

**WEST TRAVIS COUNTY  
PUBLIC UTILITY AGENCY**

**Financial Statements and  
Supplemental Information as of and for the  
Year Ended September 30, 2014 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, 2014 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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Round Rock, TX 78664

## **INDEPENDENT AUDITORS' REPORT**

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

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, 2014, 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, 2014, 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.

## **Correction of Errors**

As described in Notes 9 and 10 to the financial statements, the PUA's General Fund fund balance and statement of net position as of and for the year ended September 30, 2013 has been restated to correct certain misstatements. Our opinions are not modified with respect to this matter.

## **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 11 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 is 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  
April 8, 2015

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

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## **Management's Discussion and Analysis For the Year Ended September 30, 2014**

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, 2014. 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, 2014 were approximately \$212.0 million while its liabilities were approximately \$211.1 million. Assets and deferred outflows of resources of the PUA exceeded its liabilities at September 30, 2014 by approximately \$823,000.
- Revenues for the year ended September 30, 2014 totaled approximately \$29.8 million while expenses totaled approximately \$24.5 million, resulting in an increase in net position of approximately \$5.3 million for the year ended September 30, 2014.
- During the year ended September 30, 2014, the PUA paid interest of approximately \$8.2 million due on the outstanding Series 2013 bonds.

### **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 and liabilities, with the difference between the two 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, assets and deferred outflows of resources exceeded liabilities by approximately \$823,000 at the close of the most recent year ending on September 30, 2014.

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 \$42.6 million at September 30, 2014. 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 \$61.4 million at September 30, 2014. Of this, approximately \$14.5 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 totaled approximately \$196.0 million at September 30, 2014; future water and wastewater revenues collected by the PUA will be used to pay this outstanding long-term debt.



Approximately \$15.2 million and approximately \$15.8 million of cash and cash equivalents at September 30, 2014 is in the Capital Projects and Impact Fee Funds, respectively. This money is segregated for the construction of new capital projects and for the use in repairing and maintaining existing capital assets of the PUA.

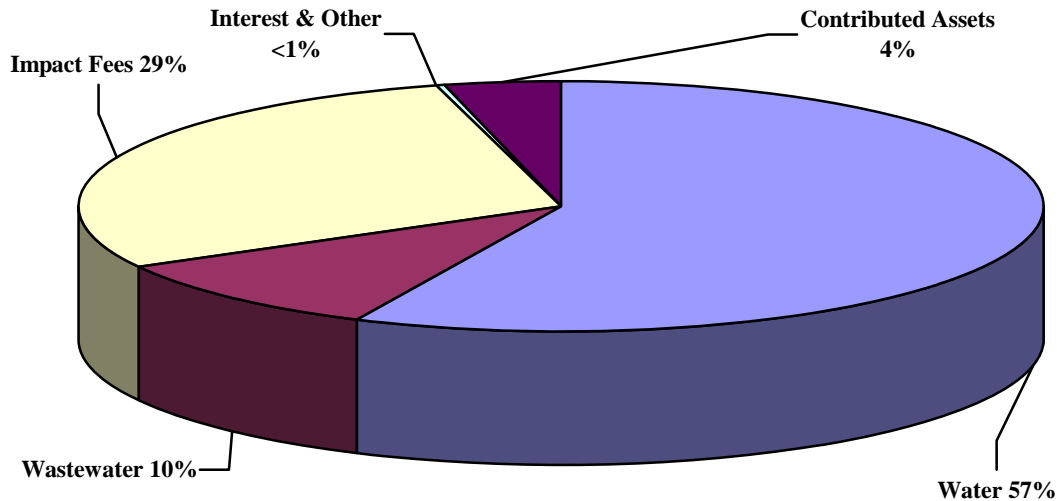
As part of the bond agreement for the previously issued Series 2013 issuance, the PUA agreed to maintain separate and special accounts known as the Rate Stabilization Fund and the Facilities Fund. The Rate Stabilization Fund is an account which holds funds that may be used at the discretion of the PUA 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, they are considered committed fund balance in the General Fund and are shown as such on the Statement of Net Position.

### Statement of Net Position

	Governmental Activities	
	2014	2013
Current and other assets, as restated	\$ 65,652,774	\$ 64,317,744
Capital and non-current assets, as restated	128,827,007	125,878,607
Total assets, restated	\$ 194,479,781	\$ 190,196,351
Deferred outflows of resources, as restated	\$ 17,471,104	\$ 17,937,518
Current liabilities, as restated	\$ 5,935,836	\$ 4,128,390
Long-term liabilities, as restated	205,192,336	208,489,326
Total liabilities, restated	\$ 211,128,172	\$ 212,617,716
Net investment in capital assets, as restated	\$ (64,154,327)	\$ (61,126,159)
Restricted	13,494,839	13,153,483
Unrestricted, as restated	51,482,201	43,488,829
Total net position, as restated	\$ 822,713	\$ (4,483,847)

The PUA’s total assets were approximately \$194.5 million and \$190.2 million (as restated) as of September 30, 2014 and 2013, respectively. At September 30, 2014, the PUA had deferred outflows of resources totaling \$17.5 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, 2014 was \$466,414. The PUA had outstanding liabilities of approximately \$211.1 million and \$212.6 million (as restated) as of September 30, 2014 and 2013, respectively, of which approximately \$163.9 million represents bonds payable as of September 30, 2014 and 2013 and approximately \$30.9 million represents liabilities owed to the LCRA as of September 30, 2014 and 2013.

