

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

**YEAR ENDED SEPTEMBER 30, 2015**

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

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

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SUPPLEMENTARY INFORMATION  
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INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2015**

**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 **26th day of January, 2016**, its annual audit report for the fiscal period ended **September 30, 2015**, 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, 2015, 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, 2015, 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*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

January 26, 2016



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# **NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015**

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, 2015. 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 \$6,545,639 and \$595,679 was assigned to use for a budgeted General Fund deficit during the year ending September 30, 2016. The total General Fund balance was \$7,141,318, representing an increase of \$1,613,929 in fund balance. General fund revenues increased from \$5,445,650 in the previous fiscal year to \$5,471,583 in the current fiscal year due to an increase in property tax revenue.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$650,514 in the previous fiscal year to \$763,846 in the current fiscal year. Debt service fund revenues increased from \$2,225,031 in the previous fiscal year to \$2,237,850 in the current fiscal year due to an increase in assessed property valuations. The District issued \$5,635,000 Unlimited Tax and Revenue Refunding bonds to retire \$5,635,000 of Series 2009 Unlimited Tax and Revenue bonds.
- *Capital Projects Fund:* Fund balance restricted for capital projects decreased from \$1,901,379 in the previous fiscal year to \$-0- in the current fiscal year. The Capital Projects Fund transferred \$1,219,343 to the General Fund to reimburse expenditures related to bond activity during the fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$799,911. Net position increased from \$16,336,576 to \$17,136,487.

## **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, 2015

## 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, 2015

## 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)
	2015	2014	
Current and other assets	\$ 9,701,919	\$ 9,649,042	\$ 52,877
Capital and non-current assets	33,245,560	33,334,194	(88,634)
Total Assets	<u>42,947,479</u>	<u>42,983,236</u>	<u>(35,757)</u>
Deferred Outflows of Resources	480,226	-	480,226
Current Liabilities	3,718,047	3,152,271	565,776
Long-term Liabilities	22,573,171	23,494,389	(921,218)
Total Liabilities	<u>26,291,218</u>	<u>26,646,660</u>	<u>(355,442)</u>
Net Investment in Capital Assets	9,702,615	10,401,184	(698,569)
Restricted	279,197	394,850	(115,653)
Unrestricted	7,154,675	5,540,542	1,614,133
Total Net Position	<u>\$ 17,136,487</u>	<u>\$ 16,336,576</u>	<u>\$ 799,911</u>

The District's combined net position increased by \$799,911 to \$17,136,487 from the previous year amount of \$16,336,576. 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 \$7,154,675.

# NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

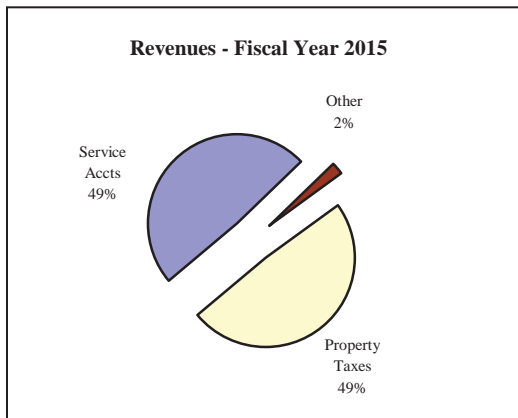
**Revenues and Expenses:**

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2015	2014	
Service accounts	\$ 3,798,324	\$ 3,865,382	\$ (67,058)
Property taxes	3,789,027	3,742,276	46,751
Other	123,758	62,561	61,197
<b>Total Revenues</b>	<b>7,711,109</b>	<b>7,670,219</b>	<b>40,890</b>
Water/wastewater/garbage	2,887,959	3,001,990	(114,031)
Other	1,978,429	2,054,090	(75,661)
Debt Service	1,053,033	1,171,112	(118,079)
Depreciation	991,777	959,963	31,814
<b>Total Expenses</b>	<b>6,911,198</b>	<b>7,187,155</b>	<b>(275,957)</b>
<b>Change in Net Position</b>	<b>799,911</b>	<b>483,064</b>	<b>316,847</b>
<b>Beginning Net Position</b>	<b>16,336,576</b>	<b>15,853,512</b>	<b>483,064</b>
<b>Ending Net Position</b>	<b>\$ 17,136,487</b>	<b>\$ 16,336,576</b>	<b>\$ 799,911</b>

Revenues were \$7,711,109 for the fiscal year ended September 30, 2015 while expenses were \$6,911,198. Net position increased \$799,911.

Property tax revenue in the current fiscal year totaled \$3,789,027. 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 2014 tax year (September 30, 2015 fiscal year) were based upon a current adjusted assessed value of \$514,296,755 and a tax rate of \$0.736 per \$100 of assessed valuation. Property taxes levied for the 2013 tax year (September 30, 2014 fiscal year) were based upon an adjusted assessed value of \$498,092,316 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, 2015

## ANALYSIS OF GOVERNMENTAL FUNDS

	<u>Governmental Funds by Year</u>			
	2015	2014	2013	2012
Cash	\$ 971,506	\$ 426,086	\$ 585,737	\$ 638,813
Cash equivalents and investments	7,982,945	8,408,402	8,576,243	8,825,318
Receivables	999,732	1,155,668	1,120,444	2,313,716
<b>Total Assets</b>	<b>\$ 9,954,183</b>	<b>\$ 9,990,156</b>	<b>\$ 10,282,424</b>	<b>\$ 11,777,847</b>
Accounts payable	769,592	545,018	553,479	502,290
Other payables	1,248,377	1,335,093	975,092	2,301,051
<b>Total Liabilities</b>	<b>2,017,969</b>	<b>1,880,111</b>	<b>1,528,571</b>	<b>2,803,341</b>
Deferred Inflows of Resources	31,050	30,763	33,331	39,522
Restricted	763,846	2,551,893	2,481,755	2,553,048
Assigned	595,679	454,147	351,846	890,752
Unassigned	6,545,639	5,073,242	5,886,921	5,491,184
<b>Total Fund Balance</b>	<b>7,905,164</b>	<b>8,079,282</b>	<b>8,720,522</b>	<b>8,934,984</b>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<b>\$ 9,954,183</b>	<b>\$ 9,990,156</b>	<b>\$ 10,282,424</b>	<b>\$ 11,777,847</b>

For the fiscal year ended September 30, 2015, the District's governmental funds reflect a combined fund balance of \$7,905,164.

