

**NORTHTOWN
MUNICIPAL UTILITY DISTRICT**

YEAR ENDED SEPTEMBER 30, 2019

**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, 2019**

**NORTHTOWN
MUNICIPAL UTILITY DISTRICT**

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS

I, Brenda Richter, President of the
(Name of Duly Authorized District Representative)

NORTHTOWN MUNICIPAL UTILITY DISTRICT
(Name of District)

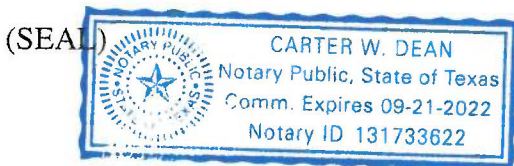
hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the **28th day of January, 2020**, its annual audit report for the fiscal year period ended **September 30, 2019**, and those copies of the annual audit report have been filed in the district office, located at:

100 Congress Avenue, Suite 1300 Austin, TX 78701
(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: January 28, 2020 By: Brenda Richter
(Signature of District Representative)
Brenda Richter, President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 28th day of January, 2020.



Carter W. Dean
(Signature of Notary)

My Commission Expires On: _____,
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

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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, 2019, 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, 2019, 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 or provide any assurance on them.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Austin, Texas

January 28, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

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, 2019. 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 for the General Fund was \$9,300,352, and \$14,704 was classified as nonspendable and \$3,106,811 was assigned to use for a budgeted General Fund deficit during the year ending September 30, 2020. The total General Fund fund balance was \$12,421,867, representing an increase of \$1,416,712 from the previous year. General Fund revenues decreased from \$6,944,705 in the previous fiscal year to \$6,882,238 in the current fiscal year due to a decrease in the property tax rate allocated to the General Fund.
- *Debt Service Fund:* Fund balance restricted for debt service decreased from \$861,293 in the previous fiscal year to \$788,784 in the current fiscal year. Debt Service Fund revenues decreased from \$2,238,897 in the previous fiscal year to \$2,168,811 in the current fiscal year due to an overall decrease in the debt service tax rate.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased from \$2,389 in the previous fiscal year to \$2,449 in the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$2,271,022. Net position increased from \$23,853,327 to \$26,124,349.

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, 2019

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, 2019**

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)
	2019	2018	
Current and other assets	\$ 14,934,194	\$ 13,691,022	\$ 1,243,172
Capital and non-current assets	31,105,720	31,794,486	(688,766)
Total Assets	46,039,914	45,485,508	554,406
Deferred Outflows of Resources	282,648	302,591	(19,943)
Total Assets and Deferred Outflows of Resources	46,322,562	45,788,099	534,463
Current Liabilities	3,332,866	3,391,418	(58,552)
Long-term Liabilities	16,865,347	18,543,354	(1,678,007)
Total Liabilities	20,198,213	21,934,772	(1,736,559)
Net Investment in Capital Assets	12,905,470	12,131,112	774,358
Restricted	767,789	694,111	73,678
Unrestricted	12,451,090	11,028,104	1,422,986
Total Net Position	\$ 26,124,349	\$ 23,853,327	\$ 2,271,022

The District’s combined net position increased by \$2,271,022 to \$26,124,349 from the previous year amount of \$23,853,327. 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 \$12,451,090.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2019	2018	
Service accounts	\$ 3,727,494	\$ 3,864,303	\$ (136,809)
Property taxes	4,884,341	4,975,072	(90,731)
Other	450,202	355,546	94,656
Total Revenues	9,062,037	9,194,921	(132,884)
Water/wastewater/garbage	2,345,589	2,206,456	139,133
Other	2,723,753	2,840,904	(117,151)
Debt Service	623,015	642,356	(19,341)
Depreciation	1,098,658	1,062,914	35,744
Total Expenses	6,791,015	6,752,630	38,385
Change in Net Position	2,271,022	2,442,291	(171,269)
Beginning Net Position	23,853,327	21,411,036	2,442,291
Ending Net Position	\$ 26,124,349	\$ 23,853,327	\$ 2,271,022

Revenues were \$9,062,037 for the fiscal year ended September 30, 2019 while expenses were \$6,791,015. Net position increased \$2,271,022.

Property tax revenue in the current fiscal year totaled \$4,884,341. 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 2018 tax year (September 30, 2019 fiscal year) were based upon a current adjusted assessed value of \$773,939,216 and a tax rate of \$0.63 per \$100 of assessed valuation. Property taxes levied for the 2017 tax year (September 30, 2018 fiscal year) were based upon an adjusted assessed value of \$702,649,717 and a tax rate of \$0.7075 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, 2019

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2019	2018	2017	2016
Cash	\$ 1,159,445	\$ 844,987	\$ 649,870	\$ 749,100
Cash equivalent investments	12,948,289	12,050,430	11,212,122	9,135,300
Receivables and other assets	847,462	799,181	756,135	959,133
Total Assets	\$ 14,955,196	\$ 13,694,598	\$ 12,618,127	\$ 10,843,533
Accounts payable	572,427	708,781	513,149	507,942
Other payables	1,111,483	1,069,722	1,052,727	1,296,813
Total Liabilities	1,683,910	1,778,503	1,565,876	1,804,755
Deferred Inflows of Resources	58,186	47,258	35,981	31,867
Nonspendable	14,704	11,146	9,931	8,155
Restricted	791,233	863,682	791,434	701,172
Assigned	3,106,811	117,985	852,638	641,281
Unassigned	9,300,352	10,876,024	9,362,267	7,656,303
Total Fund Balances	13,213,100	11,868,837	11,016,270	9,006,911
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,955,196	\$ 13,694,598	\$ 12,618,127	\$ 10,843,533

For the fiscal year ended September 30, 2019, the District's governmental funds reflect a combined fund balance of \$13,213,100. This fund balance includes a \$1,416,712 increase to the General Fund.

