

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

**YEAR ENDED SEPTEMBER 30, 2014**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

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SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2014**

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS  
COUNTY OF TRAVIS

I, \_\_\_\_\_ of the  
(Name of Duly Authorized District Representative)

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **27th day of January, 2015**, its annual audit report for the fiscal period ended **September 30, 2014**, and that copies of the annual audit report have been filed in the District's office, located at:

**100 Congress Avenue, Suite 1300 Austin, TX 78701**  
(Address of District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: \_\_\_\_\_, \_\_\_\_\_ By: \_\_\_\_\_  
(Signature of District Representative)

\_\_\_\_\_  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
(Signature of Notary)

My Commission Expires On: \_\_\_\_\_, \_\_\_\_\_.  
Notary Public in the State of Texas

# **INDEPENDENT AUDITOR'S REPORT**

# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

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Board of Directors  
Northtown Municipal Utility District  
Travis County, Texas

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Northtown Municipal Utility District (the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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.

### **Auditor's 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 auditor's 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund 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 District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The Texas Supplementary Information and the Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants

January 27, 2015



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# **NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014**

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Northtown Municipal Utility District (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2014. Since this information is designed to focus on current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

## **FINANCIAL HIGHLIGHTS**

- *General Fund:* At the end of the current fiscal year, the unassigned portion of the fund balance was \$5,073,242 and \$454,147 was assigned to use for a budgeted General Fund deficit during the year ending September 30, 2015. The total General Fund balance was \$5,527,389, including a decrease of \$711,378 change in fund balance. General fund revenues increased from \$5,020,832 in the previous fiscal year to \$5,445,650 in the current fiscal year due to an increase in property tax revenue.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$580,850 in the previous fiscal year to \$650,514 in the current fiscal year. Debt service fund revenues decreased from \$2,262,084 in the previous fiscal year to \$2,225,031 in the current fiscal year due to a decrease in the property tax rate allocated to the debt service fund. The District issued \$3,340,000 Unlimited Tax and Revenue Refunding bonds to retire \$3,350,000 of Series 2007 Unlimited Tax and Revenue bonds.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased from \$1,900,905 in the previous fiscal year to \$1,901,379 in the current fiscal year. The Capital Projects Fund expended \$1,632 for bond-related services during the fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$483,064. Net position including the prior period adjustment increased from \$15,770,521 to \$16,336,576.

## **OVERVIEW OF THE DISTRICT**

The District, a political subdivision of the State of Texas, was created, organized and established on August 14, 1985, pursuant to the provisions of Chapter 54 of the Texas Water Code. The District is a political subdivision of the State of Texas and operates under an elected board. The District was created to provide water, wastewater and storm drainage facilities to serve the acreage within its boundaries, all of which lie within Travis County and within the extra-territorial jurisdiction of the City of Austin. The District receives wholesale water and wastewater service from the City of Austin.

# **NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014**

## **USING THIS ANNUAL REPORT**

This annual report consists of five parts:

1. *Management’s Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District 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 “Governmental Funds Total” 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.

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled “Governmental Funds Total”) that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. 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.

The *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances* includes a column (titled “Governmental Funds Total”) 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 *Notes to the 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*.

The *Required Supplementary Information* presents a comparison statement between the District’s adopted budget and its actual results.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2014	2013	
Current and other assets	\$ 9,649,042	\$ 9,959,572	\$ (310,530)
Capital and non-current assets	33,334,194	33,175,916	158,278
<b>Total Assets</b>	<b>42,983,236</b>	<b>43,135,488</b>	<b>(152,252)</b>
Current Liabilities	3,152,271	2,523,252	629,019
Long-term Liabilities	23,494,389	24,758,724	(1,264,335)
<b>Total Liabilities</b>	<b>26,646,660</b>	<b>27,281,976</b>	<b>(635,316)</b>
Net Investment in Capital Assets	10,401,184	9,078,097	1,323,087
Restricted	394,850	523,151	(128,301)
Unrestricted	5,540,542	6,252,264	(711,722)
<b>Total Net Position</b>	<b>\$ 16,336,576</b>	<b>\$ 15,853,512</b>	<b>\$ 483,064</b>

\*

\*As Adjusted, Note 11

The District's combined net position increased by \$483,064 to \$16,336,576 from the previous year amount of \$15,853,512, which includes a prior period adjustment of \$82,991. Some of the District's assets are accounted for by capital assets or restricted for debt service. The District's unrestricted net position, which can be used to finance day to day operations, totaled \$5,540,542.

# NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

## Revenues and Expenses:

### Summary Statement of Activities

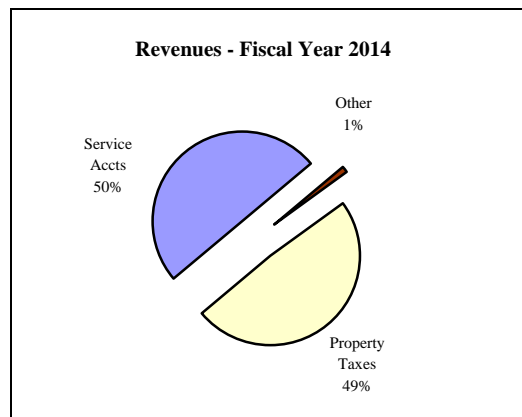
	Governmental Activities		Change Increase (Decrease)
	2014	2013	
Service accounts	\$ 3,865,382	\$ 3,919,634	\$ (54,252)
Property taxes	3,742,276	3,212,799	529,477
Other	62,561	148,440	(85,879)
<b>Total Revenues</b>	<b>7,670,219</b>	<b>7,280,873</b>	<b>389,346</b>
Water/wastewater/garbage	3,001,990	2,979,253	22,737
Other	2,054,090	2,057,728	(3,638)
Debt Service	1,171,112	1,089,753	81,359
Depreciation	959,963	954,746	5,217
<b>Total Expenses</b>	<b>7,187,155</b>	<b>7,081,480</b>	<b>105,675</b>
<b>Change in Net Position</b>	<b>483,064</b>	<b>199,393</b>	<b>283,671</b>
<b>Beginning Net Position</b>	<b>15,853,512</b>	<b>15,571,128</b>	<b>282,384</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>82,991</b>	<b>(82,991)</b>
<b>Ending Net Position</b>	<b>\$ 16,336,576</b>	<b>\$ 15,853,512</b>	<b>\$ 483,064</b>

\*

\*As Adjusted, Note 11

Revenues were \$7,670,219 for the fiscal year ended September 30, 2014 while expenses were \$7,187,155. Net position increased \$483,064.

Property tax revenue in the current fiscal year totaled \$3,742,276. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2013 tax year (September 30, 2014 fiscal year) were based upon a current adjusted assessed value of \$498,099,816 and a tax rate of \$0.75 per \$100 of assessed valuation. Property taxes levied for the 2012 tax year (September 30, 2013 fiscal year) were based upon an adjusted assessed value of \$424,159,851 and a tax rate of \$0.75 per \$100 of assessed valuation. The District's primary revenue sources are service account fees and property taxes.



# NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

## ANALYSIS OF GOVERNMENTAL FUNDS

### Governmental Funds by Year

	2014	2013	2012	2011
Cash	\$ 426,086	\$ 585,737	\$ 638,813	\$ 536,353
Cash equivalents and investments	8,408,402	8,576,243	8,825,318	7,709,859
Receivables	1,155,668	1,120,444	2,313,716	2,160,372
<b>Total Assets</b>	<b>\$ 9,990,156</b>	<b>\$ 10,282,424</b>	<b>\$ 11,777,847</b>	<b>\$ 10,406,584</b>
Accounts payable	545,018	553,479	502,290	422,517
Other payables	1,335,093	975,092	2,301,051	2,014,865
<b>Total Liabilities</b>	<b>1,880,111</b>	<b>1,528,571</b>	<b>2,803,341</b>	<b>2,437,382</b>
Deferred Inflows of Resources	30,763	33,331	39,522	49,221
Restricted	2,551,893	2,481,755	2,553,048	1,280,750
Assigned	454,147	351,846	890,752	1,226,310
Unassigned	5,073,242	5,886,921	5,491,184	5,412,921
<b>Total Fund Balance</b>	<b>8,079,282</b>	<b>8,720,522</b>	<b>8,934,984</b>	<b>7,919,981</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,990,156</b>	<b>\$ 10,282,424</b>	<b>\$ 11,777,847</b>	<b>\$ 10,406,584</b>

For the fiscal year ended September 30, 2014, the District's governmental funds reflect a combined fund balance of \$8,079,282.

This fund balance includes a \$711,378 decrease to the General Fund.

The Debt Service Fund reflects an increase of \$69,664 in fiscal year 2014. The Debt Service Fund remitted bond principal of \$1,240,000 and interest of \$901,675. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund had a \$474 increase in fund balance for fiscal year 2014. The District paid \$1,632 of bond-related costs during the current fiscal year.

# NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014

## BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating expenditures. The Board of Directors adopted a budget on September 24, 2013. The budget included revenues of \$5,568,345 as compared to expenditures of \$5,920,191. When comparing actual to budget, the District had a negative variance of \$359,532. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

## CAPITAL ASSETS

The District's governmental activities invested \$33,334,194 in land and infrastructure. The detail is reflected in the following schedule:

### Summary of Capital Assets, net

	9/30/2014	9/30/2013
Capital Assets:		
Land and easements	\$ 833,376	\$ 833,376
Water, wastewater and drainage	35,846,655	35,047,632
Common and recreation areas	4,444,344	4,125,126
Less: Accumulated Depreciation	(7,790,181)	(6,830,218)
Total Net Capital Assets	\$ 33,334,194	\$ 33,175,916

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

## LONG TERM DEBT

The District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2006	\$ 160,000
Series 2007	1,480,000
Series 2009	6,410,000
Series 2010	5,120,000
Series 2011	4,355,000
Series 2012	3,820,000
Series 2014	3,340,000
Total	\$ 24,685,000

The District owes approximately \$24.7 million to bondholders. The total principal balance was reduced by \$1,240,000. The ratio of the District's long term debt to the total taxable assessed valuation (\$498,099,816) is 4.96%. The District's estimated population, as provided by the District as of June 1, 2014, is 12,219. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

# **NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2014**

## **CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The property tax assessed value for the 2014 tax year (September 30, 2015 fiscal year) is approximately \$580 million and the net taxable value is approximately \$515 million. The fiscal year 2015 tax rate is \$0.736 on each \$100 of taxable value. Approximately 41% of the property tax will fund general operating expenses, and approximately 59% of the property tax will be set aside for debt service fund expenditures.

The adopted budget for fiscal year 2015 projects a General Fund fund balance decrease of \$454,147.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District'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 District in care of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.



# **FINANCIAL STATEMENTS**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
<b><u>ASSETS</u></b>						
Cash and cash equivalents:						
Cash	\$ 426,086	\$ -	\$ -	\$ 426,086	\$ -	\$ 426,086
Cash equivalents	5,017,319	699,838	2,199,957	7,917,114	-	7,917,114
Investments	491,288	-	-	491,288	-	491,288
Receivables:						
Service accounts, net of provision for uncollectible accounts	665,550	-	-	665,550	-	665,550
Taxes, no provision for uncollectible accounts	13,153	17,610	-	30,763	-	30,763
Interest	734	-	-	734	-	734
Interfund receivables	341,114	-	-	341,114	(341,114)	-
Other	73,515	-	-	73,515	-	73,515
Fiscal security deposit	43,992	-	-	43,992	-	43,992
Capital assets, net of accumulated depreciation -						
Land and easements	-	-	-	-	833,376	833,376
Common & Recreation Areas	-	-	-	-	2,721,307	2,721,307
Water/Wastewater/Drainage Facilities	-	-	-	-	29,779,511	29,779,511
<b>TOTAL ASSETS</b>	<b>\$ 7,072,751</b>	<b>\$ 717,448</b>	<b>\$ 2,199,957</b>	<b>\$ 9,990,156</b>	<b>32,993,080</b>	<b>42,983,236</b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 545,018	\$ -	\$ -	\$ 545,018	-	545,018
Refundable deposits	672,884	-	-	672,884	-	672,884
Fiscal security deposits	314,307	-	-	314,307	-	314,307
Interfund payables	-	42,536	298,578	341,114	(341,114)	-
Accrued interest payable	-	6,788	-	6,788	273,274	280,062
Bonds payable -						
Due within one year	-	-	-	-	1,340,000	1,340,000
Due after one year	-	-	-	-	23,494,389	23,494,389
<b>TOTAL LIABILITIES</b>	<b>1,532,209</b>	<b>49,324</b>	<b>298,578</b>	<b>1,880,111</b>	<b>24,766,549</b>	<b>26,646,660</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Property taxes	13,153	17,610	-	30,763	(30,763)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,153</b>	<b>17,610</b>	<b>-</b>	<b>30,763</b>	<b>(30,763)</b>	<b>-</b>
<b><u>FUND BALANCES / NET POSITION</u></b>						
Fund balances:						
Restricted for debt service	-	650,514	-	650,514	(650,514)	-
Restricted for capital projects	-	-	1,901,379	1,901,379	(1,901,379)	-
Assigned for 2015 budget deficit	454,147	-	-	454,147	(454,147)	-
Unassigned	5,073,242	-	-	5,073,242	(5,073,242)	-
<b>TOTAL FUND BALANCES</b>	<b>5,527,389</b>	<b>650,514</b>	<b>1,901,379</b>	<b>8,079,282</b>	<b>(8,079,282)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,072,751</b>	<b>\$ 717,448</b>	<b>\$ 2,199,957</b>	<b>\$ 9,990,156</b>		
<b><u>NET POSITION:</u></b>						
Net investment in capital assets					\$ 10,401,184	\$ 10,401,184
Restricted for debt service					394,850	394,850
Unrestricted					5,540,542	5,540,542
<b>TOTAL NET POSITION</b>					<b>\$ 16,336,576</b>	<b>\$ 16,336,576</b>

