

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

**YEAR ENDED SEPTEMBER 30, 2017**

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

**NORTHTOWN  
MUNICIPAL UTILITY DISTRICT**

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

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2017**

**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 **23rd day of January, 2018**, its annual audit report for the fiscal period ended **September 30, 2017**, 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 annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

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*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

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, 2017, 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, 2017, 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 the 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  
Austin, Texas

January 23, 2018



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# **NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017**

In accordance with Governmental Accounting Standards Board Statement No. 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, 2017. 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 \$9,362,267, \$9,931 was nonspendable and \$852,638 was assigned to use for a budgeted General Fund deficit during the year ending September 30, 2018. The total General Fund fund balance was \$10,224,836, representing an increase of \$1,919,097 in fund balance. General Fund revenues increased from \$5,883,140 in the previous fiscal year to \$6,484,422 in the current fiscal year due to an increase in property tax revenues.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$700,006 in the previous fiscal year to \$789,087 in the current fiscal year. Debt Service Fund revenues decreased from \$2,207,988 in the previous fiscal year to \$2,194,134 in the current fiscal year due to a decrease in the tax rate allocated to the Debt Service Fund.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased from \$1,166 in the previous fiscal year to \$2,347 in the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$2,448,256. Net position increased from \$18,962,780 to \$21,411,036.

## **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 operates under an elected Board of Directors that is elected by District residents or appointed by the 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, 2017**

## **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 Statement of 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 Statement of 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, 2017**

**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)
	2017	2016	
Current and other assets	\$ 12,615,401	\$ 10,577,481	\$ 2,037,920
Capital and non-current assets	31,725,858	32,525,751	(799,893)
<b>Total Assets</b>	<b>44,341,259</b>	<b>43,103,232</b>	<b>1,238,027</b>
Deferred Outflows of Resources	322,535	449,492	(126,957)
Current Liabilities	3,205,378	3,457,564	(252,186)
Long-term Liabilities	20,047,380	21,132,380	(1,085,000)
<b>Total Liabilities</b>	<b>23,252,758</b>	<b>24,589,944</b>	<b>(1,337,186)</b>
Net Investment in Capital Assets	10,883,360	10,439,029	444,331
Restricted	286,326	203,877	82,449
Unrestricted	10,241,350	8,319,874	1,921,476
<b>Total Net Position</b>	<b>\$ 21,411,036</b>	<b>\$ 18,962,780</b>	<b>\$ 2,448,256</b>

The District's combined net position increased by \$2,448,256 to \$21,411,036 from the previous year amount of \$18,962,780. 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 \$10,241,350.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

**Revenues and Expenses:**

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2017	2016	
Service accounts	\$ 3,918,941	\$ 3,798,056	\$ 120,885
Property taxes	4,594,876	4,187,843	407,033
Other	170,034	107,212	62,822
<b>Total Revenues</b>	<b>8,683,851</b>	<b>8,093,111</b>	<b>590,740</b>
Water/wastewater/garbage	2,174,521	2,426,152	(251,631)
Other	2,160,806	1,994,785	166,021
Debt Service	854,863	812,839	42,024
Depreciation	1,045,405	1,033,042	12,363
<b>Total Expenses</b>	<b>6,235,595</b>	<b>6,266,818</b>	<b>(31,223)</b>
<b>Change in Net Position</b>	<b>2,448,256</b>	<b>1,826,293</b>	<b>621,963</b>
<b>Beginning Net Position</b>	<b>18,962,780</b>	<b>17,136,487</b>	<b>1,826,293</b>
<b>Ending Net Position</b>	<b>\$ 21,411,036</b>	<b>\$ 18,962,780</b>	<b>\$ 2,448,256</b>

Revenues were \$8,683,851 for the fiscal year ended September 30, 2017 while expenses were \$6,235,595. Net position increased \$2,448,256.

Property tax revenue in the current fiscal year totaled \$4,594,876. 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 2016 tax year (September 30, 2017 fiscal year) were based upon a current adjusted assessed value of \$648,491,451 and a tax rate of \$0.7075 per \$100 of assessed valuation. Property taxes levied for the 2015 tax year (September 30, 2016 fiscal year) were based upon an adjusted assessed value of \$579,111,771 and a tax rate of \$0.7220 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, 2017

## ANALYSIS OF GOVERNMENTAL FUNDS

### Governmental Funds by Year

	2017	2016	2015	2014
Cash	\$ 649,870	\$ 749,100	\$ 971,506	\$ 426,086
Cash equivalent investments	11,212,122	9,135,300	7,982,945	8,408,402
Receivables and other assets	756,135	959,133	999,732	1,155,668
<b>Total Assets</b>	<b>\$ 12,618,127</b>	<b>\$ 10,843,533</b>	<b>\$ 9,954,183</b>	<b>\$ 9,990,156</b>
Accounts payable	513,149	507,942	769,592	545,018
Other payables	1,052,727	1,296,813	1,248,377	1,335,093
<b>Total Liabilities</b>	<b>1,565,876</b>	<b>1,804,755</b>	<b>2,017,969</b>	<b>1,880,111</b>
Deferred Inflows of Resources	35,981	31,867	31,050	30,763
Nonspendable	9,931	8,155	8,049	7,363
Restricted	791,434	701,172	763,846	2,551,893
Assigned	852,638	641,281	595,679	454,147
Unassigned	9,362,267	7,656,303	6,537,590	5,065,879
<b>Total Fund Balances</b>	<b>11,016,270</b>	<b>9,006,911</b>	<b>7,905,164</b>	<b>8,079,282</b>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<b>\$ 12,618,127</b>	<b>\$ 10,843,533</b>	<b>\$ 9,954,183</b>	<b>\$ 9,990,156</b>

For the fiscal year ended September 30, 2017, the District's governmental funds reflect a combined fund balance of \$11,016,270. This fund balance includes a \$1,919,097 increase to the General Fund.

The Debt Service Fund reflects an increase of \$89,081 in fiscal year 2017. The Debt Service Fund remitted bond principal of \$1,405,000 and interest of \$680,841. The District issued \$3,710,000 of Series 2017 Unlimited Tax and Revenue Refunding Bonds to currently refund \$3,730,000 of Series 2010 Unlimited Tax Bonds. 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 \$1,181 increase in fund balance for fiscal year 2017.

# NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2017

## BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget on September 27, 2016. The budget included revenues of \$6,257,842 as compared to expenditures of \$6,899,123. When comparing actual to budget, the District had a positive variance of \$2,560,378. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

## CAPITAL ASSETS

The District's governmental activities invested \$31,725,858 in land and infrastructure. The detail is reflected in the following schedule:

### Summary of Capital Assets, net

	9/30/2017	9/30/2016
Land and easements	\$ 833,376	\$ 833,376
Construction in progress	175,250	-
Water, wastewater and drainage	36,545,536	36,545,536
Common and recreation areas	5,005,259	4,961,839
Equipment	26,842	-
Less: Accumulated Depreciation	(10,860,405)	(9,815,000)
Total Net Capital Assets	\$ 31,725,858	\$ 32,525,751

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	\$ 830,000
Series 2010	375,000
Series 2011	3,860,000
Series 2012	2,875,000
Series 2014	3,255,000
Series 2015	5,565,000
Series 2017	3,710,000
Total	\$ 20,470,000

The District owes approximately \$20.5 million to bondholders. During the current fiscal year, the District paid down \$1,405,000 in outstanding principal on bonds and refunded \$3,730,000 of its Series 2010 bonds. The ratio of the District's long term debt to the total 2016 taxable assessed valuation (\$648,491,451) is 3.2%. The District's estimated population, as provided by the District as of June 1, 2017, is 13,154. 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, 2017**

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

The property tax assessed value for the 2017 tax year (September 30, 2018 fiscal year) is approximately \$840 million and the net taxable value is approximately \$705 million. The fiscal year 2018 tax rate is \$0.7075 on each \$100 of taxable value. Approximately 56% of the property tax will fund general operating expenses, and approximately 44% of the property tax will be set aside for Debt Service Fund expenditures.

The adopted budget for fiscal year 2018 projects a General Fund fund balance decrease of \$852,638.

## **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, 2017**

	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 equivalent investments:						
Cash	\$ 649,870	\$ -	\$ -	\$ 649,870	\$ -	\$ 649,870
Cash equivalent investments	10,417,421	792,354	2,347	11,212,122	-	11,212,122
Receivables:						
Service accounts, net of \$2,500 provision for uncollectible accounts	669,842	-	-	669,842	-	669,842
Taxes, no provision for uncollectible accounts	16,514	19,467	-	35,981	-	35,981
Interfund receivables	2,726	-	-	2,726	(2,726)	-
Other	37,655	-	-	37,655	-	37,655
Prepaid expenditures	9,931	-	-	9,931	-	9,931
Capital assets, net of accumulated depreciation:						
Land and easements	-	-	-	-	833,376	833,376
Construction in progress	-	-	-	-	175,250	175,250
Equipment	-	-	-	-	24,158	24,158
Common & recreation areas	-	-	-	-	2,416,840	2,416,840
Water, wastewater and drainage facilities	-	-	-	-	28,276,234	28,276,234
<b>TOTAL ASSETS</b>	<b>\$ 11,803,959</b>	<b>\$ 811,821</b>	<b>\$ 2,347</b>	<b>\$ 12,618,127</b>	<b>31,723,132</b>	<b>44,341,259</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred charges on refunding	\$ -	\$ -	\$ -	\$ -	322,535	322,535
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,803,959</b>	<b>\$ 811,821</b>	<b>\$ 2,347</b>	<b>\$ 12,618,127</b>	<b>32,045,667</b>	<b>44,663,794</b>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 512,608	\$ 541	\$ -	\$ 513,149	-	513,149
Retainage payable	9,969	-	-	9,969	-	9,969
Refundable deposits	679,914	-	-	679,914	-	679,914
Fiscal security deposits	360,118	-	-	360,118	-	360,118
Interfund payables	-	2,726	-	2,726	(2,726)	-
Accrued interest payable	-	-	-	-	522,228	522,228
Bonds payable:						
Due within one year	-	-	-	-	1,120,000	1,120,000
Due after one year	-	-	-	-	20,047,380	20,047,380
<b>TOTAL LIABILITIES</b>	<b>1,562,609</b>	<b>3,267</b>	<b>-</b>	<b>1,565,876</b>	<b>21,686,882</b>	<b>23,252,758</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Property taxes	16,514	19,467	-	35,981	(35,981)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>16,514</b>	<b>19,467</b>	<b>-</b>	<b>35,981</b>	<b>(35,981)</b>	<b>-</b>
<b><u>FUND BALANCES / NET POSITION</u></b>						
Fund balances:						
Nonspendable for prepaid items	9,931	-	-	9,931	(9,931)	-
Restricted for debt service	-	789,087	-	789,087	(789,087)	-
Restricted for capital projects	-	-	2,347	2,347	(2,347)	-
Assigned for 2018 budget deficit	852,638	-	-	852,638	(852,638)	-
Unassigned	9,362,267	-	-	9,362,267	(9,362,267)	-
<b>TOTAL FUND BALANCES</b>	<b>10,224,836</b>	<b>789,087</b>	<b>2,347</b>	<b>11,016,270</b>	<b>(11,016,270)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,803,959</b>	<b>\$ 811,821</b>	<b>\$ 2,347</b>	<b>\$ 12,618,127</b>		
<b><u>NET POSITION:</u></b>						
Net investment in capital assets					\$ 10,883,360	\$ 10,883,360
Restricted for debt service					286,326	286,326
Unrestricted					10,241,350	10,241,350
<b>TOTAL NET POSITION</b>					<b>\$ 21,411,036</b>	<b>\$ 21,411,036</b>