## Sources of Revenue



## Statement of Activities

	Governmental Activities	
	2014	2013
Water and wastewater, as restated	\$ 19,855,463	\$ 18,231,713
Impact fees	8,505,194	6,190,414
Contributed assets	1,328,173	208,867
Interest and other	85,408	20,885
<b>Total revenues, as restated</b>	<b>29,774,238</b>	<b>24,651,879</b>
Water and wastewater, as restated	6,521,959	6,739,840
Contracted services	1,539,108	1,897,197
Other	1,317,452	620,416
Debt service	7,812,661	8,566,403
Depreciation and amortization	7,276,498	7,127,656
<b>Total expenses, as restated</b>	<b>24,467,678</b>	<b>24,951,512</b>
Change in net position, as restated	5,306,560	(299,633)
Beginning net position, as restated	(4,483,847)	(4,184,214)
<b>Ending net position, as restated</b>	<b>\$ 822,713</b>	<b>\$ (4,483,847)</b>

Operating revenues were approximately \$29.8 million and \$24.7 million for the years ended September 30, 2014 and 2013, respectively. Water and wastewater service provided approximately \$19.9 million and \$18.2 million in revenues for the years ended September 30, 2014 and 2013, respectively. Impact fees generated approximately \$8.5 million and \$6.2 million in revenues for the years ended September 30, 2014 and 2013, respectively. Total expenses were approximately \$24.5 million and \$25.0 million for the years ended September 30, 2014 and 2013, respectively. Net position was approximately \$823,000 and a negative \$4.5 million (as restated) at September 30, 2014 and 2013, respectively.

## Analysis of Governmental Funds

	2014	2013
Cash and cash equivalents	\$ 58,510,078	\$ 60,333,393
Temporary investments	2,880,000	-
Receivables, as restated	4,098,741	3,777,988
Interfund receivable	55,980	2,055,416
Prepaid expenses	152,024	5,005
Deposits	11,931	201,358
Total assets, as restated	\$ 65,708,754	\$ 66,373,160
Accounts payable, as restated	\$ 1,517,195	\$ 1,837,645
Refundable deposits	364,325	260,750
SER projects	14,622	38,771
LUE reservation fees	-	287,343
Other liabilities	488,729	382,148
Interfund payable	55,980	2,055,416
Total liabilities, as restated	2,440,851	4,862,073
Nonspendable fund balance	28,444	5,005
Restricted fund balance	29,334,886	36,037,856
Committed fund balance	9,222,986	9,751,216
Assigned fund balance	16,150,632	8,889,175
Unassigned fund balance, as restated	8,530,955	6,827,835
Total fund balances, as restated	63,267,903	61,511,087
Total liabilities and fund balances, as restated	\$ 65,708,754	\$ 66,373,160

The *General Fund* pays for daily operating expenditures. For the year ended September 30, 2014, the PUA's amended budget projected an ending operating fund balance of approximately \$16.9 million. The General Fund reflected positive change in fund balance of approximately \$1.6 million, a difference of approximately \$1.4 million compared to the amended budget. This positive difference is due to more water and wastewater revenues than projected, offset by higher expenditures than budgeted.

The *Debt Service Fund* had an ending restricted fund balance of approximately \$14.5 million at September 30, 2014. During the year, the PUA paid approximately \$8.2 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.

### Capital Assets

	2014	2014
Land	\$ 6,097,409	\$ 6,079,409
Construction in progress	2,840,859	1,613,632
Water and wastewater facilities, as restated	136,428,072	127,901,693
Subtotal, as restated	145,366,340	135,594,734
Accumulated depreciation, as restated	(17,022,022)	(10,211,938)
Total, as restated	<u>\$ 128,344,318</u>	<u>\$ 125,382,796</u>

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

### Long-Term Debt Activity

	2014	2013
Bonds payable	\$ 163,870,000	\$ 163,870,000
Premiums on bonds	3,010,070	3,107,694
Discount on bonds	(1,736,732)	(1,793,058)
LCRA debt obligation	30,895,718	30,895,718
Total	<u>\$ 196,039,056</u>	<u>\$ 196,080,354</u>

The PUA owes approximately \$163.9 million to bond holders from the Series 2013 bonds issued in the previous year. The PUA owes approximately \$30.9 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 2015 budget projects an Operating Fund balance decrease of approximately \$419,000. Budgeted revenues total approximately \$18.0 million, while expenditures are expected to be approximately \$18.4 million, which includes approximately \$7.8 million reserved to fund future debt service obligations. However, it should be noted that the PUA Board adopted rate and impact fee increases subsequent to the approval of the currently adopted fiscal year 2015 budget, which became effective March 1, 2015 and February 1, 2015, respectively. As such, the approved rate increases are expected to increase revenues by approximately \$487,000 and reduce debt funded out of the General Operating Fund by approximately \$668,000 for fiscal year 2015, resulting in an overall net increase in the General Operating Fund balance. These changes to revenues and expenses will be addressed in a future budget amendment.

In April 2015, the PUA anticipates issuing approximately \$40 million in Series 2015 Revenue Bonds, proceeds from which will be used to make an installment purchase payment due under the Purchase Agreement with the LCRA, to purchase utility facilities and construct improvements to the PUA's water and wastewater systems, to fund required reserves for the bonds, and to pay the costs of issuance.

