

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS' MEETING**

January 24, 2017

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on January 24, 2017, at the Wells Branch Tech Center, 1421 Wells Branch Parkway, Suite 106, Pflugerville, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

The following Directors were present, constituting a quorum:

Kathy Haught	-	Secretary
Chris Capers	-	Assistant Secretary
Felix Amaro	-	Treasurer

Director Robin Campbell arrived later and Director Brenda Richter was absent. Also present at the meeting were Mona Oliver, the District Manager; Robert Anderson of Crossroads Utility Services, LLC ("Crossroads"); Scott Foster of 360 Professional Services, Inc.; Allen Douthitt of Bott & Douthitt, PLLC; Deputy Oscar Gonzalez of the Travis County Sheriff's Office; Kristi Gonzalez, guest of Deputy Gonzalez; Richard and Jennifer Fadal of TexaScapes, Inc.; and Sue Brooks Littlefield of Armbrust & Brown, PLLC ("A&B"). Lee Hill, a resident of the District and Jennifer Schmidt of Brookfield HOA, arrived later.

Director Amaro called the meeting to order at 5:48 p.m. and stated that the Board would first receive resident communications and Board member announcements. There being none, Director Amaro stated that the Board would consider approving the following consent items on the Board's meeting agenda: the minutes of the December 20, 2016 Board meeting; renewal of the District's Capital Area Suburban Exchange membership; and the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "B"**. Upon motion by Director Haught and second by Director Capers, the Board voted unanimously to approve the consent items.

Director Amaro stated that the Board would next receive the Finance Subcommittee's report on the audit of the District's financial statements for the fiscal year ended September 30, 2016. He stated that he and Director Campbell had met with Mr. Douthitt and Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC and stated that the auditor had found everything in order. He reviewed the audit report, attached as **Exhibit "C"**, and called the Board's attention to the auditor's opinion, which he noted was a clean or unmodified opinion and the highest quality of opinion that could be issued by an auditor. He pointed out that the District had a large amount of funds on

hand due to the fact that the rate challenge had not been finally disposed of and so it was uncertain how much, if any of the funds, might ultimately need to be paid to the City of Austin. Mr. Douthitt stated that there were some pending “due to/due froms”. After discussion, upon motion by Director Capers and second by Director Haught, the Board voted unanimously to approve the audit report and the representation letter attached as **Exhibit “D”** and to authorize filing of the audit report.

Director Amaro stated that the Board would next receive the security report and recognized Deputy Gonzalez. Deputy Gonzalez stated that December’s report was good and that there had not been any residential burglaries, but there had been several auto thefts, some of which were people taking vehicles without permission. He stated that there had been one vehicle reported stolen, but that it had actually been repo-ed. Deputy Gonzalez also reported that a package had been stolen off a resident’s porch, but that the package had been recovered. He stated that some incidents of vandalism had been reported, but one had actually just been a tree falling on the fence. Deputy Gonzalez stated that another incident had been an “add-on” charge to an incident that had occurred in November. At this time, Director Campbell arrived at the meeting. Ms. Oliver reported that both of the new security cameras should be installed later in the week.

Director Campbell then requested that the Board approve his Sworn Statement and Oath of Office. Director Campbell took his oath of office and, upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve Director Campbell’s Sworn Statement and Oath of Office.

Director Campbell then stated that the Board would consider landscape maintenance matters and recognized Mr. Fadal, who presented the report attached as **Exhibit “E”**. Mr. Fadal also presented the plant of the month for December, the Pride of Houston Yaupon Holly, and for January, the Sunnyside knockout rose. Mr. Fadal stated that his firm was now working on clearance and clean-up pruning, so that this work would be done before spring. He stated that his crews were also working on leaf collection and refreshing mulch in the tree rings. Ms. Oliver reminded Mr. Fadal that February was time to weed the sand beds.

Director Campbell stated that the Board would next receive the District Manager’s report and recognized Ms. Oliver. Director Campbell congratulated Ms. Oliver on her title change and noted that it was more representative of her duties and responsibilities. Ms. Oliver stated that the repair of the damage to the Heatherwilde Fence caused by a vehicle had been completed, but reported that another fence had been struck by a vehicle earlier in the day and that this additional repair was being scheduled. Ms. Oliver also reported that there had been an aggressive dog in the dog park that had attacked another dog. Ms. Oliver called the Board’s attention to her monthly report, attached as **Exhibit “F”**. Upon motion by Director Amaro and second by Director Capers, the Board voted unanimously to direct Ms. Littlefield to bring updated park rules to the Board at its next meeting and to notify the owner of the aggressive dog that he and his dog would not be permitted to return to the District’s parks. Ms. Oliver stated that she had been told that the District would get another Texas Disposal System

("TDS") representative as Mr. Howard had been promoted. Director Haught stated that Mr. Howard had stated that he would remain in contact with the District. Ms. Oliver stated that she had relayed to TDS that the clean-up days would be held on June 3 and June 10. Ms. Oliver then reported that she had met with the Park Subcommittee on the proposed purchase of a new vehicle and that they had compared vehicles and determined that Ford was the best option. She requested authorization to solicit three bids and to purchase a vehicle through the Government Package at a cost not to exceed \$35,000. Upon motion by Director Amaro and second by Director Capers, the Board voted unanimously to do so.

Director Campbell then stated that the Board would receive a report from the District's Compensation Subcommittee regarding the salary adjustment for the District Manager. Director Amaro reported that he and Director Richter had met and reviewed Ms. Oliver's performance reviews and duties and recommended a 3% salary increase. Director Haught moved approval of the Subcommittee's recommendation and Director Capers seconded the motion. Director Campbell stated that, in some sense, it was unfortunate that this was a government situation because he felt, in many ways, the Subcommittee would like to be able to recommend a larger raise. Upon being put to a vote, the motion was unanimously adopted.

Director Campbell then stated that the Board would discuss park matters. Director Haught called the Board's attention to the proposal from TexaScapes, Inc. for the Wildflower Trail Erosion Repair, attached as **Exhibit "G"**, and recommended approval. She explained that the erosion was only in two places. Mr. Foster stated that the trail was crushed granite, but had been stabilized with rock, which generally held up very well and should resolve long-term issues. Upon motion by Director Haught and second by Director Amaro, the Board voted unanimously to approve the proposal. Ms. Oliver then provided photos showing that a metal grate installed in one of the repair locations had functioned beautifully during the recent rains. Ms. Oliver also reported that she had received a call from the company that monitored the District's well auto-dialer and been advised that AT&T was no longer going to support 2G, so the Park Subcommittee had approved the purchase and installation of a 3G modem at a cost of approximately \$750. Director Amaro stated that this was the appropriate upgrade. Ms. Oliver explained that the installation would be an additional cost and that it was estimated to take four to five hours at a rate of \$85 per hour, which was within the Park Subcommittee's purchase authority.

Director Campbell stated that the Board would next receive the engineer's report and recognized Mr. Foster. Mr. Foster presented his report, attached as **Exhibit "H"**, and reviewed it with the Board. He explained that Oaks at Techridge was now complete. He stated that the complex included about 350 apartment units and about 100 were located inside the District. He noted that this project would be removed from his report as he would no longer be tracking it. Mr. Foster reported that the John Henry Faulk water and wastewater improvements were under construction, but noted that he had no pay estimates or change orders to present. He added that this work was expected to be completed this summer. Mr. Foster then presented Proposal 9060 for the MS4 compliance update, attached as **Exhibit "I"**, for heavy rock riprap around the ponds

and recommended approval. Upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the proposal. Mr. Foster also reported that he had submitted the MS4 annual report for 2016 and would be monitoring its approval. Mr. Foster noted that Travis County had finally responded to his request for a license agreement and noted that the Infrastructure Subcommittee would coordinate its review. Mr. Foster noted that he hoped to bring back the license agreement along with going out for bid to the Board for approval at its February meeting. Director Campbell inquired about information that could be posted on the website to keep the District's residents updated on the fence project and Mr. Foster stated that he would work with Director Campbell on providing the appropriate information. Director Campbell stated that he felt the most important thing at this point was to announce the project and, as the District had a better idea of what would be installed, it could provide better graphics.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "J"**. He recommended approval of a transfer from the District's JP Morgan Chase Bank operating account to the JP Morgan Chase Bank manager's account in the amount of \$14,250; a transfer from the District's Compass lockbox account to the TexPool general operating account in the amount of \$95,000; a transfer from the District's Logic park account to the Logic operating account in the amount of \$39,124.52; a transfer from the Logic tax account to the Logic operating account in the amount of \$1,579,714.05; and a transfer from the District's Logic tax account to the Logic debt service account in the amount of \$1,400,000. Mr. Douthitt also requested approval of the upcoming March 1st bond payments, as reflected on page one of his report. He then reviewed the payments that had been made out of the bookkeeper's account during the prior month, including deposit refunds and utility payments, and the payments being presented for approval. He noted that the per diem to Director Richter would need to be voided due to her absence. He also explained that the annual regulatory assessment to the Texas Commission on Environmental Quality ("TCEQ") was reflected on the list of bills and invoices. Director Amaro remarked that, when the fence repair line item had been added to the budget, he was concerned that the funds would not be needed, but now he was concerned that the budgeted amount might not be enough. After discussion, upon motion by Director Haught and second by Director Capers, the Board voted unanimously to approve the payment of the bills and invoices, with the void noted, the bond payments, and the transfers as recommended.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson presented Crossroads' report, attached as **Exhibit "K"**, and noted that the District had 2,950 occupied single-family connections, a total of 3,836 accounts, and an estimated population of 11,340 as of the end of December. He reported that the District had received satisfactory lab results for all water samples and had experienced a water loss of 14.22% during the prior reporting period. Mr. Anderson stated that he would solicit a bid from a leak detection company and bring a recommendation to the Board at its next meeting. He stated that, although the water loss was lower the preceding month, it had been high the prior two months, which he felt was cause to be concerned. Mr. Anderson then called the Board's attention

to the write-offs set forth on Exhibit "L" and recommended approval. After discussion, upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the recommended write-offs.