The Debt Service Fund reflects a decrease of \$72,509 in fiscal year 2019. During the current fiscal year, the Debt Service Fund remitted bond principal of \$1,425,000 and interest of \$800,212. 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 \$60 increase in fund balance for fiscal year 2019.

NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted a budget on August 28, 2018. The budget included revenues of \$6,759,175 as compared to expenditures of \$6,877,160. When comparing actual to budget, the District had a positive variance of \$1,534,697. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS

The District's governmental activities invested \$31,105,720 in land and infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	<u>9/30/2019</u>	<u>9/30/2018</u>
Land and easements	\$ 833,376	\$ 833,376
Construction in progress	253,427	-
Water, wastewater and drainage	36,695,264	36,695,264
Common and recreation areas	6,303,178	6,146,713
Equipment	42,452	42,452
Less: Accumulated Depreciation	(13,021,977)	(11,923,319)
Total Net Capital Assets	<u>\$ 31,105,720</u>	<u>\$ 31,794,486</u>

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:

	<u>Bonds Payable</u>
Series 2007	\$ 830,000
Series 2011	3,480,000
Series 2012	2,340,000
Series 2014	2,960,000
Series 2015	5,180,000
Series 2017	3,135,000
Total	<u>\$ 17,925,000</u>

The District owes approximately \$17.9 million to bondholders. During the current fiscal year, the District paid down \$1,425,000 in outstanding principal on bonds. The ratio of the District's long term debt to the total 2018 taxable assessed valuation (\$773,939,216) is 2.3%. The District's estimated population, as provided by the District as of November 1, 2019, is 13,260.

NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

LONG TERM DEBT (continued) -

More detailed information about the District's long term debt is presented in the *Notes to the Financial Statements*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for the 2019 tax year (September 30, 2020 fiscal year) is approximately \$1.025 billion and the net taxable value is approximately \$804.3 million. The fiscal year 2020 tax rate is \$0.6250 on each \$100 of taxable value. Approximately 58% of the property tax will fund general operating expenses, and approximately 42% of the property tax will be set aside for Debt Service Fund expenditures.

The adopted budget for fiscal year 2020 projects a General Fund fund balance decrease of \$3,106,811.

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, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
<u>ASSETS</u>						
Cash and cash equivalents:						
Cash	\$ 1,159,945	\$ -	\$ -	\$ 1,159,945	\$ -	\$ 1,159,945
Cash equivalents	12,136,054	809,786	2,449	12,948,289	-	12,948,289
Receivables:						
Service accounts, net of \$2,500 provision for uncollectible accounts	705,167	-	-	705,167	-	705,167
Taxes, no provision for uncollectible accounts	29,223	28,963	-	58,186	-	58,186
Interfund receivables	21,002	-	-	21,002	(21,002)	-
Other	47,903	-	-	47,903	-	47,903
Prepaid expenditures	14,704	-	-	14,704	-	14,704
Capital assets, net of accumulated depreciation:						
Land and easements	-	-	-	-	833,376	833,376
Construction in progress	-	-	-	-	253,427	253,427
Equipment	-	-	-	-	22,787	22,787
Common and recreation areas	-	-	-	-	3,062,978	3,062,978
Water, wastewater and drainage facilities	-	-	-	-	26,933,152	26,933,152
TOTAL ASSETS	\$ 14,113,998	\$ 838,749	\$ 2,449	\$ 14,955,196	31,084,718	46,039,914
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred charges on refunding	-	-	-	-	282,648	282,648
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,113,998	\$ 838,749	\$ 2,449	\$ 14,955,196	31,367,366	46,322,562
<u>LIABILITIES</u>						
Accounts payable	\$ 550,142	\$ -	\$ -	\$ 550,142	-	550,142
Retainage payable	22,285	-	-	22,285	-	22,285
Refundable deposits	760,409	-	-	760,409	-	760,409
Fiscal security deposits	330,072	-	-	330,072	-	330,072
Interfund payables	-	21,002	-	21,002	(21,002)	-
Accrued interest payable	-	-	-	-	49,958	49,958
Bonds payable:						
Due within one year	-	-	-	-	1,620,000	1,620,000
Due after one year	-	-	-	-	16,865,347	16,865,347
TOTAL LIABILITIES	1,662,908	21,002	-	1,683,910	18,514,303	20,198,213
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Property taxes	29,223	28,963	-	58,186	(58,186)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	29,223	28,963	-	58,186	(58,186)	-
<u>FUND BALANCES / NET POSITION</u>						
Fund balances:						
Nonspendable for prepaid items	14,704	-	-	14,704	(14,704)	-
Restricted for debt service	-	788,784	-	788,784	(788,784)	-
Restricted for capital projects	-	-	2,449	2,449	(2,449)	-
Assigned for 2020 budget deficit	3,106,811	-	-	3,106,811	(3,106,811)	-
Unassigned	9,300,352	-	-	9,300,352	(9,300,352)	-
TOTAL FUND BALANCES	12,421,867	788,784	2,449	13,213,100	(13,213,100)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,113,998	\$ 838,749	\$ 2,449	\$ 14,955,196		
Net position:						
Net investment in capital assets					\$ 12,905,470	\$ 12,905,470
Restricted for debt service					767,789	767,789
Unrestricted					12,451,090	12,451,090
TOTAL NET POSITION					\$ 26,124,349	\$ 26,124,349