*The accompanying notes are an integral part of this statement.*

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Governmental Funds Total</u>	<u>Adjustments Note 2</u>	<u>Government - wide Statement of Activities</u>
<b>REVENUES:</b>						
Property taxes, including penalties and interest	\$ 1,521,641	\$ 2,223,203	\$ -	\$ 3,744,844	\$ (2,568)	\$ 3,742,276
Service revenues, including penalties	3,865,382	-	-	3,865,382	-	3,865,382
Park fees	5,400	-	-	5,400	-	5,400
System connection/inspection fees	21,600	-	-	21,600	-	21,600
Interest	6,327	1,828	2,106	10,261	-	10,261
Other	25,300	-	-	25,300	-	25,300
<b>TOTAL REVENUES</b>	<b>5,445,650</b>	<b>2,225,031</b>	<b>2,106</b>	<b>7,672,787</b>	<b>(2,568)</b>	<b>7,670,219</b>
<b>EXPENDITURES / EXPENSES:</b>						
Current:						
Water/wastewater purchases	2,438,798	-	-	2,438,798	-	2,438,798
Garbage collection fees	563,192	-	-	563,192	-	563,192
Park maintenance	503,338	-	-	503,338	-	503,338
General manager fees	301,266	-	-	301,266	-	301,266
Repairs and maintenance	221,698	-	-	221,698	-	221,698
Inspection/connection fees	2,585	-	-	2,585	-	2,585
Utilities	32,386	-	-	32,386	-	32,386
Chemicals	120,800	-	-	120,800	-	120,800
Office expenditures	273,610	-	-	273,610	-	273,610
Security services	104,712	-	-	104,712	-	104,712
Director fees, including payroll taxes	16,470	-	-	16,470	-	16,470
Legal fees	134,258	-	-	134,258	-	134,258
Engineering fees	57,562	-	-	57,562	-	57,562
Accounting fees	66,750	-	-	66,750	-	66,750
Audit fees	14,900	-	-	14,900	-	14,900
Insurance	15,521	-	-	15,521	-	15,521
Tax appraisal/collection	9,311	13,593	-	22,904	-	22,904
Financial advisor fees	732	1,068	-	1,800	-	1,800
Other consulting fees	62,867	-	-	62,867	-	62,867
Other	99,663	1,000	-	100,663	-	100,663
Debt service:						
Bond principal	-	1,240,000	-	1,240,000	(1,240,000)	-
Bond interest	-	901,675	-	901,675	112,042	1,013,717
Fiscal agent fees	-	2,800	-	2,800	-	2,800
Bond issuance costs	-	154,595	-	154,595	-	154,595
Capital outlay	1,116,609	-	1,632	1,118,241	(1,118,241)	-
Depreciation	-	-	-	-	959,963	959,963
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>6,157,028</b>	<b>2,314,731</b>	<b>1,632</b>	<b>8,473,391</b>	<b>(1,286,236)</b>	<b>7,187,155</b>
Excess / (deficiency) of revenues over / (under) expenditures / expenses	(711,378)	(89,700)	474	(800,604)	1,283,668	483,064
<b>OTHER FINANCING SOURCES / (USES)</b>						
Proceeds from bond refunding	-	3,340,000	-	3,340,000	(3,340,000)	-
Payment to refunding agent	-	(3,426,800)	-	(3,426,800)	3,426,800	-
Bond premium	-	246,164	-	246,164	(246,164)	-
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	<b>-</b>	<b>159,364</b>	<b>-</b>	<b>159,364</b>	<b>(159,364)</b>	<b>-</b>
Change in fund balances / net position	(711,378)	69,664	474	(641,240)	1,124,304	483,064
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	6,238,767	580,850	1,900,905	8,720,522	7,049,999	15,770,521
Prior period adjustment, Note 11	-	-	-	-	82,991	82,991
End of the year	<u>\$ 5,527,389</u>	<u>\$ 650,514</u>	<u>\$ 1,901,379</u>	<u>\$ 8,079,282</u>	<u>\$ 8,257,294</u>	<u>\$ 16,336,576</u>

*The accompanying notes are an integral part of this statement.*

**NOTES TO THE  
FINANCIAL STATEMENTS**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board (GASB)*, which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**Reporting Entity** - Northtown Municipal Utility District (the "District"), was created, organized and established on August 14, 1985, pursuant to the provisions of Chapter 54 of the Texas Water Code. The District is a political subdivision of the State of Texas and operates under an elected Board of Directors.

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards since Board members are elected by the public 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 as defined by GASB standards which are included in the District's reporting entity.

**Basis of Presentation - Government-wide and Fund Financial Statements** - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting.

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

***Basis of Presentation - Government-wide and Fund Financial Statements (continued) -***

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

The financial statements are prepared in conformity with GASB Statement No. 34, and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:**

The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation expense on the District's capital assets, including infrastructure.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:**

Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

***Governmental Fund Types*** - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

- **Debt Service Fund** – The Debt Service Fund is used to account for resources restricted, committed or assigned for the payment of, debt principal, interest and related costs.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

*Non-current Governmental Assets and Liabilities* - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

***Basis of Accounting***

*Government-wide Statements* - The government-wide financial statement column is 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

*Fund Financial Statements* - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available):

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

***Budgets and Budgetary Accounting*** - A budget was adopted on September 24, 2013, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year.

***Cash and Cash Equivalents*** - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of common trust funds, money market funds, an external local governmental investment pool and obligations in the State Treasurer's Investment Pool are recorded at cost, which approximates fair market value.

***Investments*** - Investments consisting of certificates of deposits are recorded at cost which approximates fair market value.

***Capital Assets*** - Capital assets, which include land, easements and recreation areas are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets, including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Recreation Areas	5 - 30
Water/Wastewater/Drainage Facilities	50



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) –**

**Interfund Transactions** - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

**Long-Term Debt** - Unlimited tax and revenue bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Fund Balance** – Fund balances in governmental funds are classified using the following hierarchy:

- **Nonspendable:** amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted:** amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- **Committed:** amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- **Assigned:** amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has assigned \$454,147 of its fund balance to cover a projected 2015 budget deficit.
- **Unassigned:** all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

**Accounting Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUNDS –**

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Fund balances - total governmental funds		\$ 8,079,282
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -		
Land	\$ 833,376	
Capital assets	40,290,999	
Less: Accumulated depreciation	<u>(7,790,181)</u>	33,334,194
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for tax revenues earned but not available.		30,763
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -		
Bonds payable	(24,685,000)	
Issuance discount	347,314	
Issuance premium	(496,703)	
Accrued interest	<u>(273,274)</u>	<u>(25,107,663)</u>
Net position of governmental activities		<u><u>\$ 16,336,576</u></u>

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Changes in Fund Balances - Governmental Funds		\$ (641,240)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report -		
Capital expenditures in period purchased	\$ 1,118,241	
Interest expenditures in year paid	(112,042)	
Principal in year paid	1,240,000	
Tax revenue when collected	(2,568)	
Bond sales and related bond premium as other financing source/(use)	<u>(159,364)</u>	2,084,267
Governmental funds do not report -		
Depreciation		<u>(959,963)</u>
Change in net position of governmental activities		<u><u>\$ 483,064</u></u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**3. CASH AND INVESTMENTS**

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

**Cash** - At September 30, 2014, the carrying amount of the District's deposits was \$917,374 and the bank balance was \$1,004,372. The bank balance was covered by federal depository insurance and other pledged collateral.

**Investments** –

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

*Credit risk.* The District's investment policy requires the application of the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency; and
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAA-m by a nationally recognized rating agency.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. CASH AND INVESTMENTS (continued) -**

At September 30, 2014, the District held the following investments:

Investment	Fair Market Value at 9/30/2014	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
Texpool	\$ 2,614,062	\$ 2,614,062	\$ -	\$ -	AAAm	Standard & Poors
LOGIC	5,303,052	2,403,257	699,838	2,199,957	AAAm	Standard & Poors
Certificates of deposit	491,288	491,288	-	-	Various	Various
	<u>\$ 8,408,402</u>	<u>\$ 5,508,607</u>	<u>\$ 699,838</u>	<u>\$ 2,199,957</u>		

(1) Restricted for Payment of Debt Service and Cost of Assessing and Collecting Taxes.