This fund balance includes a \$1,613,929 increase to the General Fund.

The Debt Service Fund reflects an increase of \$113,332 in fiscal year 2015. The Debt Service Fund remitted bond principal of \$1,340,000 and interest of \$762,641. 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 \$1,901,379 decrease in fund balance for fiscal year 2015. The District used \$663,139 of surplus funds to reimburse the developer during the current fiscal year and transferred \$1,219,343 to the General Fund to reimburse bond-related costs.

# NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

## BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating expenditures. The Board of Directors adopted a budget on September 23, 2014. The budget included revenues of \$5,494,530 as compared to expenditures of \$5,948,677. When comparing actual to budget, the District had a positive variance of \$2,068,076. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

## CAPITAL ASSETS

The District's governmental activities invested \$33,245,560 in land and infrastructure. The detail is reflected in the following schedule:

### Summary of Capital Assets, net

	9/30/2015	9/30/2014	
Capital Assets:			
Land and easements	\$ 833,376	\$ 833,376	
Construction in progress	107,764	-	
Water, wastewater and drainage	36,517,883	35,846,655	
Common and recreation areas	4,568,495	4,444,344	
Less: Accumulated Depreciation	(8,781,958)	(7,790,181)	
Total Net Capital Assets	\$ 33,245,560	\$ 33,334,194	

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 2007	\$ 1,280,000	
Series 2009	525,000	
Series 2010	4,800,000	
Series 2011	4,200,000	
Series 2012	3,590,000	
Series 2014	3,315,000	
Series 2015	5,635,000	
Total	\$ 23,345,000	

The District owes approximately \$23 million to bondholders. The total principal balance was reduced by \$1,340,000. The ratio of the District's long term debt to the total 2014 taxable assessed valuation (\$514,296,755) is 4.5%. The District's estimated population, as provided by the District as of June 1, 2015, is 12,067. 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, 2015**

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

The property tax assessed value for the 2015 tax year (September 30, 2016 fiscal year) is approximately \$690 million and the net taxable value is approximately \$580 million. The fiscal year 2016 tax rate is \$0.722 on each \$100 of taxable value. Approximately 48% of the property tax will fund general operating expenses, and approximately 52% of the property tax will be set aside for debt service fund expenditures.

The adopted budget for fiscal year 2016 projects a General Fund fund balance decrease of \$595,679.

## **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, 2015**

	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	\$ 971,506	\$ -	\$ -	\$ 971,506	\$ -	\$ 971,506
Cash equivalents	6,720,126	763,568	251,986	7,735,680	-	7,735,680
Investments	247,265	-	-	247,265	-	247,265
Receivables:						
Service accounts, net of provision for uncollectible accounts	664,869	-	-	664,869	-	664,869
Taxes, no provision for uncollectible accounts	13,357	17,693	-	31,050	-	31,050
Interest	409	-	-	409	-	409
Interfund receivables	251,986	278	-	252,264	(252,264)	-
Other	51,140	-	-	51,140	-	51,140
Capital assets, net of accumulated depreciation -						
Construction in progress	-	-	-	-	107,764	107,764
Land and easements	-	-	-	-	833,376	833,376
Common & Recreation Areas	-	-	-	-	2,578,662	2,578,662
Water/Wastewater/Drainage Facilities	-	-	-	-	29,725,758	29,725,758
<b>TOTAL ASSETS</b>	<b>\$ 8,920,658</b>	<b>\$ 781,539</b>	<b>\$ 251,986</b>	<b>\$ 9,954,183</b>	<b>32,993,296</b>	<b>42,947,479</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred charges on refunding	\$ -	\$ -	\$ -	\$ -	480,226	480,226
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,920,658</b>	<b>\$ 781,539</b>	<b>\$ 251,986</b>	<b>\$ 9,954,183</b>	<b>33,473,522</b>	<b>43,427,705</b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 769,592	\$ -	\$ -	\$ 769,592	-	769,592
Retainage payable	8,058	-	-	8,058	-	8,058
Refundable deposits	647,506	-	-	647,506	-	647,506
Fiscal security deposits	340,549	-	-	340,549	-	340,549
Interfund payables	278	-	251,986	252,264	(252,264)	-
Accrued interest payable	-	-	-	-	502,342	502,342
Bonds payable -						
Due within one year	-	-	-	-	1,450,000	1,450,000
Due after one year	-	-	-	-	22,573,171	22,573,171
<b>TOTAL LIABILITIES</b>	<b>1,765,983</b>	<b>-</b>	<b>251,986</b>	<b>2,017,969</b>	<b>24,273,249</b>	<b>26,291,218</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Property taxes	13,357	17,693	-	31,050	(31,050)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,357</b>	<b>17,693</b>	<b>-</b>	<b>31,050</b>	<b>(31,050)</b>	<b>-</b>
<b><u>FUND BALANCES / NET POSITION</u></b>						
Fund balances:						
Restricted for debt service	-	763,846	-	763,846	(763,846)	-
Assigned for 2016 budget deficit	595,679	-	-	595,679	(595,679)	-
Unassigned	6,545,639	-	-	6,545,639	(6,545,639)	-
<b>TOTAL FUND BALANCES</b>	<b>7,141,318</b>	<b>763,846</b>	<b>-</b>	<b>7,905,164</b>	<b>(7,905,164)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,920,658</b>	<b>\$ 781,539</b>	<b>\$ 251,986</b>	<b>\$ 9,954,183</b>		
<b><u>NET POSITION:</u></b>						
Net investment in capital assets					\$ 9,702,615	\$ 9,702,615
Restricted for debt service					279,197	279,197
Unrestricted					7,154,675	7,154,675
<b>TOTAL NET POSITION</b>					<b>\$ 17,136,487</b>	<b>\$ 17,136,487</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, 2015**