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, 2019

	<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>
REVENUES:						
Property taxes, including penalties and interest	\$ 2,763,766	\$ 2,109,647	\$ -	\$ 4,873,413	\$ 10,928	\$ 4,884,341
Service revenues, including penalties	3,727,494	-	-	3,727,494	-	3,727,494
Park fees	4,500	-	-	4,500	-	4,500
System connection/inspection fees	32,775	-	-	32,775	-	32,775
Interest	295,219	59,164	60	354,443	-	354,443
Other	58,484	-	-	58,484	-	58,484
TOTAL REVENUES	6,882,238	2,168,811	60	9,051,109	10,928	9,062,037
EXPENDITURES / EXPENSES:						
Current:						
Water/wastewater purchases	1,649,315	-	-	1,649,315	-	1,649,315
Garbage collection fees	696,274	-	-	696,274	-	696,274
Park maintenance	638,972	-	-	638,972	-	638,972
General manager fees	344,401	-	-	344,401	-	344,401
Repairs and maintenance	585,838	-	-	585,838	-	585,838
Inspection/connection fees	750	-	-	750	-	750
Utilities	21,656	-	-	21,656	-	21,656
Chemicals	72,968	-	-	72,968	-	72,968
Office expenditures	368,549	-	-	368,549	-	368,549
Security services	128,494	-	-	128,494	-	128,494
Director fees, including payroll taxes	17,278	-	-	17,278	-	17,278
Legal fees	128,916	-	-	128,916	-	128,916
Engineering fees	158,933	-	-	158,933	-	158,933
Accounting fees	66,750	-	-	66,750	-	66,750
Audit fees	15,750	-	-	15,750	-	15,750
Insurance	18,201	-	-	18,201	-	18,201
Tax appraisal/collection	15,284	11,665	-	26,949	-	26,949
Financial advisor fees	1,367	1,043	-	2,410	-	2,410
Other consulting fees	21,192	1,000	-	22,192	-	22,192
Other	104,746	-	-	104,746	-	104,746
Debt service:						
Bond principal	-	1,425,000	-	1,425,000	(1,425,000)	-
Bond interest	-	800,212	-	800,212	(179,597)	620,615
Fiscal agent fees	-	2,400	-	2,400	-	2,400
Capital outlay	409,892	-	-	409,892	(409,892)	-
Depreciation	-	-	-	-	1,098,658	1,098,658
TOTAL EXPENDITURES / EXPENSES	5,465,526	2,241,320	-	7,706,846	(915,831)	6,791,015
Change in fund balances / net position	1,416,712	(72,509)	60	1,344,263	926,759	2,271,022
FUND BALANCES / NET POSITION:						
Beginning of the year	11,005,155	861,293	2,389	11,868,837	11,984,490	23,853,327
End of the year	<u>\$ 12,421,867</u>	<u>\$ 788,784</u>	<u>\$ 2,449</u>	<u>\$ 13,213,100</u>	<u>\$ 12,911,249</u>	<u>\$ 26,124,349</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, 2019

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, 2019**

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, 2019

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 the 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, 2019

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 unearned revenue on its balance sheet. Unearned 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 unearned revenue is removed from the balance sheet and revenue is recognized.

Budgets and Budgetary Accounting - An unappropriated budget was adopted on August 28, 2018 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, 2019.

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, 2019**

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 \$14,704 in nonspendable fund balance related to prepaid expenditures.
- *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 \$3,106,811 of its fund balance to cover a projected 2020 budget deficit.
- *Unassigned*: all other spendable amounts in the General Fund.

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

New Accounting Pronouncements

GASB Statement No. 87 – In June 2017, 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 better meet the information needs of financial statement users by improving accounting and financial reporting for leases. GASB Statement No. 87 will require recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease contract. It 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 lease asset, while a lessor is required to recognize a lease receivable and a deferred inflows of resources. Management is evaluating the effects that implementation of GASB Statement No. 87 will have on its financial statements as of and for the year ended September 30, 2021.

GASB Statement No. 89 – In June 2018, GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 89 is to enhance the relevance and comparability of information about capital assets and to simplify accounting for interest cost incurred before the end of a construction period. Under GASB Statement No. 89, interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Management has chosen to early implement GASB Statement No. 89 as of and for the year ended September 30, 2019.

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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		\$ 13,213,100
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	253,427	
Capital assets	43,040,894	
Less: Accumulated depreciation	<u>(13,021,977)</u>	31,105,720
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.		58,186
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(17,925,000)	
Issuance discount	97,435	
Issuance premium	(657,782)	
Deferred charges on refunding, net	282,648	
Accrued interest	<u>(49,958)</u>	<u>(18,252,657)</u>
Net Position - Governmental Activities		<u><u>\$ 26,124,349</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		\$ 1,344,263
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in period purchased	\$ 409,892	
Interest expenditures in year paid	179,597	
Principal in year paid	1,425,000	
Tax revenue when collected	<u>10,928</u>	2,025,417
Governmental funds do not report - Depreciation		<u>(1,098,658)</u>
Change in Net Position - Governmental Activities		<u><u>\$ 2,271,022</u></u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019, the carrying amount of the District's deposits was \$1,159,945 and the bank balance was \$1,917,196. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining balance was covered by 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;
- 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; or
- 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, 2019**

3. CASH AND CASH EQUIVALENT INVESTMENTS (continued) -

At September 30, 2019, the District held the following investments:

Investment	Fair Value at 9/30/2019	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
Texpool	\$ 1,808,190	\$ 1,808,190	\$ -	\$ -	AAAm	Standard & Poors
LOGIC	11,140,099	10,327,864	809,786	2,449	AAAm	Standard & Poors
	<u>\$ 12,948,289</u>	<u>\$ 12,136,054</u>	<u>\$ 809,786</u>	<u>\$ 2,449</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 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 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, 2019, 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, 2019, 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, 2019**

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 establishes 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 August 28, 2018.