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

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SEPTEMBER 30, 2017**

	<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	\$ 2,419,396	\$ 2,171,366	\$ -	\$ 4,590,762	\$ 4,114	\$ 4,594,876
Service revenues, including penalties	3,918,941	-	-	3,918,941	-	3,918,941
Interest	92,244	22,768	1,181	116,193	-	116,193
Other	53,841	-	-	53,841	-	53,841
<b>TOTAL REVENUES</b>	<u>6,484,422</u>	<u>2,194,134</u>	<u>1,181</u>	<u>8,679,737</u>	<u>4,114</u>	<u>8,683,851</u>
<b>EXPENDITURES / EXPENSES:</b>						
Current:						
Water/wastewater purchases	1,553,568	-	-	1,553,568	-	1,553,568
Garbage collection fees	620,953	-	-	620,953	-	620,953
Park maintenance	488,672	-	-	488,672	-	488,672
General manager fees	302,703	-	-	302,703	-	302,703
Repairs and maintenance	418,654	-	-	418,654	-	418,654
Utilities	26,026	-	-	26,026	-	26,026
Chemicals	61,809	-	-	61,809	-	61,809
Office expenditures	306,667	-	-	306,667	-	306,667
Security services	110,330	-	-	110,330	-	110,330
Director fees, including payroll taxes	20,400	-	-	20,400	-	20,400
Legal fees	101,362	-	-	101,362	-	101,362
Engineering fees	53,827	-	-	53,827	-	53,827
Accounting fees	66,750	-	-	66,750	-	66,750
Audit fees	15,500	-	-	15,500	-	15,500
Insurance	18,952	-	-	18,952	-	18,952
Tax appraisal/collection	14,521	13,030	-	27,551	-	27,551
Financial advisor fees	1,096	984	-	2,080	-	2,080
Other consulting fees	27,179	1,500	-	28,679	-	28,679
Other	110,844	-	-	110,844	-	110,844
Debt service:						
Bond principal	-	1,405,000	-	1,405,000	(1,405,000)	-
Bond interest	-	680,841	-	680,841	(24)	680,817
Fiscal agent fees	-	2,800	-	2,800	-	2,800
Bond issuance costs	-	171,246	-	171,246	-	171,246
Capital outlay	245,512	-	-	245,512	(245,512)	-
Depreciation	-	-	-	-	1,045,405	1,045,405
<b>TOTAL EXPENDITURES / EXPENSES</b>	<u>4,565,325</u>	<u>2,275,401</u>	<u>-</u>	<u>6,840,726</u>	<u>(605,131)</u>	<u>6,235,595</u>
Excess / (deficiency) of revenues over / (under) expenditures / expenses	1,919,097	(81,267)	1,181	1,839,011	609,245	2,448,256
<b>OTHER FINANCING SOURCES / (USES)</b>						
Proceeds from bond refunding	-	3,710,000	-	3,710,000	(3,710,000)	-
Payment to refunding agent	-	(3,802,785)	-	(3,802,785)	3,802,785	-
Bond premium	-	263,133	-	263,133	(263,133)	-
<b>TOTAL OTHER FINANCING SOURCES, NET</b>	<u>-</u>	<u>170,348</u>	<u>-</u>	<u>170,348</u>	<u>(170,348)</u>	<u>-</u>
Change in fund balances / net position	1,919,097	89,081	1,181	2,009,359	438,897	2,448,256
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	8,305,739	700,006	1,166	9,006,911	9,955,869	18,962,780
End of the year	<u>\$ 10,224,836</u>	<u>\$ 789,087</u>	<u>\$ 2,347</u>	<u>\$ 11,016,270</u>	<u>\$ 10,394,766</u>	<u>\$ 21,411,036</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, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Northtown Municipal Utility District (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** - 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 (“GASB Codification”).

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, 2017**

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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. GASB 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, 2017**

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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 fund balances. 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, 2017**

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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 inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports deferred inflows of resource on its balance sheet. Deferred inflows 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 inflows is removed from the balance sheet and revenue is recognized.

***Budgets and Budgetary Accounting*** - An unappropriated budget was adopted on September 27, 2016, 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.

***Pensions*** - The District has four full-time employees. Payments are made into the social security system for them. The Internal Revenue Service has determined that the District's directors are considered to be "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors.

***Cash and Cash Equivalent Investments*** - Cash and cash equivalent investments include cash on deposit as well as investments with maturities of three months or less. The investments, consisting of an external local governmental investment pool and obligations in the State Treasurer's Investment Pool, are recorded at amortized cost.

***Accounts Receivable*** - The District provides for uncollectible service accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had an allowance for uncollectible accounts of \$2,500 at September 30, 2017.

***Capital Assets*** - Capital assets, which include land and easements, construction in progress, equipment, common and recreation areas, and water, wastewater and drainage facilities, 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 acquisition value at the time received. Interest incurred during construction of capital facilities is capitalized.



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

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

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

**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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in both the fund and the government-wide financial statements.

**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. The District has \$9,931 in nonspendable fund balance related to prepaid office space rent.
- *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 \$852,638 of its fund balance to cover a projected 2018 budget deficit.
- *Unassigned*: all other spendable amounts in the General Fund.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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.

**Recently Issued Accounting Pronouncements**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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		\$ 11,016,270
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Land and easements	\$ 833,376	
Construction in progress	175,250	
Capital assets	41,577,637	
Less: Accumulated depreciation	<u>(10,860,405)</u>	31,725,858
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred inflows of resources for tax revenues earned but not available.		35,981
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(20,470,000)	
Issuance discount	125,528	
Issuance premium	(822,908)	
Deferred charges on refunding, net	322,535	
Accrued interest	<u>(522,228)</u>	<u>(21,367,073)</u>
Net Position - Governmental Activities		<u>\$ 21,411,036</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		\$ 2,009,359
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in period purchased	\$ 245,512	
Interest expenditures in year paid	24	
Principal in year paid	1,405,000	
Tax revenue when collected	4,114	
Bond sales and related bond premium as other financing sources/(uses)	<u>(170,348)</u>	1,484,302
Governmental funds do not report - Depreciation		<u>(1,045,405)</u>
Change in Net Position - Governmental Activities		<u>\$ 2,448,256</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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**3. CASH AND CASH EQUIVALENT 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; and securities collateralizing time deposits are held by independent third party trustees.