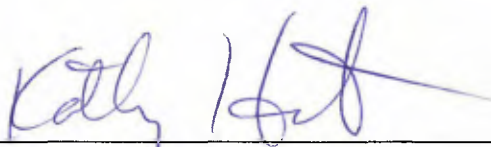
Director Campbell stated that there had been no further developments on the wholesale rate case, and no favorable resolution of the inflow and infiltration factor. He stated that the decision to have Jay Joyce attend the wholesale customer meetings on the District's behalf was definitely in the District's best interest. Mr. Anderson agreed that Mr. Joyce definitely kept the City on the straight and narrow.

Director Campbell stated that the Board would next hear from developers' and landowners' representatives. Director Campbell updated the Board on the St. Croix Capital's request for an amendment to the restrictive covenant recorded under Document No. 2000027567, Official Public Records of Travis County, Texas, and explained that the property in question was partially in the City of Austin and partially in the District. He reported that the zoning had been changed on the tract, and the owner wished to have a convenience store with alcoholic beverage sales. Director Campbell stated that other similar properties with retail uses permitted alcoholic beverage sales. Director Campbell recommended that the Board approve the amendment to the restrictions to delete the alcoholic beverage sale prohibition as requested. Director Amaro concurred and so moved. Upon second by Director Capers, the motion was unanimously adopted. Ms. Oliver inquired if there were any concerns about the fencing. Director Campbell stated that, due to the location, he did not feel that the fencing was a significant issue.

Director Campbell then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield advised the Board that the District's landlord had requested an estoppel letter and recommended that the Board authorize Ms. Oliver to approve the form of estoppel once finalized by Chris Whitt of her office. She then reviewed the District's response to an open records request from MOX Properties. After discussion, upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to authorize Ms. Oliver to approve any required estoppel letters relating to the District's lease.

There being no other business to come before the Board, the meeting was adjourned.

(SEAL)



Kathy Haught, Secretary
Board of Directors

Date: January 24, 2017

CERTIFICATE OF PROVISION OF NOTICE OF MEETING FOR
NORTHTOWN MUNICIPAL UTILITY DISTRICT
TO THE TRAVIS COUNTY CLERK'S OFFICE

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Brian K. Gilbert, hereby certify that at 11:34
a.m. on Jan. 19, 2017, I provided two (2) copies of the attached
notice of meeting of the Board of Directors of Northtown Municipal Utility District to the Travis
County Clerk's office located at 5501 Airport Blvd., Austin, Texas for subsequent posting in
accordance with Section 551.054 of the Texas Government Code.

I understand that the attached notice was provided to the County Clerk in order to
comply with the Open Meetings provision of Chapter 551 of the Texas Government Code and
that the Board of Directors of Northtown Municipal Utility District will rely on this certificate in
determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 19 day of January, 2017.

Brian K. Gilbert
Printed Name: Brian K. Gilbert
Company: Capital Courier

CERTIFICATE OF POSTING FOR
NORTHTOWN MUNICIPAL UTILITY DISTRICT
AT
(1) 14401 Harris Ridge Blvd. (park pavilion)
(2) 1421 Wells Branch Parkway, Suite 106 (district office)
PFLUGERVILLE, TEXAS 78660

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Ernest Robles, hereby certify that at 9:00 A.m. on January 19, 2017, I posted a copy of the attached notice of meeting of the Board of Directors of Northtown Municipal Utility District at a place readily accessible and convenient to the public within the boundaries of the District at the locations noted above.

I understand that the notice was posted in order to comply with the Open Meetings provisions of Chapter 551 of the Government Code and that the Board of Directors of Northtown Municipal Utility District will rely on this certificate in determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 19th day of January, 2017.

Ernest Robles
Printed Name: Ernest Robles
Company: Northtown MUD

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
AGENDA**

January 24, 2017

TO: THE BOARD OF DIRECTORS OF NORTHTOWN MUNICIPAL UTILITY DISTRICT
AND ALL OTHER INTERESTED PARTIES:

Notice is hereby given that the Board of Directors of Northtown Municipal Utility District will hold a meeting at **5:45 p.m. on Tuesday, January 24, 2017**, at the District office located at the Wells Branch Tech Center, 1421 Wells Branch Parkway, Suite 106, Pflugerville, Texas. The following matters may be considered and acted upon at the meeting:

PUBLIC INPUT

1. Resident communications and Board member announcements;

CONSENT

(These items may be considered and acted upon collectively. Any of these items may be pulled for discussion upon the request of any member of the Board.)

2. Sworn statement and oath of office for Director Campbell;
3. Minutes of December 20, 2016 Board meeting;
4. Capital Area Suburban Exchange membership renewal;
5. Written Procedures for Post Bond Issuance Federal Tax Compliance, including Resolution Confirming Annual Review;

DISCUSSION/ACTION ITEMS

6. Audit of District's financial statements for fiscal year ended September 30, 2016, including report from McCall Gibson Swedlund Barfoot PLLC, approval of representation letter and audit report, and authorizing filing of audit report;
7. District security, including:
 - (a) Report from Travis County Sheriff's Department;
 - (b) Subcommittee report, including:
 - (i) Monthly expenditure report;
 - (ii) Purchase requests;
8. Landscape maintenance, including report from landscape maintenance contractor;
9. Report from District Manager, including:
 - (a) Directive;
 - (b) Maintenance report;
 - (c) Restrictive covenant violations and enforcement actions;
 - (d) Monthly expenditure report;
 - (e) Solid waste services, including:

- (i) Monthly report from Texas Disposal Services;
 - (ii) Report from Solid Waste Subcommittee;
 - (f) Purchase requests, including vehicle and related insurance coverage;
- 10. Compensation subcommittee recommendation and action on salary adjustment for District Manager;
- 11. Park matters, including:
 - (a) Subcommittee report, including directive;
 - (b) Wildflower Park trail repairs, including approval of Proposal No. 9062 for erosion repair;
 - (c) Monthly expenditure report;
 - (d) Repairs and maintenance, including right-of-way/easement maintenance;
- 12. Report from District engineer, including:
 - (a) Development update;
 - (i) Oaks at Techridge, Phase III, including approval of any pay estimates or change orders, release of retainage and project acceptance;
 - (ii) Pflugerville ISD tract;
 - (iii) Village at Northtown, Section 2;
 - (iv) Heatherwilde Retail Center;
 - (v) Harris Ridge Extension Project;
 - (vi) John Henry Faulk Water and Wastewater Improvements;
 - (b) MS4 compliance update, including approval of Proposal No. 9060 for remaining 2015 Pond Assessment riprap repairs;
 - (c) District Fence and Facility Assessment;
 - (d) 50-Acre Park Pedestrian Bridge Study;
- 13. Report from District's bookkeeper, including:
 - (a) Payment of bills and invoices;
 - (b) Fund transfers;
 - (c) Investments;
 - (d) Developer escrow report and reconciliation;
- 14. Report from District's general manager and utility operator, including:
 - (a) Utility operations and repairs;
 - (b) Billing report and write-offs;
- 15. Wholesale rate case matters, including report from District's rate counsel;
- 16. Reports from developers' and landowners' representatives; including request for amendment of restrictive covenant recorded under Document No. 2000027567, Official Public Records of Travis County, Texas;
- 17. Report from District's attorney, including:
 - (a) request for Estoppel Agreement under District office lease;
 - (b) Response to Open Records Request from MOX Properties
- 18. Future agenda items.

The Board of Directors is authorized by the Texas Open Meetings Act, Chapter 551, Texas Government Code, to convene in closed or executive session for certain purposes, including receiving legal advice from the District's attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073); discussing personnel matters (Section 551.074) and discussing security personnel or devices (Section 551.076). If the Board of Directors determines to go into executive session to discuss any item on this agenda, the presiding officer will announce that an executive session will be held and will identify the item to be discussed and the provision of the Open Meetings Act that authorizes the closed or executive session.

(SEAL)



Samuel R. Littlefield

Attorney for the District

Northtown Municipal Utility District is committed to compliance with the Americans With Disabilities Act. Reasonable accommodations and equal access to communications will be provided upon request. Please call Armbrust & Brown, PLLC at (512) 435-2300 for additional information.



Came to hand and posted on a Bulletin Board in the Courthouse,
Austin, Travis County, Texas on this the 19 day of

January 20 17.

Dana DeBeauvoir

County Clerk, Travis County, Texas

By J. Andrew Ramirez Deputy

J. ANDREW RAMIREZ

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

Jan 19, 2017 11:34 AM

201780100

RAMIREZA: \$3.00

Dana DeBeauvoir, County Clerk

Travis County TEXAS

{W0721196.6}

**RESOLUTION CONFIRMING ANNUAL REVIEW OF WRITTEN PROCEDURES FOR
POST BOND ISSUANCE FEDERAL TAX COMPLIANCE**

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

WHEREAS, Northtown Municipal Utility District (the "District") is a political subdivision of the State of Texas, created and operating under Chapters 49 and 54 of the *Texas Water Code*; and

WHEREAS, the District has issued bonds, notes or other obligations ("Bonds") that qualify as tax-exempt obligations for federal tax purposes; and

WHEREAS, by Resolution dated January 24, 2012 (the "Resolution"), the Board of Directors (the "Board") adopted written procedures for post bond issuance federal tax compliance (the "Procedures") to assist in the preservation of the tax-exempt status of the Bonds and document compliance with other post issuance requirements of federal tax law relating to the Bonds, including records retention requirements; and

WHEREAS, Section 4 of the Resolution requires that the Board review the Procedures annually and revise the Procedures as it may determine necessary; and

WHEREAS, the Board desires to confirm its annual review of the Procedures;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
NORTHTOWN MUNICIPAL UTILITY DISTRICT THAT:**

Section 1. The Board confirms that, on this date, it has reviewed the Procedures and determined that no changes to the Procedures are necessary.

