



Control Number: 44992



Item Number: 17

Addendum StartPage: 0

December 4, 2015

Attention: Filing Clerk,
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

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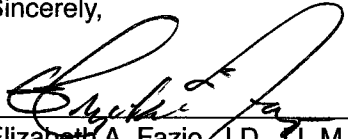
Re: Docket No. 44992

Dear Ms. Switzer,

Please find attached Riverbend Water Resources Districts response to the inquiry Staff 1-3 regarding balances sheets, income statements, expense detail, and cash statements. Please note that under the Income Statements, the line items related to meters and taps are not applicable to this particular system's income/revenue calculations. This system uses water consumption and discharge numbers for revenue.

If you have any other questions, please do not hesitate to contact me at lizfazio@rwr.com.

Sincerely,


Elizabeth A. Fazio, J.D., LL.M.
Riverbend Water Resources District
Chief Operating Officer

RIVERBEND WATER RESOURCES DISTRICT

COMPILED FORECASTED FINANCIAL STATEMENTS

**For the Nine Month Period Ending September 30, 2016
and the Fiscal Years Ending September 30, 2017
through September 30, 2020**

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HOLLIDAY, LEMONS & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Riverbend Water Resources District

We have compiled the accompanying forecasted statements of net position, statements of revenue, expenses and changes in net position, and cash flows of Riverbend Water Resources District as of September 30, 2016, 2017, 2018, 2019 and 2020, and for the nine months ending September 30, 2016 and for the fiscal years ending September 30, 2017, 2018, 2019 and 2020, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecasts and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the summary of significant accounting policies required by the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's financial position, results of operations and cash flows for the forecast period. Accordingly, these forecasts are not designed for those who are not informed about such matters.

Holliday, Lemons, & Cox, P.C.

December 7, 2015

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RIVERBEND WATER RESOURCES DISTRICT

STATEMENTS OF NET POSITION

Enterprise Fund

Forecasted September 30, 2016, 2017, 2018, 2019 and 2020

	Forecasted 9/30/2016	Forecasted 9/30/2017	Forecasted 9/30/2018	Forecasted 9/30/2019	Forecasted 9/30/2020
Assets					
Current					
Cash in Bank	\$ 99,071	165,221	295,446	262,006	526,355
Accounts Receivable	320,000	329,600	339,488	349,673	360,163
Restricted Assets:					
Cash Restricted for Bond Payments	962,700	864,719	888,156	906,240	928,246
Cash Restricted for Capital Improvements	1,000,000	875,000	750,000	625,000	500,000
Cash Restricted for Bonded Debt Reserves	746,160	746,160	746,160	746,160	746,160
Cash Restricted for Bonded Debt Reserves	288,759	288,759	288,759	288,759	288,759
Cash Restricted for Construction - Bond Proceeds	950,621	750,621	550,621	350,621	150,621
CDs-Restricted for Construction - Bond Proceeds	5,660,204	5,660,204	5,660,204	5,660,204	5,660,204
Total Current Assets	10,027,515	9,680,284	9,518,834	9,188,663	9,160,508
Noncurrent Assets:					
Capital Assets	16,623,580	16,948,580	17,273,580	17,598,580	17,923,580
Construction in Progress	200,000	200,000	200,000	200,000	200,000
Less: Accumulated Depreciation	(5,240,665)	(5,944,632)	(6,629,650)	(7,308,090)	(7,974,688)
Net Capital Assets	11,582,915	11,203,948	10,843,930	10,490,490	10,148,892
Total Noncurrent Assets	11,582,915	11,203,948	10,843,930	10,490,490	10,148,892
Total Assets	\$ 21,610,430	20,884,232	20,362,764	19,679,153	19,309,400
Liabilities					
Current Liabilities					
Accounts Payable	\$ 71,729	69,337	73,309	74,181	76,689
Accrued Liabilities	31,287	32,226	33,192	34,188	35,214
Accrued Compensated Absences - Current	21,100	21,732	22,384	23,056	23,748
Accrued Interest Payable	262,410	245,723	231,149	215,727	199,576
Loan payable - TAC	350,000	300,000	250,000	-	-
Revenue Bonds Payable - Current	805,000	700,000	740,000	775,000	815,000
Total Current Liabilities	1,541,526	1,369,018	1,350,035	1,122,152	1,150,226
Noncurrent Liabilities					
Future Water and Wastewater Credits	23,220	54,180	85,140	116,100	147,060
Accrued Compensated Absences - Long Term	15,614	16,082	16,564	17,061	17,573
Revenue Bonds Payable - Long Term	12,240,000	11,540,000	10,800,000	10,025,000	9,210,000
Total Noncurrent Liabilities	12,278,834	11,610,262	10,901,704	10,158,161	9,374,633
Total Liabilities	13,820,359	12,979,280	12,251,739	11,280,313	10,524,859
Net Position					
Invested in Capital Assets	5,148,740	5,374,773	5,514,753	5,326,313	5,434,715
Restricted for Capital Improvements	1,000,000	875,000	750,000	625,000	500,000
Restricted for Bond Payment Reserves	962,700	864,719	888,156	906,240	928,246
Restricted for Bond Reserves	1,034,919	1,034,919	1,034,919	1,034,919	1,034,919
Unrestricted Net Position	(356,288)	(244,459)	(76,803)	506,367	886,661
Total Net Position	\$ 7,790,071	7,904,952	8,111,025	8,398,839	8,784,541