## **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, 2014**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	IMPACT FEE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET POSITION
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 14,510,819	13,036,952	15,160,907	15,801,400	58,510,078	-	58,510,078
Temporary investments	1,440,000	1,440,000	-	-	2,880,000	-	2,880,000
Receivables:							
Service accounts	4,013,465	-	-	-	4,013,465	-	4,013,465
Other	83,342	1,934	-	-	85,276	-	85,276
Due from other funds	55,980	-	-	-	55,980	(55,980)	-
Prepaid items	28,444	-	123,580	-	152,024	-	152,024
Deposits	11,931	-	-	-	11,931	-	11,931
Assets held for sale	-	-	-	-	-	78,080	78,080
Bond insurance costs (net of accumulated amortization)	-	-	-	-	-	404,609	404,609
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	6,097,409	6,097,409
Construction in progress	-	-	-	-	-	2,840,859	2,840,859
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	-	-	-	-	-	119,406,050	119,406,050
Total assets	<u>\$ 20,143,981</u>	<u>14,478,886</u>	<u>15,284,487</u>	<u>15,801,400</u>	<u>65,708,754</u>	<u>128,771,027</u>	<u>194,479,781</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES -</u></b>							
Consideration in excess of value of assets acquired (net of accumulated amortization)	\$ -	-	-	-	-	17,471,104	17,471,104
<b><u>LIABILITIES</u></b>							
Accounts payable	\$ 1,390,944	-	112,402	13,849	1,517,195	-	1,517,195
Refundable deposits	364,325	-	-	-	364,325	-	364,325
SER projects	14,622	-	-	-	14,622	-	14,622
Other liabilities	172,644	-	316,085	-	488,729	-	488,729
Due to other funds	-	-	-	55,980	55,980	(55,980)	-
Bond interest payable	-	-	-	-	-	984,047	984,047
Long-term liabilities:							
Due within one year	-	-	-	-	-	2,566,918	2,566,918
Due after one year	-	-	-	-	-	193,472,138	193,472,138
Due to developers for utility facility acquisition	-	-	-	-	-	11,720,198	11,720,198
Total liabilities	<u>1,942,535</u>	<u>-</u>	<u>428,487</u>	<u>69,829</u>	<u>2,440,851</u>	<u>208,687,321</u>	<u>211,128,172</u>
<b><u>FUND BALANCES / NET POSITION</u></b>							
Fund balances:							
Nonspendable-							
Prepaid items	28,444	-	-	-	28,444	(28,444)	-
Restricted for:							
Debt service	-	14,478,886	-	-	14,478,886	(14,478,886)	-
Capital projects	-	-	14,856,000	-	14,856,000	(14,856,000)	-
Committed for:							
Rate Stabilization Fund	2,540,948	-	-	-	2,540,948	(2,540,948)	-
Facilities Fund	6,682,038	-	-	-	6,682,038	(6,682,038)	-
Assigned for-							
Projected 2015 budget deficit	419,061	-	-	-	419,061	(419,061)	-
Projects funded by impact fees	-	-	-	15,731,571	15,731,571	(15,731,571)	-
Unassigned	8,530,955	-	-	-	8,530,955	(8,530,955)	-
Total fund balances	<u>18,201,446</u>	<u>14,478,886</u>	<u>14,856,000</u>	<u>15,731,571</u>	<u>63,267,903</u>	<u>(63,267,903)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 20,143,981</u>	<u>14,478,886</u>	<u>15,284,487</u>	<u>15,801,400</u>	<u>65,708,754</u>		
Net position:							
Net investment in capital assets							(64,154,327)
Restricted for debt service							13,494,839
Unrestricted							51,482,201
Total net position							<u>822,713</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, 2014

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	IMPACT FEE FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
<b>EXPENDITURES/EXPENSES:</b>							
Service operations:							
LCRA raw water reservation fees	\$ 1,074,079	-	-	-	1,074,079	-	1,074,079
Contract operations - water	2,312,448	-	-	-	2,312,448	-	2,312,448
Other water expense	1,552,800	-	-	-	1,552,800	-	1,552,800
Contract operations - wastewater	709,656	-	-	-	709,656	-	709,656
Other wastewater expense	872,976	-	-	-	872,976	-	872,976
General operating	1,354,846	-	-	-	1,354,846	-	1,354,846
Special contract services	107,809	-	-	-	107,809	-	107,809
Transitional support services	76,453	-	-	-	76,453	-	76,453
Other	1,196,783	-	42,462	78,207	1,317,452	-	1,317,452
Capital outlay	1,213,030	-	6,702,909	50,311	7,966,250	(7,966,250)	-
Debt service:							
Principal payments	1,165,957	-	-	-	1,165,957	(1,165,957)	-
Interest payments	-	8,178,523	-	-	8,178,523	(378,984)	7,799,539
Bond issuance costs	-	-	-	-	-	13,122	13,122
Depreciation and amortization	-	-	-	-	-	7,276,498	7,276,498
Total expenditures/expenses	<u>11,636,837</u>	<u>8,178,523</u>	<u>6,745,371</u>	<u>128,518</u>	<u>26,689,249</u>	<u>(2,221,571)</u>	<u>24,467,678</u>
<b>REVENUES:</b>							
Program revenues:							
Water - retail	10,849,235	-	-	-	10,849,235	-	10,849,235
Water - wholesale	2,909,383	-	-	-	2,909,383	-	2,909,383
Water - other	3,187,396	-	-	-	3,187,396	-	3,187,396
Wastewater - retail and wholesale	2,882,399	-	-	-	2,882,399	-	2,882,399
Wastewater - other	27,050	-	-	-	27,050	-	27,050
Impact fees	-	-	-	8,505,194	8,505,194	-	8,505,194
Contributed capital assets	-	-	-	-	-	1,328,173	1,328,173
Total program revenues	<u>19,855,463</u>	<u>-</u>	<u>-</u>	<u>8,505,194</u>	<u>28,360,657</u>	<u>1,328,173</u>	<u>29,688,830</u>
Net program revenue							<u>5,221,152</u>
General revenues:							
Other	11,680	-	11,774	-	23,454	-	23,454
Interest	16,056	3,670	26,957	15,271	61,954	-	61,954
Total general revenues	<u>27,736</u>	<u>3,670</u>	<u>38,731</u>	<u>15,271</u>	<u>85,408</u>	<u>-</u>	<u>85,408</u>
Total revenues	<u>19,883,199</u>	<u>3,670</u>	<u>38,731</u>	<u>8,520,465</u>	<u>28,446,065</u>	<u>1,328,173</u>	<u>29,774,238</u>
<b>OTHER FINANCING SOURCES (USES)-</b>							
Transfers in (out)	(6,628,972)	8,178,523	-	(1,549,551)	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>							
	1,617,390	3,670	(6,706,640)	6,842,396	1,756,816	(1,756,816)	-
Change in net position	-	-	-	-	-	5,306,560	5,306,560
<b>FUND BALANCES/ NET POSITION:</b>							
Beginning of year, as restated	16,584,056	14,475,216	21,562,640	8,889,175	61,511,087	(65,994,934)	(4,483,847)
End of year	<u>\$ 18,201,446</u>	<u>14,478,886</u>	<u>14,856,000</u>	<u>15,731,571</u>	<u>63,267,903</u>	<u>(62,445,190)</u>	<u>822,713</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, 2014