(2) Restricted for Purchase of Capital Assets.

The District invests in Texpool and LOGIC, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of Texpool. Federated Investors, Inc. manages the daily operations of Texpool under a contract with the Comptroller. First Southwest Asset Management, Inc. and JPMorgan Chase manage the daily operations of LOGIC. The fair value of the District's position in the pool is the same as the value of the pool shares.

*Concentration of credit risk.* In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2014, the District did not own any investments in individual securities.

*Custodial credit risk-deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with Obligations of the United States or its agencies and instrumentalities. As of September 30, 2014, the District's bank deposits were covered by FDIC coverage and other pledged collateral.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**4. PROPERTY TAXES**

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 24, 2013.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2013 tax roll. The tax rate, based on total taxable assessed valuation of \$498,099,816 was \$0.75 on each \$100 valuation and was allocated \$0.3049 to the General Fund and \$0.4451 to the Debt Service Fund. The maximum allowable maintenance tax rate of \$1.50 was established by the voters on April 5, 1986.

Property taxes receivable at September 30, 2014, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 2,293	\$ 3,347	\$ 5,640
Prior years' levies	10,860	14,263	25,123
	\$ 13,153	\$ 17,610	\$ 30,763

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

**5. INTERFUND ACCOUNTS**

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds are made, is as follows at September 30, 2014:

	Interfund	
	Receivable	Payable
<b>General Fund -</b>		
Debt Service Fund	\$ 42,536	\$ -
Capital Projects Fund	298,578	-
<b>Debt Service Fund -</b>		
General Fund	-	42,536
<b>Capital Projects Fund -</b>		
General Fund	-	298,578
	\$ 341,114	\$ 341,114

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**6. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<b>Balance 10/1/2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2014</b>
Capital assets not being depreciated-				
Land and Easements	\$ 833,376	\$ -	\$ -	\$ 833,376
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>833,376</u>	<u>-</u>	<u>-</u>	<u>833,376</u>
Capital assets being depreciated-				
Water, Wastewater and Drainage Facilities	35,047,632	799,023	-	35,846,655
Recreation areas	4,125,126	319,218	-	4,444,344
Total capital assets being depreciated	<u>39,172,758</u>	<u>1,118,241</u>	<u>-</u>	<u>40,290,999</u>
Less accumulated depreciation for-				
Water, Wastewater and Drainage Facilities	(5,360,570)	(706,574)	-	(6,067,144)
Recreation areas	(1,469,648)	(253,389)	-	(1,723,037)
Total accumulated depreciation	<u>(6,830,218)</u>	<u>(959,963)</u>	<u>-</u>	<u>(7,790,181)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>32,342,540</u>	<u>158,278</u>	<u>-</u>	<u>32,500,818</u>
Total capital assets, net	<u>\$ 33,175,916</u>	<u>\$ 158,278</u>	<u>\$ -</u>	<u>\$ 33,334,194</u>

**7. BONDED DEBT**

The following is a summary of bond transactions of the District for the year ended September 30, 2014:

	<b>Unlimited Tax and Revenue Bonds</b>
Bonds payable at October 1, 2013	\$ 25,935,000
Bonds issued	3,340,000
Bonds refunded	(3,350,000)
Bonds retired	(1,240,000)
Bond discount, net of accumulated amortization	(347,314)
Bond premium, net of accumulated amortization	496,703
Bonds payable at September 30, 2014	<u>\$ 24,834,389</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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**7. BONDED DEBT (continued) -**

Bonds payable at September 30, 2014, were comprised of the following individual issues:

**Unlimited Tax and Revenue Bonds:**

\$160,000 – 2006 Unlimited Tax and Revenue Bonds payable serially through the year 2015 at an interest rate of 3.625%.

\$1,480,000 – 2007 Unlimited Tax and Revenue Bonds payable serially through the year 2030 at interest rates which range from 3.60% to 4.00%. Bonds maturing September 1, 2015 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2014 or on any date thereafter. Bonds maturing September 1, 2030 are subject to mandatory sinking fund redemption.

\$6,410,000 – 2009 Unlimited Tax and Revenue Bonds payable serially through the year 2031 at interest rates which range from 4.00% to 5.00%. Bonds maturing September 1, 2017 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2016 or on any date thereafter. Bonds maturing September 1, 2027, 2029 and 2031 are subject to mandatory sinking fund redemption.

\$4,355,000 – 2011 Unlimited Tax and Revenue Bonds payable serially through the year 2031 at interest rates which range from 2.00% to 3.75%. Bonds maturing September 1, 2017 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2016 or on any date thereafter. Bonds maturing September 1, 2029 and 2031 are subject to mandatory sinking fund redemption.

**Unlimited Tax and Revenue Refunding Bonds:**

\$5,120,000 – 2010 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2026 at interest rates which range from 3.50% to 4.00%. Bonds maturing in the year 2017 through 2026, inclusive, are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2016 or on any date thereafter.

\$3,820,000 – 2012 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2028 at interest rates which range from 2.00% to 3.50%. Bonds maturing September 1, 2020 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2019 or on any date thereafter.

\$3,340,000 – 2014 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2028 at interest rates which range from 2.00% to 3.125%. Bonds maturing September 1, 2020 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2019 or on any date thereafter.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**7. BONDED DEBT (continued) -**

The annual requirements to amortize all bonded debt at September 30, 2014, including interest, are as follows:

<b>Year Ended September 30,</b>	<b>Annual Requirements for All Series</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 1,340,000	\$ 898,758	\$ 2,238,758
2016	1,420,000	846,613	2,266,613
2017	1,365,000	802,700	2,167,700
2018	1,195,000	987,450	2,182,450
2019	1,525,000	719,379	2,244,379
2020-2024	7,980,000	2,799,820	10,779,820
2025-2029	7,585,000	1,337,391	8,922,391
2030-2031	2,275,000	142,575	2,417,575
	\$ 24,685,000	\$ 8,534,686	\$ 33,219,686

Unlimited tax bonds authorized but not issued as of September 30, 2014, were \$35,213,000.

\$650,514 is available in the Debt Service Fund to service the bonded debt.

The existing outstanding bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

**Bond Refunding**

On August 26, 2014, the District issued unlimited tax and revenue refunding bonds of \$3,340,000 (par value) with interest rates of 2.0% to 3.125% to currently refund \$3,350,000 of Series 2007 unlimited tax bonds with interest rates of 3.75% to 4.0%. The bonds had maturity dates of September 1, 2018 through September 1, 2028. The first optional redemption date is September 30, 2014. The unlimited tax and revenue refunding bonds were issued at par plus a premium and, after paying issuance costs of \$154,595, the net proceeds were \$3,426,800. The net proceeds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent until September 30, 2014, at which time the Series 2007 bonds were called and paid. The advance refunding met the requirements of an in-substance debt defeasance and the Series 2007 bonds were removed from bonds payable. The reacquisition price exceeded the net carrying amount of the old debt by \$76,800. This amount is netted against the new debt and amortized over the life of the refunded debt which is shorter than the life of the new debt issued. The advance refunding resulted in an economic gain of \$142,709.



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
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**8. CAPITAL RECOVERY FEES**

Capital recovery fees as assessed by the City of Austin (the “City”) are collected on tap connections for each water and wastewater connection within the District as required under the District’s consent agreement with the City. Collected fees are submitted to the City. The District collected \$37,800 in capital recovery fees during the year ending September 30, 2014 and remitted \$52,500.