See summary of significant projection assumptions and accountant's report.

RIVERBEND WATER RESOURCES DISTRICT

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

Enterprise Fund

For the Forecasted Nine Months Ending September 30, 2016

and Fiscal Years Ending September 30, 2017 through September 30, 2020

	<i>Forecasted 9/30/2016</i>	<i>Forecasted 9/30/2017</i>	<i>Forecasted 9/30/2018</i>	<i>Forecasted 9/30/2019</i>	<i>Forecasted 9/30/2020</i>
Operating Revenues					
Charges for Services	\$ 2,056,779	2,824,643	2,909,382	2,996,664	3,086,564
Membership fees	200,400	190,000	195,700	201,571	207,618
Intergovernmental	15,000	-	-	-	-
Supplemental Member revenue	242,467	-	-	-	-
Total Operating Revenue	2,514,646	3,014,643	3,105,082	3,198,235	3,294,182
Operating Expenses					
Wet Utilities Operations					
Labor	617,018	847,372	872,793	898,977	925,946
Analyticals	116,250	159,650	164,440	169,373	174,454
Repairs	258,750	355,350	366,011	376,991	388,301
Other Maintenance	9,000	12,360	12,731	13,113	13,506
Equipment Maintenance, Repair & Fuel	28,500	39,140	40,314	41,524	42,769
Equipment Rental	12,000	16,480	16,974	17,484	18,008
Materials	99,000	135,960	140,039	144,240	148,567
Supplies	33,150	45,526	46,892	48,299	49,747
Permits	42,000	57,680	59,410	61,193	63,028
Utilities	123,750	169,950	175,049	180,300	185,709
Waste Disposal	42,000	57,680	59,410	61,193	63,028
Water Purchase	165,355	227,087	233,900	240,917	248,144
Consulting	33,750	46,350	47,741	49,173	50,648
Bond issuance costs	249,685	-	-	-	-
General & Administrative Operations					
Accounting and Audit Fees	38,000	46,400	47,792	49,226	50,702
Advertising	750	1,030	1,061	1,093	1,126
Car Allowance	-	6,000	6,180	6,365	6,556
Computer, Copying & Maintenance	4,500	6,180	6,365	6,556	6,753
Conferences and Seminars	3,000	3,000	3,090	3,183	3,278
Consulting	153,000	48,000	49,440	50,923	52,451
Dues and Memberships	1,089	1,089	1,122	1,155	1,190
Employee benefits	-	12,517	12,893	13,279	13,678
Engineering Services	48,000	-	-	-	-
Insurance	67,404	77,250	79,568	81,955	84,413
Legal and Professional Fees	24,000	30,160	31,065	31,997	32,956
Licenses and Fees	1,500	2,060	2,122	2,185	2,251

See summary of significant projection assumptions and accountant's report.