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>				
Water and wastewater	\$ 18,923,867	17,989,228	19,855,463	1,866,235
Interest and other	11,965	11,965	27,736	15,771
TOTAL REVENUES	18,935,832	18,001,193	19,883,199	1,882,006
<b>EXPENDITURES:</b>				
Service operations:				
LCRA raw water reservation fees	1,368,718	1,287,804	1,074,079	213,725
Contract operations - water	2,395,203	2,357,663	2,312,448	45,215
Other water expense	2,173,041	1,761,952	1,552,800	209,152
Contract operations - wastewater	956,885	793,991	709,656	84,335
Other wastewater expense	738,033	939,311	872,976	66,335
General operating	1,706,670	1,845,414	1,354,846	490,568
Special contract services	60,000	87,820	107,809	(19,989)
Transitional support services	-	-	76,453	(76,453)
Other	764,310	374,651	1,196,783	(822,132)
Capital outlay	-	-	1,213,030	(1,213,030)
Debt service-				
Principal payments	1,657,243	1,657,243	1,165,957	491,286
TOTAL EXPENDITURES	11,820,103	11,105,849	11,636,837	(530,988)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	7,115,729	6,895,344	8,246,362	1,351,018
<b>OTHER FINANCING USES-</b>				
Transfers out	(6,628,972)	(6,628,972)	(6,628,972)	-
<b>CHANGE IN FUND BALANCE</b>	486,757	266,372	1,617,390	1,351,018
<b>FUND BALANCE:</b>				
Beginning of year, as restated	16,584,056	16,584,056	16,584,056	-
End of year	\$ 17,070,813	16,850,428	18,201,446	1,351,018

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, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The reporting entity of the PUA encompasses those activities and functions over which the PUA’s appointed officials exercise significant oversight or control. As of September 30, 2014, 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, 2014, expenditures for the General Fund exceeded budget by approximately \$531,000.

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

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, 2014. 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, 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.

Consideration in Excess of Value of Assets Acquired - The PUA adopted 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, 2014, consideration in excess of value of assets acquired totaled \$17,471,104. For the year ending September 30, 2014, amortization expense was \$466,414.

As of September 30, 2013, consideration in excess of value of assets acquired, net of accumulated amortization, was previously reported as \$18,942,009. However, in fiscal year 2014, it was determined that the value of the assets acquired at the time of purchase of the LCRA West Travis County water and wastewater system was higher than initially calculated; as a result, the balance of consideration in excess of value of assets acquired, net of accumulated amortization, was overstated as of September 30, 2013. This resulted in a prior period adjustment to properly reflect the value of assets acquired at the time of the LCRA West Travis County water and wastewater system (see Note 10).

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	\$ 63,267,903
Capital assets, goodwill, 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	128,344,318
Bond insurance costs, net of accumulated amortization	404,609
Goodwill, net of accumulated amortization	17,471,104
Assets held for sale	78,080
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
LCRA debt obligation	(30,895,718)
Due to developers for utility facility acquisition	(11,720,198)
Bonds payable, including premiums and discounts	(165,143,338)
Bond interest payable	(984,047)
Total net position	<u>\$ 822,713</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	\$ 1,756,816
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 expense.	
Capital outlay	7,966,250
Depreciation expense	(6,810,084)
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	1,328,173
Bond proceeds 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.	
Payment to developers for utility facility acquisition	1,165,957
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 interest payable	337,686
Amortization of original discount	(56,326)
Amortization of bond insurance costs	(13,122)
Amortization of bond premium	97,624
Change in net position	<u>\$ 5,306,560</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, 2014, 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, 2014, the PUA had \$2,880,000 invested in certificates of deposits with various banking institutions.

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, 2014, 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, 2014, 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, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Impact Fee Fund	\$ 55,980

During the year, the General Fund and the Impact Fee Fund transferred \$6,628,972 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, 2014 was as follows:

	Balance September 30, 2013, as restated	Additions	Retirements and Transfers	Balance September 30, 2014
Capital assets not being depreciated:				
Land	\$ 6,079,409	18,000	-	6,097,409
Construction in progress	1,613,632	7,940,709	(6,713,482)	2,840,859
Total capital assets not being depreciated	<u>7,693,041</u>	<u>7,958,709</u>	<u>(6,713,482)</u>	<u>8,938,268</u>
Capital assets being depreciated-				
Water production, transmission, and distribution facilities and wastewater collection and treatment facilities	127,901,693	1,812,897	6,713,482	136,428,072
Total capital assets being depreciated	<u>127,901,693</u>	<u>1,812,897</u>	<u>6,713,482</u>	<u>136,428,072</u>
Less accumulated depreciation for-				
Water and wastewater collection facilities	(10,211,938)	(6,810,084)	-	(17,022,022)
Total accumulated depreciation	<u>(10,211,938)</u>	<u>(6,810,084)</u>	<u>-</u>	<u>(17,022,022)</u>
Total capital assets being depreciated, net	<u>117,689,755</u>	<u>(4,997,187)</u>	<u>6,713,482</u>	<u>119,406,050</u>
Capital assets, net	<u>\$ 125,382,796</u>	<u>2,961,522</u>	<u>-</u>	<u>128,344,318</u>

## 6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
Series 2013 bonds	\$ 163,870,000	-	-	163,870,000
Premiums on 2013 bonds	3,107,694	-	(97,624)	3,010,070
Discounts on 2013 bonds	(1,793,058)	-	56,326	(1,736,732)
LCRA debt obligation	30,895,718	-	-	30,895,718
Total	<u>\$ 196,080,354</u>	<u>-</u>	<u>(41,298)</u>	<u>196,039,056</u>

At September 30, 2014, long-term debt was comprised of the following:

Revenue and Refunding Bonds:

\$163,870,000 - Series 2013 Revenue and Refunding Bonds payable serially through the year 2045 at interest rates which range from 2.00% to 5.50%.

