



**Travis County WCID No. 17**  
**Annual Comprehensive Financial Report**  
**For the year ended September 30, 2022**



**PREPARED BY**  
**FINANCE/ACCOUNTING DEPARTMENT**

April 12, 2023

Travis County WCID No. 17's Board of Directors

The Annual Comprehensive Financial Report (ACFR) for Travis County WCID No. 17 for the fiscal year that ended September 30, 2022, including the independent auditors' report, is hereby submitted. The financial report is published to provide the Board, staff, constituents, representatives of financial institutions, and other interested parties with detailed information concerning the financial condition and activities of the District.

The full responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with District Management. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner designed to present the financial position and results of operations of the various funds of the District fairly. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District established and maintain a system of internal accounting controls designed in part to provide reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The District's financial statements have been audited by Maxwell Locke & Ritter LLP, a firm of licensed certified public accountants. The independent auditors issued an unmodified opinion on the District's financial statements for the fiscal year that ended September 30, 2022. The independent auditors' report was presented and accepted by the Board of Directors at the regular January 2023 board meeting. The independent auditors' report is presented as the first component of the financial section of this report.

### **TRAVIS COUNTY WCID NO. 17 GENERAL INFORMATION**

Travis County Water Control and Improvement District No. 17 (WCID No. 17) is a non-profit public utility providing quality water and wastewater service to customers in the Lake Travis area along RR 620 in West Travis County from FM 2222 to Highway 71 West. The Board of Directors and Staff are committed to supplying the best possible drinking water to our customers. We live and work here, we are your neighbors and we and our families proudly drink the water.

Travis County Water Control and Improvement District No. 17 was created in 1959 by order of the Travis County Commissioner's Court, Texas, and confirmed by the voters within the initial District boundaries on February 28, 1959. The District is located west of the City of Austin in Travis County, Texas, and at creation encompassed approximately 4,500 acres of land around its current Administrative location.

Subsequent annexations, including the annexation of the Steiner Ranch Defined Area in 1987, the Comanche Trail Defined Area in 1994, the Flintrock Falls Defined Area in 2000 and the Serene Hills Defined Area in 2008 have increased the service area to approximately 15,000 acres. Approximately 9,399 acres within the District, including all of the Steiner Ranch Defined Area, lie wholly within the extraterritorial jurisdiction of the City of Austin, Texas. The remaining incorporated acreage lies within the extraterritorial jurisdictions of the cities of Lakeway and Bee Cave, as well as Travis County.

WCID No. 17 responds to increased demands by committing its resources in an orderly, disciplined effort to meet service commitments. "WCID No. 17's longevity is a testament to its commitment to providing the Lake Travis South area with a reliable water supply and to ensure the environmentally responsible development of water resources and wastewater facilities," says Board Member President Jeff Roberts. "We take great pride in the District's many accomplishments over the years and we hope to contribute to the community for years to come."

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Financial Planning:**

The District has adopted a consistently conservative approach to fiscal planning. By monitoring the economy and the District's own revenue and expenditure streams continuously, the District has been able to adjust quickly to shifts and changes. The District also believes that long-term planning contributes to financial resiliency and the District is dedicated to monitoring revenues and expenditures on five and ten-year horizons.

For Fiscal Year 2022, all projected revenues came in above the budgeted numbers while conversely, almost all expense categories came in lower than budgeted. Additionally, we saw no decrease in property tax revenues. Overall, actual revenues exceeded actual expenses resulting in a net surplus of over \$6,800,000. This surplus allows the District to keep our commitment to contributing a collaborative total of \$1,500,000 annually dedicated to the TXDOT RR620 expansion project as well as planned capital reserves for long-term system improvements and rehabilitation.

Each year, the District's Management team reviews and submits for approval to the District's Board Members any changes that may be needed to the District Financial Policies. These policies provide management with the guidelines needed for the day-to-day planning and operation of the District's financial affairs. The policies focus on issues such as the appropriate level for the fund balance of the General Fund, management and review of budget expenditures, ensuring we meet the District's financial commitments, and financial planning to include investments, bond refunding, capital investments, and debt service/retirement. These financial policies have aided the District in maintaining its strong financial position.

### **Budgeting Controls:**

Each year, on or before September 30th, the Board of Directors adopt an annual operating budget for the ensuing fiscal year. The budget includes projected revenues and annual appropriations for the General Fund, Debt Service Fund, and the Capital Projects fund. The budget is a planning device that defines the type, quality, and quantity of infrastructure improvements and services that will be provided to our constituents. In addition to the annual budget, District staff creates a five and ten-year outlook for the General, Capital, and Debt Service budgets to show the expenditure cost over time allowing the District to prepare for future funding challenges.