**Cash** - At September 30, 2017, the carrying amount of the District's deposits was \$649,870 and the bank balance was \$949,510. 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 AAAM by a nationally recognized rating agency.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

At September 30, 2017, the District held the following investments:

Investment	Fair Value at 9/30/2017	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
		Unrestricted	Restricted (1)	Restricted (2)		
Texpool	\$ 3,201,429	\$ 3,201,429	\$ -	\$ -	AAAm	Standard & Poors
LOGIC	8,010,693	7,215,992	792,354	2,347	AAAm	Standard & Poors
	<u>\$ 11,212,122</u>	<u>\$ 10,417,421</u>	<u>\$ 792,354</u>	<u>\$ 2,347</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, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District also invests in Local Government Investment Cooperative (“LOGIC”), a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The District has delegated the authority to hold legal title to LOGIC as custodian and to make investment purchases with the District’s funds. LOGIC is a member-owned, member-governed public funds investment pool. The Board of Trustees, who have governance responsibilities, is comprised of participants in LOGIC and members of the Texas Association of School Business Officials (“TASBO”). LOGIC meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

*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, 2017, 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, 2017, 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, 2017**

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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 27, 2016.

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 2016 tax roll. The tax rate, based on total taxable assessed valuation of \$648,491,451, was \$0.7075 on each \$100 valuation and was allocated \$0.3729 to the General Fund and \$0.3346 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, 2017, consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Current year levy	\$ 4,644	\$ 4,167	\$ 8,811
Prior years' levies	11,870	15,300	27,170
	\$ 16,514	\$ 19,467	\$ 35,981

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 between funds are made, is as follows at September 30, 2017:

	<b>Interfund</b>	
	<b>Receivable</b>	<b>Payable</b>
<b>General Fund -</b>		
Debt Service Fund	\$ 2,726	\$ -
<b>Debt Service Fund -</b>		
General Fund	-	2,726
	\$ 2,726	\$ 2,726

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**6. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<b>Balance 10/1/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2017</b>
Capital assets not being depreciated:				
Land and Easements	\$ 833,376	\$ -	\$ -	\$ 833,376
Construction in progress	-	175,250	-	175,250
Total capital assets not being depreciated	<u>833,376</u>	<u>175,250</u>	<u>-</u>	<u>1,008,626</u>
Capital assets being depreciated:				
Water, Wastewater and Drainage Facilities	36,545,536	-	-	36,545,536
Common and Recreation areas	4,961,839	43,420	-	5,005,259
Equipment	-	26,842	-	26,842
Total capital assets being depreciated	<u>41,507,375</u>	<u>70,262</u>	<u>-</u>	<u>41,577,637</u>
Less accumulated depreciation for:				
Water, Wastewater and Drainage Facilities	(7,530,368)	(738,934)	-	(8,269,302)
Common and Recreation areas	(2,284,632)	(303,787)	-	(2,588,419)
Equipment	-	(2,684)	-	(2,684)
Total accumulated depreciation	<u>(9,815,000)</u>	<u>(1,045,405)</u>	<u>-</u>	<u>(10,860,405)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>31,692,375</u>	<u>(975,143)</u>	<u>-</u>	<u>30,717,232</u>
Total capital assets, net	<u>\$ 32,525,751</u>	<u>\$ (799,893)</u>	<u>\$ -</u>	<u>\$ 31,725,858</u>

**7. BONDED DEBT**

The following is a summary of bond transactions of the District for the year ended September 30, 2017:

	<b>Unlimited Tax and Revenue Bonds</b>
Bonds payable at October 1, 2016	\$ 21,895,000
Bonds issued	3,710,000
Bonds refunded	(3,730,000)
Bonds retired	(1,405,000)
Bond discount, net of accumulated amortization	(125,528)
Bond premium, net of accumulated amortization	822,908
Bonds payable at September 30, 2017	<u>\$ 21,167,380</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Bonds payable at September 30, 2017, were comprised of the following individual issues:

**Unlimited Tax and Revenue Bonds:**

\$830,000 – 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.

\$3,860,000 – 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:**

\$375,000 – 2010 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2018 at an interest rate 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.

\$2,875,000 – 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.

\$3,255,000 – 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.

\$5,565,000 – 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.

\$3,710,000 – 2017 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2026 at interest rates which range from 2.00% to 4.00%.



**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

On September 1, 2017, the District issued Unlimited Tax and Revenue Refunding Bonds, Series 2017, of \$3,710,000 with interest rates ranging from 2.00% to 4.00% to currently refund \$3,730,000 of its previously issued Series 2010 bonds in order to lower its overall debt service requirements. The net proceeds of \$3,802,787 (after payment of the underwriting fees, insurance, and other issuance costs) were used for the following: \$3,802,785 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$2 was deposited in the Debt Service Fund for future interest costs. As a result, \$3,730,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$72,785; this amount is considered a deferred inflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of \$172,433 and an overall debt service savings of \$180,791.

The annual requirements to amortize all bonded debt at September 30, 2017, 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>
2018	\$ 1,120,000	\$ 1,027,288	\$ 2,147,288
2019	1,425,000	800,213	2,225,213
2020	1,620,000	627,063	2,247,063
2021	1,495,000	570,750	2,065,750
2022	1,575,000	519,900	2,094,900
2023-2027	8,200,000	1,803,483	10,003,483
2028-2031	5,035,000	454,194	5,489,194
	\$ 20,470,000	\$ 5,802,891	\$ 26,272,891

A portion of the Series 2014 and 2015 bonds were capital appreciation bonds, commonly referred to as “premium compound interest bonds”. These bonds were issued at a discount to their par or maturity value and will accrete interest until maturity. The interest shown above includes the interest to be paid on the bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

Unlimited tax bonds authorized but not issued as of September 30, 2017, were \$35,213,000.

\$789,087 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.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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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 \$13,650 of capital recovery fees during the year ending September 30, 2017.

**9. COMMITMENTS AND CONTINGENCIES**

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, 2017, has recorded no liability pertaining to such costs.

In 2013, the District filed petitions with the Commission appealing the rates charged by the City to the District for wholesale water and wastewater services. The petitions alleged that the City’s rates are in excess of the cost of services being provided to the District and are, thus, in violation of Texas law. Since the filing of the petitions, the Texas Legislature transferred jurisdiction of water and wastewater rate appeals to the Public Utility Commission of Texas (the “PUC”). The State Office of Administrative Hearings (“SOAH”) completed a hearing on the merits in February 2015 and issued a Proposal for Decision in favor of the District in July 2015. The SOAH Judges established interim water rates to be charged by the City, lowering rates to what existed prior to the City’s adoption of new rates in 2012, which continue in effect.