	<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	\$ 1,553,121	\$ 2,235,619	\$ -	\$ 3,788,740	\$ 287	\$ 3,789,027
Service revenues, including penalties	3,798,324	-	-	3,798,324	-	3,798,324
Park fees	23,940	-	-	23,940	-	23,940
Interest	7,091	2,231	1,389	10,711	-	10,711
Other	89,107	-	-	89,107	-	89,107
<b>TOTAL REVENUES</b>	<b>5,471,583</b>	<b>2,237,850</b>	<b>1,389</b>	<b>7,710,822</b>	<b>287</b>	<b>7,711,109</b>
<b>EXPENDITURES / EXPENSES:</b>						
Current:						
Water/wastewater purchases	2,320,607	-	-	2,320,607	-	2,320,607
Garbage collection fees	567,352	-	-	567,352	-	567,352
Park maintenance	456,664	-	-	456,664	-	456,664
General manager fees	303,795	-	-	303,795	-	303,795
Repairs and maintenance	182,969	-	-	182,969	-	182,969
Utilities	29,496	-	-	29,496	-	29,496
Chemicals	98,139	-	-	98,139	-	98,139
Office expenditures	290,842	-	-	290,842	-	290,842
Security services	104,001	-	-	104,001	-	104,001
Director fees, including payroll taxes	18,720	-	-	18,720	-	18,720
Legal fees	104,735	-	-	104,735	-	104,735
Engineering fees	43,157	-	-	43,157	-	43,157
Accounting fees	66,750	-	-	66,750	-	66,750
Audit fees	15,000	-	-	15,000	-	15,000
Insurance	16,612	-	-	16,612	-	16,612
Tax appraisal/collection	10,475	15,079	-	25,554	-	25,554
Financial advisor fees	853	1,227	-	2,080	-	2,080
Other consulting fees	128,365	5,000	-	133,365	-	133,365
Other	86,550	-	-	86,550	-	86,550
Debt service:						
Bond principal	-	1,340,000	-	1,340,000	(1,340,000)	-
Bond interest	-	762,641	-	762,641	20,769	783,410
Fiscal agent fees	-	2,600	-	2,600	-	2,600
Bond issuance costs	-	254,826	12,197	267,023	-	267,023
Capital outlay	231,915	-	671,228	903,143	(903,143)	-
Depreciation	-	-	-	-	991,777	991,777
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>5,076,997</b>	<b>2,381,373</b>	<b>683,425</b>	<b>8,141,795</b>	<b>(1,230,597)</b>	<b>6,911,198</b>
Excess / (deficiency) of revenues over / (under) expenditures / expenses	394,586	(143,523)	(682,036)	(430,973)	1,230,884	799,911
<b>OTHER FINANCING SOURCES / (USES)</b>						
Proceeds from bond refunding	-	5,635,000	-	5,635,000	(5,635,000)	-
Payment to refunding agent	-	(6,003,806)	-	(6,003,806)	6,003,806	-
Bond premium	-	625,661	-	625,661	(625,661)	-
Operating transfer	1,219,343	-	(1,219,343)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	<b>1,219,343</b>	<b>256,855</b>	<b>(1,219,343)</b>	<b>256,855</b>	<b>(256,855)</b>	<b>-</b>
Change in fund balances / net position	1,613,929	113,332	(1,901,379)	(174,118)	974,029	799,911
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	5,527,389	650,514	1,901,379	8,079,282	8,257,294	16,336,576
End of the year	<u>\$ 7,141,318</u>	<u>\$ 763,846</u>	<u>\$ -</u>	<u>\$ 7,905,164</u>	<u>\$ 9,231,323</u>	<u>\$ 17,136,487</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, 2015**

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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, 2015**

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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, 2015**

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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, 2015**

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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 23, 2014, 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, 2015**

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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 \$595,679 of its fund balance to cover a projected 2016 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, 2015**

**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		\$ 7,905,164
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -		
Land	\$ 833,376	
Capital assets	41,194,142	
Less: Accumulated depreciation	<u>(8,781,958)</u>	33,245,560
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for tax revenues earned but not available.		31,050
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -		
Bonds payable	(23,345,000)	
Issuance discount	181,621	
Issuance premium	(859,792)	
Deferred charge on refunding, net	480,226	
Accrued interest	<u>(502,342)</u>	<u>(24,045,287)</u>
Net position of governmental activities		<u><u>\$ 17,136,487</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		\$ (174,118)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report -		
Capital expenditures in period purchased	\$ 903,143	
Interest expenditures in year paid	(20,769)	
Principal in year paid	1,340,000	
Tax revenue when collected	287	
Bond sales and related bond premium as other financing source/(use)	<u>(256,855)</u>	1,965,806
Governmental funds do not report -		
Depreciation		<u>(991,777)</u>
Change in net position of governmental activities		<u><u>\$ 799,911</u></u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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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, 2015, the carrying amount of the District's deposits was \$971,506 and the bank balance was \$981,646. 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  
SEPTEMBER 30, 2015**

**3. CASH AND INVESTMENTS (continued) -**

At September 30, 2015, the District held the following investments:

Investment	Fair Market Value at 9/30/2015	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
Texpool	\$ 1,231,647	\$ 1,231,647	\$ -	\$ -	AAAm	Standard & Poors
LOGIC	6,504,033	5,488,479	763,568	251,986	AAAm	Standard & Poors
Certificates of deposit	247,265	247,265	-	-	Various	Various
	<u>\$ 7,982,945</u>	<u>\$ 6,967,391</u>	<u>\$ 763,568</u>	<u>\$ 251,986</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, 2015, 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, 2015, 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, 2015**

**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 23, 2014.

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 2014 tax roll. The tax rate, based on total taxable assessed valuation of \$514,296,755 was \$0.736 on each \$100 valuation and was allocated \$0.3017 to the General Fund and \$0.4343 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, 2015, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 3,217	\$ 4,631	\$ 7,848
Prior years' levies	10,140	13,062	23,202
	\$ 13,357	\$ 17,693	\$ 31,050