**9. COMMITMENTS**

The developer of the land within the District has incurred costs related to construction of facilities. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality. The District, as of September 30, 2014, has recorded no liability pertaining to such costs.

**10. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (TML Pool) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established Claims Reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

**11. PRIOR PERIOD ADJUSTMENT**

Net Position was restated for the prior year to capitalized certain engineering fees incurred during the design and construction of a low flow lift station as follows:

Net Position - October 1, 2013	\$ 15,770,521
Effect of Adjustments	82,991
New Position - October 1, 2013, As Adjusted	<u>\$ 15,853,512</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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**12. LEASE OBLIGATION**

The District leases space in an office building at 1421 Wells Branch Parkway, Austin, TX. The District's lease was amended on April 1, 2014 and will terminate on June 30, 2019.

The District paid office lease expenses of \$34,812 in fiscal year 2014. The lease is subject to rental adjustments at the end of each contract year in accordance with defined contract amounts. In addition the District pays a pro-rata share of operating costs for the facility which is adjusted annually. Following is a schedule of the remaining minimum lease payments.

<u>Fiscal Year</u>	<u>Payment Amount</u>
2015	\$ 31,674
2016	32,950
2017	34,225
2018	35,501
2019	<u>27,104</u>
Total Minimum Lease Payments	<u>\$ 161,454</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
SEPTEMBER 30, 2014**

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes, including penalties and interest	\$ 1,521,641	\$ 1,510,272	\$ 11,369
Service revenues, including penalties	3,865,382	3,980,073	(114,691)
Park fees	5,400	7,800	(2,400)
System connection/inspection fees	21,600	31,200	(9,600)
Interest	6,327	12,000	(5,673)
Other	25,300	27,000	(1,700)
<b>TOTAL REVENUES</b>	<u>5,445,650</u>	<u>5,568,345</u>	<u>(122,695)</u>
<b>EXPENDITURES:</b>			
Current:			
Water/wastewater purchases	2,438,798	2,719,063	280,265
Garbage collection fees	563,192	565,902	2,710
Park maintenance	503,338	678,100	174,762
General manager fees	301,266	294,208	(7,058)
Repairs and maintenance	221,698	194,000	(27,698)
Inspection/connection fees	2,585	3,400	815
Utilities	32,386	33,000	614
Chemicals	120,800	90,000	(30,800)
Office expenditures	273,610	324,800	51,190
Security services	104,712	91,699	(13,013)
Director fees, including payroll taxes	16,470	22,770	6,300
Legal fees	134,258	165,000	30,742
Engineering fees	57,562	120,400	62,838
Accounting fees	66,750	66,750	-
Audit fees	14,900	15,500	600
Insurance	15,521	20,000	4,479
Tax appraisal/collection	9,311	10,000	689
Financial advisor fees	732	2,000	1,268
Other consulting fees	62,867	24,000	(38,867)
Other	99,663	179,599	79,936
Capital Outlay	1,116,609	300,000	(816,609)
<b>TOTAL EXPENDITURES</b>	<u>6,157,028</u>	<u>5,920,191</u>	<u>(236,837)</u>
<b>CHANGE IN FUND BALANCE</b>	(711,378)	<u>\$ (351,846)</u>	<u>\$ (359,532)</u>
<b>FUND BALANCE :</b>			
Beginning of the year	<u>6,238,767</u>		
End of the year	<u>\$ 5,527,389</u>		

**TEXAS SUPPLEMENTARY  
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
SEPTEMBER 30, 2014**

**1. Services Provided by the District during the Fiscal Year:**

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

**2. Retail Service Providers**

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 28.98 <sup>(1)</sup>	-	N	\$ 5.08	1 to 7,000
				\$ 5.91	7,001 to 12,000
				\$ 6.69	12,001 to 17,000
				\$ 7.59	17,001 +
WASTEWATER:	\$ -	-	N	\$ 6.89	Per 1,000
SURCHARGE:	\$ -	-	-	\$ -	

District employs winter averaging for wastewater usage? Yes  No

Total charges per 10,000 gallons usage: Water \$ 82.27 <sup>(1)</sup> Wastewater \$ 68.90

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

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	-	-	1.0	-
≤ 3/4"	2,951	2,936	1.0	2,936
1"	5	5	2.5	13
1 1/2"	8	8	5.0	40
2"	14	14	8.0	112
3"	3	3	15.0	45
4"	-	-	25.0	-
6"	3	3	50.0	150
8"	2	2	80.0	160
10"	-	-	115.0	-
Total Water	2,986	2,971		3,456
Total Wastewater	2,962	2,962	1.0	2,962

<sup>(1)</sup> Includes once a week solid waste service and recycling service.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
SEPTEMBER 30, 2014**

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

Gallons pumped into system: 271,809

Gallons billed to customers: 248,428

<b>Water Accountability Ratio</b>
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(Gallons billed / Gallons Pumped)

91.4%

**4. Standby Fees** (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

**5. Location of District**

County(ies) in which district is located: Travis County

Is the District located entirely within one county? Yes  No

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

City(ies) in which district is located: N/A

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

Entirely  Partly  Not at all

ETJ's in which district is located: City of Austin

Are Board members appointed by an office outside the district?

Yes  No

If Yes, by whom? \_\_\_\_\_

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-2. GENERAL FUND EXPENDITURES**  
**SEPTEMBER 30, 2014**

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Personnel Expenditures (including benefits)	\$ 197,526
Professional Fees:	
Audit	14,900
Legal	134,258
Engineering	57,562
Financial Advisor	732
Purchased Services For Resale:	
Bulk Water and Wastewater Purchases	2,438,798
Contracted Services:	
General Manager/Bookkeeping	368,016
Appraisal District/Tax Collector	9,311
Security Services	104,712
Other Contracted Services	628,644
Utilities	32,386
Repairs and Maintenance	221,698
Chemicals	120,800
Administrative Expenditures:	
Directors' Fees	16,470
Office Supplies	-
Insurance	15,521
Other Administrative Expenditures	175,747
Capital Outlay:	
Capitalized Assets	1,116,609
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	503,338
Other Expenditures	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,157,028</b>

Number of persons employed by the District:

Full-Time

Part-Time

**TSI-2**



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-3. TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2014**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b>General Fund -</b>					
Investment in LOGIC	XXX8001	Varies	N/A	\$ 2,401,922	\$ -
State Investment Pool	XXX0001	Varies	N/A	2,295,414	-
State Investment Pool	XXX0004	Varies	N/A	152,093	-
State Investment Pool	XXX0005	Varies	N/A	162,262	-
Investment in LOGIC	XXX8002	Varies	N/A	1,335	-
State Investment Pool	XXX0003	Varies	N/A	4,293	-
Certificate of Deposit	XXX5136	0.30%	10/21/2014	245,000	319
Certificate of Deposit	XXX0399	0.40%	11/2/2014	246,288	415
<b>Total</b>				<u>5,508,607</u>	<u>734</u>
<b>Debt Service Fund -</b>					
Investment in LOGIC	XXX8005	Varies	N/A	90,870	-
Investment in LOGIC	XXX8006	Varies	N/A	597,261	-
Investment in LOGIC	XXX8016	Varies	N/A	11,707	-
<b>Total</b>				<u>699,838</u>	<u>-</u>
<b>Capital Projects Fund -</b>					
Investment in LOGIC	XXX8008	Varies	N/A	428,006	-
Investment in LOGIC	XXX8010	Varies	N/A	281,728	-
Investment in LOGIC	XXX8012	Varies	N/A	34,047	-
Investment in LOGIC	XXX8015	Varies	N/A	1,456,176	-
<b>Total</b>				<u>2,199,957</u>	<u>-</u>
<b>Total - All Funds</b>				<u>\$ 8,408,402</u>	<u>\$ 734</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-4. TAXES LEVIED AND RECEIVABLE  
SEPTEMBER 30, 2014**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>		
<b>Taxes Receivable, Beginning of Year</b>	\$ 13,497	\$ 19,834		
2013 Original Tax Levy, less abatements/adjustments	1,518,706	2,217,042		
Total to be accounted for	1,532,203	2,236,876		
Tax collections:				
Current year	1,516,413	2,213,695		
Prior years	2,637	5,571		
Total collections	1,519,050	2,219,266		
<b>Taxes Receivable, End of Year</b>	\$ 13,153	\$ 17,610		
<b>Taxes Receivable, By Years</b>				
2011 and prior	\$ 10,186	\$ 12,669		
2012	674	1,594		
2013	2,293	3,347		
<b>Taxes Receivable, End of Year</b>	\$ 13,153	\$ 17,610		
<b>Property Valuations:</b>	<b>2013</b> (a)	<b>2012</b> (a)	<b>2011</b> (a)	<b>2010</b> (a)
Land and improvements	\$ 498,099,816	\$ 424,159,851	\$ 427,733,015	\$ 429,249,079
<b>Total Property Valuations</b>	\$ 498,099,816	\$ 424,159,851	\$ 427,733,015	\$ 429,249,079
<b>Tax Rates per \$100 Valuation:</b>				
Debt Service tax rates	\$ 0.4451	\$ 0.5271	\$ 0.4618	\$ 0.4711
Maintenance tax rates	0.3049	0.2229	0.2882	0.2789
<b>Total Tax Rates per \$100 Valuation:</b>	\$ 0.7500	\$ 0.7500	\$ 0.7500	\$ 0.7500
<b>Original Tax Levy</b>	\$ 3,735,748	\$ 3,181,199	\$ 3,207,998	\$ 3,219,368
<b>Percent of Taxes Collected to Taxes Levied **</b>	<b>99.8%</b>	99.9%	99.9%	99.9%
<b>Maximum Maintenance Tax Rate Approved by Voters:</b>	\$ 1.50 on 4/5/1986			

\*\*Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District as of October 27, 2014. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2006			UNLIMITED TAX AND REVENUE BONDS SERIES 2007			UNLIMITED TAX AND REVENUE BONDS SERIES 2009		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
	2015	\$ 160,000	\$ 5,800	\$ 165,800	\$ 200,000	\$ 56,938	\$ 256,938	\$ 250,000	\$ 289,656
2016	-	-	-	225,000	49,738	274,738	250,000	279,656	529,656
2017	-	-	-	225,000	41,525	266,525	275,000	269,656	544,656
2018	-	-	-	-	33,200	33,200	275,000	258,656	533,656
2019	-	-	-	-	33,200	33,200	300,000	247,656	547,656
2020	-	-	-	-	33,200	33,200	325,000	235,656	560,656
2021	-	-	-	-	33,200	33,200	325,000	222,250	547,250
2022	-	-	-	-	33,200	33,200	350,000	208,438	558,438
2023	-	-	-	-	33,200	33,200	350,000	193,388	543,388
2024	-	-	-	-	33,200	33,200	375,000	177,988	552,988
2025	-	-	-	-	33,200	33,200	400,000	161,113	561,113
2026	-	-	-	-	33,200	33,200	425,000	142,613	567,613
2027	-	-	-	-	33,200	33,200	450,000	122,425	572,425
2028	-	-	-	-	33,200	33,200	475,000	101,050	576,050
2029	-	-	-	400,000	33,200	433,200	500,000	78,250	578,250
2030	-	-	-	430,000	17,200	447,200	525,000	54,250	579,250
2031	-	-	-	-	-	-	560,000	28,000	588,000
	<u>160,000</u>	<u>5,800</u>	<u>165,800</u>	<u>\$ 1,480,000</u>	<u>\$ 563,801</u>	<u>\$ 2,043,801</u>	<u>\$ 6,410,000</u>	<u>\$ 3,070,701</u>	<u>\$ 9,480,701</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2010			UNLIMITED TAX AND REVENUE BONDS SERIES 2011			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2012		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
	2015	\$ 320,000	\$ 198,006	\$ 518,006	\$ 155,000	\$ 127,969	\$ 282,969	\$ 230,000	\$ 114,500
2016	340,000	185,206	525,206	165,000	124,869	289,869	410,000	109,900	519,900
2017	355,000	171,606	526,606	175,000	121,569	296,569	305,000	101,700	406,700
2018	375,000	157,406	532,406	185,000	118,069	303,069	335,000	94,075	429,075
2019	560,000	142,410	702,410	195,000	114,369	309,369	200,000	85,700	285,700
2020	585,000	120,006	705,006	205,000	110,469	315,469	220,000	79,700	299,700
2021	425,000	96,606	521,606	220,000	105,856	325,856	220,000	73,100	293,100
2022	450,000	79,606	529,606	230,000	100,906	330,906	240,000	66,500	306,500
2023	465,000	63,856	528,856	245,000	95,156	340,156	240,000	58,100	298,100
2024	485,000	47,000	532,000	260,000	88,419	348,419	265,000	49,700	314,700
2025	510,000	28,813	538,813	275,000	80,619	355,619	260,000	40,425	300,425
2026	250,000	9,688	259,688	295,000	72,369	367,369	285,000	31,325	316,325
2027	-	-	-	310,000	63,150	373,150	305,000	21,350	326,350
2028	-	-	-	330,000	52,300	382,300	305,000	10,675	315,675
2029	-	-	-	350,000	40,750	390,750	-	-	-
2030	-	-	-	370,000	28,500	398,500	-	-	-
2031	-	-	-	390,000	14,625	404,625	-	-	-
	<u>\$ 5,120,000</u>	<u>\$ 1,300,209</u>	<u>\$ 6,420,209</u>	<u>\$ 4,355,000</u>	<u>\$ 1,459,964</u>	<u>\$ 5,814,964</u>	<u>\$ 3,820,000</u>	<u>\$ 936,750</u>	<u>\$ 4,756,750</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2014**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS			ANNUAL REQUIREMENTS		
	SERIES 2014			FOR ALL SERIES		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2015	\$ 25,000	\$ 105,889	\$ 130,889	\$ 1,340,000	\$ 898,758	\$ 2,238,758
2016	30,000	97,244	127,244	1,420,000	846,613	2,266,613
2017	30,000	96,644	126,644	1,365,000	802,700	2,167,700
2018	25,000	326,044	351,044	1,195,000	987,450	2,182,450
2019	270,000	96,044	366,044	1,525,000	719,379	2,244,379
2020	270,000	89,294	359,294	1,605,000	668,325	2,273,325
2021	290,000	81,194	371,194	1,480,000	612,206	2,092,206
2022	290,000	72,494	362,494	1,560,000	561,144	2,121,144
2023	315,000	63,794	378,794	1,615,000	507,494	2,122,494
2024	335,000	54,344	389,344	1,720,000	450,651	2,170,651
2025	335,000	44,294	379,294	1,780,000	388,464	2,168,464
2026	355,000	34,244	389,244	1,610,000	323,439	1,933,439
2027	375,000	23,594	398,594	1,440,000	263,719	1,703,719
2028	395,000	12,344	407,344	1,505,000	209,569	1,714,569
2029	-	-	-	1,250,000	152,200	1,402,200
2030	-	-	-	1,325,000	99,950	1,424,950
2031	-	-	-	950,000	42,625	992,625
	<u>\$ 3,340,000</u>	<u>\$ 1,197,461</u>	<u>\$ 4,537,461</u>	<u>\$ 24,685,000</u>	<u>\$ 8,534,686</u>	<u>\$ 33,219,686</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-6. CHANGES IN LONG-TERM BONDED DEBT**  
**SEPTEMBER 30, 2014**