The budget process begins in May with a budget kick-off event with the department supervisors and managers. District goals are reviewed, and supervisors receive departmental financial history and current financial status, and general guidelines. General guidelines include being conservative with new requests, tying requests to District goals, and identifying future needs and significant expenditures beyond the current budget process. Throughout the process, the District General Manager, the Administration and Finance Manager, and the Accounting Supervisor work closely with the supervisors to review departmental requests and analyze line item expenditures. Funds are reallocated as deemed appropriate to maximize the quality of service the District provides. Requests not funded in the current year may be added to the five-year outlook to better align the expenditure need with a future funding opportunity.

The budget is also a control device that serves as a system of "checks and balances" between levels of District management. The budgetary system ensures that departments contain their expenditures within limitations as

adopted by the Board of Directors and monitored/managed by District management. Staff from the Accounting and Finance areas will review all expenditure purchases and verify that they are on the approved budget listing and within budget parameters. The budgeted Departmental and Fund totals may be modified only after review and approval by the General Manager and the Board within a budget amendment. Departmental line items may be modified with Finance and/or District General Manager approval per District policy.

As stated above, the District also began a more formal process of long-range forecasting in order to plan for future needs. District Management’s analysis of known and projected impacts on future revenues and expenditures are presented to the District regularly during board meetings or budget workshops. As the District grows to build out, the District is prepared for not only the expenditure cost of the current budget but also the ongoing expenditures that will affect future years. The forecast is especially useful in providing an outlook on how current and future debt service will impact the ad valorem rate. The forecast also allows the District to meet its annual expenditure requirements while consistently maintaining low tax rates. This process will continue in all future budget development.

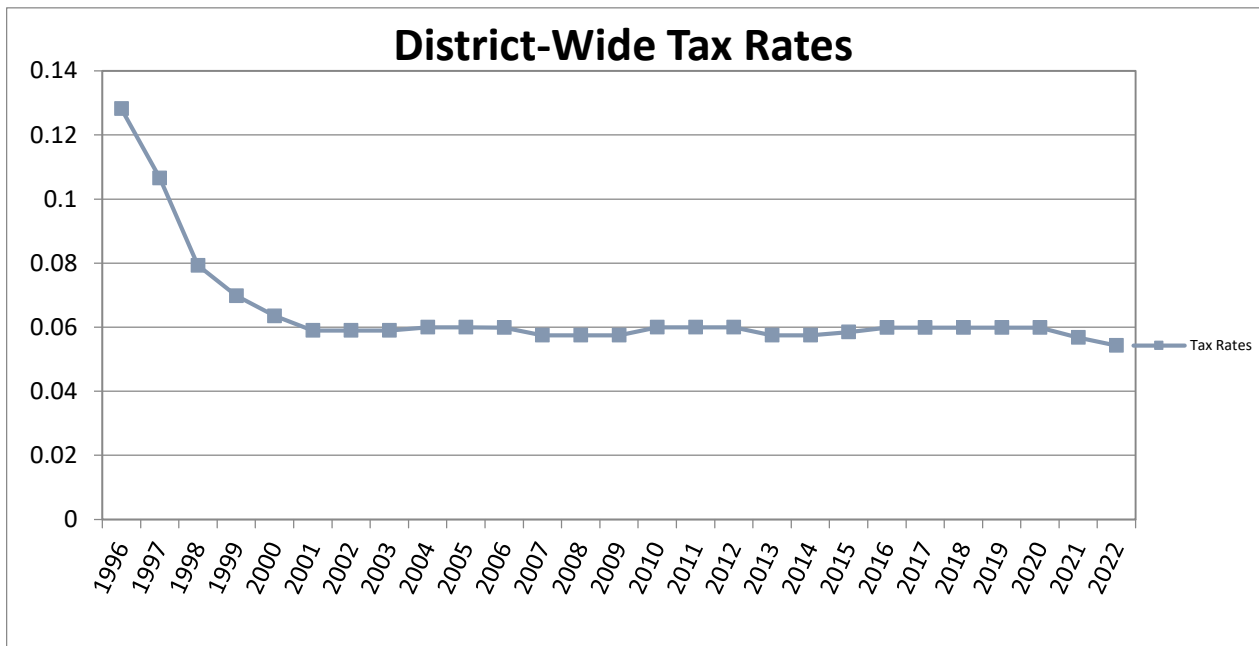


Figure 1 The District-wide tax rate for tax year 2022 is 0.0543

**Major Initiatives:**

Capital outlay expenditures for the General Fund were projected to be \$703,217. The capital outlay items included specialty vehicles such as a crane truck, finalizing a multi-year SCADA Radio System upgrade, and a manhole rehabilitation initiative to maintain a goal of 4 per year. Departmental capital expenses were also approved to include items such as the continuation of the SCADA radio network implementation, the beginning of an AMI Meter upgrade program, the beginning of the digitization of District records and upgrades to our phone system.