	<i>Forecasted</i> <i>9/30/2016</i>	<i>Forecasted</i> <i>9/30/2017</i>	<i>Forecasted</i> <i>9/30/2018</i>	<i>Forecasted</i> <i>9/30/2019</i>	<i>Forecasted</i> <i>9/30/2020</i>
Meetings	5,250	5,150	5,305	5,464	5,628
Miscellaneous	-	-	-	-	-
Office Expense and Supplies	4,575	2,575	2,652	2,732	2,814
Postage	1,950	2,678	2,758	2,841	2,926
Rent	29,820	30,960	30,960	30,960	30,960
Salaries and Benefits	428,746	380,345	391,756	403,509	415,614
Telephone/Internet	6,780	8,580	8,837	9,102	9,376
Travel	7,200	8,768	9,031	9,302	9,581
Waste Management	1,125	1,545	1,591	1,639	1,688
Web Design and Maintenance	1,800	3,000	3,090	3,183	3,278
Depreciation	598,463	703,967	685,018	678,440	666,598
Total Operating Expenses	<u>3,257,160</u>	<u>3,551,839</u>	<u>3,617,398</u>	<u>3,697,863</u>	<u>3,775,674</u>
Operating Income (Loss)	<u>(742,514)</u>	<u>(537,196)</u>	<u>(512,315)</u>	<u>(499,628)</u>	<u>(481,493)</u>
Nonoperating Revenues (Expenses)					
Facility Charge 1	495,641	680,680	701,100	722,133	743,797
Facility Charge 2	426,958	586,355	603,946	622,064	640,726
Interest Income	15,000	20,600	17,500	14,500	11,500
Interest Expense - Bonds	(405,330)	(536,816)	(504,875)	(471,353)	(436,232)
Interest Expense - Loan	(10,500)	(14,000)	(12,000)	(10,000)	-
Purchase of Wet Utility System	(10,000)	-	-	-	-
Franchise Fees	(61,699)	(84,741)	(87,281)	(89,903)	(92,599)
Total Nonoperating Revenues (Expenses)	<u>450,068</u>	<u>652,078</u>	<u>718,389</u>	<u>787,441</u>	<u>867,192</u>
Change in Net Position	(292,445)	114,882	206,074	287,813	385,700
Net Position, Beginning	<u>8,082,516</u>	<u>7,790,070</u>	<u>7,904,951</u>	<u>8,111,026</u>	<u>8,398,841</u>
Net Position, Ending	<u>\$ 7,790,071</u>	<u>7,904,952</u>	<u>8,111,025</u>	<u>8,398,839</u>	<u>8,784,541</u>

RIVERBEND WATER RESOURCES DISTRICT

STATEMENT OF CASH FLOWS

Enterprise Fund

For the Nine Months Ending September 30, 2016 (Forecasted)

and Fiscal Years Ending September 30, 2017 through September 30, 2020 (Forecasted)

	<i>Forecasted</i> 9/30/2016	<i>Forecasted</i> 9/30/2017	<i>Forecasted</i> 9/30/2018	<i>Forecasted</i> 9/30/2019	<i>Forecasted</i> 9/30/2020
Cash Flows from Operating Activities					
Receipts from Customers	\$ 2,198,209	3,005,043	3,095,195	3,188,050	3,283,691
Payments to Suppliers and Service Providers	(1,285,646)	(1,596,945)	(1,638,417)	(1,690,790)	(1,739,902)
Receipts from Other Water District	15,000	-	-	-	-
Payments to Employees for Salaries & Benefits	(1,028,419)	(1,220,322)	(1,256,932)	(1,294,638)	(1,333,477)
Net cash Provided (Used) by Operations	(100,856)	187,776	199,846	202,622	210,312
Cash Flows from Capital and Related Financing Activities					
Receipt of Facility Charges	922,599	1,267,035	1,305,046	1,344,197	1,384,523
Acquisition and Construction of Capital Assets	(210,000)	(325,000)	(325,000)	(325,000)	(325,000)
Interest Paid on Capital Debt	(142,920)	(553,503)	(519,449)	(486,775)	(452,383)
Principal Paid on Capital Debt	-	(805,000)	(700,000)	(740,000)	(775,000)
Payment of Franchise Fee to TAC	(61,703)	(84,739)	(87,281)	(89,900)	(92,597)
Payment on Bonds to Escrow Agent	(10,760,395)	-	-	-	-
Proceeds on Loan	350,000	-	-	-	-
Interest Paid on Loan	(10,500)	(14,000)	(12,000)	(10,000)	-
Principal Paid on Loan	-	(50,000)	(50,000)	(250,000)	-
Proceeds on Bonds Issued	13,045,000	-	-	-	-
Issuance Costs Paid on Bond Issuance	(249,685)	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	2,882,396	(565,207)	(388,684)	(557,478)	(260,457)
Cash Flows from Investing Activities					
Interest Received on Bank Accounts	15,000	20,600	17,500	14,500	11,500
Net Cash Provided by Investing Activities	15,000	20,600	17,500	14,500	11,500
Net Increase (Decrease) in Cash	2,796,540	(356,831)	(171,338)	(340,356)	(38,645)
Cash - Beginning of Year	1,250,771	4,047,311	3,690,480	3,519,142	3,178,786
Cash - End of Year	\$ 4,047,311	3,690,480	3,519,142	3,178,786	3,140,141