	<u>Series 2004</u>	<u>Series 2006</u>	<u>Series 2007</u>	<u>Series 2009</u>	<u>Series 2010</u>	<u>Series 2011</u>	<u>Series 2012</u>	<u>Series 2014</u>	<u>Total</u>
Interest Rate	3.65%	3.625%	3.60 - 4.00%	4.00 - 5.00%	3.50 - 4.00%	2.00 - 3.75%	2.00 - 3.50%	2.00 - 3.125%	
Dates Interest Payable	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	3/1, 9/1	
Maturity Dates	9/1/2014	9/1/2015	9/1/2030	9/1/2031	9/1/2026	9/1/2031	9/1/2028	9/1/2028	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 200,000	\$ 310,000	\$ 5,030,000	\$ 6,635,000	\$ 5,430,000	\$ 4,500,000	\$ 3,830,000	\$ -	\$ 25,935,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	3,340,000	3,340,000
Retirements During the Current Fiscal Year:									
Principal	(200,000)	(150,000)	(200,000)	(225,000)	(310,000)	(145,000)	(10,000)	-	(1,240,000)
Refunded	-	-	(3,350,000)	-	-	-	-	-	(3,350,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 1,480,000</u>	<u>\$ 6,410,000</u>	<u>\$ 5,120,000</u>	<u>\$ 4,355,000</u>	<u>\$ 3,820,000</u>	<u>\$ 3,340,000</u>	<u>\$ 24,685,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 7,300</u>	<u>\$ 11,237</u>	<u>\$ 130,582</u>	<u>\$ 299,782</u>	<u>\$ 207,306</u>	<u>\$ 130,868</u>	<u>\$ 114,600</u>	<u>\$ -</u>	<u>\$ 901,675</u>
Paying Agent's Name & Address:	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	<u>Bank of Texas</u> <u>Austin, TX</u>	
Bond Authority:	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>						
Amount Authorized by Voters	\$ 69,443,000	\$ -	\$ -						
Amount Issued	<u>(34,230,000)</u>	<u>-</u>	<u>15,590,000</u>						
Remaining To Be Issued	<u>\$ 35,213,000</u>	<u>\$ -</u>	<u>\$ -</u>						

\* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2014: \$ 699,838

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: \$ 1,954,099

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND AND DEBT SERVICE FUND**  
**FIVE YEARS ENDED SEPTEMBER 30, 2014**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
<b>GENERAL FUND</b>										
<b>REVENUES:</b>										
Water, wastewater and garbage service, including penalties	\$ 3,865,382	\$ 3,919,634	\$ 3,384,026	\$ 3,250,171	\$ 2,983,681	71.0	78.0	70.1	69.3	65.8
Property taxes, including penalties and interest	1,521,641	959,699	1,239,755	1,186,441	1,324,242	27.9	19.1	25.7	25.3	29.2
Park fees	5,400	19,800	20,100	113,100	66,300	0.1	0.4	0.4	2.4	1.5
Interest	6,327	8,368	48,282	21,898	30,463	0.1	0.2	1.0	0.5	0.7
System connection fees	21,600	79,200	73,900	50,575	71,640	0.4	1.6	1.5	1.1	1.6
Miscellaneous	25,300	34,131	64,131	68,513	56,143	0.5	0.7	1.3	1.4	1.2
<b>Total revenues</b>	<b>5,445,650</b>	<b>5,020,832</b>	<b>4,830,194</b>	<b>4,690,698</b>	<b>4,532,469</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
Water, wastewater and garbage	3,001,990	2,979,253	2,758,619	2,630,998	2,347,651	55.1	59.3	57.0	56.0	51.8
Park maintenance	503,338	506,984	527,065	664,390	591,207	9.2	10.1	10.9	14.1	13.0
General manager services	301,266	273,838	257,983	243,718	244,466	5.5	5.5	5.3	5.2	5.4
Legal fees	134,258	132,624	165,866	173,351	189,291	2.5	2.6	3.4	3.7	4.2
Repairs and maintenance	221,698	224,258	202,548	244,238	363,410	4.1	4.5	4.2	5.2	8.0
Restrictive covenants	-	-	-	28,085	62,250	-	-	-	0.6	1.4
Inspection fees/meter purchases	2,585	6,457	4,792	3,319	9,469	-	0.1	0.1	0.1	0.2
Engineering fees	57,562	59,586	98,597	350,490	224,738	1.1	1.2	2.0	7.4	5.0
Security services	104,712	92,571	83,896	70,140	46,890	1.9	1.8	1.7	1.5	1.0
Utilities	32,386	32,959	17,140	16,527	14,428	0.6	0.7	0.4	0.4	0.3
Auditing fees	14,900	14,600	14,500	13,995	16,000	0.3	0.3	0.3	0.3	0.4
Accounting fees	66,750	66,750	66,750	66,750	66,750	1.2	1.3	1.4	1.4	1.5
Directors' fees	16,470	18,247	16,793	30,781	23,091	0.3	0.3	0.3	0.7	0.5
Chemicals	120,800	63,751	34,177	31,658	80,010	2.2	1.3	0.7	0.7	1.8
Office expenditures	273,610	275,846	252,653	163,212	-	5.0	5.7	5.4	3.6	-
Tax appraisal/collection fees	9,311	5,884	7,573	7,352	7,806	0.2	0.1	0.2	0.2	0.2
Insurance	15,521	17,276	12,227	16,300	5,683	0.3	0.3	0.3	0.3	0.1
Other	100,395	157,426	105,633	81,017	35,499	1.8	3.1	2.2	1.7	0.8
Contracted services	62,867	-	-	-	-	1.2	-	-	-	-
Capital outlay	1,116,609	235,691	460,677	767,364	785,437	20.5	4.7	9.5	16.4	17.3
<b>Total expenditures</b>	<b>6,157,028</b>	<b>5,164,001</b>	<b>5,087,489</b>	<b>5,603,685</b>	<b>5,114,076</b>	<b>113.0</b>	<b>102.9</b>	<b>105.3</b>	<b>119.5</b>	<b>112.9</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (711,378)</b>	<b>\$ (143,169)</b>	<b>\$ (257,295)</b>	<b>\$ (912,987)</b>	<b>\$ (581,607)</b>	<b>(13.0)</b>	<b>(2.9)</b>	<b>(5.3)</b>	<b>(19.5)</b>	<b>(12.9)</b>

(continued)