In October 2015, the PUC issued an Order lowering the water and wastewater rates for the District. The PUC issued a final order on January 14, 2016. On March 29, 2016, the City filed in Travis County District Court its appeal of the PUC Order. On May 25, 2017, Judge Laura J. Lovington issued her Final Order, which denied the City’s appeal. The City staff are proposing a new rate increase, which the City must submit to the PUC for approval. The District anticipates participating in another rate hearing, again challenging the City’s proposed wholesale water and wastewater rates for the District. At this time, the District is unable to form a judgement as to whether it is probable, reasonable or possible that the outcome of this matter will be unfavorable to the District.

**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.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**10. RISK MANAGEMENT (continued) -**

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. 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 \$52,657 in fiscal year 2017. 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>
2018	\$ 35,501
2019	<u>27,104</u>
Total Minimum Lease Payments	<u>\$ 62,605</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
SEPTEMBER 30, 2017**

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes, including penalties and interest	\$ 2,419,396	\$ 2,406,886	\$ 12,510
Service revenues, including penalties	3,918,941	3,813,756	105,185
Interest	92,244	7,200	85,044
Other	53,841	30,000	23,841
<b>TOTAL REVENUES</b>	<u>6,484,422</u>	<u>6,257,842</u>	<u>226,580</u>
<b>EXPENDITURES:</b>			
Current:			
Water/wastewater purchases	1,553,568	2,575,423	1,021,855
Garbage collection fees	620,953	640,166	19,213
Park maintenance	488,672	691,900	203,228
General manager fees	302,703	316,478	13,775
Repairs and maintenance	418,654	200,000	(218,654)
Utilities	26,026	36,000	9,974
Chemicals	61,809	75,000	13,191
Office expenditures	306,667	379,667	73,000
Security services	110,330	129,181	18,851
Director fees, including payroll taxes	20,400	33,909	13,509
Legal fees	101,362	150,000	48,638
Engineering fees	53,827	111,800	57,973
Accounting fees	66,750	66,750	-
Audit fees	15,500	15,500	-
Insurance	18,952	20,000	1,048
Tax appraisal/collection	14,521	12,000	(2,521)
Financial advisor fees	1,096	1,000	(96)
Other consulting fees	27,179	75,000	47,821
Other	110,844	134,349	23,505
Capital Outlay	245,512	1,235,000	989,488
<b>TOTAL EXPENDITURES</b>	<u>4,565,325</u>	<u>6,899,123</u>	<u>2,333,798</u>
<b>CHANGE IN FUND BALANCE</b>	1,919,097	<u>\$ (641,281)</u>	<u>\$ 2,560,378</u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>8,305,739</u>		
End of the year	<u>\$ 10,224,836</u>		

**TEXAS**  
**SUPPLEMENTARY INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
SEPTEMBER 30, 2017**

**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 checked="" 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:	\$ 29.60 <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 \$ 82.89 <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"	2,965	2,965	1.0	2,965
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	3,000	3,000		3,485
Total Wastewater	2,976	2,976	1.0	2,976

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

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-1. SERVICES AND RATES  
SEPTEMBER 30, 2017**

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

Gallons pumped into system: 290,710,000  
Gallons billed to customers: 262,840,000

<b>Water Accountability Ratio</b> (Gallons billed / Gallons Pumped) 90.4%
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**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, 2017**

Personnel Expenditures (including benefits)	\$	210,585
Professional Fees:		
Audit		15,500
Legal		101,362
Engineering		53,827
Financial Advisor		1,096
Purchased Services For Resale -		
Bulk Water and Wastewater Purchases		1,553,568
Contracted Services:		
General Manager/Bookkeeping		369,453
Appraisal District/Tax Collector		14,521
Security Services		110,330
Other Contracted Services		27,179
Utilities		26,026
Repairs and Maintenance		418,654
Chemicals		61,809
Administrative Expenditures:		
Directors' Fees		20,400
Office Supplies		-
Insurance		18,952
Other Administrative Expenditures		206,926
Capital Outlay:		
Capitalized Assets		245,512
Expenditures not Capitalized		-
Bad Debt		-
Solid Waste Disposal		620,953
Parks and Recreation		488,672
Other Expenditures		-
<b>TOTAL EXPENDITURES</b>		<b>\$ 4,565,325</b>

Number of persons employed by the District:

Full-Time

Part-Time

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-3. TEMPORARY INVESTMENTS  
SEPTEMBER 30, 2017**

<b>Funds</b>	<b>Identification or Certificate Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance at End of Year</b>	<b>Accrued Interest Receivable at End of Year</b>
<b>General Fund:</b>					
Investment in LOGIC	XXX8001	Varies	N/A	\$ 7,209,913	\$ -
State Investment Pool	XXX0001	Varies	N/A	2,879,473	-
State Investment Pool	XXX0004	Varies	N/A	153,671	-
State Investment Pool	XXX0005	Varies	N/A	163,946	-
Investment in LOGIC	XXX8002	Varies	N/A	6,079	-
State Investment Pool	XXX0003	Varies	N/A	4,339	-
<b>Total</b>				10,417,421	-
<b>Debt Service Fund:</b>					
Investment in LOGIC	XXX8005	Varies	N/A	33,464	-
Investment in LOGIC	XXX8006	Varies	N/A	758,890	-
<b>Total</b>				792,354	-
<b>Capital Projects Fund -</b>					
Investment in LOGIC	XXX8015	Varies	N/A	2,347	-
<b>Total</b>				2,347	-
<b>Total - All Funds</b>				\$ 11,212,122	\$ -