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

Fiscal Year	Principal	Interest	Total Requirement
2015	\$ 1,455,000	7,872,375	9,327,375
2016	1,935,000	7,828,725	9,763,725
2017	2,725,000	7,790,025	10,515,025
2018	2,865,000	7,653,775	10,518,775
2019	2,950,000	7,567,825	10,517,825
2020-2024	16,585,000	35,996,725	52,581,725
2025-2029	21,210,000	31,371,050	52,581,050
2030-2034	26,780,000	25,800,114	52,580,114
2035-2039	33,990,000	18,589,326	52,579,326
2040-2044	43,360,000	9,219,500	52,579,500
2045	10,015,000	500,750	10,515,750
Total	<u>\$ 163,870,000</u>	<u>160,190,190</u>	<u>324,060,190</u>

In July 2013, the PUA issued \$163,870,000 Revenue and Refunding Bonds, Series 2013. These bonds consisted of \$118,710,000 of Revenue Bonds (the "Revenue Bonds") and \$45,160,000 of Refunding Bonds (the "Refunding Bonds"). 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, 2014, revenue bonds of \$165,585,000 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, 2014. 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:

\$13,785,608 - Bonds callable May 15, 2015 payable serially through the year 2037 at interest rates which range from 5.50% to 5.75%.

\$16,035,480 - Bonds callable May 15, 2019 payable serially through the year 2039 at interest rates which range from 4.00% to 5.625%.

\$1,074,630 - Bonds not callable payable serially through the year 2019 at interest rates which range from 3.00% to 5.00%.



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

Fiscal Year	Principal	Interest	Total Requirement
2015	\$ 1,111,918	848,091	1,960,009
2016	1,167,479	1,639,712	2,807,191
2017	721,599	1,580,128	2,301,727
2018	756,433	1,545,893	2,302,326
2019	927,078	1,506,183	2,433,261
2020-2024	4,651,400	6,821,527	11,472,927
2025-2029	5,995,921	5,420,478	11,416,399
2030-2034	7,656,525	3,585,941	11,242,466
2035-2039	7,907,365	1,218,662	9,126,027
Total	\$ 30,895,718	24,166,615	55,062,333

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, 2014, two installments totaling \$122,045,246 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 two additional installments to the LCRA in fiscal years 2015 and 2019.

## 7. COMMITMENTS AND CONTINGENCIES

**Operating Leases** - The PUA leases office space under non-cancellable, operating lease agreements. Total rent expense for all operating leases was approximately \$84,000 for the year ended September 30, 2014. The following is a schedule of future minimum lease payments required under these operating leases as of September 30, 2014:

2015	\$ 85,400
2016	38,061
2017	36,036
2018	34,535
Total	\$ 194,032

The PUA subleased a portion of its office space under a long-term lease during 2014. Sublease rental income for the year ended September 30, 2014 was approximately \$800. Future minimum lease payments have not been reduced by the following minimum sublease rentals as of September 30, 2014:

2015	\$ 18,018
2016	18,018
2017	18,018
2018	17,267
Total	\$ 71,321

**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, 2014, the outstanding liability owed to the various developers totaled \$11,720,198, which the PUA has determined to be the uppermost balance owed to these various developers.

As of September 30, 2013, the outstanding liability owed to various developers was previously reported as \$11,962,622; however, in fiscal year 2014, it was determined that the uppermost balance owed to developers as of September 30, 2013 was understated by \$446,350. This resulted in a prior period adjustment to properly reflect these obligations (see Note 10).

## **8. FUND BALANCES**

For the year ended September 30, 2014, 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 12. 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, 2014, the PUA has not adopted a comprehensive fund balance policy; as a result, spending and commitments and assignments of fund balance has been executed in accordance with GASB's default policy. Under the default 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 statement of net position on page 12.

## 9. RESTATEMENT OF GENERAL FUND BALANCE

At September 30, 2014, the following items were identified that impacted the fund balance in the General Fund: 1) operator invoices pertaining to services performed in fiscal year 2013 were not received until fiscal year 2014; and 2) wholesale revenue was incorrectly calculated and billed by the operator from July 2012 through December 2013.

As a result of these errors, the fund balance in the General Fund at September 30, 2013, as previously reported, has been restated as follows:

Beginning fund balance, General Fund - September 30, 2013	\$ 17,002,384
Effect of adjustment related to fiscal year 2013 operator service invoices	(180,617)
Effect of adjustment to correct wholesale revenue calculated and billed	<u>(237,711)</u>
Beginning fund balance, General Fund - September 30, 2013, as restated	<u>\$ 16,584,056</u>

## 10. PRIOR PERIOD ADJUSTMENTS TO NET POSITION

At the time of purchase of the LCRA West Travis County water and wastewater system, the PUA had understated the value of assets acquired, which resulted in an understatement of accumulated depreciation and an overstatement of deferred outflows of resources (formerly known as “goodwill”) and accumulated amortization thereon as of September 30, 2013. In addition, there was an adjustment related to the outstanding liabilities owed to various developers (see Note 7), which increased the overall liability due to developers for utility facility acquisition.

As a result of these errors, net position at September 30, 2013, as previously reported, has been restated as follows:

Net position - September 30, 2013	\$ (3,550,684)
Effect of fund balance adjustments for the General Fund (Note 9)	(418,328)
Effect of adjustment related to the value of assets acquired at the time of purchase of the LCRA West Travis County water and wastewater system	(41,234)
Effect of adjustment to liability due to developers for utility facility acquisition	<u>(473,601)</u>
Net position - September 30, 2013, as restated	<u>\$ (4,483,847)</u>

**SUPPLEMENTAL INFORMATON**

# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

## **INDEX OF SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2014**

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

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-1 NOTES REQUIRED BY THE WATER AGENCY ACCOUNTING MANUAL YEAR ENDED SEPTEMBER 30, 2014

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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, 2014**

---

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

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Retail Water   | <input checked="" type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage              |
| <input checked="" type="checkbox"/> Retail Wastewater  | <input checked="" type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection                 | <input type="checkbox"/> Security              |
| <input type="checkbox"/> Solid Waste/Garbage   | <input type="checkbox"/> Flood Control                   | <input type="checkbox"/> Roads                 |
| <input type="checkbox"/> Participates in joint venture, regional system and or wastewater service<br>(other than emergency interconnect) |  |  |
| <input checked="" type="checkbox"/> Other (specify): <u>Raw Water and Effluent Water</u>   |  |  |

**2. Retail Service Providers:**

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

	<u>Minimum Charge (1)</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum (1)</u>	<u>Usage Levels</u>
WATER	\$ 31.39	N/A	N	\$ 3.80	0 to 10,000
				5.00	10,001 to 20,000
				7.00	20,001 to 35,000
				10.20	35,001 to 50,000
				11.75	50,001 to 80,000
				13.75	80,001 above
WASTEWATER	\$ 40.00	N/A	N	\$ 4.87	0 to above
SURCHARGE	\$ -	N/A	N	\$ 0.47	0 to 10,000
				0.71	10,001 to 20,000
				1.11	20,001 to 35,000
				1.75	35,001 to 50,000
				2.06	50,001 to 80,000
				2.46	80,001 above

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

Total charges per 10,000 gallons usage: Water: \$ 74.09 (1) Wastewater: \$ 88.70 (1)

(1) Rates indicated above are Retail Residential Rates for the Bee Cave Rate District. See Other Supplemental Schedules for rates for non-residential customers of the Bee Cave Rate District, other rate districts, and multi-use facilities.

