average annual debt service payments (principal & interest) for remaining term of debt:	<u>\$ 13,103,353</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, 2015

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 9/30/15</u>	<u>Expense Reimbursements 9/30/15</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	\$ 210,000	\$ 11,000	General Manager
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(continued)

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

SI-6 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2015

Name and Address	Date Hired	Fees and Expense Reimbursements 9/30/15	Title at Year End
<u>Consultants:</u>			
Severn Trent Environmental Services, Inc.	Jan-12	\$ 576,788	Previous Operator
USW Utility Group	Jun-14	2,994,675	Operator
Murfee Engineering Company	Dec-11	1,099,041	Engineer
Lloyd Gosselink Rochelle & Townsend, P.C.	Dec-11	1,202,050	Attorney
Utility Support Services	Dec-11	148,574	Water System Consultant
Wastewater Transport Services	Dec-11	558,950	Water Transporter
Municipal Accounts & Consulting	Jan-12	307,557	Bookkeeper
Nelisa Heddin Consulting, LLC	Feb-14	354,883	Financial Consultant
Maxwell Locke & Ritter LLP	Sep-12	50,000	Auditor

**OTHER
SUPPLEMENTAL INFORMATON**

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

INDEX OF OTHER SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2015

- 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, 2015

WATER

Name of Rate Payer	2015		
	Gallons Used	Revenue	% of Total Revenue
Spanish Oaks	20,836,000	\$ 296,514	1.8%
CSHV HCG Retail Office LLC C/O	13,010,000	130,469	0.8%
Highpointe Community Association	12,179,000	182,033	1.1%
HEB	11,478,000	110,762	0.7%
Paseo at Bee Cave	8,318,000	89,023	0.5%
Connell Falconhead Apartments	7,165,000	60,082	0.4%
Hill Country Apartments	5,451,000	49,461	0.3%
The Salt Lick Bar B Q	4,768,000	61,408	0.4%
Bee Cave Galleria II, LP	3,883,000	37,497	0.2%
Residences at Bee Cave, LLC	3,781,000	82,232	0.5%
	<u>90,869,000</u>	<u>\$ 1,099,481</u>	<u>6.5%</u>

WASTEWATER

Name of Rate Payer	2015		
	Gallons Used	Revenue	% of Total Revenue
HEB	\$ 2,684,000	\$ 45,569	1.2%
CSHV HCG Retail, LLC	2,530,000	19,713	0.5%
Coachworks Car Wash	2,368,000	21,040	0.6%
Whole Foods Market	2,141,000	25,861	0.7%
Gold's Gym	1,350,000	12,338	0.3%
Maudie's Hill Country, LLC	1,344,000	10,256	0.3%
Nitro Swimming Bee Cave	1,063,000	4,405	0.1%
Brinker Texas, Inc.	1,056,000	13,555	0.4%
Hill Country Galleria Hotel	748,000	48,834	1.3%
Cinemark USA #377	517,000	15,711	0.4%
	<u>\$ 15,801,000</u>	<u>\$ 217,282</u>	<u>5.8%</u>

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

OSI-2 HISTORICAL CONDENSED STATEMENT OF OPERATIONS SEPTEMBER 30, 2015

	Year Ended September 30, 2015	Year Ended September 30, 2014	Year Ended September 30, 2013	Period from Inception to September 30, 2012	(1) Ended June 30, 2011
Revenues and Expenses					
Gross Water and Wastewater System Revenue	\$ 20,663,472	20,561,874	18,469,424	11,049,938	15,282,000
Direct O&M Expense	11,416,517	11,048,868	9,096,117	4,926,854	4,520,000 (2)
Total Net Revenues	9,246,955	9,513,006	9,373,307	6,123,084	10,762,000
Impact Fees Recognized/Collected	5,574,972	5,380,796	6,190,414	7,472,335	2,999,000
Total Net Water and Wastewater System Income	\$ 14,821,927	14,893,802	15,563,721	13,595,419	13,761,000
	Retail	Wholesale (estimated)			
Water Connections	7,098	4,197			
Wastewater Connections	2,187	525			
Water Population Served (3)	33,885				
PUA General Operating Fund Unassigned Balance	11,433,476				
PUA Rate Stabilization Fund Balance	2,541,177				
PUA Facilities Fund Balance	3,918,681				
PUA Impact Fee Fund Balance	16,391,916				

(1) Prior to the PUA assuming operations on March 19, 2012, the System was operated as a component unit of the LCRA.

Balances above are based on unaudited information provided by the LCRA.

(2) Excludes depreciation expense and allocated LCRA common overhead.

(3) 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, 2015

Water Impact Fees:

	Bee Cave Rate District	Bee Cave South Rate District	Homestead/Meadow Fox Rate District	HPR/290 Rate District	Highway 71 Water System Service Area	Highway 290 Water System Service Area
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.

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

Meter Size	Base Fee
5/8"	\$ 32.65
3/4"	\$ 51.57
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

(continued)

WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

OSI-3 MONTHLY WATER RATES AND IMPACT FEES OF THE PARTICIPANTS (continued) SEPTEMBER 30, 2015

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	\$ 4.44
10,001-20,000	\$ 5.94
20,001-35,000	\$ 8.43
35,001-50,000	\$ 12.43
50,100-80,000	\$ 14.36
80,000 +	\$ 16.86

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, 2015

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	\$ 40.00
Commercial (per LUE)	\$ 65.00
Multi Family Residential/Multi-Use Facilities (per LUE)	\$ 60.00
Volume Charge (per thousand gallons):	
Residential	\$ 4.87
Non-Residential	\$ 6.25
Multi-Use Residential/Multi-Use Facilities	\$ 6.25