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, 2015:

	Interfund	
	Receivable	Payable
<b>General Fund -</b>		
Debt Service Fund	\$ -	\$ 278
Capital Projects Fund	251,986	-
<b>Debt Service Fund -</b>		
General Fund	278	-
<b>Capital Projects Fund -</b>		
General Fund	-	251,986
	\$ 252,264	\$ 252,264

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**6. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<b>Balance 10/1/2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2015</b>
Capital assets not being depreciated-				
Land and Easements	\$ 833,376	\$ -	\$ -	\$ 833,376
Construction in progress	-	107,764	-	107,764
Total capital assets not being depreciated	<u>833,376</u>	<u>107,764</u>	<u>-</u>	<u>941,140</u>
Capital assets being depreciated-				
Water, Wastewater and Drainage Facilities	35,846,655	671,228	-	36,517,883
Recreation areas	4,444,344	124,151	-	4,568,495
Total capital assets being depreciated	<u>40,290,999</u>	<u>795,379</u>	<u>-</u>	<u>41,086,378</u>
Less accumulated depreciation for-				
Water, Wastewater and Drainage Facilities	(6,067,144)	(724,981)	-	(6,792,125)
Recreation areas	(1,723,037)	(266,796)	-	(1,989,833)
Total accumulated depreciation	<u>(7,790,181)</u>	<u>(991,777)</u>	<u>-</u>	<u>(8,781,958)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>32,500,818</u>	<u>(196,398)</u>	<u>-</u>	<u>32,304,420</u>
Total capital assets, net	<u>\$ 33,334,194</u>	<u>\$ (88,634)</u>	<u>\$ -</u>	<u>\$ 33,245,560</u>

**7. BONDED DEBT**

The following is a summary of bond transactions of the District for the year ended September 30, 2015:

	<b>Unlimited Tax and Revenue Bonds</b>
Bonds payable at October 1, 2014	\$ 24,685,000
Bonds issued	5,635,000
Bonds refunded	(5,635,000)
Bonds retired	(1,340,000)
Bond discount, net of accumulated amortization	(181,621)
Bond premium, net of accumulated amortization	859,792
Bonds payable at September 30, 2015	<u>\$ 24,023,171</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

Bonds payable at September 30, 2015, were comprised of the following individual issues:

**Unlimited Tax and Revenue Bonds:**

\$1,280,000 – 2007 Unlimited Tax and Revenue Bonds payable serially through the year 2030 at interest rates which range from 3.50% 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.

\$525,000 – 2009 Unlimited Tax and Revenue Bonds payable serially through the year 2017 at an interest rate of 4.00%. 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.

\$4,200,000 – 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:**

\$4,800,000 – 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.

\$3,590,000 – 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.

\$3,315,000 – 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.

\$5,635,000 – 2015 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2031 at interest rates which range from 2.00% to 4.00%. Bonds maturing September 1, 2022 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2021 or on any date thereafter.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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

The annual requirements to amortize all bonded debt at September 30, 2015, 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>
2016	\$ 1,450,000	\$ 802,931	\$ 2,252,931
2017	1,405,000	752,044	2,157,044
2018	1,120,000	1,050,994	2,170,994
2019	1,410,000	823,923	2,233,923
2020	1,620,000	639,869	2,259,869
2021-2025	8,230,000	2,381,782	10,611,782
2026-2030	7,165,000	959,089	8,124,089
2031	945,000	36,825	981,825
	\$ 23,345,000	\$ 7,447,457	\$ 30,792,457

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

\$763,846 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 20, 2015, the District issued unlimited tax and revenue refunding bonds of \$5,635,000 (par value) with interest rates of 2.0% to 4.0% to currently refund \$5,635,000 of Series 2009 unlimited tax bonds with interest rates of 4.0% to 5.0%. The bonds had maturity dates of September 1, 2018 through September 1, 2031. The first optional redemption date is September 30, 2016. The unlimited tax and revenue refunding bonds were issued at par plus a premium and, after paying issuance costs of \$254,826, the net proceeds were \$6,003,806. 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, 2016, at which time the Series 2009 bonds will be called and paid. As a result, \$5,635,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. At September 30, 2015, the entire \$5,635,000 of outstanding bonds is considered defeased as none of the refunded bonds were retired prior to fiscal year end. The reacquisition price exceeded the amount of the old debt by \$368,806, which will be amortized over the remaining life of the refunded debt which is equal to the life of the new debt. The advance refunding resulted in net present value savings to the District of \$287,172.



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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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 did not collect any capital recovery fees during the year ending September 30, 2015.

**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 “Commission”). The District, as of September 30, 2015, 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. USE OF SURPLUS FUNDS**

During the current fiscal year, the Commission approved the use of surplus Capital Project Funds monies to reimburse the developer for construction and engineering costs for water, wastewater and drainage facilities serving Lakes at Northtown, Sections 4 and 5. The District reimbursed \$663,139 to the developer.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

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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 \$45,525 in fiscal year 2015. 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>
2016	\$ 32,950
2017	34,225
2018	35,501
2019	<u>27,104</u>
Total Minimum Lease Payments	<u>\$ 129,780</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
SEPTEMBER 30, 2015**