(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, 2014**

---

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

Meter Size	Total Connections
≤3/4"	6,263
1"	130
1 1/2"	84
2"	69
3"	22
4"	3
6"	-
8"	-
10"	-
Total Water	6,571
Total Wastewater	2,063

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

Gallons pumped into system:	<u>2,062,410,000</u>	Water Accountability Ratio:
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>1,762,278,000</u>	<u>85.45%</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, 2014**

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**5. Location of Agency:**

County(ies) in which agency is located: Travis and Hays

Is the Agency located entirely within one county?  Yes  No

Is the Agency located within a city?  Entirely  Partly  Not at all

City(ies) in which Agency is located: City of Bee Cave, Village of Bear Creek, City of Dripping Springs

Is the Agency located within a city's extra-territorial jurisdiction (ETJ?)  Entirely  Partly  Not at all

ETJ's in which agency is located: City of Bee Cave, Village of Bear Creek, City of Dripping Springs, City of Austin

Are Board members appointed by an office outside the Agency?  Yes  No

If yes, by whom? City of Bee Cave, Texas; Hays County; West Travis County Municipal Utility District No. 5

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

**SI-3 SCHEDULE OF TEMPORARY INVESTMENTS  
YEAR ENDED SEPTEMBER 30, 2014**

<b>Funds</b>	<b>Identification or Certificate Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance at September 30, 2014</b>	<b>Accrued Interest Receivable at September 30, 2014</b>
<u>General Fund:</u>					
Certificate of Deposit - Central Bank	66000252	0.25%	11/26/2014	\$ 240,000	\$ 299
Certificate of Deposit - First State Bank	100141644	0.30%	10/27/2014	240,000	359
Certificate of Deposit - Green Bank	9009010402	0.30%	3/27/2015	240,000	2
Certificate of Deposit - Independent Bank	531588	0.40%	12/27/2014	240,000	479
Certificate of Deposit - Texas Capital Bank	3116003139	0.35%	1/28/2015	240,000	143
Certificate of Deposit - Thrid Coast Bank, SSB	600019627	0.35%	3/3/2015	240,000	60
Total Temporary Investments - General Fund				<u>1,440,000</u>	<u>1,342</u>
<u>Debt Service Fund:</u>					
Certificate of Deposit - Central Bank	66000251	0.25%	2/2/2015	240,000	299
Certificate of Deposit - First State Bank	100141643	0.30%	2/1/2015	240,000	359
Certificate of Deposit - Green Bank	9009010403	0.35%	2/1/2015	240,000	419
Certificate of Deposit - Icon Bank	277335	0.61%	8/1/2015	240,000	241
Certificate of Deposit - Independent Bank	531587	0.40%	2/1/2015	240,000	479
Certificate of Deposit - Texas Capital Bank	3116003140	0.35%	8/1/2015	240,000	138
Total Temporary Investments - Debt Service Fund				<u>1,440,000</u>	<u>1,935</u>
<b>TOTAL ALL FUNDS</b>				<u><u>\$ 2,880,000</u></u>	<u><u>\$ 3,277</u></u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-4 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2014

Due During Fiscal Years Ending 9/30	West Travis County Public Utility Agency Revenue and Refunding Bonds, Series 2013			LCRA Debt Obligation			Total		
	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total
	8/15	2/15, 8/15		Various	Various		Various	Various	
2015	\$ 1,455,000	7,872,375	9,327,375	1,111,918	848,091	1,960,009	2,566,918	8,720,466	11,287,384
2016	1,935,000	7,828,725	9,763,725	1,167,479	1,639,712	2,807,191	3,102,479	9,468,437	12,570,916
2017	2,725,000	7,790,025	10,515,025	721,599	1,580,128	2,301,727	3,446,599	9,370,153	12,816,752
2018	2,865,000	7,653,775	10,518,775	756,433	1,545,893	2,302,326	3,621,433	9,199,668	12,821,101
2019	2,950,000	7,567,825	10,517,825	927,078	1,506,183	2,433,261	3,877,078	9,074,008	12,951,086
2020	3,035,000	7,479,325	10,514,325	839,481	1,457,836	2,297,317	3,874,481	8,937,161	12,811,642
2021	3,145,000	7,373,100	10,518,100	884,307	1,413,760	2,298,067	4,029,307	8,786,860	12,816,167
2022	3,300,000	7,215,850	10,515,850	926,104	1,367,327	2,293,431	4,226,104	8,583,177	12,809,281
2023	3,465,000	7,050,850	10,515,850	976,629	1,317,552	2,294,181	4,441,629	8,368,402	12,810,031
2024	3,640,000	6,877,600	10,517,600	1,024,879	1,265,052	2,289,931	4,664,879	8,142,652	12,807,531
2025	3,840,000	6,677,400	10,517,400	1,081,002	1,209,929	2,290,931	4,921,002	7,887,329	12,808,331
2026	4,030,000	6,485,400	10,515,400	1,141,540	1,150,441	2,291,981	5,171,540	7,635,841	12,807,381
2027	4,250,000	6,263,750	10,513,750	1,205,414	1,087,617	2,293,031	5,455,414	7,351,367	12,806,781
2028	4,435,000	6,083,125	10,518,125	1,272,807	1,021,274	2,294,081	5,707,807	7,104,399	12,812,206
2029	4,655,000	5,861,375	10,516,375	1,295,158	951,217	2,246,375	5,950,158	6,812,592	12,762,750
2030	4,890,000	5,628,625	10,518,625	1,367,668	880,020	2,247,688	6,257,668	6,508,645	12,766,313
2031	5,100,000	5,414,688	10,514,688	1,445,958	803,105	2,249,063	6,545,958	6,217,793	12,763,751
2032	5,330,000	5,185,188	10,515,188	1,528,651	721,787	2,250,438	6,858,651	5,906,975	12,765,626
2033	5,595,000	4,918,688	10,513,688	1,610,995	635,818	2,246,813	7,205,995	5,554,506	12,760,501
2034	5,865,000	4,652,925	10,517,925	1,703,253	545,211	2,248,464	7,568,253	5,198,136	12,766,389
2035	6,155,000	4,361,238	10,516,238	1,801,806	448,344	2,250,150	7,956,806	4,809,582	12,766,388
2036	6,460,000	4,055,125	10,515,125	1,900,965	345,873	2,246,838	8,360,965	4,400,998	12,761,963
2037	6,780,000	3,733,838	10,513,838	2,011,049	237,760	2,248,809	8,791,049	3,971,598	12,762,647
2038	7,120,000	3,396,625	10,516,625	1,068,243	123,387	1,191,630	8,188,243	3,520,012	11,708,255
2039	7,475,000	3,042,500	10,517,500	1,125,302	63,298	1,188,600	8,600,302	3,105,798	11,706,100
2040	7,845,000	2,668,750	10,513,750	-	-	-	7,845,000	2,668,750	10,513,750
2041	8,240,000	2,276,500	10,516,500	-	-	-	8,240,000	2,276,500	10,516,500
2042	8,650,000	1,864,500	10,514,500	-	-	-	8,650,000	1,864,500	10,514,500
2043	9,085,000	1,432,000	10,517,000	-	-	-	9,085,000	1,432,000	10,517,000
2044	9,540,000	977,750	10,517,750	-	-	-	9,540,000	977,750	10,517,750
2045	10,015,000	500,750	10,515,750	-	-	-	10,015,000	500,750	10,515,750
	<u>\$ 163,870,000</u>	<u>160,190,190</u>	<u>324,060,190</u>	<u>30,895,718</u>	<u>24,166,615</u>	<u>55,062,333</u>	<u>194,765,718</u>	<u>184,356,805</u>	<u>379,122,523</u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-5 ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2014