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND AND DEBT SERVICE FUND (continued)**  
**FIVE YEARS ENDED SEPTEMBER 30, 2014**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
<b><u>DEBT SERVICE FUND</u></b>										
REVENUES:										
Property taxes, including penalties and interest	\$ 2,223,203	\$ 2,259,291	\$ 1,989,308	\$ 2,000,157	\$ 1,946,551	93.2	99.9	79.6	88.0	99.8
Net bond activity	159,364	-	506,096	269,908	-	6.7	-	20.2	11.9	-
Interest	1,828	2,793	5,134	3,470	4,211	0.1	0.1	0.2	0.1	0.2
Total revenues	<u>2,384,395</u>	<u>2,262,084</u>	<u>2,500,538</u>	<u>2,273,535</u>	<u>1,950,762</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES:										
Tax appraisal/collection fees	13,593	13,915	12,135	12,418	11,501	0.6	0.6	0.5	0.5	0.6
Principal payments	1,240,000	1,300,000	1,030,000	1,075,000	945,000	52.0	57.5	41.2	47.3	48.4
Interest payments	901,675	1,006,379	1,272,683	936,502	1,078,355	37.8	44.5	50.9	41.2	55.3
Fiscal agent fees and other	4,868	14,365	3,590	2,642	9,580	0.2	0.6	0.1	0.1	0.5
Bond refunding expenditures	154,595	1,030	178,429	254,562	-	6.5	-	7.1	11.2	-
Total expenditures	<u>2,314,731</u>	<u>2,335,689</u>	<u>2,496,837</u>	<u>2,281,124</u>	<u>2,044,436</u>	<u>97.1</u>	<u>103.2</u>	<u>99.8</u>	<u>100.3</u>	<u>104.8</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 69,664</u>	<u>\$ (73,605)</u>	<u>\$ 3,701</u>	<u>\$ (7,589)</u>	<u>\$ (93,674)</u>	<u>2.9</u>	<u>(3.2)</u>	<u>0.2</u>	<u>(0.3)</u>	<u>(4.8)</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,971</u>	<u>2,926</u>	<u>2,866</u>	<u>2,782</u>	<u>2,729</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,962</u>	<u>2,837</u>	<u>2,837</u>	<u>2,755</u>	<u>2,697</u>					



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2014**

**Complete District Mailing Address:** c/o Armbrust & Brown, PLLC 100 Congress Ave. Austin TX 78701

**District Business Telephone Number:** (512) 435-2300

**Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054:** 6/25/2013

**Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)** \$7,200

<b>Name and Address:</b>	<b>Term of Office (Elected or Appointed) or Date Hired</b>	<b>Fees of Office Paid * 9/30/2014</b>	<b>Expense Reimbursements 9/30/2014</b>	<b>Title at Year End</b>
<i>Board Members:</i>				
<b>ROBIN CAMPBELL</b>	(Elected) 11/6/2012 - 11/8/2016	\$ -	\$ 294	President
<b>BRENDA RICHTER</b>	(Elected) 5/8/2010 - 11/4/2014	\$ 6,150	\$ 935	Vice-President
<b>ALEX MARTINEZ</b>	(Appointed) 5/25/2010 - 11/04/2014	\$ 3,450	\$ -	Secretary
<b>FELIX T. AMARO, JR.</b>	(Elected) 11/6/2012 - 11/8/2016	\$ 5,700	\$ -	Treasurer
<b>KATHY HAUGHT</b>	(Appointed) 6/25/2013 - 11/04/2014	\$ -	\$ -	Assistant Secretary

\* *Fees of Office* are the amounts actually paid to a director during the district's fiscal year.

**Consultants:**

<b>Crossroads Utility Service</b>	2010	\$ 515,890	\$ -	District Manager
<b>Armbrust &amp; Brown, PLLC</b>	1997	\$ 142,937	\$ -	Attorney
		\$ 20,000	\$ -	Bond Related Services
<b>Bott &amp; Douthitt, PLLC</b>	2009	\$ 66,750	\$ 304	District Accountant
<b>McCall Gibson Swedlund Barfoot PLLC</b>	2011	\$ 14,900	\$ -	Auditor
		\$ 750	\$ -	Bond Related Services
<b>360 Professional Services, Inc.</b>	2012	\$ 239,530	\$ -	Engineer
<b>Public Finance Group, LLC</b>	2014	\$ 52,655	\$ -	Financial Advisor
<b>McCall Parkhurst &amp; Horton, LLP</b>	1994	\$ 36,292	\$ -	Bond Counsel
<b>Travis County Tax Collector</b>	1994	\$ 3,717	\$ -	Tax Collector

**OTHER SUPPLEMENTARY  
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
OSI-1. PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2014**

Taxpayer	Type of Property	Tax Roll Year		
		2014	2013	2012
MFREVF - Tech Ridge LP	N/A	\$ 31,440,409	\$ 30,530,000	\$ -
Oaks at Techridge Partners LP	N/A	26,476,764	23,986,764	-
Realty Associates Fund IX LP	N/A	12,353,750	11,160,326	12,761,868
Village @ Northtown Ltd.	N/A	5,081,137	5,080,908	5,170,765
Samsung Austin Semiconductor	N/A	3,116,691	40,088,872	-
Oaks at Techridge Phase 2 Partners LP	N/A	2,840,324	-	-
Applied Materials Inc.	N/A	2,701,766	2,265,789	7,020,365
A M Petroleum Inc.	N/A	2,309,868	2,332,664	2,521,088
Advanced Energy Industries Inc.	N/A	940,217	-	-
Gigaphoton USA Inc.	N/A	908,040	1,104,661	1,103,258
KB Home Lone Star LP	N/A	-	1,311,160	2,624,322
KB Home Lone Star LP	N/A	-	787,750	-
Techridge Multi-Family	N/A	-	-	27,500,000
Oaks at Techridge Partners LP	N/A	-	-	1,780,676
N G K Electronics	N/A	-	-	866,739
Will-Rogers	N/A	-	-	653,500
<b>Total</b>		<b>\$ 88,168,966</b>	<b>\$ 118,648,894</b>	<b>\$ 62,002,581</b>
Percent of Assessed Valuation		<b>17.1%</b>	<b>23.8%</b>	<b>14.6%</b>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
SEPTEMBER 30, 2014**

Type of Property	Tax Roll Year					
	2014		2013		2014	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 423,592,061	82.3%	\$ 365,470,465	73.4%	\$ 348,983,822	82.3%
Multi Family Residence	69,760,185	13.6%	63,455,418	12.7%	37,168,771	8.8%
Vacant Lot	722,253	0.1%	1,280,270	0.3%	1,460,824	0.3%
Qualified Ag Land	820,915	0.2%	820,915	0.2%	-	-
Non-Qualified Land	6,040,300	1.2%	6,040,300	1.2%	7,217,448	1.7%
Commercial Real Property	14,663,618	2.8%	13,492,990	2.7%	14,201,858	3.3%
Telephone Company	427,174	0.1%	487,748	0.1%	539,384	0.1%
Cable Television Company	-	-	99,401	-	100,153	-
Commercial Personal Property	5,740,263	1.1%	5,918,470	1.2%	7,983,642	1.9%
Industrial Personal Property	48,903,806	9.5%	83,454,265	16.8%	67,229,569	15.9%
Residential Inventory	1,398,912	0.3%	2,812,597	0.6%	2,609,985	0.6%
Totally Exempt Property	8,224,438	1.6%	8,334,972	1.7%	647,798	0.2%
Less: Adjustments	(65,547,762)	(12.7)%	(53,567,995)	(10.8)%	(63,983,403)	(15.1)%
Total Taxable	<u>\$ 514,746,163</u>	<u>100.0%</u>	<u>\$ 498,099,816</u>	<u>100.0%</u>	<u>\$ 424,159,851</u>	<u>100.0%</u>