Capital Project expenditures were budgeted to be around \$21.9 million in FY 2022. Actual capital project expenditures totaled slightly above \$11.8 million. The decrease in expenses is due to the continued effects on the project timelines as shortages in procuring parts and equipment that were first brought on by the Effects of COVID-19 in FY 2021 resulting in project delays that moved numerous project expenditures into FY 2023.

The Customer Service and Billing team’s major goal for FY 2022 was to review how to digitize District records and become less reliant on paper. The first task was to review and digitize current customer files. This would allow for easy access to customer records digitally and provide much-needed office space for staffing that is desperately needed. With over 13,000 files to review, some spanning several decades, the task was a huge undertaking on top of the staff’s normal duties.

Another major initiative the District began was the AMI meter implementation. In conjunction with field personnel, the Customer Service and Billing teams had much involvement and interaction in this goal. The AMI meter implementation is an investment worth slightly over \$5,000,000 toward upgrading all our customers' meters and metering infrastructures. Our team learned new software and new processes/procedures were implemented to conduct adjustments, pull graphs, and alert customers as appropriate. Throughout the first phase of the project, the Customer Service and Billing teams dealt with a multitude of questions, comments, and concerns regarding customer usage, billing, and leak alerts.

The Accounting team achieved a few major accomplishments this year. With the hiring of the Accounting Supervisor, the Finance and Accounting teams have been able to plan, strategize, assign, and implement processes and procedures to ensure monthly financials are executed timely as expected by the Board members and Management. The processes and procedures have proven to be reliable and repeatable. The financial audit, while always approved during the month of January, has over the last few years needed to be pushed to the end of the month to allow time to finalize all transitions and reporting. The audits for FY 21 and FY 22 were presented and accepted at the regular board meeting in January. The Accounting Supervisor was able to renegotiate the District's business machine contract to save the District over \$5,300 annually over the life of the contract. She was also able to negotiate a 60-day payment deferment on the current year lease cost which will increase the first-year total savings to over \$7,100.

The Administration team's major initiative was the redesign and improvement of the District's website. For the last couple of years, the Administration team in collaboration with the Board's Communications Committee have been working to improve our website in order to meet the District's mission to provide reliable, timely, and accurate communication with our customers. The redesigned website was launched in January 2022.

#### **Cash Management:**

Cash temporarily idle during the year was invested in certificates of deposit, securities, money market accounts, and TexSTAR. TexSTAR is a Local Government Investment Pool (LGIP) created and managed in compliance with the Public Funds Investment Act (PFIA). The District continued to maximize interest rates by utilizing the competitive interest rate bumps generated in the Premiere Index Fund (PIF) account with Independent Financial, the District's primary depository. In FY 2022, the District had five securities within its investment portfolio.

Over recent years, market interest rates have continued to fluctuate. The District is reducing the level of its funds held in LGIPs and increasing the variety and longevity of other investments in order to maximize interest earnings while maintaining required liquidity levels. Our strategy in this rising rate environment is to manage cash and investment maturities to best capture yield as rates increase and prepare the portfolio for rate declines. Considering the Inverted Yield Curve (shorter duration investments have higher yields than longer duration), a laddered portfolio allows the District flexibility to react and capitalize on changes in the current economic environment. In FY 2022 interest rates continued to rise which attributed to significant increases in interest revenue, totaling over \$650,000.

The District's investment policies stress the minimization of credit and market risks while maintaining a competitive yield. Accordingly, bank deposits held throughout the period were either insured by Federal Depository Insurance Corporation (FDIC) or collateralized. All collateral for deposits was held either by the District, its agent, or a bona fide third-party custodian in an account in the District's name. All of the deposits held by the District during the year and on September 30, 2022 are in compliance with the Public Funds Investment Act and District policies.