See summary of significant projection assumptions and accountant's report.

	<i>Forecasted</i> <i>9/30/2016</i>	<i>Forecasted</i> <i>9/30/2017</i>	<i>Forecasted</i> <i>9/30/2018</i>	<i>Forecasted</i> <i>9/30/2019</i>	<i>Forecasted</i> <i>9/30/2020</i>
Cash Consists of:					
Unrestricted Cash	\$ 99,071	165,221	295,446	262,006	526,355
Cash Restricted for Capital Improvements	1,000,000	875,000	750,000	625,000	500,000
Cash Restricted for Bond Debt Payment	962,700	864,719	888,156	906,240	928,246
Cash Restricted for Bonded Debt Purposes	1,034,919	1,034,919	1,034,919	1,034,919	1,034,919
Cash Restricted-Construction-Bond Proceeds	950,621	750,621	550,621	350,621	150,621
Total Cash	<u>\$ 4,047,311</u>	<u>3,690,480</u>	<u>3,519,142</u>	<u>3,178,786</u>	<u>3,140,141</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:

Operating Income (Loss)	<u>\$ (742,514)</u>	<u>(537,196)</u>	<u>(512,318)</u>	<u>(499,629)</u>	<u>(481,492)</u>
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Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:

Depreciation	598,463	703,967	685,018	678,440	666,598
Issuance Costs	249,685	-	-	-	-
(Increase) Decrease in Accounts Receivable	(301,437)	(9,600)	(9,888)	(10,185)	(10,491)
Increase (Decrease) in Accounts Payable	68,858	(2,394)	3,973	871	2,507
Increase (Decrease) in Accrued Liabilities	(33,845)	939	966	996	1,026
Increase (Decrease) in Future Service Credits	23,220	30,960	30,960	30,960	30,960
Increase (Decrease) in Accrued Absences	36,714	1,100	1,135	1,169	1,204
Total Adjustments	<u>641,658</u>	<u>724,972</u>	<u>712,164</u>	<u>702,251</u>	<u>691,804</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (100,856)</u>	<u>187,776</u>	<u>199,846</u>	<u>202,622</u>	<u>210,312</u>

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RIVERBEND WATER RESOURCES DISTRICT

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

September 30, 2016 through September 30, 2020

NOTE 1 – NATURE OF THE FORECASTS

These financial forecasts present, to the best of management's knowledge and belief, the Riverbend Water Resources District's (District) expected financial position, changes in financial position and cash flows for the forecast periods. Accordingly, the forecasts reflect its judgment as of December 7, 2015, the date of these forecasts, of the expected conditions and its expected course of actions. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