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 2018 tax roll. The tax rate, based on total taxable assessed valuation of \$773,939,216, was \$0.63 on each \$100 valuation and was allocated \$0.3573 to the General Fund and \$0.2727 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, 2019, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 10,345	\$ 7,895	\$ 18,240
Prior years' levies	18,878	21,068	39,946
	\$ 29,223	\$ 28,963	\$ 58,186

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, 2019:

	Interfund	
	Receivable	Payable
General Fund -		
Debt Service Fund	\$ 21,002	\$ -
Debt Service Fund -		
General Fund	-	21,002
	\$ 21,002	\$ 21,002

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019
Capital assets not being depreciated:				
Land and Easements	\$ 833,376	\$ -	\$ -	\$ 833,376
Construction in progress	-	253,427	-	253,427
Total capital assets not being depreciated	<u>833,376</u>	<u>253,427</u>	<u>-</u>	<u>1,086,803</u>
Capital assets being depreciated:				
Water, Wastewater and Drainage Facilities	36,695,264	-	-	36,695,264
Common and Recreation areas	6,146,713	156,465	-	6,303,178
Equipment	42,452	-	-	42,452
Total capital assets being depreciated	<u>42,884,429</u>	<u>156,465</u>	<u>-</u>	<u>43,040,894</u>
Less accumulated depreciation for:				
Water, Wastewater and Drainage Facilities	(9,013,195)	(748,917)	-	(9,762,112)
Common and Recreation areas	(2,898,949)	(341,251)	-	(3,240,200)
Equipment	(11,175)	(8,490)	-	(19,665)
Total accumulated depreciation	<u>(11,923,319)</u>	<u>(1,098,658)</u>	<u>-</u>	<u>(13,021,977)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>30,961,110</u>	<u>(942,193)</u>	<u>-</u>	<u>30,018,917</u>
Total capital assets, net	<u>\$ 31,794,486</u>	<u>\$ (688,766)</u>	<u>\$ -</u>	<u>\$ 31,105,720</u>

7. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2019:

	Unlimited Tax and Revenue Bonds
Bonds payable at October 1, 2018	\$ 19,350,000
Bonds retired	(1,425,000)
Bond discount, net of accumulated amortization	(97,435)
Bond premium, net of accumulated amortization	657,782
Bonds payable at September 30, 2019	<u>\$ 18,485,347</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

7. BONDED DEBT (continued) -

Bonds payable at September 30, 2019, 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 an interest rate of 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.

\$3,480,000 – 2011 Unlimited Tax and Revenue Bonds payable serially through the year 2031 at interest rates which range from 2.25% 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:

\$2,340,000 – 2012 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2028 at interest rates which range from 3.00% 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.

\$2,960,000 – 2014 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2028 at interest rates which range from 3.00% 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.

\$5,180,000 – 2015 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2031 at an interest rate of 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.

\$3,135,000 – 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, 2019**

7. BONDED DEBT (continued) -

The annual requirements to amortize all bonded debt at September 30, 2019, including interest, are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
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	1,625,000	473,450	2,098,450
2024	1,725,000	425,063	2,150,063
2025-2029	7,615,000	1,233,439	8,848,439
2030-2031	2,270,000	125,725	2,395,725
	\$ 17,925,000	\$ 3,975,390	\$ 21,900,390

Unlimited tax bonds authorized but not issued as of September 30, 2019, were \$35,213,000.

\$788,784 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.

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 \$136,800 in capital recovery fees during the year ending September 30, 2019.

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, 2019, has recorded no liability pertaining to such costs.

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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. LEASE OBLIGATION

The District leases space in an office building at 1421 Wells Branch Parkway, Austin, TX. The District’s lease was amended on July 1, 2019 and will terminate on June 30, 2023.

The District paid office lease expenses of \$52,318 in fiscal year 2019. 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>
2020	\$ 41,978
2021	43,237
2022	44,535
2023	<u>34,147</u>
Total Minimum Lease Payments	<u>\$ 163,897</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

12. SUBSEQUENT EVENT

On December 17, 2019, the District issued \$4,930,000 in Unlimited Tax and Revenue Refunding Bonds, Series 2019, (the "Series 2019 Bonds") to currently refund \$830,000, \$2,580,000 and \$1,660,000 of its previously issued Series 2007, Series 2011 and Series 2012 bonds, respectively. The Series 2019 Bonds are payable serially through the year 2031 at interest which range from 2.00% to 4.00%. The current refunding resulted in an overall debt service savings to the District of \$366,473 and a present value savings of \$324,214.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2019**