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes, including penalties and interest	\$ 1,553,121	\$ 1,530,105	\$ 23,016
Service revenues, including penalties	3,798,324	3,928,425	(130,101)
Park fees	23,940	-	23,940
Interest	7,091	9,000	(1,909)
Other	89,107	27,000	62,107
<b>TOTAL REVENUES</b>	<u>5,471,583</u>	<u>5,494,530</u>	<u>(22,947)</u>
<b>EXPENDITURES:</b>			
Current:			
Water/wastewater purchases	2,320,607	2,621,424	300,817
Garbage collection fees	567,352	575,598	8,246
Park maintenance	456,664	763,600	306,936
General manager fees	303,795	307,260	3,465
Repairs and maintenance	182,969	185,000	2,031
Inspection/connection fees	-	3,400	3,400
Utilities	29,496	36,000	6,504
Chemicals	98,139	110,000	11,861
Office expenditures	290,842	321,970	31,128
Security services	104,001	111,124	7,123
Director fees, including payroll taxes	18,720	23,901	5,181
Legal fees	104,735	165,000	60,265
Engineering fees	43,157	120,400	77,243
Accounting fees	66,750	66,750	-
Audit fees	15,000	15,500	500
Insurance	16,612	40,000	23,388
Tax appraisal/collection	10,475	10,000	(475)
Financial advisor fees	853	2,000	1,147
Other consulting fees	128,365	48,000	(80,365)
Other	86,550	131,750	45,200
Capital Outlay	231,915	290,000	58,085
<b>TOTAL EXPENDITURES</b>	<u>5,076,997</u>	<u>5,948,677</u>	<u>871,680</u>
Excess / (deficiency) of revenues over / (under) expenditures	<u>394,586</u>	<u>(454,147)</u>	<u>848,733</u>
<b>OTHER FINANCING SOURCES</b>			
Operating transfer in	1,219,343	-	1,219,343
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,219,343</u>	<u>-</u>	<u>1,219,343</u>
<b>CHANGE IN FUND BALANCE</b>	1,613,929	<u>\$ (454,147)</u>	<u>\$ 2,068,076</u>
<b>FUND BALANCE :</b>			
Beginning of the year	<u>5,527,389</u>		
End of the year	<u>\$ 7,141,318</u>		

**TEXAS SUPPLEMENTARY  
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
SEPTEMBER 30, 2015**

**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	2,933	1.0	2,933
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	2,968		3,453
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, 2015**

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

Gallons pumped into system: 272,951

Gallons billed to customers: 251,270

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

92.1%

**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, 2015**

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Personnel Expenditures (including benefits)	\$ 197,526
Professional Fees:	
Audit	15,000
Legal	104,735
Engineering	43,157
Financial Advisor	853
Purchased Services For Resale:	
Bulk Water and Wastewater Purchases	2,320,607
Contracted Services:	
General Manager/Bookkeeping	370,545
Appraisal District/Tax Collector	10,475
Security Services	104,001
Other Contracted Services	695,717
Utilities	29,496
Repairs and Maintenance	182,969
Chemicals	98,139
Administrative Expenditures:	
Directors' Fees	18,720
Office Supplies	-
Insurance	16,612
Other Administrative Expenditures	179,866
Capital Outlay:	
Capitalized Assets	231,915
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	456,664
Other Expenditures	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,076,997</b>

Number of persons employed by the District:

Full-Time

Part-Time

**TSI-2**



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-3. TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2015**