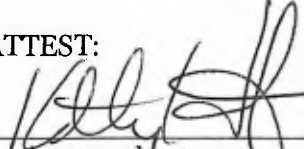
Section 2. The Secretary of the Board is directed to file a copy of this Resolution in the official records of the District.

ADOPTED this 24th day of January, 2017.

(SEAL)



Robin Campbell, President
Board of Directors

ATTEST:


Kathy Haught, Secretary
Board of Directors

**NORTHTOWN
MUNICIPAL UTILITY DISTRICT**

YEAR ENDED SEPTEMBER 30, 2016

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

EXHIBIT C

**NORTHTOWN
MUNICIPAL UTILITY DISTRICT**

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

**FOR THE YEAR ENDED
SEPTEMBER 30, 2016**

**NORTHTOWN
MUNICIPAL UTILITY DISTRICT**

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS

I, Robin Campbell, President 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 **24th day of January, 2017**, its annual audit report for the fiscal period ended **September 30, 2016**, 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.

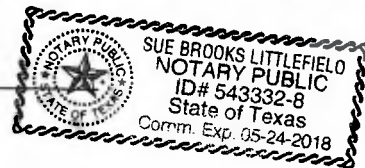
Date: January 24, 2017 By: [Signature]
(Signature of District Representative)
Robin Campbell, President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 24th day of January, 2017.

(SEAL)

[Signature]
(Signature of Notary)

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



Form TCEQ-0723 (Revised 10/2003)

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

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
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, 2016, 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.

Board of Directors
Northtown Municipal Utility District

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, 2016, 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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 24, 2017

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

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, 2016. 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 \$7,656,303 and \$641,281 was assigned to use for a budgeted General Fund deficit during the year ending September 30, 2017. The total General Fund balance was \$8,305,739, representing an increase of \$1,164,421 in fund balance. General Fund revenues increased from \$5,471,583 in the previous fiscal year to \$5,883,140 in the current fiscal year due to an increase in property tax revenue.
- *Debt Service Fund:* Fund balance restricted for debt service decreased from \$763,846 in the previous fiscal year to \$700,006 in the current fiscal year. Debt service fund revenues decreased from \$2,237,850 in the previous fiscal year to \$2,207,988 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 \$-0- in the previous fiscal year to \$1,166 in the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$1,826,293. Net position increased from \$17,136,487 to \$18,962,780.

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, 2016

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, 2016**

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)
	2016	2015	
Current and other assets	\$ 10,577,481	\$ 9,701,919	\$ 875,562
Capital and non-current assets	32,525,751	33,245,560	(719,809)
Total Assets	43,103,232	42,947,479	155,753
Deferred Outflows of Resources	449,492	480,226	(30,734)
Current Liabilities	3,457,564	3,718,047	(260,483)
Long-term Liabilities	21,132,380	22,573,171	(1,440,791)
Total Liabilities	24,589,944	26,291,218	(1,701,274)
Net Investment in Capital Assets	10,439,029	9,702,615	736,414
Restricted	203,877	279,197	(75,320)
Unrestricted	8,319,874	7,154,675	1,165,199
Total Net Position	\$ 18,962,780	\$ 17,136,487	\$ 1,826,293

The District's combined net position increased by \$1,826,293 to \$18,962,780 from the previous year amount of \$17,136,487. 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 \$8,319,874.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2016	2015	
Service accounts	\$ 3,798,056	\$ 3,798,324	\$ (268)
Property taxes	4,187,843	3,789,027	398,816
Other	107,212	123,758	(16,546)
Total Revenues	8,093,111	7,711,109	382,002
Water/wastewater/garbage	2,426,152	2,887,959	(461,807)
Other	1,994,785	1,978,429	16,356
Debt Service	812,839	1,053,033	(240,194)
Depreciation	1,033,042	991,777	41,265
Total Expenses	6,266,818	6,911,198	(644,380)
Change in Net Position	1,826,293	799,911	1,026,382
Beginning Net Position	17,136,487	16,336,576	799,911
Ending Net Position	\$ 18,962,780	\$ 17,136,487	\$ 1,826,293

Revenues were \$8,093,111 for the fiscal year ended September 30, 2016 while expenses were \$6,266,818. Net position increased \$1,826,293.

Property tax revenue in the current fiscal year totaled \$4,187,843. 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 2015 tax year (September 30, 2016 fiscal year) were based upon a current adjusted assessed value of \$579,124,796 and a tax rate of \$0.722 per \$100 of assessed valuation. Property taxes levied for the 2014 tax year (September 30, 2015 fiscal year) were based upon an adjusted assessed value of \$514,296,755 and a tax rate of \$0.736 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, 2016**

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2016	2015	2014	2013
Cash	\$ 749,100	\$ 971,506	\$ 426,086	\$ 585,737
Cash equivalents and investments	9,135,300	7,982,945	8,408,402	8,576,243
Receivables and other assets	959,133	999,732	1,155,668	1,120,444
Total Assets	\$ 10,843,533	\$ 9,954,183	\$ 9,990,156	\$ 10,282,424
Accounts payable	507,942	769,592	545,018	553,479
Other payables	1,296,813	1,248,377	1,335,093	975,092
Total Liabilities	1,804,755	2,017,969	1,880,111	1,528,571
Deferred Inflows of Resources	31,867	31,050	30,763	33,331
Nonspendable	8,155	8,049	7,363	6,730
Restricted	701,172	763,846	2,551,893	2,481,755
Assigned	641,281	595,679	454,147	351,846
Unassigned	7,656,303	6,537,590	5,065,879	5,880,191
Total Fund Balance	9,006,911	7,905,164	8,079,282	8,720,522
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,843,533	\$ 9,954,183	\$ 9,990,156	\$ 10,282,424

For the fiscal year ended September 30, 2016, the District's governmental funds reflect a combined fund balance of \$9,006,911.

This fund balance includes a \$1,164,421 increase to the General Fund.

The Debt Service Fund reflects a decrease of \$63,840 in fiscal year 2016. The Debt Service Fund remitted bond principal of \$1,450,000 and interest of \$802,930. 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 \$1,166 increase in fund balance for fiscal year 2016.

NORTHTOWN MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating expenditures. The Board of Directors adopted a budget on September 22, 2015. The budget included revenues of \$5,869,714 as compared to expenditures of \$6,465,393. When comparing actual to budget, the District had a positive variance of \$1,760,100. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS

The District's governmental activities invested \$32,525,751 in land and infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2016	9/30/2015
Capital Assets:		
Land and easements	\$ 833,376	\$ 833,376
Construction in progress	-	107,764
Water, wastewater and drainage	36,545,536	36,517,883
Common and recreation areas	4,961,839	4,568,495
Less: Accumulated Depreciation	(9,815,000)	(8,781,958)
Total Net Capital Assets	\$ 32,525,751	\$ 33,245,560

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

LONG TERM DEBT

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

	Bonds Payable
Series 2007	\$ 1,055,000
Series 2009	275,000
Series 2010	4,460,000
Series 2011	4,035,000
Series 2012	3,180,000
Series 2014	3,285,000
Series 2015	5,605,000
Total	\$ 21,895,000

The District owes approximately \$22 million to bondholders. During the current fiscal year, total principal balance was reduced by \$1,450,000. The ratio of the District's long term debt to the total 2015 taxable assessed valuation (\$579,124,796) is 3.8%. The District's estimated population, as provided by the District as of September 30, 2016, is 11,346. 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, 2016**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for the 2016 tax year (September 30, 2017 fiscal year) is approximately \$804 million and the net taxable value is approximately \$651 million. The fiscal year 2017 tax rate is \$0.7075 on each \$100 of taxable value. Approximately 53% of the property tax will fund general operating expenses, and approximately 47% of the property tax will be set aside for Debt Service Fund expenditures.

The adopted budget for fiscal year 2017 projects a General Fund fund balance decrease of \$641,281.

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.

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FINANCIAL STATEMENTS

NORTHTOWN MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash	\$ 749,100	\$ -	\$ -	\$ 749,100	\$ -	\$ 749,100
Cash equivalents	8,168,076	714,072	253,152	9,135,300	-	9,135,300
Receivables:						
Service accounts, net of \$2,500 provision for uncollectible accounts	626,282	-	-	626,282	-	626,282
Taxes, no provision for uncollectible accounts	14,135	17,732	-	31,867	-	31,867
Interfund receivables	266,052	-	-	266,052	(266,052)	-
Other	34,932	-	-	34,932	-	34,932
Capital assets, net of accumulated depreciation:						
Land and easements	-	-	-	-	833,376	833,376
Common & Recreation Areas	-	-	-	-	2,677,207	2,677,207
Water/Wastewater/Drainage Facilities	-	-	-	-	29,015,168	29,015,168
TOTAL ASSETS	\$ 9,858,577	\$ 731,804	\$ 253,152	\$ 10,843,533	32,259,699	43,103,232
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	\$ -	\$ -	\$ -	\$ -	449,492	449,492
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,858,577	\$ 731,804	\$ 253,152	\$ 10,843,533	32,709,191	43,552,724
LIABILITIES						
Accounts payable	\$ 507,942	\$ -	\$ -	\$ 507,942	-	507,942
Refundable deposits	692,882	-	-	692,882	-	692,882
Fiscal security deposits	337,879	-	-	337,879	-	337,879
Interfund payables	-	14,066	251,986	266,052	(266,052)	-
Accrued interest payable	-	-	-	-	513,861	513,861
Bonds payable:						
Due within one year	-	-	-	-	1,405,000	1,405,000
Due after one year	-	-	-	-	21,132,380	21,132,380
TOTAL LIABILITIES	1,538,703	14,066	251,986	1,804,755	22,785,189	24,589,944
DEFERRED INFLOWS OF RESOURCES						
Property taxes	14,135	17,732	-	31,867	(31,867)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	14,135	17,732	-	31,867	(31,867)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable for prepaid items	8,155	-	-	8,155	(8,155)	-
Restricted for debt service	-	700,006	-	700,006	(700,006)	-
Restricted for capital projects	-	-	1,166	1,166	(1,166)	-
Assigned for 2017 budget deficit	641,281	-	-	641,281	(641,281)	-
Unassigned	7,656,303	-	-	7,656,303	(7,656,303)	-
TOTAL FUND BALANCES	8,305,739	700,006	1,166	9,006,911	(9,006,911)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,858,577	\$ 731,804	\$ 253,152	\$ 10,843,533		
NET POSITION:						
Net investment in capital assets					\$ 10,439,029	\$ 10,439,029
Restricted for debt service					203,877	203,877
Unrestricted					8,319,874	8,319,874
TOTAL NET POSITION					\$ 18,962,780	\$ 18,962,780