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes, including penalties and interest	\$ 2,763,766	\$ 2,748,513	\$ 15,253
Service revenues, including penalties	3,727,494	3,830,362	(102,868)
Park fees	4,500	-	4,500
System connection/inspection fees	32,775	-	32,775
Interest	295,219	150,300	144,919
Other	58,484	30,000	28,484
TOTAL REVENUES	<u>6,882,238</u>	<u>6,759,175</u>	<u>123,063</u>
EXPENDITURES:			
Current:			
Water/wastewater purchases	1,649,315	3,117,417	1,468,102
Garbage collection fees	696,274	665,698	(30,576)
Park maintenance	638,972	678,916	39,944
General manager fees	344,401	316,478	(27,923)
Repairs and maintenance	585,838	470,000	(115,838)
Inspection/connection fees	750	-	(750)
Utilities	21,656	29,989	8,333
Chemicals	72,968	60,000	(12,968)
Office expenditures	368,549	430,294	61,745
Security services	128,494	129,717	1,223
Director fees, including payroll taxes	17,278	34,050	16,772
Legal fees	128,916	105,000	(23,916)
Engineering fees	158,933	71,800	(87,133)
Accounting fees	66,750	66,750	-
Audit fees	15,750	16,000	250
Insurance	18,201	22,000	3,799
Tax appraisal/collection	15,284	16,000	716
Financial advisor fees	1,367	1,000	(367)
Other consulting fees	21,192	48,000	26,808
Other	104,746	120,551	15,805
Capital outlay	409,892	477,500	67,608
TOTAL EXPENDITURES	<u>5,465,526</u>	<u>6,877,160</u>	<u>1,411,634</u>
CHANGE IN FUND BALANCE	1,416,712	<u>\$ (117,985)</u>	<u>\$ 1,534,697</u>
FUND BALANCE:			
Beginning of the year	<u>11,005,155</u>		
End of the year	<u>\$ 12,421,867</u>		

TEXAS
SUPPLEMENTARY INFORMATION

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2019**

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):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$ 29.60 ⁽¹⁾	-	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 ⁽¹⁾ Wastewater \$ 68.90

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC's</u>
Unmetered	-	-	1.0	-
≤ 3/4"	2,980	2,971	1.0	2,971
1"	7	7	2.5	18
1 1/2"	8	8	5.0	40
2"	12	11	8.0	88
3"	4	4	15.0	60
4"	-	-	25.0	-
6"	3	3	50.0	150
8"	1	1	80.0	80
10"	-	-	115.0	-
Total Water	3,015	3,005		3,407
Total Wastewater	2,988	2,988	1.0	2,988

⁽¹⁾ Includes once a week solid waste service and recycling service.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2019**

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

Gallons pumped into system: 266,150,000

Gallons billed to customers: 244,792,000

Water Accountability Ratio

(Gallons billed / Gallons Pumped)

92.0%

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? _____

NORTHTON MUNICIPAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2019

Personnel Expenditures (including benefits)	\$ 298,115
Professional Fees:	
Audit	15,750
Legal	128,916
Engineering	158,933
Financial Advisor	1,367
Purchased Services For Resale -	
Bulk Water and Wastewater Purchases	1,649,315
Contracted Services:	
General Manager	344,401
Bookkeeping	66,750
Appraisal District/Tax Collector	15,284
Security Services	128,494
Other Contracted Services	21,942
Utilities	21,656
Repairs and Maintenance	585,838
Chemicals	72,968
Administrative Expenditures:	
Directors' Fees	17,278
Office Supplies	4,954
Insurance	18,201
Other Administrative Expenditures	170,226
Capital Outlay:	
Capitalized Assets	409,892
Expenditures not Capitalized	-
Bad Debt	-
Solid Waste Disposal	696,274
Parks and Recreation	638,972
Other Expenditures	-
TOTAL EXPENDITURES	\$ 5,465,526

Number of persons employed by the District:

Full-Time Part-Time

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund:					
Investment in LOGIC	XXX8001	Varies	N/A	\$ 10,321,521	\$ -
Investment in LOGIC	XXX8002	Varies	N/A	6,343	-
State Investment Pool	XXX0001	Varies	N/A	1,473,609	-
State Investment Pool	XXX0003	Varies	N/A	4,509	-
State Investment Pool	XXX0004	Varies	N/A	159,697	-
State Investment Pool	XXX0005	Varies	N/A	170,375	-
Total				<u>12,136,054</u>	<u>-</u>
Debt Service Fund:					
Investment in LOGIC	XXX8005	Varies	N/A	27,569	-
Investment in LOGIC	XXX8006	Varies	N/A	782,217	-
Total				<u>809,786</u>	<u>-</u>
Capital Projects Fund -					
Investment in LOGIC	XXX8015	Varies	N/A	2,449	-
Total				<u>2,449</u>	<u>-</u>
Total - All Funds				<u>\$ 12,948,289</u>	<u>\$ -</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2019**

	Maintenance Taxes	Debt Service Taxes		
Taxes Receivable, Beginning of Year	\$ 22,949	\$ 24,309		
2018 Original Tax Levy, less abatements/adjustments	2,765,350	2,110,582		
Prior year adjustments	877	771		
Total to be accounted for	2,789,176	2,135,662		
Tax collections:				
Current year	2,755,005	2,102,687		
Prior years	4,948	4,012		
Total collections	2,759,953	2,106,699		
Taxes Receivable, End of Year	\$ 29,223	\$ 28,963		
Taxes Receivable, By Years				
2017 and prior	\$ 18,878	\$ 21,068		
2018	10,345	7,895		
Taxes Receivable, End of Year	\$ 29,223	\$ 28,963		
Property Valuations:	2018 (a)	2017 (a)	2016 (a)	2015 (a)
Land and improvements	\$ 773,939,216	\$ 702,649,717	\$ 648,394,754	\$ 579,111,771
Total Property Valuations	\$ 773,939,216	\$ 702,649,717	\$ 648,394,754	\$ 579,111,771
Tax Rates per \$100 Valuation:				
Debt Service tax rates	\$ 0.2727	\$ 0.3130	\$ 0.3346	\$ 0.3788
Maintenance tax rates	0.3573	0.3945	0.3729	0.3432
Total Tax Rates per \$100 Valuation:	\$ 0.6300	\$ 0.7075	\$ 0.7075	\$ 0.7220
Adjusted Tax Levy	\$ 4,875,932	\$ 4,970,642	\$ 4,588,078	\$ 4,181,281
Percent of Taxes Collected to Taxes Levied *	99.6%	99.8%	99.9%	99.9%
Maximum Maintenance Tax Rate Approved by Voters:	\$ 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. 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, 2019