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-4. TAXES LEVIED AND RECEIVABLE  
SEPTEMBER 30, 2017**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>		
<b>Taxes Receivable, Beginning of Year</b>	\$ 14,135	\$ 17,732		
2016 Original Tax Levy, less abatements/adjustments	2,418,225	2,169,853		
Adjustments to prior years	(66)	(80)		
Total to be accounted for	2,432,294	2,187,505		
Tax collections:				
Current year	2,413,581	2,165,686		
Prior years	2,199	2,352		
Total collections	2,415,780	2,168,038		
<b>Taxes Receivable, End of Year</b>	<b>\$ 16,514</b>	<b>\$ 19,467</b>		
<b>Taxes Receivable, By Years</b>				
2015 and prior	\$ 11,870	\$ 15,300		
2016	4,644	4,167		
<b>Taxes Receivable, End of Year</b>	<b>\$ 16,514</b>	<b>\$ 19,467</b>		
<b>Property Valuations:</b>	<b>2016</b> (a)	<b>2015</b> (a)	<b>2014</b> (a)	<b>2013</b> (a)
Land and improvements	<b>\$ 648,491,451</b>	\$ 579,111,771	\$ 514,296,755	\$ 498,092,316
<b>Total Property Valuations</b>	<b>\$ 648,491,451</b>	\$ 579,111,771	\$ 514,296,755	\$ 498,092,316
<b>Tax Rates per \$100 Valuation:</b>				
Debt Service tax rates	\$ 0.3346	\$ 0.3788	\$ 0.4343	\$ 0.4451
Maintenance tax rates	0.3729	0.3432	0.3017	0.3049
<b>Total Tax Rates per \$100 Valuation:</b>	<b>\$ 0.7075</b>	\$ 0.7220	\$ 0.7360	\$ 0.7500
<b>Original Tax Levy</b>	<b>\$ 4,588,078</b>	\$ 4,181,281	\$ 3,785,223	\$ 3,735,692
<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>	<b>\$ 1.50 on 4/5/1986</b>			

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

(a) Valuations are provided by the appropriate Appraisal District. 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, 2017**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2007			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2010			UNLIMITED TAX AND REVENUE BONDS SERIES 2011		
	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
	2018	\$ -	\$ 33,200	\$ 33,200	\$ 375,000	\$ 15,000	\$ 390,000	\$ 185,000	\$ 118,069
2019	-	33,200	33,200	-	-	-	195,000	114,369	309,369
2020	-	33,200	33,200	-	-	-	205,000	110,469	315,469
2021	-	33,200	33,200	-	-	-	220,000	105,856	325,856
2022	-	33,200	33,200	-	-	-	230,000	100,906	330,906
2023	-	33,200	33,200	-	-	-	245,000	95,156	340,156
2024	-	33,200	33,200	-	-	-	260,000	88,419	348,419
2025	-	33,200	33,200	-	-	-	275,000	80,619	355,619
2026	-	33,200	33,200	-	-	-	295,000	72,369	367,369
2027	-	33,200	33,200	-	-	-	310,000	63,150	373,150
2028	-	33,200	33,200	-	-	-	330,000	52,300	382,300
2029	400,000	33,200	433,200	-	-	-	350,000	40,750	390,750
2030	430,000	17,200	447,200	-	-	-	370,000	28,500	398,500
2031	-	-	-	-	-	-	390,000	14,625	404,625
	<u>\$ 830,000</u>	<u>\$ 415,600</u>	<u>\$ 1,245,600</u>	<u>\$ 375,000</u>	<u>\$ 15,000</u>	<u>\$ 390,000</u>	<u>\$ 3,860,000</u>	<u>\$ 1,085,557</u>	<u>\$ 4,945,557</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2017**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2012			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2014			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2015		
	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
	2018	\$ 335,000	\$ 94,075	\$ 429,075	\$ 25,000	\$ 326,044	\$ 351,044	\$ 200,000	\$ 322,200
2019	200,000	85,700	285,700	270,000	96,044	366,044	185,000	352,200	537,200
2020	220,000	79,700	299,700	270,000	89,294	359,294	340,000	207,200	547,200
2021	220,000	73,100	293,100	290,000	81,194	371,194	340,000	193,600	533,600
2022	240,000	66,500	306,500	290,000	72,494	362,494	365,000	180,000	545,000
2023	240,000	58,100	298,100	315,000	63,794	378,794	365,000	165,400	530,400
2024	265,000	49,700	314,700	335,000	54,344	389,344	390,000	150,800	540,800
2025	260,000	40,425	300,425	335,000	44,294	379,294	415,000	135,200	550,200
2026	285,000	31,325	316,325	355,000	34,244	389,244	440,000	118,600	558,600
2027	305,000	21,350	326,350	375,000	23,594	398,594	460,000	101,000	561,000
2028	305,000	10,675	315,675	395,000	12,344	407,344	480,000	82,600	562,600
2029	-	-	-	-	-	-	505,000	63,400	568,400
2030	-	-	-	-	-	-	525,000	43,200	568,200
2031	-	-	-	-	-	-	555,000	22,200	577,200
	<u>\$ 2,875,000</u>	<u>\$ 610,650</u>	<u>\$ 3,485,650</u>	<u>\$ 3,255,000</u>	<u>\$ 897,684</u>	<u>\$ 4,152,684</u>	<u>\$ 5,565,000</u>	<u>\$ 2,137,600</u>	<u>\$ 7,702,600</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2017**

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2017			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
	2018	\$ -	\$ 118,700	\$ 118,700	\$ 1,120,000	\$ 1,027,288
2019	575,000	118,700	693,700	1,425,000	800,213	2,225,213
2020	585,000	107,200	692,200	1,620,000	627,063	2,247,063
2021	425,000	83,800	508,800	1,495,000	570,750	2,065,750
2022	450,000	66,800	516,800	1,575,000	519,900	2,094,900
2023	460,000	57,800	517,800	1,625,000	473,450	2,098,450
2024	475,000	48,600	523,600	1,725,000	425,063	2,150,063
2025	500,000	29,600	529,600	1,785,000	363,338	2,148,338
2026	240,000	9,600	249,600	1,615,000	299,338	1,914,338
2027	-	-	-	1,450,000	242,294	1,692,294
2028	-	-	-	1,510,000	191,119	1,701,119
2029	-	-	-	1,255,000	137,350	1,392,350
2030	-	-	-	1,325,000	88,900	1,413,900
2031	-	-	-	945,000	36,825	981,825
	<u>\$ 3,710,000</u>	<u>\$ 640,800</u>	<u>\$ 4,350,800</u>	<u>\$ 20,470,000</u>	<u>\$ 5,802,891</u>	<u>\$ 26,272,891</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2017**