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	\$ 5,316,544	\$ -
State Investment Pool	XXX0001	Varies	N/A	912,834	-
State Investment Pool	XXX0004	Varies	N/A	152,171	-
State Investment Pool	XXX0005	Varies	N/A	162,346	-
Investment in LOGIC	XXX8002	Varies	N/A	171,935	-
State Investment Pool	XXX0003	Varies	N/A	4,296	-
Certificate of Deposit	XXX0399	0.40%	11/2/2015	247,265	409
<b>Total</b>				<u>6,967,391</u>	<u>409</u>
<b>Debt Service Fund -</b>					
Investment in LOGIC	XXX8005	Varies	N/A	18,217	-
Investment in LOGIC	XXX8006	Varies	N/A	733,631	-
Investment in LOGIC	XXX8016	Varies	N/A	11,720	-
<b>Total</b>				<u>763,568</u>	<u>-</u>
<b>Capital Projects Fund -</b>					
Investment in LOGIC	XXX8008	Varies	N/A	33	-
Investment in LOGIC	XXX8010	Varies	N/A	47,243	-
Investment in LOGIC	XXX8012	Varies	N/A	34,084	-
Investment in LOGIC	XXX8015	Varies	N/A	170,626	-
<b>Total</b>				<u>251,986</u>	<u>-</u>
<b>Total - All Funds</b>				<u>\$ 7,982,945</u>	<u>\$ 409</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-4. TAXES LEVIED AND RECEIVABLE  
SEPTEMBER 30, 2015**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>		
<b>Taxes Receivable, Beginning of Year</b>	\$ 13,153	\$ 17,610		
2014 Original Tax Levy, less abatements/adjustments	1,551,633	2,233,590		
Total to be accounted for	1,564,786	2,251,200		
Tax collections:				
Current year	1,548,416	2,228,959		
Prior years	3,013	4,548		
Total collections	1,551,429	2,233,507		
<b>Taxes Receivable, End of Year</b>	\$ 13,357	\$ 17,693		
<b>Taxes Receivable, By Years</b>				
2012 and prior	\$ 9,210	\$ 11,704		
2013	930	1,358		
2014	3,217	4,631		
<b>Taxes Receivable, End of Year</b>	\$ 13,357	\$ 17,693		
<b>Property Valuations:</b>	<b>2014</b> (a)	2013 (a)	2012 (a)	2011 (a)
Land and improvements	\$ 514,296,755	\$ 498,092,316	\$ 424,159,851	\$ 427,733,015
<b>Total Property Valuations</b>	\$ 514,296,755	\$ 498,092,316	\$ 424,159,851	\$ 427,733,015
<b>Tax Rates per \$100 Valuation:</b>				
Debt Service tax rates	\$ 0.4343	\$ 0.4451	\$ 0.5271	\$ 0.4618
Maintenance tax rates	0.3017	0.3049	0.2229	0.2882
<b>Total Tax Rates per \$100 Valuation:</b>	\$ 0.7360	\$ 0.7500	\$ 0.7500	\$ 0.7500
<b>Original Tax Levy</b>	\$ 3,785,223	\$ 3,735,692	\$ 3,181,199	\$ 3,207,998
<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 November 3, 2015. 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, 2015**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2007			UNLIMITED TAX AND REVENUE BONDS SERIES 2009			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2010		
	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
	2016	\$ 225,000	\$ 49,738	\$ 274,738	\$ 250,000	\$ 21,000	\$ 271,000	\$ 340,000	\$ 185,206
2017	225,000	41,525	266,525	275,000	11,000	286,000	355,000	171,606	526,606
2018	-	33,200	33,200	-	-	-	375,000	157,406	532,406
2019	-	33,200	33,200	-	-	-	560,000	142,410	702,410
2020	-	33,200	33,200	-	-	-	585,000	120,006	705,006
2021	-	33,200	33,200	-	-	-	425,000	96,606	521,606
2022	-	33,200	33,200	-	-	-	450,000	79,606	529,606
2023	-	33,200	33,200	-	-	-	465,000	63,856	528,856
2024	-	33,200	33,200	-	-	-	485,000	47,000	532,000
2025	-	33,200	33,200	-	-	-	510,000	28,813	538,813
2026	-	33,200	33,200	-	-	-	250,000	9,688	259,688
2027	-	33,200	33,200	-	-	-	-	-	-
2028	-	33,200	33,200	-	-	-	-	-	-
2029	400,000	33,200	433,200	-	-	-	-	-	-
2030	430,000	17,200	447,200	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
	<u>\$ 1,280,000</u>	<u>\$ 506,863</u>	<u>\$ 1,786,863</u>	<u>\$ 525,000</u>	<u>\$ 32,000</u>	<u>\$ 557,000</u>	<u>\$ 4,800,000</u>	<u>\$ 1,102,203</u>	<u>\$ 5,902,203</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2015**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2011			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2012			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2014		
	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
	2016	\$ 165,000	\$ 124,869	\$ 289,869	\$ 410,000	\$ 109,900	\$ 519,900	\$ 30,000	\$ 97,244
2017	175,000	121,569	296,569	305,000	101,700	406,700	30,000	96,644	126,644
2018	185,000	118,069	303,069	335,000	94,075	429,075	25,000	326,044	351,044
2019	195,000	114,369	309,369	200,000	85,700	285,700	270,000	96,044	366,044
2020	205,000	110,469	315,469	220,000	79,700	299,700	270,000	89,294	359,294
2021	220,000	105,856	325,856	220,000	73,100	293,100	290,000	81,194	371,194
2022	230,000	100,906	330,906	240,000	66,500	306,500	290,000	72,494	362,494
2023	245,000	95,156	340,156	240,000	58,100	298,100	315,000	63,794	378,794
2024	260,000	88,419	348,419	265,000	49,700	314,700	335,000	54,344	389,344
2025	275,000	80,619	355,619	260,000	40,425	300,425	335,000	44,294	379,294
2026	295,000	72,369	367,369	285,000	31,325	316,325	355,000	34,244	389,244
2027	310,000	63,150	373,150	305,000	21,350	326,350	375,000	23,594	398,594
2028	330,000	52,300	382,300	305,000	10,675	315,675	395,000	12,344	407,344
2029	350,000	40,750	390,750	-	-	-	-	-	-
2030	370,000	28,500	398,500	-	-	-	-	-	-
2031	390,000	14,625	404,625	-	-	-	-	-	-
	<u>\$ 4,200,000</u>	<u>\$ 1,331,995</u>	<u>\$ 5,531,995</u>	<u>\$ 3,590,000</u>	<u>\$ 822,250</u>	<u>\$ 4,412,250</u>	<u>\$ 3,315,000</u>	<u>\$ 1,091,572</u>	<u>\$ 4,406,572</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2015**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2015			ANNUAL REQUIREMENTS 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
	2016	\$ 30,000	\$ 214,974	\$ 244,974	\$ 1,450,000	\$ 802,931
2017	40,000	208,000	248,000	1,405,000	752,044	2,157,044
2018	200,000	322,200	522,200	1,120,000	1,050,994	2,170,994
2019	185,000	352,200	537,200	1,410,000	823,923	2,233,923
2020	340,000	207,200	547,200	1,620,000	639,869	2,259,869
2021	340,000	193,600	533,600	1,495,000	583,556	2,078,556
2022	365,000	180,000	545,000	1,575,000	532,706	2,107,706
2023	365,000	165,400	530,400	1,630,000	479,506	2,109,506
2024	390,000	150,800	540,800	1,735,000	423,463	2,158,463
2025	415,000	135,200	550,200	1,795,000	362,551	2,157,551
2026	440,000	118,600	558,600	1,625,000	299,426	1,924,426
2027	460,000	101,000	561,000	1,450,000	242,294	1,692,294
2028	480,000	82,600	562,600	1,510,000	191,119	1,701,119
2029	505,000	63,400	568,400	1,255,000	137,350	1,392,350
2030	525,000	43,200	568,200	1,325,000	88,900	1,413,900
2031	555,000	22,200	577,200	945,000	36,825	981,825
	<u>\$ 5,635,000</u>	<u>\$ 2,560,574</u>	<u>\$ 8,195,574</u>	<u>\$ 23,345,000</u>	<u>\$ 7,447,457</u>	<u>\$ 30,792,457</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2015**

	<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>Series 2015</u>	<u>Total</u>
Interest Rate	3.625%	3.50 - 4.00%	4.00%	3.50 - 4.00%	2.00 - 3.75%	2.00 - 3.50%	2.00 - 3.125%	2.00 - 4.00%	
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	9/1/2015	9/1/2030	9/1/2017	9/1/2026	9/1/2031	9/1/2028	9/1/2028	9/1/2031	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 160,000	\$ 1,480,000	\$ 6,410,000	\$ 5,120,000	\$ 4,355,000	\$ 3,820,000	\$ 3,340,000	\$ -	\$ 24,685,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	5,635,000	5,635,000
Retirements During the Current Fiscal Year:									
Principal	(160,000)	(200,000)	(250,000)	(320,000)	(155,000)	(230,000)	(25,000)	-	(1,340,000)
Refunded	-	-	(5,635,000)	-	-	-	-	-	(5,635,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ -</u>	<u>\$ 1,280,000</u>	<u>\$ 525,000</u>	<u>\$ 4,800,000</u>	<u>\$ 4,200,000</u>	<u>\$ 3,590,000</u>	<u>\$ 3,315,000</u>	<u>\$ 5,635,000</u>	<u>\$ 23,345,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 5,800</u>	<u>\$ 56,938</u>	<u>\$ 160,328</u>	<u>\$ 198,006</u>	<u>\$ 127,968</u>	<u>\$ 114,500</u>	<u>\$ 99,101</u>	<u>\$ -</u>	<u>\$ 762,641</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>21,225,000</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, 2015: \$ 763,568