## Statement of Net Position:

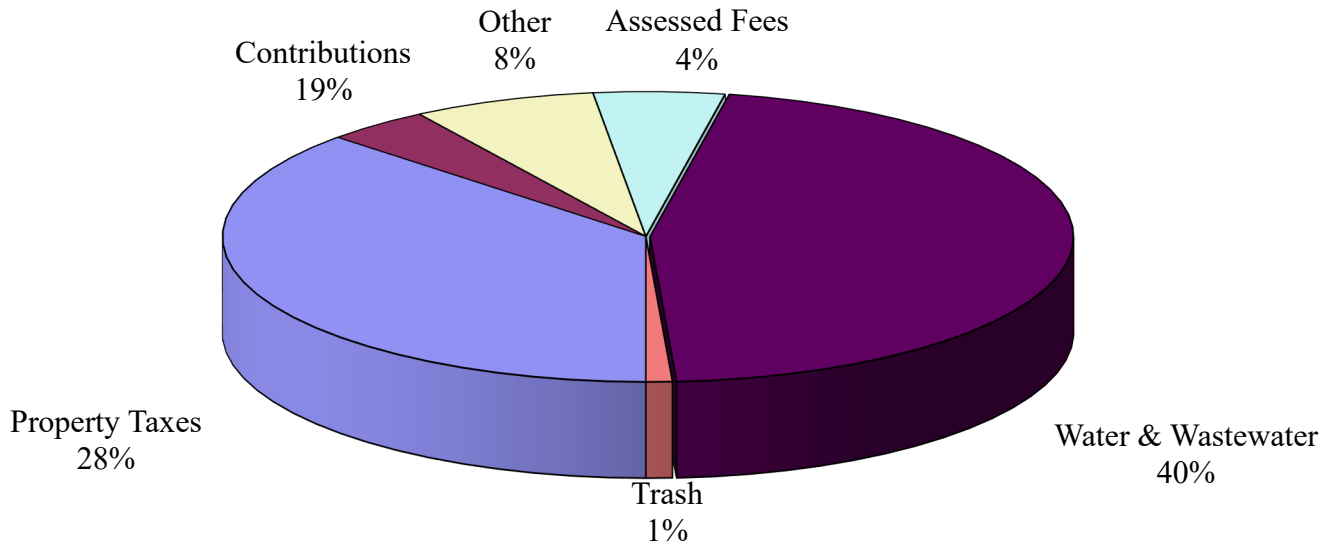
The *Statement of Net Position* includes a column (titled “Total Governmental Funds”) that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

	Governmental Activities		
	2022	2021	% Change
Current and other assets	\$ 90,581,402	\$ 91,516,068	(1%)
Capital assets	252,437,255	236,874,074	7%
Total assets	343,018,657	328,390,142	4%
Deferred outflows of resources	1,317,636	1,451,354	(9%)
Current liabilities	17,362,089	16,958,690	2%
Long-term liabilities	128,097,731	134,517,647	(5%)
Total liabilities	145,459,820	151,476,337	(4%)
Net investment in capital assets	121,744,036	121,079,134	1%
Restricted	5,427,354	4,840,146	12%
Unrestricted	71,705,083	52,445,879	37%
Total net position	\$ 198,876,473	\$ 178,365,159	11%

The District’s total assets were approximately \$343.0 million as of September 30, 2022. Of this amount, approximately \$252.4 million is accounted for by capital assets. The District had outstanding liabilities of approximately \$145.5 million of which \$136.5 million represent bonds payable. The overall change in Net Position for FY 2022 is 11%. This increase is primarily due to increases in restricted capital assets as well as decreases in total liabilities. Moving forward our capital reserve position is sufficient to meet known infrastructure improvement requirements for the next eight years without the need for additional funds raised via future tax increases or bond sales. Continued attention to this conservative approach to fiscal management should ensure a net positive position for years to come.