	<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>Series 2017</u>	<u>Total</u>
Interest Rate	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%	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	9/1/2030	9/1/2017	9/1/2018	9/1/2031	9/1/2028	9/1/2028	9/1/2031	9/1/2026	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 1,055,000	\$ 275,000	\$ 4,460,000	\$ 4,035,000	\$ 3,180,000	\$ 3,285,000	\$ 5,605,000	\$ -	\$ 21,895,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	3,710,000	3,710,000
Retirements During the Current Fiscal Year:									
Principal	(225,000)	(275,000)	(355,000)	(175,000)	(305,000)	(30,000)	(40,000)	-	(1,405,000)
Refunded	-	-	(3,730,000)	-	-	-	-	-	(3,730,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 830,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>	<u>\$ 3,860,000</u>	<u>\$ 2,875,000</u>	<u>\$ 3,255,000</u>	<u>\$ 5,565,000</u>	<u>\$ 3,710,000</u>	<u>\$ 20,470,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 41,526</u>	<u>\$ 11,000</u>	<u>\$ 100,403</u>	<u>\$ 121,568</u>	<u>\$ 101,700</u>	<u>\$ 96,644</u>	<u>\$ 208,000</u>	<u>\$ -</u>	<u>\$ 680,841</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>24,935,000</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, 2017: \$ 792,354

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: \$ 1,876,635

**NORTHTOWN MUNICIPAL UTILITY DISTRICT**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND AND DEBT SERVICE FUND**  
**FIVE YEARS ENDED SEPTEMBER 30, 2017**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
<b>GENERAL FUND</b>										
<b>REVENUES:</b>										
Water, wastewater and garbage service, including penalties	\$ 3,918,941	\$ 3,798,056	\$ 3,798,324	\$ 3,865,382	\$ 3,919,634	60.5	64.6	69.5	71.0	78.0
Property taxes, including penalties and interest	2,419,396	1,989,812	1,553,121	1,521,641	959,699	37.3	33.8	28.4	27.9	19.1
Park fees	-	-	23,940	5,400	19,800	-	-	0.4	0.1	0.4
Interest	92,244	33,472	7,091	6,327	8,368	1.4	0.6	0.1	0.1	0.2
System connection fees	-	-	-	21,600	79,200	-	-	-	0.4	1.6
Miscellaneous	53,841	61,800	89,107	25,300	34,131	0.8	1.0	1.6	0.5	0.7
<b>Total revenues</b>	<b>6,484,422</b>	<b>5,883,140</b>	<b>5,471,583</b>	<b>5,445,650</b>	<b>5,020,832</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	2,174,521	2,426,152	2,887,959	3,001,990	2,979,253	33.6	41.2	52.8	55.1	59.3
Park maintenance	488,672	502,174	456,664	503,338	506,984	7.5	8.5	8.4	9.2	10.1
General manager services	302,703	303,864	303,795	301,266	273,838	4.7	5.2	5.6	5.5	5.5
Legal fees	101,362	105,449	104,735	134,258	132,624	1.6	1.8	1.9	2.5	2.6
Repairs and maintenance	418,654	213,193	182,969	221,698	224,258	6.5	3.6	3.4	4.1	4.5
Inspection fees/meter purchases	-	-	-	2,585	6,457	-	-	-	-	0.1
Engineering fees	53,827	87,988	43,157	57,562	59,586	0.8	1.5	0.8	1.1	1.2
Security services	110,330	116,191	104,001	104,712	92,571	1.7	2.0	1.9	1.9	1.8
Utilities	26,026	31,282	29,496	32,386	32,959	0.4	0.5	0.5	0.6	0.7
Auditing fees	15,500	15,250	15,000	14,900	14,600	0.2	0.3	0.3	0.3	0.3
Accounting fees	66,750	66,750	66,750	66,750	66,750	1.0	1.1	1.2	1.2	1.3
Directors' fees	20,400	22,920	18,720	16,470	18,247	0.3	0.4	0.3	0.3	0.3
Chemicals	61,809	39,769	98,139	120,800	63,751	1.0	0.7	1.8	2.2	1.3
Office expenditures	306,667	309,384	290,842	273,610	275,846	4.7	5.3	5.3	5.0	5.7
Tax appraisal/collection fees	14,521	12,558	10,475	9,311	5,884	0.2	0.2	0.2	0.2	0.1
Insurance	18,952	16,919	16,612	15,521	17,276	0.3	0.3	0.3	0.3	0.3
Other	111,940	98,814	87,403	100,395	157,426	1.7	1.7	1.6	1.8	3.1
Contracted services	27,179	36,829	128,365	62,867	-	0.4	0.6	2.3	1.2	-
Capital outlay	245,512	313,233	231,915	1,116,609	235,691	3.8	5.3	4.2	20.5	4.7
<b>Total expenditures</b>	<b>4,565,325</b>	<b>4,718,719</b>	<b>5,076,997</b>	<b>6,157,028</b>	<b>5,164,001</b>	<b>70.4</b>	<b>80.2</b>	<b>92.8</b>	<b>113.0</b>	<b>102.9</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 1,919,097</b>	<b>\$ 1,164,421</b>	<b>\$ 394,586</b>	<b>\$ (711,378)</b>	<b>\$ (143,169)</b>	<b>29.6</b>	<b>19.8</b>	<b>7.2</b>	<b>(13.0)</b>	<b>(2.9)</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, 2017**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
<b><u>DEBT SERVICE FUND</u></b>										
REVENUES:										
Property taxes, including penalties and interest	\$ 2,171,366	\$ 2,197,214	\$ 2,235,619	\$ 2,223,203	\$ 2,259,291	91.8	99.5	89.6	93.2	99.9
Net bond activity	170,348	-	256,855	159,364	-	7.2	-	10.3	6.7	-
Interest	22,768	10,774	2,231	1,828	2,793	1.0	0.5	0.1	0.1	0.1
Total revenues	<u>2,364,482</u>	<u>2,207,988</u>	<u>2,494,705</u>	<u>2,384,395</u>	<u>2,262,084</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	13,030	13,860	15,079	13,593	13,915	0.6	0.6	0.6	0.6	0.6
Principal payments	1,405,000	1,450,000	1,340,000	1,240,000	1,300,000	59.4	65.7	53.7	52.0	57.5
Interest payments	680,841	802,930	762,641	901,675	1,006,379	28.8	36.4	30.6	37.8	44.5
Fiscal agent fees and other	5,284	4,191	8,827	4,868	14,365	0.2	0.2	0.4	0.2	0.6
Bond refunding expenditures	171,246	847	254,826	154,595	1,030	7.2	-	10.2	6.5	-
Total expenditures	<u>2,275,401</u>	<u>2,271,828</u>	<u>2,381,373</u>	<u>2,314,731</u>	<u>2,335,689</u>	<u>96.2</u>	<u>102.9</u>	<u>95.5</u>	<u>97.1</u>	<u>103.2</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 89,081</u>	<u>\$ (63,840)</u>	<u>\$ 113,332</u>	<u>\$ 69,664</u>	<u>\$ (73,605)</u>	<u>3.8</u>	<u>(2.9)</u>	<u>4.5</u>	<u>2.9</u>	<u>(3.2)</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>3,000</u>	<u>2,994</u>	<u>2,968</u>	<u>2,971</u>	<u>2,926</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,976</u>	<u>2,987</u>	<u>2,962</u>	<u>2,962</u>	<u>2,837</u>					