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2007			UNLIMITED TAX AND REVENUE BONDS SERIES 2011			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2012		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
	2020	\$ -	\$ 33,200	\$ 33,200	\$ 205,000	\$ 110,469	\$ 315,469	\$ 220,000	\$ 79,700
2021	-	33,200	33,200	220,000	105,856	325,856	220,000	73,100	293,100
2022	-	33,200	33,200	230,000	100,906	330,906	240,000	66,500	306,500
2023	-	33,200	33,200	245,000	95,156	340,156	240,000	58,100	298,100
2024	-	33,200	33,200	260,000	88,419	348,419	265,000	49,700	314,700
2025	-	33,200	33,200	275,000	80,619	355,619	260,000	40,425	300,425
2026	-	33,200	33,200	295,000	72,369	367,369	285,000	31,325	316,325
2027	-	33,200	33,200	310,000	63,150	373,150	305,000	21,350	326,350
2028	-	33,200	33,200	330,000	52,300	382,300	305,000	10,675	315,675
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>\$ 349,200</u>	<u>\$ 1,179,200</u>	<u>\$ 3,480,000</u>	<u>\$ 853,119</u>	<u>\$ 4,333,119</u>	<u>\$ 2,340,000</u>	<u>\$ 430,875</u>	<u>\$ 2,770,875</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2019

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2014			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2015			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2017		
	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
	2020	\$ 270,000	\$ 89,294	\$ 359,294	\$ 340,000	\$ 207,200	\$ 547,200	\$ 585,000	\$ 107,200
2021	290,000	81,194	371,194	340,000	193,600	533,600	425,000	83,800	508,800
2022	290,000	72,494	362,494	365,000	180,000	545,000	450,000	66,800	516,800
2023	315,000	63,794	378,794	365,000	165,400	530,400	460,000	57,800	517,800
2024	335,000	54,344	389,344	390,000	150,800	540,800	475,000	48,600	523,600
2025	335,000	44,294	379,294	415,000	135,200	550,200	500,000	29,600	529,600
2026	355,000	34,244	389,244	440,000	118,600	558,600	240,000	9,600	249,600
2027	375,000	23,594	398,594	460,000	101,000	561,000	-	-	-
2028	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>\$ 2,960,000</u>	<u>\$ 475,596</u>	<u>\$ 3,435,596</u>	<u>\$ 5,180,000</u>	<u>\$ 1,463,200</u>	<u>\$ 6,643,200</u>	<u>\$ 3,135,000</u>	<u>\$ 403,400</u>	<u>\$ 3,538,400</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2019

DUE DURING FISCAL YEARS ENDING 9/30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total
	2020	\$ 1,620,000	\$ 627,063
2021	1,495,000	570,750	2,065,750
2022	1,575,000	519,900	2,094,900
2023	1,625,000	473,450	2,098,450
2024	1,725,000	425,063	2,150,063
2025	1,785,000	363,338	2,148,338
2026	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
	\$ 17,925,000	\$ 3,975,390	\$ 21,900,390

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2019**

	<u>Series 2007</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	4.00%	2.25 - 3.75%	3.00 - 3.50%	3.00 - 3.125%	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	
Maturity Dates	9/1/2030	9/1/2031	9/1/2028	9/1/2028	9/1/2031	9/1/2026	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 830,000	\$ 3,675,000	\$ 2,540,000	\$ 3,230,000	\$ 5,365,000	\$ 3,710,000	\$ 19,350,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-
Retirements During the Current Fiscal Year:							
Principal	-	(195,000)	(200,000)	(270,000)	(185,000)	(575,000)	(1,425,000)
Refunded	-	-	-	-	-	-	-
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 830,000</u>	<u>\$ 3,480,000</u>	<u>\$ 2,340,000</u>	<u>\$ 2,960,000</u>	<u>\$ 5,180,000</u>	<u>\$ 3,135,000</u>	<u>\$ 17,925,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 33,200</u>	<u>\$ 114,368</u>	<u>\$ 85,700</u>	<u>\$ 96,044</u>	<u>\$ 352,200</u>	<u>\$ 118,700</u>	<u>\$ 800,212</u>
Paying Agent's Name & Address:	<u>UMB Bank, NA</u> <u>Dallas, TX</u>	<u>UMB Bank, NA</u> <u>Dallas, TX</u>	<u>UMB Bank, NA</u> <u>Dallas, TX</u>	<u>UMB Bank, NA</u> <u>Dallas, TX</u>	<u>UMB Bank, NA</u> <u>Dallas, TX</u>	<u>UMB Bank, NA</u> <u>Dallas, TX</u>	<u>UMB Bank, NA</u> <u>Dallas, TX</u>
Bond Authority:	<u>Tax Bonds *</u>	<u>Refunding Bonds</u>					
Amount Authorized by Voters	\$ 69,443,000	\$ -					
Amount Issued	<u>(34,230,000)</u>	<u>24,935,000</u>					
Remaining To Be Issued	<u>\$ 35,213,000</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, 2019: \$ 809,786