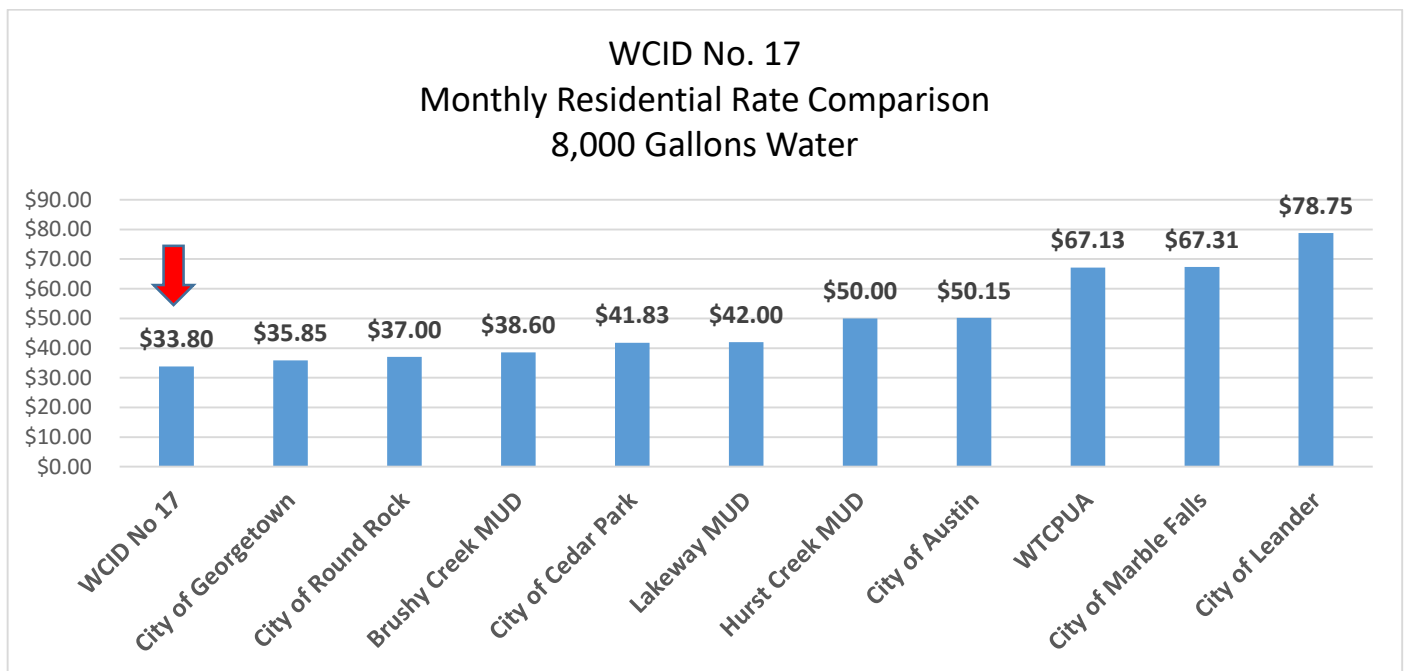
The District’s sources of revenue were mainly comprised of Water & Wastewater revenue followed by property taxes which account for 68% of the revenue generated for FY 2022. For FY 2021 the Water & Wastewater revenue and property tax percentages were 46% and 37% respectively, for a total revenue percentage of 83%. The difference in percentage from FY 2021 (83%) to FY 2022 (68%) because of an increase in Contributions (15%) which is due to utility conveyance agreements.