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: \$ 1,924,529

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND AND DEBT SERVICE FUND**  
**FIVE YEARS ENDED SEPTEMBER 30, 2015**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
<b>GENERAL FUND</b>										
<b>REVENUES:</b>										
Water, wastewater and garbage service, including penalties	\$ 3,798,324	\$ 3,865,382	\$ 3,919,634	\$ 3,384,026	\$ 3,250,171	69.5	71.0	78.0	70.1	69.3
Property taxes, including penalties and interest	1,553,121	1,521,641	959,699	1,239,755	1,186,441	28.4	27.9	19.1	25.7	25.3
Park fees	23,940	5,400	19,800	20,100	113,100	0.4	0.1	0.4	0.4	2.4
Interest	7,091	6,327	8,368	48,282	21,898	0.1	0.1	0.2	1.0	0.5
System connection fees	-	21,600	79,200	73,900	50,575	-	0.4	1.6	1.5	1.1
Miscellaneous	89,107	25,300	34,131	64,131	68,513	1.6	0.5	0.7	1.3	1.4
Total revenues	<u>5,471,583</u>	<u>5,445,650</u>	<u>5,020,832</u>	<u>4,830,194</u>	<u>4,690,698</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>EXPENDITURES:</b>										
Current:										
Water, wastewater and garbage	2,887,959	3,001,990	2,979,253	2,758,619	2,630,998	52.8	55.1	59.3	57.0	56.0
Park maintenance	456,664	503,338	506,984	527,065	664,390	8.4	9.2	10.1	10.9	14.1
General manager services	303,795	301,266	273,838	257,983	243,718	5.6	5.5	5.5	5.3	5.2
Legal fees	104,735	134,258	132,624	165,866	173,351	1.9	2.5	2.6	3.4	3.7
Repairs and maintenance	182,969	221,698	224,258	202,548	244,238	3.4	4.1	4.5	4.2	5.2
Restrictive covenants	-	-	-	-	28,085	-	-	-	-	0.6
Inspection fees/meter purchases	-	2,585	6,457	4,792	3,319	-	-	0.1	0.1	0.1
Engineering fees	43,157	57,562	59,586	98,597	350,490	0.8	1.1	1.2	2.0	7.4
Security services	104,001	104,712	92,571	83,896	70,140	1.9	1.9	1.8	1.7	1.5
Utilities	29,496	32,386	32,959	17,140	16,527	0.5	0.6	0.7	0.4	0.4
Auditing fees	15,000	14,900	14,600	14,500	13,995	0.3	0.3	0.3	0.3	0.3
Accounting fees	66,750	66,750	66,750	66,750	66,750	1.2	1.2	1.3	1.4	1.4
Directors' fees	18,720	16,470	18,247	16,793	30,781	0.3	0.3	0.3	0.3	0.7
Chemicals	98,139	120,800	63,751	34,177	31,658	1.8	2.2	1.3	0.7	0.7
Office expenditures	290,842	273,610	275,846	252,653	163,212	5.3	5.0	5.7	5.4	3.6
Tax appraisal/collection fees	10,475	9,311	5,884	7,573	7,352	0.2	0.2	0.1	0.2	0.2
Insurance	16,612	15,521	17,276	12,227	16,300	0.3	0.3	0.3	0.3	0.3
Other	87,403	100,395	157,426	105,633	81,017	1.6	1.8	3.1	2.2	1.7
Contracted services	128,365	62,867	-	-	-	2.3	1.2	-	-	-
Capital outlay	231,915	1,116,609	235,691	460,677	767,364	4.2	20.5	4.7	9.5	16.4
Total expenditures	<u>5,076,997</u>	<u>6,157,028</u>	<u>5,164,001</u>	<u>5,087,489</u>	<u>5,603,685</u>	<u>92.8</u>	<u>113.0</u>	<u>102.9</u>	<u>105.3</u>	<u>119.5</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 394,586</u>	<u>\$ (711,378)</u>	<u>\$ (143,169)</u>	<u>\$ (257,295)</u>	<u>\$ (912,987)</u>	<u>7.2</u>	<u>(13.0)</u>	<u>(2.9)</u>	<u>(5.3)</u>	<u>(19.5)</u>

(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, 2015**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
<b><u>DEBT SERVICE FUND</u></b>										
REVENUES:										
Property taxes, including penalties and interest	\$ 2,235,619	\$ 2,223,203	\$ 2,259,291	\$ 1,989,308	\$ 2,000,157	89.6	93.2	99.9	79.6	88.0
Net bond activity	256,855	159,364	-	506,096	269,908	10.3	6.7	-	20.2	11.9
Interest	2,231	1,828	2,793	5,134	3,470	0.1	0.1	0.1	0.2	0.1
Total revenues	<u>2,494,705</u>	<u>2,384,395</u>	<u>2,262,084</u>	<u>2,500,538</u>	<u>2,273,535</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	15,079	13,593	13,915	12,135	12,418	0.6	0.6	0.6	0.5	0.5
Principal payments	1,340,000	1,240,000	1,300,000	1,030,000	1,075,000	53.7	52.0	57.5	41.2	47.3
Interest payments	762,641	901,675	1,006,379	1,272,683	936,502	30.6	37.8	44.5	50.9	41.2
Fiscal agent fees and other	8,827	4,868	14,365	3,590	2,642	0.4	0.2	0.6	0.1	0.1
Bond refunding expenditures	254,826	154,595	1,030	178,429	254,562	10.2	6.5	-	7.1	11.2
Total expenditures	<u>2,381,373</u>	<u>2,314,731</u>	<u>2,335,689</u>	<u>2,496,837</u>	<u>2,281,124</u>	<u>95.5</u>	<u>97.1</u>	<u>103.2</u>	<u>99.8</u>	<u>100.3</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 113,332</u>	<u>\$ 69,664</u>	<u>\$ (73,605)</u>	<u>\$ 3,701</u>	<u>\$ (7,589)</u>	<u>4.5</u>	<u>2.9</u>	<u>(3.2)</u>	<u>0.2</u>	<u>(0.3)</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,968</u>	<u>2,971</u>	<u>2,926</u>	<u>2,866</u>	<u>2,782</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,962</u>	<u>2,962</u>	<u>2,837</u>	<u>2,837</u>	<u>2,755</u>					