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, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:						
Property taxes, including penalties and interest	\$ 1,989,812	\$ 2,197,214	\$ -	\$ 4,187,026	\$ 817	\$ 4,187,843
Service revenues, including penalties	3,798,056	-	-	3,798,056	-	3,798,056
Interest	33,472	10,774	1,166	45,412	-	45,412
Other	61,800	-	-	61,800	-	61,800
TOTAL REVENUES	5,883,140	2,207,988	1,166	8,092,294	817	8,093,111
EXPENDITURES / EXPENSES:						
Current:						
Water/wastewater purchases	1,815,413	-	-	1,815,413	-	1,815,413
Garbage collection fees	610,739	-	-	610,739	-	610,739
Park maintenance	502,174	-	-	502,174	-	502,174
General manager fees	303,864	-	-	303,864	-	303,864
Repairs and maintenance	213,193	-	-	213,193	-	213,193
Utilities	31,282	-	-	31,282	-	31,282
Chemicals	39,769	-	-	39,769	-	39,769
Office expenditures	309,384	-	-	309,384	-	309,384
Security services	116,191	-	-	116,191	-	116,191
Director fees, including payroll taxes	22,920	-	-	22,920	-	22,920
Legal fees	105,449	-	-	105,449	-	105,449
Engineering fees	87,988	-	-	87,988	-	87,988
Accounting fees	66,750	-	-	66,750	-	66,750
Audit fees	15,250	-	-	15,250	-	15,250
Insurance	16,919	-	-	16,919	-	16,919
Tax appraisal/collection	12,558	13,860	-	26,418	-	26,418
Financial advisor fees	989	1,091	-	2,080	-	2,080
Other consulting fees	36,829	500	-	37,329	-	37,329
Other	97,825	-	-	97,825	-	97,825
Debt service:						
Bond principal	-	1,450,000	-	1,450,000	(1,450,000)	-
Bond interest	-	802,930	-	802,930	6,462	809,392
Fiscal agent fees	-	2,600	-	2,600	-	2,600
Bond issuance costs	-	847	-	847	-	847
Capital outlay	313,233	-	-	313,233	(313,233)	-
Depreciation	-	-	-	-	1,033,042	1,033,042
TOTAL EXPENDITURES / EXPENSES	4,718,719	2,271,828	-	6,990,547	(723,729)	6,266,818
Change in fund balances / net position	1,164,421	(63,840)	1,166	1,101,747	724,546	1,826,293
FUND BALANCES / NET POSITION:						
Beginning of the year	7,141,318	763,846	-	7,905,164	9,231,323	17,136,487
End of the year	<u>\$ 8,305,739</u>	<u>\$ 700,006</u>	<u>\$ 1,166</u>	<u>\$ 9,006,911</u>	<u>\$ 9,955,869</u>	<u>\$ 18,962,780</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, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units as defined by GASB standards which are included in the District's reporting entity.

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

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

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

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, 2016

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, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

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

Budgets and Budgetary Accounting - An unappropriated budget was adopted on September 22, 2015, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year.

Cash and Cash Equivalents - Cash and cash equivalents include cash on deposit as well as investments with maturities of three months or less. The investments, consisting of common trust funds, money market funds, an external local governmental investment pool and obligations in the State Treasurer's Investment Pool, are recorded at 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, 2016.

Capital Assets - Capital assets, which include land and easements, 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, 2016**

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
Water/Wastewater/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, as well as bond issuance costs, 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.

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 \$8,155 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 \$641,281 of its fund balance to cover a projected 2017 budget deficit.
- **Unassigned:** all other spendable amounts in the General Fund.

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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.

Fair Value Measurements - The District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

Implementation of GASB Statement No. 72 did not have a significant impact on the District's financial statements for the year ended September 30, 2016.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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		\$ 9,006,911
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Land	\$ 833,376	
Capital assets	41,507,375	
Less: Accumulated depreciation	<u>(9,815,000)</u>	32,525,751
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for tax revenues earned but not available.		31,867
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	(21,895,000)	
Issuance discount	153,575	
Issuance premium	(795,955)	
Deferred charge on refunding, net	449,492	
Accrued interest	<u>(513,861)</u>	<u>(22,601,749)</u>
Net Position - Governmental Activities		<u>\$ 18,962,780</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		\$ 1,101,747
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in period purchased	\$ 313,233	
Interest expenditures in year paid	(6,462)	
Principal in year paid	1,450,000	
Tax revenue when collected	<u>817</u>	1,757,588
Governmental funds do not report - Depreciation		<u>(1,033,042)</u>
Change in Net Position - Governmental Activities		<u>\$ 1,826,293</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

3. CASH AND INVESTMENTS

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

Cash - At September 30, 2016, the carrying amount of the District's deposits was \$748,600 and the bank balance was \$1,001,127. 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, 2016**

3. CASH AND INVESTMENTS (continued) -

At September 30, 2016, the District held the following investments:

Investment	Fair Value at 9/30/2016	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
Texpool	\$ 2,087,701	\$ 2,087,701	\$ -	\$ -	AAAm	Standard & Poors
LOGIC	7,047,599	6,080,375	714,072	253,152	AAAm	Standard & Poors
	<u>\$ 9,135,300</u>	<u>\$ 8,168,076</u>	<u>\$ 714,072</u>	<u>\$ 253,152</u>		

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

The District invests in Texpool and LOGIC, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of Texpool. Federated Investors, Inc. manages the daily operations of Texpool under a contract with the Comptroller. First Southwest Asset Management, Inc. and JPMorgan Chase manage the daily operations of LOGIC. These investments are stated at amortized cost in accordance with GASB Statement No. 31.

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, 2016, 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, 2016, 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, 2016**

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 22, 2015.

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 2015 tax roll. The tax rate, based on total taxable assessed valuation of \$579,124,796, was \$0.722 on each \$100 valuation and was allocated \$0.3432 to the General Fund and \$0.3788 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, 2016, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 3,212	\$ 3,545	\$ 6,757
Prior years' levies	10,923	14,187	25,110
	\$ 14,135	\$ 17,732	\$ 31,867

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, 2016:

	Interfund	
	Receivable	Payable
General Fund:		
Debt Service Fund	\$ 14,066	\$ -
Capital Projects Fund	251,986	-
Debt Service Fund -		
General Fund	-	14,066
Capital Projects Fund -		
General Fund	-	251,986
	\$ 266,052	\$ 266,052

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
Capital assets not being depreciated:				
Land and Easements	\$ 833,376	\$ -	\$ -	\$ 833,376
Construction in progress	107,764	-	(107,764)	-
Total capital assets not being depreciated	941,140	-	(107,764)	833,376
Capital assets being depreciated:				
Water, Wastewater and Drainage Facilities	36,517,883	27,653	-	36,545,536
Common and Recreation areas	4,568,495	393,344	-	4,961,839
Total capital assets being depreciated	41,086,378	420,997	-	41,507,375
Less accumulated depreciation for:				
Water, Wastewater and Drainage Facilities	(6,792,125)	(738,243)	-	(7,530,368)
Common and Recreation areas	(1,989,833)	(294,799)	-	(2,284,632)
Total accumulated depreciation	(8,781,958)	(1,033,042)	-	(9,815,000)
Total capital assets being depreciated, net of accumulated depreciation	32,304,420	(612,045)	-	31,692,375
Total capital assets, net	\$ 33,245,560	\$ (612,045)	\$ (107,764)	\$ 32,525,751

7. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2016:

	Unlimited Tax and Revenue Bonds
Bonds payable at October 1, 2015	\$ 23,345,000
Bonds issued	-
Bonds refunded	-
Bonds retired	(1,450,000)
Bond discount, net of accumulated amortization	(153,575)
Bond premium, net of accumulated amortization	795,955
Bonds payable at September 30, 2016	\$ 22,537,380

NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

7. BONDED DEBT (continued) -

Bonds payable at September 30, 2016, were comprised of the following individual issues:

Unlimited Tax and Revenue Bonds:

\$1,055,000 – 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.

\$275,000 – 2009 Unlimited Tax and Revenue Bonds payable serially through the year 2017 at an interest rate of 4.00%. Bonds maturing September 1, 2017 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2016 or on any date thereafter.

\$4,035,000 – 2011 Unlimited Tax and Revenue Bonds payable serially through the year 2031 at interest rates which range from 2.00% to 3.75%. Bonds maturing September 1, 2017 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2016 or on any date thereafter. Bonds maturing September 1, 2029 and 2031 are subject to mandatory sinking fund redemption.

Unlimited Tax and Revenue Refunding Bonds:

\$4,460,000 – 2010 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2026 at interest rates which range from 3.50% to 4.00%. Bonds maturing in the year 2017 through 2026, inclusive, are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2016 or on any date thereafter.

\$3,180,000 – 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.

\$3,285,000 – 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.