# Sources of Revenue

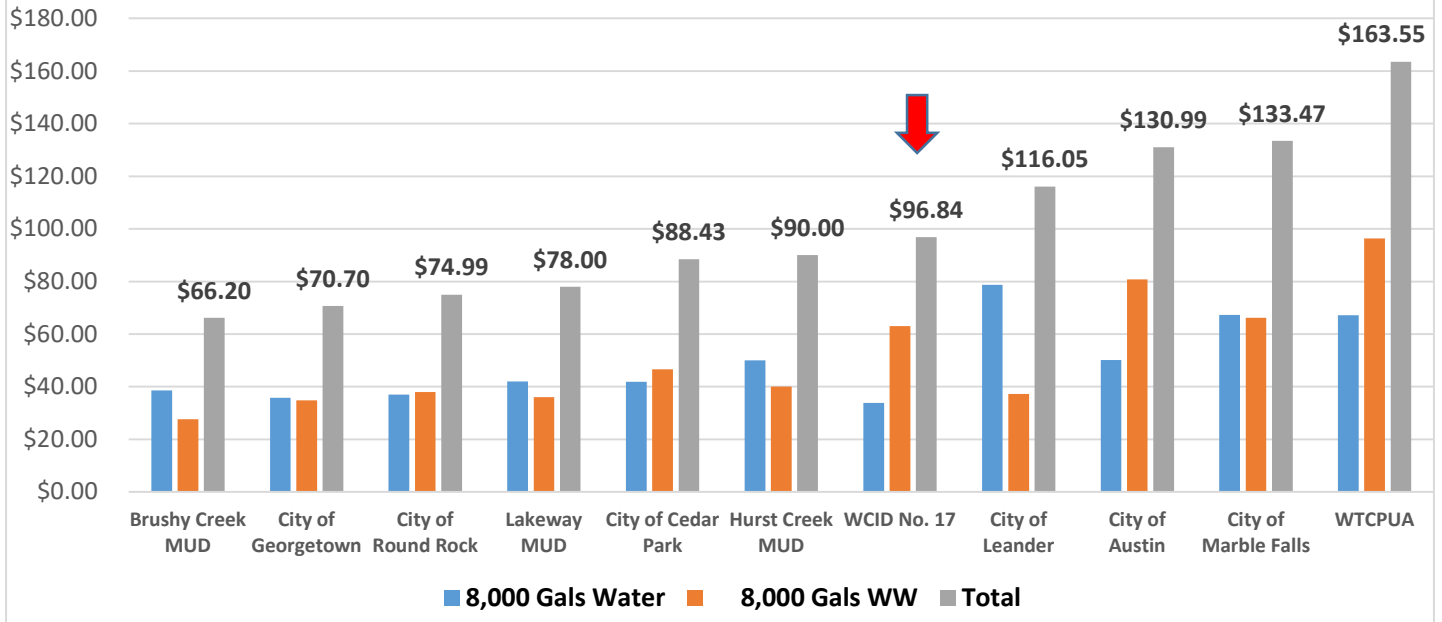


**Revenues:**

We adopt a conservative approach to revenue based on inherent fluctuations brought on by seasonal effects. Revenue growth has remained consistent and continues to increase for the last two years with a growth rate of 8.16% from FY 2020 to 2021 compared to the revenue growth rate of 20.59% comparing FY 2021 to FY 2022. The projected revenue growth comparing FY 2022 to budgeted numbers for FY 2023 is set to be 1.0%, however, we expect the increase to be closer to 10% at year-end based on anticipated weather related water sales. We also want to ensure that we are keeping our water rates affordable. The District’s water and wastewater rates have consistently been one of the lowest when compared to surrounding area utilities (See charts below). Annually, District employees update the data which is then taken into consideration when looking at the budgeted revenues and forecasting what will be needed in the following fiscal year and beyond.



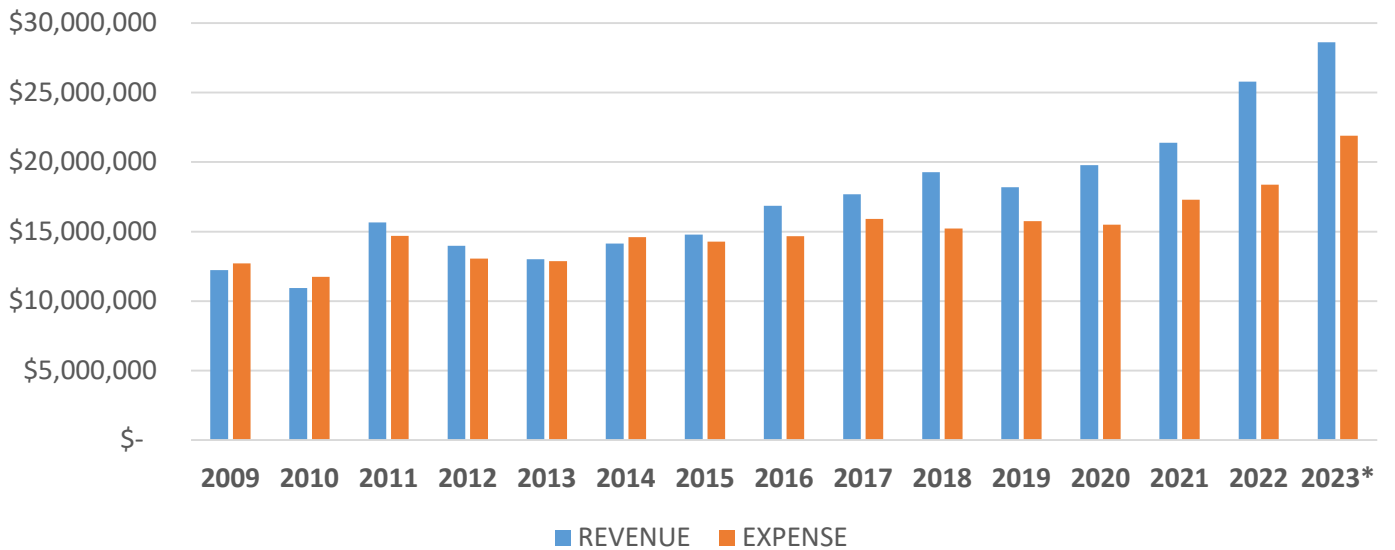
**WCID No 17**  
**Monthly Residential Rate Comparison**  
**Water and Wastewater Charges (Steiner Ranch)**  
**8,000 Gallons Water and 8,000 Gallons Wastewater Service**