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: \$ 1,825,033

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
SEPTEMBER 30, 2019

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
<u>GENERAL FUND</u>										
REVENUES:										
Water, wastewater and garbage service, including penalties	\$ 3,727,494	\$ 3,864,303	\$ 3,918,941	\$ 3,798,056	\$ 3,798,324	54.1 %	55.6 %	60.5 %	64.6 %	69.5 %
Property taxes, including penalties and interest	2,763,766	2,767,651	2,419,396	1,989,812	1,553,121	40.2	39.9	37.3	33.8	28.4
Park fees	4,500	44,400	-	-	23,940	0.1	0.6	-	-	0.4
Interest	295,219	192,116	92,244	33,472	7,091	4.3	2.8	1.4	0.6	0.1
System connection fees	32,775	-	-	-	-	0.5	-	-	-	-
Miscellaneous	58,484	76,235	53,841	61,800	89,107	0.8	1.1	0.8	1.0	1.6
Total revenues	<u>6,882,238</u>	<u>6,944,705</u>	<u>6,484,422</u>	<u>5,883,140</u>	<u>5,471,583</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES:										
Current:										
Water, wastewater and garbage	2,345,589	2,206,456	2,174,521	2,426,152	2,887,959	34.1	31.7	33.5	41.2	52.8
Park maintenance	638,972	605,781	488,672	502,174	456,664	9.3	8.7	7.6	8.5	8.4
General manager services	344,401	309,921	302,703	303,864	303,795	5.0	4.5	4.7	5.2	5.6
Legal fees	128,916	100,172	101,362	105,449	104,735	1.9	1.4	1.6	1.8	1.9
Repairs and maintenance	585,838	927,555	418,654	213,193	182,969	8.5	13.4	6.5	3.6	3.4
Inspection fees/meter purchases	750	-	-	-	-	-	-	-	-	-
Engineering fees	158,933	66,494	129,387	87,988	43,157	2.3	1.0	2.0	1.5	0.8
Security services	128,494	121,801	110,330	116,191	104,001	1.9	1.8	1.7	2.0	1.9
Utilities	21,656	23,974	26,026	31,282	29,496	0.3	0.3	0.4	0.5	0.5
Auditing fees	15,750	15,750	15,500	15,250	15,000	0.2	0.2	0.2	0.3	0.3
Accounting fees	66,750	66,400	66,750	66,750	66,750	1.0	1.0	1.0	1.1	1.2
Directors' fees	17,278	20,830	20,400	22,920	18,720	0.3	0.3	0.3	0.4	0.3
Chemicals	72,968	52,308	61,809	39,769	98,139	1.1	0.8	1.0	0.7	1.8
Office expenditures	368,549	340,249	306,667	309,384	290,842	5.3	4.9	4.7	5.3	5.3
Tax appraisal/collection fees	15,284	15,876	14,521	12,558	10,475	0.2	0.2	0.2	0.2	0.2
Insurance	18,201	21,679	18,952	16,919	16,612	0.3	0.3	0.3	0.3	0.3
Other	106,113	121,632	111,940	98,814	87,403	1.5	1.8	1.7	1.7	1.6
Contracted services	21,192	15,966	27,179	36,829	128,365	0.3	0.2	0.4	0.6	2.3
Capital outlay	409,892	1,131,542	169,952	313,233	231,915	5.9	16.3	2.6	5.3	4.2
Total expenditures	<u>5,465,526</u>	<u>6,164,386</u>	<u>4,565,325</u>	<u>4,718,719</u>	<u>5,076,997</u>	<u>79.4</u>	<u>88.8</u>	<u>70.4</u>	<u>80.2</u>	<u>92.8</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,416,712</u>	<u>\$ 780,319</u>	<u>\$ 1,919,097</u>	<u>\$ 1,164,421</u>	<u>\$ 394,586</u>	<u>20.6 %</u>	<u>11.2 %</u>	<u>29.6 %</u>	<u>19.8 %</u>	<u>7.2 %</u>

(continued)

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS (continued)
SEPTEMBER 30, 2019

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
<u>DEBT SERVICE FUND</u>										
REVENUES:										
Property taxes, including penalties and interest	\$ 2,109,647	\$ 2,196,144	\$ 2,171,366	\$ 2,197,214	\$ 2,235,619	97.3 %	98.1 %	91.8 %	99.5 %	89.6 %
Net bond activity	-	-	170,348	-	256,855	-	-	7.2	-	10.3
Interest	59,164	42,753	22,768	10,774	2,231	2.7	1.9	1.0	0.5	0.1
Total revenues	<u>2,168,811</u>	<u>2,238,897</u>	<u>2,364,482</u>	<u>2,207,988</u>	<u>2,494,705</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	11,665	12,596	13,030	13,860	15,079	0.5	0.6	0.6	0.6	0.6
Principal payments	1,425,000	1,120,000	1,405,000	1,450,000	1,340,000	65.7	50.0	59.4	65.7	53.7
Interest payments	800,212	1,027,288	680,841	802,930	762,641	36.9	45.9	28.8	36.4	30.6
Fiscal agent fees and other	4,443	5,920	5,284	4,191	8,827	0.2	0.3	0.2	0.2	0.4
Bond refunding expenditures	-	887	171,246	847	254,826	-	-	7.2	-	10.2
Total expenditures	<u>2,241,320</u>	<u>2,166,691</u>	<u>2,275,401</u>	<u>2,271,828</u>	<u>2,381,373</u>	<u>103.3</u>	<u>96.8</u>	<u>96.2</u>	<u>102.9</u>	<u>95.5</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (72,509)</u>	<u>\$ 72,206</u>	<u>\$ 89,081</u>	<u>\$ (63,840)</u>	<u>\$ 113,332</u>	<u>(3.3) %</u>	<u>3.2 %</u>	<u>3.8 %</u>	<u>(2.9) %</u>	<u>4.5 %</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>3,005</u>	<u>2,999</u>	<u>3,000</u>	<u>2,994</u>	<u>2,968</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,988</u>	<u>2,988</u>	<u>2,976</u>	<u>2,987</u>	<u>2,962</u>					