\$5,605,000 – 2015 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2031 at interest rates which range from 2.00% to 4.00%. Bonds maturing September 1, 2022 are subject to redemption prior to maturity in whole or from time to time in part, on September 1, 2021 or on any date thereafter.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

7. BONDED DEBT (continued) -

The annual requirements to amortize all bonded debt at September 30, 2016, including interest, are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2017	\$ 1,405,000	\$ 752,044	\$ 2,157,044
2018	1,120,000	1,050,994	2,170,994
2019	1,410,000	823,923	2,233,923
2020	1,620,000	639,869	2,259,869
2021	1,495,000	583,556	2,078,556
2022-2026	8,360,000	2,097,652	10,457,652
2027-2031	6,485,000	696,488	7,181,488
	\$ 21,895,000	\$ 6,644,526	\$ 28,539,526

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, 2016, were \$35,213,000.

\$700,006 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 did not collect any capital recovery fees during the year ending September 30, 2016.

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, 2016, has recorded no liability pertaining to such costs.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

9. COMMITMENTS AND CONTINGENCIES (continued) -

In 2013, the District filed petitions with the Commission appealing the rates charged by the City of Austin (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. At this time, no action has been taken by the SOAH Judge regarding interim wastewater rates.

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. At this time, the District is unable to form a judgment 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.

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.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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 \$46,024 in fiscal year 2016. 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>
2017	\$ 34,225
2018	35,501
2019	<u>27,104</u>
Total Minimum Lease Payments	<u>\$ 96,830</u>

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2016**

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes, including penalties and interest	\$ 1,989,812	\$ 1,965,307	\$ 24,505
Service revenues, including penalties	3,798,056	3,867,207	(69,151)
Interest	33,472	7,200	26,272
Other	61,800	30,000	31,800
TOTAL REVENUES	<u>5,883,140</u>	<u>5,869,714</u>	<u>13,426</u>
EXPENDITURES:			
Current:			
Water/wastewater purchases	1,815,413	2,621,423	806,010
Garbage collection fees	610,739	618,166	7,427
Park maintenance	502,174	706,600	204,426
General manager fees	303,864	316,478	12,614
Repairs and maintenance	213,193	165,000	(48,193)
Inspection/connection fees	-	3,400	3,400
Utilities	31,282	36,000	4,718
Chemicals	39,769	110,000	70,231
Office expenditures	309,384	336,614	27,230
Security services	116,191	111,398	(4,793)
Director fees, including payroll taxes	22,920	33,915	10,995
Legal fees	105,449	150,000	44,551
Engineering fees	87,988	70,800	(17,188)
Accounting fees	66,750	66,750	-
Audit fees	15,250	15,500	250
Insurance	16,919	24,000	7,081
Tax appraisal/collection	12,558	12,000	(558)
Financial advisor fees	989	1,000	11
Other consulting fees	36,829	120,000	83,171
Other	97,825	141,349	43,524
Capital Outlay	313,233	805,000	491,767
TOTAL EXPENDITURES	<u>4,718,719</u>	<u>6,465,393</u>	<u>1,746,674</u>
CHANGE IN FUND BALANCE	1,164,421	<u>\$ (595,679)</u>	<u>\$ 1,760,100</u>
FUND BALANCE :			
Beginning of the year	<u>7,141,318</u>		
End of the year	<u>\$ 8,305,739</u>		

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**TEXAS SUPPLEMENTARY
INFORMATION**

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**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2016**

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 ⁽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:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	-	-	1.0	-
≤ 3/4"	2,979	2,963	1.0	2,963
1"	5	5	2.5	13
1 1/2"	8	8	5.0	40
2"	11	11	8.0	88
3"	2	2	15.0	30
4"	-	-	25.0	-
6"	3	3	50.0	150
8"	2	2	80.0	160
10"	-	-	115.0	-
Total Water	3,010	2,994		3,444
Total Wastewater	2,987	2,987	1.0	2,987

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

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2016**

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

Gallons pumped into system: 283,173

Gallons billed to customers: 256,264

Water Accountability Ratio (Gallons billed / Gallons Pumped) 90.5%

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, 2016**

Personnel Expenditures (including benefits)	\$	249,836
Professional Fees:		
Audit		15,250
Legal		105,449
Engineering		87,988
Financial Advisor		989
Purchased Services For Resale -		
Bulk Water and Wastewater Purchases		1,815,413
Contracted Services:		
General Manager/Bookkeeping		370,614
Appraisal District/Tax Collector		12,558
Security Services		116,191
Other Contracted Services		36,829
Utilities		31,282
Repairs and Maintenance		213,193
Chemicals		39,769
Administrative Expenditures:		
Directors' Fees		22,920
Office Supplies		-
Insurance		16,919
Other Administrative Expenditures		157,373
Capital Outlay:		
Capitalized Assets		313,233
Expenditures not Capitalized		-
Bad Debt		-
Solid Waste Disposal		610,739
Parks and Recreation		502,174
Other Expenditures		-
TOTAL EXPENDITURES	\$	4,718,719

Number of persons employed by the District:

Full-Time

Part-Time

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2016

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	\$ 6,035,344	\$ -
State Investment Pool	XXX0001	Varies	N/A	1,767,967	-
State Investment Pool	XXX0004	Varies	N/A	152,611	-
State Investment Pool	XXX0005	Varies	N/A	162,815	-
Investment in LOGIC	XXX8002	Varies	N/A	45,031	-
State Investment Pool	XXX0003	Varies	N/A	4,308	-
Total				<u>8,168,076</u>	<u>-</u>
Debt Service Fund:					
Investment in LOGIC	XXX8005	Varies	N/A	37,707	-
Investment in LOGIC	XXX8006	Varies	N/A	676,365	-
Total				<u>714,072</u>	<u>-</u>
Capital Projects Fund:					
Investment in LOGIC	XXX8008	Varies	N/A	33	-
Investment in LOGIC	XXX8010	Varies	N/A	47,461	-
Investment in LOGIC	XXX8012	Varies	N/A	34,242	-
Investment in LOGIC	XXX8015	Varies	N/A	171,416	-
Total				<u>253,152</u>	<u>-</u>
Total - All Funds				<u>\$ 9,135,300</u>	<u>\$ -</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2016

	Maintenance Taxes	Debt Service Taxes		
Taxes Receivable, Beginning of Year	\$ 13,357	\$ 17,693		
2015 Original Tax Levy, less abatements/adjustments	1,987,556	2,193,725		
Total to be accounted for	2,000,913	2,211,418		
Tax collections:				
Current year	1,984,344	2,190,180		
Prior years	2,434	3,506		
Total collections	1,986,778	2,193,686		
Taxes Receivable, End of Year	\$ 14,135	\$ 17,732		
Taxes Receivable, By Years				
2013 and prior	\$ 10,030	\$ 12,901		
2014	893	1,286		
2015	3,212	3,545		
Taxes Receivable, End of Year	\$ 14,135	\$ 17,732		
Property Valuations:	<u>2015</u> (a)	<u>2014</u> (a)	<u>2013</u> (a)	<u>2012</u> (a)
Land and improvements	\$ 579,124,796	\$ 514,296,755	\$ 498,092,316	\$ 424,159,851
Total Property Valuations	\$ 579,124,796	\$ 514,296,755	\$ 498,092,316	\$ 424,159,851
Tax Rates per \$100 Valuation:				
Debt Service tax rates	\$ 0.3788	\$ 0.4343	\$ 0.4451	\$ 0.5271
Maintenance tax rates	0.3432	0.3017	0.3049	0.2229
Total Tax Rates per \$100 Valuation:	\$ 0.7220	\$ 0.7360	\$ 0.7500	\$ 0.7500
Original Tax Levy	\$ 4,181,281	\$ 3,785,223	\$ 3,735,692	\$ 3,181,199
Percent of Taxes Collected to Taxes Levied **	99.8%	99.9%	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, 2016

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2007			UNLIMITED TAX AND REVENUE BONDS SERIES 2009			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2010		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
	2017	\$ 225,000	\$ 41,525	\$ 266,525	\$ 275,000	\$ 11,000	\$ 286,000	\$ 355,000	\$ 171,606
2018	-	33,200	33,200	-	-	-	375,000	157,406	532,406
2019	-	33,200	33,200	-	-	-	560,000	142,410	702,410
2020	-	33,200	33,200	-	-	-	585,000	120,006	705,006
2021	-	33,200	33,200	-	-	-	425,000	96,606	521,606
2022	-	33,200	33,200	-	-	-	450,000	79,606	529,606
2023	-	33,200	33,200	-	-	-	465,000	63,856	528,856
2024	-	33,200	33,200	-	-	-	485,000	47,000	532,000
2025	-	33,200	33,200	-	-	-	510,000	28,813	538,813
2026	-	33,200	33,200	-	-	-	250,000	9,688	259,688
2027	-	33,200	33,200	-	-	-	-	-	-
2028	-	33,200	33,200	-	-	-	-	-	-
2029	400,000	33,200	433,200	-	-	-	-	-	-
2030	430,000	17,200	447,200	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
	<u>\$ 1,055,000</u>	<u>\$ 457,125</u>	<u>\$ 1,512,125</u>	<u>\$ 275,000</u>	<u>\$ 11,000</u>	<u>\$ 286,000</u>	<u>\$ 4,460,000</u>	<u>\$ 916,997</u>	<u>\$ 5,376,997</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 2011			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2012			UNLIMITED TAX AND REVENUE REFUNDING BONDS SERIES 2014		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
	2017	\$ 175,000	\$ 121,569	\$ 296,569	\$ 305,000	\$ 101,700	\$ 406,700	\$ 30,000	\$ 96,644
2018	185,000	118,069	303,069	335,000	94,075	429,075	25,000	326,044	351,044
2019	195,000	114,369	309,369	200,000	85,700	285,700	270,000	96,044	366,044
2020	205,000	110,469	315,469	220,000	79,700	299,700	270,000	89,294	359,294
2021	220,000	105,856	325,856	220,000	73,100	293,100	290,000	81,194	371,194
2022	230,000	100,906	330,906	240,000	66,500	306,500	290,000	72,494	362,494
2023	245,000	95,156	340,156	240,000	58,100	298,100	315,000	63,794	378,794
2024	260,000	88,419	348,419	265,000	49,700	314,700	335,000	54,344	389,344
2025	275,000	80,619	355,619	260,000	40,425	300,425	335,000	44,294	379,294
2026	295,000	72,369	367,369	285,000	31,325	316,325	355,000	34,244	389,244
2027	310,000	63,150	373,150	305,000	21,350	326,350	375,000	23,594	398,594
2028	330,000	52,300	382,300	305,000	10,675	315,675	395,000	12,344	407,344
2029	350,000	40,750	390,750	-	-	-	-	-	-
2030	370,000	28,500	398,500	-	-	-	-	-	-
2031	390,000	14,625	404,625	-	-	-	-	-	-
	<u>\$ 4,035,000</u>	<u>\$ 1,207,126</u>	<u>\$ 5,242,126</u>	<u>\$ 3,180,000</u>	<u>\$ 712,350</u>	<u>\$ 3,892,350</u>	<u>\$ 3,285,000</u>	<u>\$ 994,328</u>	<u>\$ 4,279,328</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2016