	Series 2013	LCRA Debt Obligation	Totals
Interest rate	2.00-5.50%	Various	
Dates interest payable	2/15; 8/15	Various	
Maturity dates	8/15/2045	2039	
Bonds outstanding, beginning of period	\$ 163,870,000	\$ 30,985,718	\$ 194,855,718
Bonds issued/acquired during current period	-	-	-
Bonds retired during current period	-	-	-
Bonds outstanding, end of period	<u>\$ 163,870,000</u>	<u>\$ 30,985,718</u>	<u>\$ 194,855,718</u>
Interest paid during current period	<u>\$ 8,178,523</u>	<u>\$ -</u>	<u>\$ 8,178,523</u>
Paying agent's name & address:	Bank of Texas, N.A. Austin, Texas	Bank of Texas, N.A. Austin, Texas	LCRA Austin, Texas
Bond authority:	<u>Revenue Bonds</u>	<u>Refunding Bonds</u>	
Amount authorized	\$ 165,585,000 *	\$ 45,160,000 *	
Amount issued	<u>(165,585,000)</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, 2014:			<u>\$ 14,476,952</u>
Average annual debt service payments (principal & interest) for remaining term of debt:			<u>\$ 12,229,759</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, 2014

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Complete Agency Mailing Address: 12117 Bee Cave Road, Building 3, Suite 120  
Bee Cave, Texas 78738

Agency Business Telephone Number: (512) 263-0100

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

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

<u>Name and Address</u>	<u>Term of Office Appointed &amp; Expires or Date Hired</u>	<u>Fees 9/30/14</u>	<u>Expense Reimbursements 9/30/14</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	\$ 218,077	\$ 13,000	General Manager
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(continued)

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## SI-6 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2014

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Name and Address	Date Hired	Fees and Expense Reimbursements 9/30/14	Title at Year End
<u>Consultants:</u>			
Severn Trent Environmental Services, Inc.	Jan-12	\$ 3,346,673	Operator
Murfee Engineering Company	Dec-11	1,675,102	Engineer
Lloyd Gosselink Rochelle & Townsend, P.C.	Dec-11	817,290	Attorney
Utility Support Services	Dec-11	441,682	Water System Consultant
Water Transport Services	Dec-11	303,002	Water Transporter
Municipal Accounts & Consulting	Jan-12	171,857	Bookkeeper
Nelisa Heddin Consulting, LLC	Feb-14	142,391	Financial Consultant
Maxwell Locke & Ritter LLP	Sep-12	52,500	Auditor
Water Resources Management, LLC	Dec-11	50,872	Water System Consultant

**OTHER  
SUPPLEMENTAL INFORMATON**



# **WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY**

## **INDEX OF OTHER SUPPLEMENTAL SCHEDULES YEAR ENDED SEPTEMBER 30, 2014**

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

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-1 MAJOR PUA WATER AND WASTEWATER CUSTOMERS SEPTEMBER 30, 2014

### WATER

Name of Rate Payer	2014		
	Gallons Used (000s)	Revenue	% of Total Revenue
Spanish Oaks Home Owners Association	22,504,000	\$ 258,689	1.5%
Reit Management & Research	12,984,000	234,170	1.4%
Paseo at Bee Cave	9,191,000	197,068	1.2%
Connell Falconhead Apartments	8,016,000	135,084	0.8%
Hill Country Apartments	6,152,000	58,547	0.3%
Highpointe Home Owners Association	5,544,000	145,314	0.9%
The Salt Lick Bar B Q	4,116,000	57,321	0.3%
Bee Cave Galleria II, LP	3,931,000	234,170	1.4%
H.E. Butt Grocery Company	4,096,000	89,261	0.5%
Church of International Society	3,735,000	28,617	0.2%
	<u>80,269,000</u>	<u>\$ 1,438,241</u>	<u>8.5%</u>