NOTE 2 – NATURE OF OPERATIONS DURING THE FORECAST PERIODS

The District will continue to operate as it is, currently, and at January 1, 2016, acquire the wet utilities facilities from TexAmericas Center under the *Agreement for Purchase and Sale of Assets and Assignment and Assumption of Contract Rights* (agreement) dated May 26, 2015. After acquiring the wet utilities systems (water, wastewater and industrial wastewater), the District will assume all revenues and costs of the utility operations. All of the TexAmericas Center (TAC) existing contracts in effect related to the water and wastewater facilities and operations will transition to the District. All of the cash and investments related to the prior operations of the wet utility system, excluding the unspent bond proceeds, will remain with TAC. The unspent bond proceeds, currently in cash and certificates of deposit totaling \$6,810,825 will be transferred to the District. All of the revenues, profits and income and receipts derived from the ownership and operation of the wet utility systems prior to acquisition by the District will be paid to TAC upon receipt by the District.

NOTE 3 – REVENUES

The accompanying forecasts assume the Riverbend operations will be consistent with those of prior years and the utility systems revenues will be consistent with those of prior years as operated by TexAmericas Center. All revenues are expected to increase by 3% each year.

NOTE 4 – CAPITAL ASSETS

The accompanying forecasts assume that the District will purchase all current capital assets associated with the wet utilities for \$10,000 (pursuant to Section 2.01 of the agreement) and will assume all operations and routine maintenance on the facilities. The District anticipates increasing capital assets by \$200,000 each year of the forecast periods presented. The capital improvements will be funded from the unspent bond proceeds.

NOTE 5 – DEBT

The accompanying forecasts reflect the following transactions:

1. The District will issue a new \$5,000,000 bond issue, with interest at 4.0%, payable in annual installments beginning October, 2016 through October, 2045 and interest semi-annually.
2. The District will issue a new \$8,045,000 bond issue, with interest at 4.620%, payable in annual installments beginning October, 2016 through October, 2030 and interest semi-annually.
3. The new bonds will defease the TexAmericas Center outstanding bonds, at the time of the purchase, related to the wet utilities facilities in the amount of \$10,455,000.
4. The District will pay issuance costs paid with new bonds totaling \$249,685.
5. The District will establish reserves of \$1,000,000 for routine expenses related to the master plan out of the new bonds proceeds.
6. The District will establish debt service reserve of \$1,034,919 related to new bonds requirements out of the new bonds proceeds.

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RIVERBEND WATER RESOURCES DISTRICT

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS continued.

September 30, 2016 through September 30, 2020

7. The District will continue to establish and pay amounts as required by the new bonds for debt service in the forecasted periods in the amounts reflected in the forecasted financial statements.
8. The District will borrow \$350,000 on January 1, 2016 from TAC in accordance with Section 23.01 of their purchase agreement.
9. The District will repay the short-term loan in installments of \$50,000 on September 30, 2017, \$50,000 on September 30, 2018 and \$250,000 on September 30, 2019.
10. The loan will accrue interest of 4% each year and the interest will be repaid at each fiscal year end, resulting in interest payments of \$10,500, \$14,000, \$12,000 and \$10,000 at September 30, 2016, 2017, 2018 and 2019, respectively.

NOTE 6 – EXPENSES

The accompanying forecasts assume that expenses are expected to increase, at 3% each year, for the effects of inflation and maintenance on the acquired facilities. Additional expenses will include the following:

1. All former TexAmericas Center key employees with duties related to the water and wastewater facilities and operations will be hired by the District pursuant to Section 22.01 of the agreement.
2. An annual franchise fee of 3% of service charges will be paid to TexAmericas Center pursuant to Section 8.08 of the agreement.
3. In lieu of rent being paid to TexAmericas Center, the District will issue future service credits to TAC based on Section 8.08 of the agreement. The rent credit is expected to be \$23,220 for the nine months ending September 30, 2016 and will continue for \$30,960 for each fiscal year ending September 30, 2017 through September 30, 2020.
4. Master plan expenses will be incurred at \$125,000 beginning in the forecasted year ending September 30, 2017 and will continue at the same rate through fiscal year ending September 30, 2020.
5. Depreciation expense is computed at the same methods and lives as previous used by TAC and is expected to be \$598,191, \$703,695, \$684,746, \$678,168 and \$666,392 for each of the periods ending September 30, 2016, 2017, 2018, 2019 and 2020.

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