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX AND REVENUE REFUNDING BONDS			ANNUAL REQUIREMENTS FOR ALL SERIES			
	SERIES 2015		Total	Principal Due		Interest Due 3/1, 9/1	Total
	Principal Due 9/1	Interest Due 3/1, 9/1		9/1	3/1, 9/1		
2017	\$ 40,000	\$ 208,000	\$ 248,000	\$ 1,405,000	\$ 752,044	\$ 2,157,044	
2018	200,000	322,200	522,200	1,120,000	1,050,994	2,170,994	
2019	185,000	352,200	537,200	1,410,000	823,923	2,233,923	
2020	340,000	207,200	547,200	1,620,000	639,869	2,259,869	
2021	340,000	193,600	533,600	1,495,000	583,556	2,078,556	
2022	365,000	180,000	545,000	1,575,000	532,706	2,107,706	
2023	365,000	165,400	530,400	1,630,000	479,506	2,109,506	
2024	390,000	150,800	540,800	1,735,000	423,463	2,158,463	
2025	415,000	135,200	550,200	1,795,000	362,551	2,157,551	
2026	440,000	118,600	558,600	1,625,000	299,426	1,924,426	
2027	460,000	101,000	561,000	1,450,000	242,294	1,692,294	
2028	480,000	82,600	562,600	1,510,000	191,119	1,701,119	
2029	505,000	63,400	568,400	1,255,000	137,350	1,392,350	
2030	525,000	43,200	568,200	1,325,000	88,900	1,413,900	
2031	555,000	22,200	577,200	945,000	36,825	981,825	
	<u>\$ 5,605,000</u>	<u>\$ 2,345,600</u>	<u>\$ 7,950,600</u>	<u>\$ 21,895,000</u>	<u>\$ 6,644,526</u>	<u>\$ 28,539,526</u>	

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2016**

	Series 2007	Series 2009	Series 2010	Series 2011	Series 2012	Series 2014	Series 2015	Total
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%	
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	
Maturity Dates	9/1/2030	9/1/2017	9/1/2026	9/1/2031	9/1/2028	9/1/2028	9/1/2031	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 1,280,000	\$ 525,000	\$ 4,800,000	\$ 4,200,000	\$ 3,590,000	\$ 3,315,000	\$ 5,635,000	\$ 23,345,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	-
Retirements During the Current Fiscal Year	(225,000)	(250,000)	(340,000)	(165,000)	(410,000)	(30,000)	(30,000)	(1,450,000)
Bonds Outstanding at End 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
Interest Paid During the Current Fiscal Year	\$ 49,738	\$ 21,000	\$ 185,206	\$ 124,868	\$ 109,900	\$ 97,244	\$ 214,974	\$ 802,930
Paying Agent's Name & Address:	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX
Bond Authority:	Tax Bonds	Other Bonds	Refunding Bonds					
Amount Authorized by Voters	\$ 69,443,000	\$ -	\$ -					
Amount Issued	(34,230,000)	-	21,225,000					
Remaining To Be Issued	\$ 35,213,000	\$ -	\$ -					
* 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, 2016: \$ 714,072								
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: \$ 1,902,635								

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND
FIVE YEARS ENDED SEPTEMBER 30, 2016

	AMOUNTS					PERCENT OF FUND				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
GENERAL FUND										
REVENUES:										
Water, wastewater and garbage service, including penalties	\$ 3,798,056	\$ 3,798,324	\$ 3,865,382	\$ 3,919,634	\$ 3,384,026	64.6	69.5	71.0	78.0	70.1
Property taxes, including penalties and interest	1,989,812	1,553,121	1,521,641	959,699	1,239,755	33.8	28.4	27.9	19.1	25.7
Park fees		23,940	5,400	19,800	20,100	-	0.4	0.1	0.4	0.4
Interest	33,472	7,091	6,327	8,368	48,282	0.6	0.1	0.1	0.2	1.0
System connection fees			21,600	79,200	73,900	-	-	0.4	1.6	1.5
Miscellaneous	61,800	89,107	25,300	34,131	64,131	1.0	1.6	0.5	0.7	1.3
Total revenues	5,883,140	5,471,583	5,445,650	5,020,832	4,830,194	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Current:										
Water, wastewater and garbage	2,426,152	2,887,959	3,001,990	2,979,253	2,758,619	41.2	52.8	55.1	59.3	57.0
Park maintenance	502,174	456,664	503,338	506,984	527,065	8.5	8.4	9.2	10.1	10.9
General manager services	303,864	303,795	301,266	273,838	257,983	5.2	5.6	5.5	5.5	5.3
Legal fees	105,449	104,735	134,258	132,624	165,866	1.8	1.9	2.5	2.6	3.4
Repairs and maintenance	213,193	182,969	221,698	224,258	202,548	3.6	3.4	4.1	4.5	4.2
Inspection fees/meter purchases			2,585	6,457	4,792	-	-	-	0.1	0.1
Engineering fees	87,988	43,157	57,562	59,586	98,597	1.5	0.8	1.1	1.2	2.0
Security services	116,191	104,001	104,712	92,571	83,896	2.0	1.9	1.9	1.8	1.7
Utilities	31,282	29,496	32,386	32,959	17,140	0.5	0.5	0.6	0.7	0.4
Auditing fees	15,250	15,000	14,900	14,600	14,500	0.3	0.3	0.3	0.3	0.3
Accounting fees	66,750	66,750	66,750	66,750	66,750	1.1	1.2	1.2	1.3	1.4
Directors' fees	22,920	18,720	16,470	18,247	16,793	0.4	0.3	0.3	0.3	0.3
Chemicals	39,769	98,139	120,800	63,751	34,177	0.7	1.8	2.2	1.3	0.7
Office expenditures	309,384	290,842	273,610	275,846	252,653	5.3	5.3	5.0	5.7	5.4
Tax appraisal/collection fees	12,558	10,475	9,311	5,884	7,573	0.2	0.2	0.2	0.1	0.2
Insurance	16,919	16,612	15,521	17,276	12,227	0.3	0.3	0.3	0.3	0.3
Other	98,814	87,403	100,395	157,426	105,633	1.7	1.6	1.8	3.1	2.2
Contracted services	36,829	128,365	62,867			0.6	2.3	1.2	-	-
Capital outlay	313,233	231,915	1,116,609	235,691	460,677	5.3	4.2	20.5	4.7	9.5
Total expenditures	4,718,719	5,076,997	6,157,028	5,164,001	5,087,489	80.2	92.8	113.0	102.9	105.3
EXCESS (DEFICIENCY) OF REVENUES										
OVER (UNDER) EXPENDITURES	\$ 1,164,421	\$ 394,586	\$ (711,378)	\$ (143,169)	\$ (257,295)	19.8	7.2	(13.0)	(2.9)	(5.3)

(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, 2016

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
<u>DEBT SERVICE FUND</u>										
REVENUES:										
Property taxes, including penalties and interest	\$ 2,197,214	\$ 2,235,619	\$ 2,223,203	\$ 2,259,291	\$ 1,989,308	99.5	89.6	93.2	99.9	79.6
Net bond activity	-	256,855	159,364	-	506,096	-	10.3	6.7	-	20.2
Interest	10,774	2,231	1,828	2,793	5,134	0.5	0.1	0.1	0.1	0.2
Total revenues	2,207,988	2,494,705	2,384,395	2,262,084	2,500,538	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Tax appraisal/collection fees	13,860	15,079	13,593	13,915	12,135	0.6	0.6	0.6	0.6	0.5
Principal payments	1,450,000	1,340,000	1,240,000	1,300,000	1,030,000	65.7	53.7	52.0	57.5	41.2
Interest payments	802,930	762,641	901,675	1,006,379	1,272,683	36.4	30.6	37.8	44.5	50.9
Fiscal agent fees and other	4,191	8,827	4,868	14,365	3,590	0.2	0.4	0.2	0.6	0.1
Bond refunding expenditures	847	254,826	154,595	1,030	178,429	-	10.2	6.5	-	7.1
Total expenditures	2,271,828	2,381,373	2,314,731	2,335,689	2,496,837	102.9	95.5	97.1	103.2	99.8
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (63,840)	\$ 113,332	\$ 69,664	\$ (73,605)	\$ 3,701	(2.9)	4.5	2.9	(3.2)	0.2
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,994	2,968	2,971	2,926	2,866					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,987	2,962	2,962	2,837	2,837					