### WASTEWATER

Name of Rate Payer	2014	
	Revenue	% of Total Revenue
Reit Management & Research	\$ 140,025	4.8%
Paseo at Bee Cave	96,535	3.3%
Connell Falconhead Apartments	68,100	2.3%
Hill Country Apartments	60,590	2.1%
Bee Cave Galleria II Shops	39,743	1.4%
H.E. Butt Grocery Company	34,656	1.2%
Coachworks Car Wash	20,775	0.7%
Spanish Oaks Home Owners Association	17,374	0.6%
Target	15,380	0.5%
Lowe's Home Improvement	9,438	0.3%
	<u>\$ 502,616</u>	<u>17.3%</u>

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-2 HISTORICAL CONDENSED STATEMENT OF OPERATIONS

SEPTEMBER 30, 2014

	Year Ended September 30, 2014	Year Ended September 30, 2013	Period from Inception to September 30, 2012	(1) Ended June 30, 2011	(1) Ended June 30, 2010
Revenues and Expenses					
Gross Water and Wastewater System Revenue	\$ 19,855,463	18,469,424	11,049,938	15,282,000	13,638,000
Direct O&M Expense	9,257,850	9,096,117	4,926,854	4,520,000 (2)	4,388,000 (2)
Total Net Revenues	10,597,613	9,373,307	6,123,084	10,762,000	9,250,000
Impact Fees Recognized/Collected	8,505,194	6,190,414	7,472,335	2,999,000	2,322,000
Total Net Water and Wastewater System Income	\$ 19,102,807	15,563,721	13,595,419	13,761,000	11,572,000
	Retail	Wholesale (estimated)			
Water Connections	6,571	3,716			
Wastewater Connections	2,063	525			
Water Population Served (3)	30,861				
PUA General Operating Fund Unassigned Balance	8,530,955				
PUA Rate Stabilization Fund Balance	2,540,948				
PUA Facilities Fund Balance	6,682,038				
PUA Impact Fee Fund Balance	15,731,571				

(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, 2014

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### 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
\$ 4,120	\$ 5,180	\$ 4,120	\$ 5,180	\$ 5,992	\$ 8,809

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	Bee Cave Rate District	Bee Cave South Rate District	Homestead/ Meadow Fox Rate District	HPR/290 Rate District
5/8"	\$ 31.39	\$ 31.39	\$ 58.70	\$ 31.39
3/4"	\$ 49.59	\$ 49.59	\$ 76.90	\$ 49.59
1"	\$ 86.37	\$ 86.37	\$ 113.68	\$ 86.37
1 1/2"	\$ 148.49	\$ 148.49	\$ 175.80	\$ 148.49
2"	\$ 254.71	\$ 254.71	\$ 282.02	\$ 254.71
3"	\$ 325.11	\$ 325.11	\$ 352.42	\$ 325.11
4"	\$ 479.94	\$ 479.94	\$ 507.25	\$ 479.94

### Non-Residential

Meter Size	Bee Cave Rate District	Bee Cave South Rate District	Homestead/ Meadow Fox Rate District	HPR/290 Rate District
5/8"	\$ 32.57	\$ 32.57	\$ 59.88	\$ 32.57
3/4"	\$ 53.90	\$ 53.90	\$ 81.21	\$ 53.90
1"	\$ 96.99	\$ 96.99	\$ 124.30	\$ 96.99
1 1/2"	\$ 169.80	\$ 169.80	\$ 197.11	\$ 169.80
2"	\$ 294.28	\$ 294.28	\$ 321.59	\$ 294.28
3"	\$ 376.78	\$ 376.78	\$ 404.09	\$ 376.78
4"	\$ 558.23	\$ 558.23	\$ 585.54	\$ 558.23

(continued)

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-3 MONTHLY WATER RATES AND IMPACT FEES OF THE PARTICIPANTS (continued) SEPTEMBER 30, 2014

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

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

Gallons	Bee Cave Rate District	Bee Cave South Rate District	Homestead/ Meadow Fox Rate District	HPR/290 Rate District
0-10,000	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
10,001-20,000	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
20,001-35,000	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
35,001-50,000	\$ 10.20	\$ 10.20	\$ 10.20	\$ 10.20
50,100-80,000	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
80,000 +	\$ 13.75	\$ 13.75	\$ 13.75	\$ 13.75

#### Non-Residential with 1" and Greater Meters (excluding multiple use facilities):

Meter Size	Gallons	Bee Cave Rate District	Bee Cave South Rate District	Homestead/ Meadow Fox Rate District	HPR/290 Rate District
1"	0-55,000	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
	55,001 and above	\$ 8.10	\$ 8.10	\$ 8.10	\$ 8.10
1 1/2"	0-75,000	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
	75,001 and above	\$ 8.10	\$ 8.10	\$ 8.10	\$ 8.10
2", 3", 4"	0-100,000	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
	above	\$ 8.10	\$ 8.10	\$ 8.10	\$ 8.10

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

Gallons	Bee Cave Rate District	Bee Cave South Rate District	Homestead/ Meadow Fox Rate District	HPR/290 Rate District
1 and above	\$ 7.50	\$ 7.50	\$ 7.50	\$ 7.50

# WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

## OSI-4 MONTHLY WASTEWATER RATES SEPTEMBER 30, 2014

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**Wastewater Impact Fee per LUE:** \$ 11,500

### Monthly Fee Per Rate District

	<u>Bee Cave Rate District</u>	<u>Bee Cave South Rate District (1)</u>	<u>Homestead/ Meadow Fox Rate District (1)</u>	<u>HPR/290 Rate District (1)</u>
<b>Minimum Monthly Charge:</b>				
Residential	\$ 40.00	-	-	-
Non-Residential	\$ 65.00	-	-	-
Multi-Use Residential/Multi-Use Facilities	\$ 60.00	-	-	-
<b>Volume Charge (per thousand gallons):</b>				
Residential	\$ 4.87	-	-	-
Non-Residential	\$ 6.25	-	-	-
Multi-Use Residential/Multi-Use Facilities	\$ 6.25	-	-	-

(1) The PUA provides wastewater collection service only to the Bee Cave Rate District. Wastewater services are not provided to the other rate districts.