**Expenses:**

The District continuously examines prior, current and anticipated expenses to see where we can cut costs or change processes to decrease operational expenses. Expenses increased from FY 2020 to FY 2021 by 11.61%. This is primarily due to salary increases, engineering costs, City of Austin effluent charges, and maintenance for water assets (\$750,000, \$260,000, \$220,000, and \$270,000 respectively). Expenses increased by 6.18% from FY 2021 to FY 2022. Expenses are set to be increased by 13.8% when compared to budgeted expenses for FY 2023. This is primarily due to salary (overtime, retirement and taxes), Steiner wastewater treatment plant and maintenance, and Mansfield maintenance/water production expenses (\$215,000, \$177,000, and \$732,000 respectively).

**Total Revenue & Expenses**

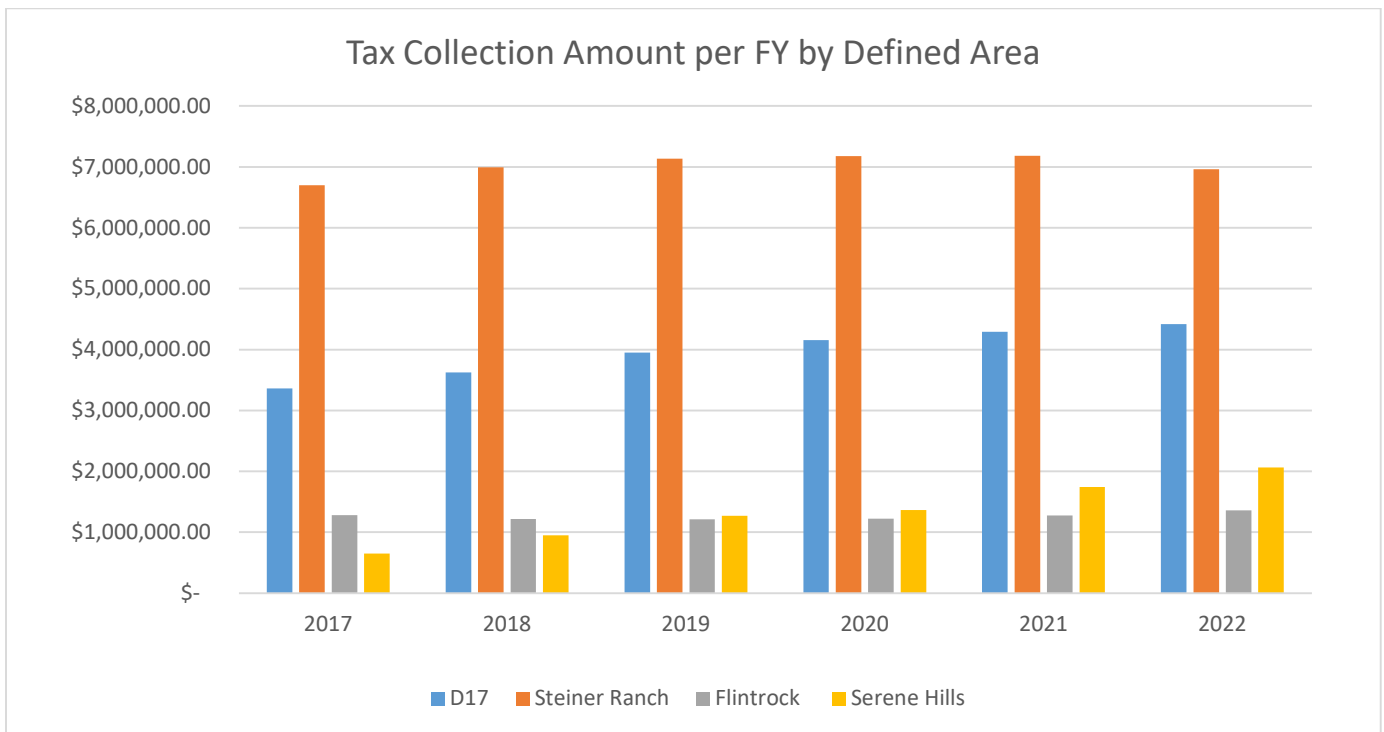
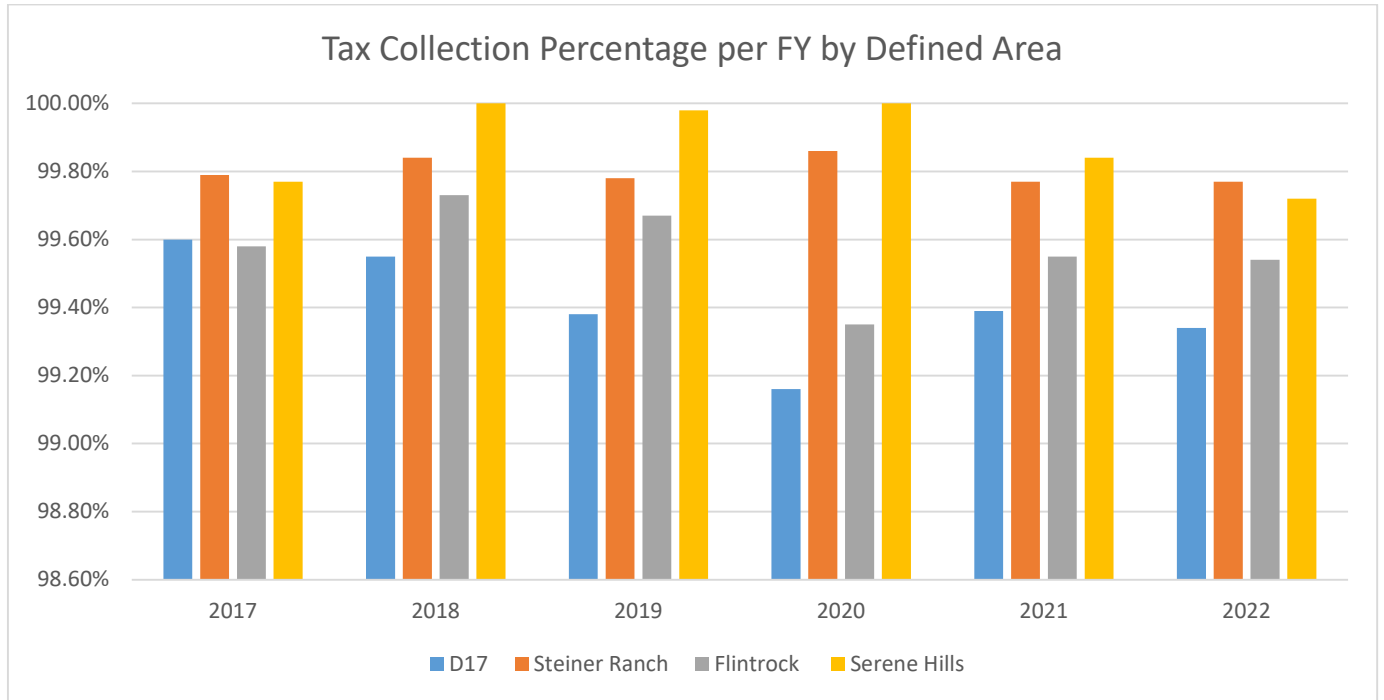