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2016**

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

District Business Telephone Number: (512) 435-2300

Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054: November 16, 2016

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

<u>Name and Address:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid * 9/30/2016</u>	<u>Expense Reimbursements 9/30/2016</u>	<u>Title at Year End</u>
Board Members:				
ROBIN CAMPBELL	(Elected) 11/8/2016 - 11/3/2020	\$ 2,700	\$ -	President
BRENDA RICHTER	(Elected) 11/4/2014 - 11/6/2018	\$ 4,800	\$ 1,066	Vice-President
KATHY HAUGHT	(Elected) 11/4/2014 - 11/6/2018	\$ 3,750	\$ 1,481	Secretary
FELIX T. AMARO, JR.	(Elected) 11/8/2016 - 11/3/2020	\$ 7,200	\$ -	Treasurer
CHRISTOPHER CAPERS	(Elected) 11/4/2014 - 11/6/2018	\$ 3,300	\$ 1,282	Assistant Secretary

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

Consultants:

Crossroads Utility Service	2010	\$ 470,973	\$ -	District Manager
Armbrust & Brown, PLLC	1997	\$ 106,556	\$ -	Attorney
Bott & Douthitt, PLLC	2009	\$ 66,750	\$ 558	District Accountant
McCall Gibson Swedlund Barfoot PLLC	2011	\$ 15,250	\$ -	Auditor
360 Professional Services, Inc.	2012	\$ 101,591	\$ -	Engineer
Public Finance Group, LLC	2014	\$ 2,080	\$ -	Financial Advisor
McCall Parkhurst & Horton, LLP	1994	\$ -	\$ 847	Bond Counsel
Travis County Tax Collector	1994	\$ 4,258	\$ -	Tax Collector

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**OTHER SUPPLEMENTARY
INFORMATION**

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2016**

Taxpayer	Type of Property	Tax Roll Year		
		2016	2015	2014
CL Tech Ridge LP & Tech Ridge LA Partners	N/A	\$ 45,769,047	\$ -	\$ -
Belkorp Oaks LLC	N/A	33,791,910	27,889,610	-
Realty Associates Fund IX LP	N/A	17,518,635	15,890,234	12,353,750
Lakewood SDF LLC	N/A	11,523,028	9,248,265	-
Village @ Northtown Ltd.	N/A	11,456,926	11,214,826	5,081,137
Applied Materials Inc.	N/A	2,520,112	2,040,508	2,701,766
A M Petroleum Inc.	N/A	2,361,269	2,335,650	2,309,868
Advanced Energy Industries Inc.	N/A	1,229,333	2,294,341	940,217
Oaks at Techridge Phase 3 Partners LP	N/A	1,013,620	1,013,620	26,476,764
Jeffercindershan Ltd.	N/A	965,431	965,431	-
MFREVF - Tech Ridge LP	N/A	-	35,700,000	31,440,409
Samsung Austin Semiconductor	N/A	-	-	3,116,691
Oaks at Techridge Phase 2 Partners LP	N/A	-	-	2,840,324
Gigaphoton USA Inc.	N/A	-	-	908,040
Total		\$ 128,149,311	\$ 108,592,485	\$ 88,168,966
Percent of Assessed Valuation		19.7%	18.8%	17.1%

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**NORTHTOWN MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2016**

Type of Property	Tax Roll Year					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 538,675,566	82.7%	\$ 479,914,703	82.8%	\$ 423,574,294	82.3%
Multi Family Residence	101,667,970	15.6%	81,730,171	14.1%	69,760,185	13.6%
Vacant Lot	1,397,226	0.2%	1,284,057	0.2%	722,253	0.1%
Qualified Ag Land	3,297,263	0.5%	3,297,263	0.5%	820,915	0.1%
Non-Qualified Land	14,119,989	2.2%	14,352,383	2.5%	6,040,300	1.2%
Commercial Real Property	19,879,904	3.1%	17,144,786	3.0%	14,663,618	2.9%
Telephone Company	153,932	-	396,877	0.1%	427,174	0.1%
Commercial Personal Property	3,564,876	0.6%	5,103,311	0.9%	5,745,263	1.1%
Industrial Personal Property	112,699,881	17.3%	78,471,310	13.5%	48,903,806	9.5%
Residential Inventory	257,354	-	-	-	1,373,912	0.3%
Totally Exempt Property	8,417,225	1.3%	8,656,932	1.5%	8,267,205	1.6%
Less: Adjustments	<u>(152,794,580)</u>	<u>(23.5)%</u>	<u>(111,226,997)</u>	<u>(19.1)%</u>	<u>(66,002,170)</u>	<u>(12.8)%</u>
Total Taxable	<u>\$ 651,336,606</u>	<u>100.0%</u>	<u>\$ 579,124,796</u>	<u>100.0%</u>	<u>\$ 514,296,755</u>	<u>100.0%</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
TRAVIS COUNTY, TEXAS
JANUARY 24, 2017

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
13100 Wortham Center Drive, Suite 235
Houston, Texas 77065-5610

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Northtown Municipal Utility District, (the "District"), which comprise the respective financial position of the governmental activities and each major fund as of September 30, 2016, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the current actual knowledge of the Board of Directors and in reliance on the representations of the District's manager and bookkeeper, the following representations made to you in connection with your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 27, 2016, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

EXHIBIT D

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 23) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the basic financial statements.
- 24) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 25) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 26) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.
- 27) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 28) All funds that meet the quantitative criteria for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 29) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 30) Provisions for uncollectible receivables have been properly identified and recorded, if applicable.
- 31) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 32) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 33) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 34) Deposits and investment securities are properly classified as to risk and are properly disclosed.

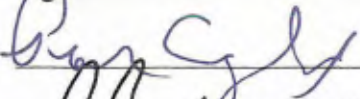
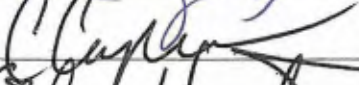
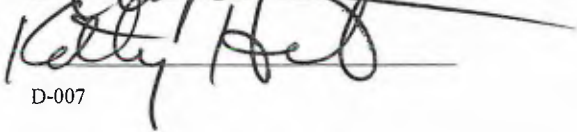
- 35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 36) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 37) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 38) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 39) With respect to the supplementary information required by the Water District Financial Management Guide,
 - a) We acknowledge our responsibility for presenting this information in accordance with the Commission's requirements, and we believe this information, including its form and content, is fairly presented in accordance with the Commission's requirements. The methods of measurement and presentation of this information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If this information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

To the current actual knowledge and belief of the Board, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.


The District's Board of Directors has retained various consultants, including Bott & Douthitt, PLLC and Crossroads Utility Services LLC, to perform bookkeeping and management services on the District's behalf. These District consultants have provided the District with a representation letter as requested by you. The Board has relied on its consultants' advice and representations in making the representations contained in this letter.

NORTHTOWN MUNICIPAL UTILITY DISTRICT

Signatures of the Board of Directors



D-007



MONTHLY REPORT

Northtown M.U.D.

Report Period: 12/01/2016 - 12/31/2016

Parks & Entrance Grounds Maintenance		
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The park areas, entrances, medians, and/or easements received regular maintenance (including weed control, litter control, mowing, string-trimming, tree trimming, and shrub pruning) on the following dates:

12/7	12/13 – 12/14	12/20 – 12/21		
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Task/Observation/Area Highlights of services performed during regular maintenance

Crews performed the standard maintenance tasks such as mowing & string-trimming of the District's irrigated turf areas, as well as detailing the District's color beds & tree rings too. Crews also performed top-dressing mitigation & spot-seeding where needed on the District's fields. Finally, crews picked up excessive amounts of leaves throughout the District and also performed a special tree pruning of the trees by the playscape to ensure security camera clearance.

Greenbelt & Drainage Maintenance	Greenbelt & Drainage maintenance occurred during the week(s) of:	12/01/2016
---	--	------------

Task/Observation/Area: Additional services/observations pertaining to the greenbelts & drainage

Crews completed the standard maintenance tasks such as mowing & string-trimming of the District's channels & greenbelts, as well as performing the removal of certain silt accumulations from within these same areas found within the District's boundaries. In addition, crews collected/removed any trash/litter they observed throughout these same channels and greenbelts located throughout the District.



Trail System Maintenance	12/7	12/14	12/21		
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Task/Observation/Area Additional services/observations pertaining to the trail system

After completing the standard maintenance tasks such as mowing & string-trimming of the District's trail system, crews also performed weed control in areas where needed throughout the District's entire trail system. In addition, crews raked out any rough areas observed throughout the District's trail system, to achieve a smoother, neater overall appearance.



Irrigation System Maintenance	12/7	12/13	12/20		
--------------------------------------	------	-------	-------	--	--

Task/Observation/Area: Additional services/observations pertaining to the irrigation system

Our Licensed Irrigator performed a comprehensive irrigation system analysis and he made any needed repairs totaling less than the pre-approved \$300 maximum while he was still on the District's property.