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2017**

Complete District Mailing Address:

c/o Armbrust & Brown, PLLC  
100 Congress Avenue, Suite 1300, Austin, Texas 78701

District Business Telephone Number:

(512) 435-2300

Submission Date of the most recent District  
Registration Form TWC Sections 36.054 & 49.054:

December 8, 2017

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 *	Expense Reimbursements	Title at Year End
		9/30/2017	9/30/2017	
<b>Board Members:</b>				
ROBIN CAMPBELL	(Elected) 11/8/2016 - 11/3/2020	\$ 2,400	\$ -	President
BRENDA RICHTER	(Elected) 11/4/2014 - 11/6/2018	\$ 3,450	\$ 1,510	Vice-President
CHRISTOPHER CAPERS	(Elected) 11/4/2014 - 11/6/2018	\$ 2,550	\$ 1,237	Secretary
FELIX T. AMARO, JR.	(Elected) 11/8/2016 - 11/3/2020	\$ 7,200	\$ 1,512	Treasurer
R. LEE HILL	(Appointed) 11/28/2017 - 11/6/2018	\$ -	\$ -	Assistant Secretary
KATHY HAUGHT	(Elected) 11/4/2014 - 11/28/2017	\$ 3,450	\$ -	Former Secretary

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

**Consultants:**

Crossroads Utility Service	2010	\$ 573,071	\$ -	District Manager
Armbrust & Brown, PLLC	1997	\$ 112,107	\$ -	Attorney
		\$ 20,000	\$ -	Bond Related Services
Bott & Douthitt, PLLC	2009	\$ 66,750	\$ 652	District Accountant
McCall Gibson Swedlund Barfoot PLLC	2011	\$ 15,500	\$ -	Auditor
		\$ 900	\$ -	Bond Related Services
360 Professional Services, Inc.	2012	\$ 134,563	\$ -	Engineer
Public Finance Group, LLC	2014	\$ 2,080	\$ -	Financial Advisor
		\$ 54,480	\$ -	Bond Related Services
McCall Parkhurst & Horton, LLP	1994	\$ 38,050	\$ -	Bond Counsel
Travis County Tax Collector	1994	\$ 4,733	\$ -	Tax Collector

**OTHER  
SUPPLEMENTARY INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
OSI-1. PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2017**

Taxpayer	Type of Property	Tax Roll Year		
		2017	2016	2015
CL Tech Ridge LP & Tech Ridge LA Partners	N/A	44,879,700	43,600,000	-
Belkorp Oaks LLC	N/A	35,331,910	33,791,910	27,889,610
Logistics II Tech Ridge Portfolio LLC	N/A	19,608,051	-	-
Lantower Techridge Austin LP	N/A	14,273,537	-	-
Lakewood SDF LLC	N/A	11,542,145	11,199,935	9,248,265
Village @ Northtown Ltd.	N/A	11,212,498	11,450,711	11,208,801
A M Petroleum Inc.	N/A	2,783,575	2,361,269	2,335,650
Jeffercindershan Ltd.	N/A	965,431	965,431	965,431
Applied Materials Inc.	N/A	879,378	2,520,112	2,040,508
Wills-Rodgers Lisa R	N/A	827,062	-	-
Realty Associates Fund IX LP	N/A	-	17,518,635	15,890,234
Advanced Energy Industries Inc.	N/A	-	1,229,333	2,294,341
Oaks at Techridge Phase 3 Partners LP	N/A	-	1,013,620	1,013,620
MFREVF - Tech Ridge LP	N/A	-	-	35,700,000
<b>Total</b>		<b>\$ 142,303,287</b>	<b>\$ 125,650,956</b>	<b>\$ 108,586,460</b>
Percent of Assessed Valuation		<b>20.2%</b>	<b>19.4%</b>	<b>18.8%</b>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT  
OSI-2. ASSESSED VALUE BY CLASSIFICATION  
SEPTEMBER 30, 2017**

Type of Property	Tax Roll Year					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 583,566,463	82.7%	\$ 538,932,920	83.1%	\$ 479,914,703	82.9%
Multi Family Residence	118,639,433	16.8%	99,175,830	15.3%	81,730,171	14.1%
Vacant Lot	898,600	0.1%	1,397,226	0.2%	1,284,057	0.2%
Non-Qualified Land	13,496,849	1.9%	14,119,989	2.2%	14,352,383	2.5%
Commercial Real Property	22,391,626	3.2%	19,879,904	3.1%	17,144,786	3.0%
Telephone Company	123,850	-	153,932	-	396,877	0.1%
Commercial Personal Property	2,062,275	0.3%	3,538,851	0.5%	5,103,311	0.9%
Industrial Personal Property	74,831,822	10.6%	112,699,881	17.4%	78,471,310	13.5%
Residential Inventory	660,354	0.1%	-	-	-	-
Totally Exempt Property	23,579,884	3.4%	8,417,225	1.3%	8,656,932	1.5%
Less: Adjustments	<u>(134,820,386)</u>	<u>-19.1%</u>	<u>(149,824,307)</u>	<u>-23.1%</u>	<u>(107,942,759)</u>	<u>-18.7%</u>
Total Taxable	<u>\$ 705,430,770</u>	<u>100.0%</u>	<u>\$ 648,491,451</u>	<u>100.0%</u>	<u>\$ 579,111,771</u>	<u>100.0%</u>