\* Projected based on budgeted numbers used for FY2023



**Tax Collection:**

In general, the District takes a conservative approach and has a high fiscal responsibility to ensure we keep tax rates low while still providing high-quality services. Despite having low tax rates, the District is able to accomplish our commitment to fiscal responsibility in all operations.



## **Awards and Acknowledgements:**

The financial audit, while always approved during the month of January, has over the last few years needed to be pushed to the end of the month to allow time to finalize all transitions and reporting. The audit reports for FY 2021 and FY 2022 were both presented on time and accepted at the regular January board meeting. The Administration team tackled the challenges of a website redesign, while also designing and implementing a new District logo that we look forward to using for years to come.

The Accounting team formulated processes and procedures to ensure the Board receives timely financials, while simultaneously working on the audit and normal day-to-day tasks. The audit tasks were completed in a more efficient manner while ensuring best practices were incorporated at all levels. This has enabled the District to reduce the number of internal control issues as found by our external auditors, down to only one identified in FY 2022.

The District also embarked on an AMI Meter upgrade program in which the Customer Service and Billing teams learned new software, adjusted to new ways of doing business, and handled numerous customer inquiries regarding the process. These two teams also assisted in the customer record digitization efforts that included the full review of 13,000 customer accounts.

The Customer Service and Billing team's major goal for FY 2022 was to review how to digitize District records and become less reliant on paper. This successful completion of this task has made available space in the filing room useful for much-needed additional office space in the Main Office building.

These accomplishments would not have been possible without the efficient and dedicated services of the entire staff of the Administration Department. I would like to express my appreciation to all members of the department who assisted and contributed to these initiatives. Credit also must be given to the General Manager and the Board of Directors for their unfailing support in assisting us with maintaining the highest standards of professionalism in the management of the District's finances.