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019**

Complete District Mailing Address:	c/o Armbrust & Brown, PLLC 100 Congress Ave. Suite 1300, 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:	January 4, 2019
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
<i>Board Members:</i>				
BRENDA RICHTER	(Elected) 11/06/2018 - 11/8/2022	\$ 1,950	\$ -	President
ROBIN CAMPBELL	(Elected) 11/8/2016 - 11/3/2020	\$ 2,250	\$ -	Vice-President
CHRISTOPHER CAPERS	(Elected) 11/06/2018 - 11/8/2022	\$ 4,650	\$ 1,204	Secretary
FELIX T. AMARO, JR.	(Elected) 11/08/2016 - 11/3/2020	\$ 7,200	\$ 1,433	Treasurer
R. LEE HILL	(Elected) 11/06/2018 - 11/8/2022	\$ -	\$ 1,209	Assistant Secretary

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

Consultants:

Crossroads Utility Service	2010	\$ 661,966	\$ -	District Manager
Armbrust & Brown, PLLC	1997	\$ 131,907	\$ -	Attorney
Bott & Douthitt, PLLC	2009	\$ 66,750	\$ 1,231	District Accountant
McCall Gibson Swedlund Barfoot PLLC	2011	\$ 15,750	\$ -	Auditor
360 Professional Services, Inc.	2012	\$ 167,070	\$ -	Engineer
Public Finance Group, LLC	2014	\$ 2,410	\$ -	Financial Advisor
McCall Parkhurst & Horton, LLP	1994	\$ -	\$ -	Bond Counsel
TexaScapes, Inc.	2002	\$ 496,371	\$ -	Landscaping/Compost Services
Travis County Tax Collector	1994	\$ 5,199	\$ -	Tax Collector

**OTHER
SUPPLEMENTARY INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2019**

Type of Property	Tax Roll Year					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 644,701,455	80.2%	\$ 629,223,016	81.3%	\$ 583,566,546	83.1%
Multi Family Residence	130,147,616	16.2%	124,135,741	16.0%	116,203,846	16.5%
Vacant Lot	3,768,774	0.5%	1,786,397	0.2%	898,600	0.1%
Qualified Ag Land	876,863	-	12,500	-	-	-
Non-Qualified Land	20,971,317	2.6%	24,091,302	3.1%	13,496,849	1.9%
Commercial Real Property	27,261,204	3.4%	25,340,393	3.3%	22,391,626	3.2%
Telephone Company	166,931	-	164,004	-	123,850	-
Commercial Personal Property	5,180,518	0.6%	2,621,821	0.3%	2,056,284	0.3%
Industrial Personal Property	166,526,217	20.7%	151,511,986	19.6%	74,831,822	10.6%
Residential Inventory	-	-	-	-	660,354	0.1%
Totally Exempt Property	26,143,202	3.3%	24,269,454	3.1%	23,579,884	3.4%
Less: Adjustments	<u>(221,473,606)</u>	<u>-27.5%</u>	<u>(209,217,398)</u>	<u>-26.9%</u>	<u>(135,159,944)</u>	<u>-19.2%</u>
Total Taxable	<u>\$ 804,270,491</u>	<u>100.0%</u>	<u>\$ 773,939,216</u>	<u>100.0%</u>	<u>\$ 702,649,717</u>	<u>100.0%</u>

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2019**

Taxpayer	Type of Property	Tax Roll Year		
		2019	2018	2017
CL Tech Ridge LP & Tech Ridge LA Partners	N/A	\$ 47,761,971	\$ 46,060,000	\$ 43,300,000
Belkorp Oaks LLC	N/A	40,641,910	37,701,910	34,791,910
Logistics II Tech Ridge Portfolio LLC	N/A	22,990,794	22,242,001	19,608,051
Lantower Techridge Austin LP	N/A	15,145,158	14,548,450	13,957,650
MCN Lakewood LLC	N/A	12,885,935	12,819,935	-
Village @ Northtown Ltd.	N/A	12,360,255	19,927,540	11,212,498
Yintai Investment Northtown LLC	N/A	5,861,434	-	-
Applied Materials Inc.	N/A	3,371,736	2,874,369	879,378
A M Petroleum Inc.	N/A	3,023,253	3,098,392	2,783,575
Edenbrook Ridge LLC	N/A	1,871,991	-	-
Village @ Northtown LTD &	N/A	-	2,717,708	-
Homeowner	N/A	-	871,748	827,062
Lakewood SDF LLC	N/A	-	-	11,542,145
Jeffercindershan Ltd.	N/A	-	-	965,431
Total		\$ 165,914,437	\$ 162,862,053	\$ 139,867,700
Percent of Assessed Valuation		20.6%	21.0%	19.9%