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2015**

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: 12/16/2014

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

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2015	Expense Reimbursements 9/30/2015	Title at Year End
<b>Board Members:</b>				
ROBIN CAMPBELL	(Elected) 11/6/2012 - 11/8/2016	\$ 1,800	\$ 51	President
BRENDA RICHTER	(Elected) 11/4/2014 - 11/6/2018	\$ 5,400	\$ 948	Vice-President
KATHY HAUGHT	(Elected) 11/4/2014 - 11/6/2018	\$ 1,200	\$ -	Secretary
FELIX T. AMARO, JR.	(Elected) 11/6/2012 - 11/8/2016	\$ 6,150	\$ -	Treasurer
CHRISTOPHER CAPERS	(Elected) 11/4/2014 - 11/6/2018	\$ 2,550	\$ 942	Assistant Secretary

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

**Consultants:**

Crossroads Utility Service	2010	\$ 435,542	\$ -	District Manager
Armbrust & Brown, PLLC	1997	\$ 113,358	\$ -	Attorney
		\$ 20,000	\$ -	Bond Related Services
Bott & Douthitt, PLLC	2009	\$ 66,750	\$ 237	District Accountant
McCall Gibson Swedlund Barfoot PLLC	2011	\$ 15,000	\$ -	Auditor
		\$ 4,250	\$ -	Bond Related Services
360 Professional Services, Inc.	2012	\$ 132,501	\$ -	Engineer
Public Finance Group, LLC	2014	\$ 2,080	\$ -	Financial Advisor
		\$ 84,255	\$ -	Bond Related Services
McCall Parkhurst & Horton, LLP	1994	\$ 63,803	\$ 5,765	Bond Counsel
Travis County Tax Collector	1994	\$ 4,042	\$ -	Tax Collector

**OTHER SUPPLEMENTARY  
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
OSI-1. PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2015**

Taxpayer	Type of Property	Tax Roll Year		
		2015	2014	2013
MFREVF - Tech Ridge LP	N/A	\$ 36,250,200	\$ 31,440,409	\$ 30,530,000
Belcorp Oaks LLC	N/A	27,889,610	-	-
Realty Associates Fund IX LP	N/A	15,890,234	12,353,750	11,160,326
Village @ Northtown Ltd.	N/A	11,214,826	5,081,137	5,080,908
Lakewood SDF LLC et al	N/A	9,248,265	-	-
A M Petroleum Inc.	N/A	2,335,650	2,309,868	2,332,664
Advanced Energy Industries Inc.	N/A	2,294,341	940,217	-
Applied Materials Inc.	N/A	2,040,508	2,701,766	2,265,789
Oaks at Techridge Phase 3 Partners LP	N/A	1,013,620	-	-
Jeffercindershan Ltd.	N/A	965,431	-	-
Oaks at Techridge Partners LP	N/A	-	26,476,764	23,986,764
Samsung Austin Semiconductor	N/A	-	3,116,691	40,088,872
Oaks at Techridge Phase 2 Partners LP	N/A	-	2,840,324	-
Gigaphoton USA Inc.	N/A	-	908,040	1,104,661
KB Home Lone Star LP	N/A	-	-	1,311,160
KB Home Lone Star Inc.	N/A	-	-	787,750
<b>Total</b>		<b>\$ 109,142,685</b>	<b>\$ 88,168,966</b>	<b>\$ 118,648,894</b>
Percent of Assessed Valuation		<b>18.8%</b>	<b>17.1%</b>	<b>23.8%</b>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
SEPTEMBER 30, 2015**

Type of Property	Tax Roll Year					
	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 479,931,841	82.8%	\$ 423,574,294	82.3%	\$ 365,470,465	73.4%
Multi Family Residence	82,280,371	14.2%	69,760,185	13.6%	63,455,418	12.7%
Vacant Lot	1,284,057	0.2%	722,253	0.1%	1,280,270	0.3%
Qualified Ag Land	3,297,263	0.6%	820,915	0.1%	820,915	0.2%
Non-Qualified Land	14,352,383	2.5%	6,040,300	1.2%	6,040,300	1.2%
Commercial Real Property	17,144,786	2.9%	14,663,618	2.9%	13,492,990	2.7%
Telephone Company	396,877	0.1%	427,174	0.1%	487,748	0.1%
Cable Television Company	-	-	-	-	99,401	-
Commercial Personal Property	5,103,311	0.9%	5,745,263	1.1%	5,918,470	1.2%
Industrial Personal Property	78,471,310	13.5%	48,903,806	9.5%	83,454,265	16.7%
Residential Inventory	-	-	1,373,912	0.3%	2,812,597	0.6%
Totally Exempt Property	8,667,913	1.5%	8,267,205	1.6%	8,334,972	1.7%
Less: Adjustments	(111,156,681)	(19.2)%	(66,002,170)	(12.8)%	(53,575,495)	(10.8)%
Total Taxable	<u>\$ 579,773,431</u>	<u>100.0%</u>	<u>\$ 514,296,755</u>	<u>100.0%</u>	<u>\$ 498,092,316</u>	<u>100.0%</u>