Status of Proposal Work
NONE

Notes / Miscellaneous

NORTHTOWN MUD

MONTHLY REPORT

December 10, 2016 – January 13, 2017

- Weekly general cleaning at office, pavilion, parks and ponds.
- Removed and posted next meeting agenda.
- Posted next monthly board meeting date on entry signs.
- Changed out memory cards and replaced batteries as needed in game cameras.
- Assisted with covenant inspections and general administration.
- Flushed well valves weekly as preventative maintenance recommended by CTWM.
- Removed 28 bandit signs throughout the district and flyers posted around district.
- Cleaned out all water fountains & checked for loose bolts on all picnic benches, tables and playscapes.
- Cut down and disposed of dead trees and various limbs throughout park system.
- Removed debris from creeks & ponds.
- Used trail groomer/dragger on the 50 Acre Park trail system & volleyball court.
- Cleaned and sharpened all chains several times and made required repairs.
- Performed preventive maintenance on all motorized equipment.
- Continued raising canopy throughout park system.
- Closed and opened Dog Park after rain events.
- Turned on heaters in pavilion pump room and well house to prevent freezing.
- Turned off restroom & drinking fountain water during freeze.
- Removed large fallen tree from Meadow Pointe Creek.
- Replaced broken brackets on playscape at the 50 Acre Park.
- Reported missing street signs on Conner Downs and Battenburg to Travis County. Signs replaced.
- Contacted Spectrum regarding damaged cable boxes on Darjeeling Lane. Boxes repaired.
- Installed new washing machine at office for laundering shop towels.
- Repainted parking lot fire hydrants silver at 50 Acre Park.
- Installed 1 new Grow Zone sign.
- Repainted Meadow Point letters on sub-division entry wall.
- Repaired center light for Meadow Pointe entry sign.
- Removed minor graffiti from Wildflower playscape. Minor content, no report filed.
- Repaired pump room heater by replacing heating element.
- Made minor repairs to Dog Park fence.
- Notified COA electric crews about nonfunctioning street light sensors. (Repaired)
- Covered small area of abandoned 50 Acre Park trail with dirt and leaves to discourage use.
- Applied granite on trails where needed after rain event.
- Staff trained on how to use new security camera DVR & troubleshoot.
- Picked up and disposed of dumped debris in Wildflower Tudor House & Wells Branch Parkway and also near Parkway Pond.

- Ordered new playscape parts to replace broken brackets at 50 Acre Park. *(closed item)*
- Continue contacting Mr. Howard in regards to an updated trash calendar for the web site. Calendar received and added to website by webmaster. *(closed item)*
- Submitted mandated TML verification form for the IRS for employee healthcare coverage. *(closed item)*
- Contacted Crossroads in regards to chemical drivers parking at night and sleeping for an extended period of time at the Harris Ridge lift station.
- Heatherwilde fence collision on 1/13/17. TCSO Case# 17-1269 & TML claim filed. Estimate for repair is \$2250. Repair to be done soon. *(open item)*
- Requested progress on easement agreements with Wildflower HOA residents on 11/28/16. *(open item)*
- Requested progress on easement agreements with Brookfield for concrete fence purposes on 11/28/16. Easement paperwork in progress. *(open item)*
- Working on estimates for a future maintenance truck with the PSC and various dealers. *(open item)*
- Working with Elite Security Systems to replace PTZ & dome security cameras. *(open item)*
- Working on license agreement policy with subcommittee and attorney.
- Held Employee Appreciation Luncheon at Longhorn Steakhouse.

20170124-12b

TEXASCAPES, INC.
13740 Research Blvd Ste J7
Austin, TX 78750

512-472-0207
(fax) 512-472-0229
www.texascapescapes.com

PROPOSAL FOR LANDSCAPE SERVICES

10-Jan-17

TO: NORTHTOWN Municipal Utility District
ATTN: Mona Oliver, District Manager
P.O. Box 2405
Pflugerville TX 78691-

PROPOSAL ID: 9062
HM PHONE:
WK PHONE: 512 965-1560
FAX:

PROJECT: NT WILDFLOWER TRAIL EROSION REPAIR IN TWO LOCATIONS


TexaScapes will provide the material, equipment, labor and supervision to set limestone rip rap in shallow concrete setting beds adjacent to the existing concrete trail in two areas. This work will be consistent with similar work done before. Please contact our office if you would like to have this work scheduled. Thank You.

DESCRIPTION	QT Y	UM
4"-8" WASHED CRUSHED LIMESTONE ROCK	12	TON
MASON READY MIX CONC.[2bg/cf]	40	BAG
LOADER/OPERATOR	8	HOURS
BASE MATERIAL	2	CU. YDS.
SUPERVISION, LABOR, LANDSCAPE CREW EQUIPPED	1	LT
	SUBTOTAL	\$5,594.00
	SALES TAX	\$0.00
	TOTAL	\$5,594.00

Respectfully Submitted,

Accepted By: NORTHTOWN MUNICIPAL UTILITY DISTRICT

Richard Fadal, President


Robin Campbell, President, Board of Directors

Date: January 24, 2017

This proposal expires on: 13-Feb-17

CONTRACT ADDENDUM – INTERESTED PARTIES

Contractor acknowledges that Texas Government Code Section 2252.908 (“Section 2252.908”) requires disclosure of certain matters by contractors entering into a contract with a local government entity such as the District. Contractor confirms that it has reviewed Section 2252.908 and that Consultant will 1) complete FORM 1295, using the unique identification number specified on page 1 of this Agreement, and electronically file it with the Texas Ethics Commission (“TEC”); and 2) submit to the District the signed and notarized Form 1295, including the certification of filing number of the Form 1295 with the TEC, at the time the Consultant executes and submits this Agreement to the District. Form 1295 is available at the TEC’s website: https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. This Agreement is not effective until the requirements listed above are satisfied and any award of the Agreement by the District is expressly made contingent upon Contractor’s compliance with such requirements. **The Contractor and the District agree that the signed and notarized Form 1295 may be submitted to the District in an electronic format.**

CONTRACT ADDENDUM – CONFLICTS OF INTEREST

Contractor acknowledges that Texas Local Government Code Chapter 176 (“Chapter 176”) requires the disclosure of certain matters by contractors doing business with or proposing to do business with local government entities such as the District. Contractor confirms that it has reviewed Chapter 176 and, if it is required to do so, will complete and return FORM CIQ promulgated by the Texas Ethics Commission (the “TEC”), which is available on the TEC website at <https://www.ethics.state.tx.us/forms/CIQ-New-2015.pdf>, within seven days of the date of submitting this Agreement to the District or within seven days of becoming aware of a matter that requires disclosure under Chapter 176, whichever is applicable.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

Certificate Number:
2017-155239

Date Filed:
01/17/2017

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
TexaScapes, Inc.
Austin, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
Northtown Municipal Utility District

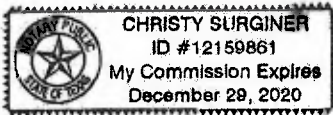
3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
20170124-12b
NT Wildflower Trail Erosion Repair in Two Locations - Proposal # 9062

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Grissom, Doug	Austin, TX United States		X
	Fadal, Jennifer	Sunset Valley, TX United States	X	
	Fadal, Richard	Sunset Valley, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



Richard Fadal

Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said Richard Fadal, this the 17th day of January, 2017, to certify which, witness my hand and seal of office.

Christy Surginer
Signature of officer administering oath

Christy Surginer
Printed name of officer administering oath

Notary
Title of officer administering oath

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

Certificate Number:
2017-155239

Date Filed:
01/17/2017

Date Acknowledged:
01/18/2017

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

TexaScapes, Inc.
Austin, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Northtown Municipal Utility District

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

20170124-12b
NT Wildflower Trail Erosion Repair in Two Locations - Proposal # 9062

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Grissom, Doug	Austin, TX United States		X
	Fadal, Jennifer	Sunset Valley, TX United States	X	
	Fadal, Richard	Sunset Valley, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office.

Signature of officer administering oath Printed name of officer administering oath Title of officer administering oath



P.O. Box 3639
Cedar Park, Texas 78630

DATE: January 17, 2017
TO: Northtown Municipal Utility District
Board of Directors
FROM: Scott J. Foster, P.E.
RE: Northtown MUD – Engineer’s Report for the January 24, 2017 Board Meeting

Report from District Engineer, including:

Parks Subcommittee Items

b) Wildflower Park Trail Repairs, including approval of any contracts, pay estimates, or change orders;

TCB Construction has substantially completed the drainage repairs. A pay estimate may be presented for consideration at the Board Meeting.

The District’s Manager identified additional erosion areas that needed repairs. The work proposed is similar in scope and size to other repair work. Attached for approval is a proposal to provide the anticipated corrective work from TexaScapes.

District Engineer’s Report

a) Development Updates;

i) Oaks at Techridge Phase III;

The project has been completed and there should be no further district related activity.

ii) Pflugerville ISD Tract;

The project is substantially complete and is pending final acceptance. The remaining items are generally administrative. However, the Harris Ridge Extension project is required to be accepted prior to or in conjunction with this project.

EXHIBIT H

iii) Village at Northtown Section 2;

360 PSI provided comments on the construction plans and easements provided by the developer for Section 2 Phase 1 and Section 2 Phase 2 on September 12, 2014. The developer's engineer provided updated plan sets on January 18, 2016 and June 13, 2016 in response to the 2014 comments, and a detailed review is pending. This project is anticipated to receive utility service through the Harris Ridge Extension project.

iv) Heatherwilde Retail Center;

The plans have been approved, and the status of construction is currently unknown.

v) Harris Ridge Extension Project, including status of detention pond improvements;

The developer has received permission from the City and NTMUD for PISD to connect to the water and wastewater system. The contractor is still working on the drainage related items, and it is expected to be resolved in the future. No payment applications or change orders were provided for consideration. The owner was notified by 360 PSI on May 8, 2013 and May 13, 2013, that additional delays in this project being accepted could impact the ability of future projects to be connected to the District's system.

In July 2016, 360 PSI received information that the developer anticipates final resolution on the construction by December 2016. The developer acknowledges the District's restrictions on additional connections to the any unaccepted improvements.

vi) John Henry Faulk Water and Wastewater Improvements;

The project has been awarded to the contractor (CC Carlton). Construction has started and is anticipated to be completed in mid 2017. No payment applications or change orders have been received.

b) MS4 Compliance Update, including approval of any contracts, pay estimates, or change orders;

The TCEQ requires an annual report be filed which summarizes the District's MS4 related activities. The 2016 annual report is currently being prepared and is anticipated to be submitted in January 2017.

360 PSI also conducted the annual pond inspections on August 13, 2015. 360 PSI has met with the District's consultants and staff to discuss the findings and/or action items. Preliminary findings indicate that the District maintained ponds are satisfactory with "normal" operational items to be addressed. Based upon a follow up visit on the remaining ponds in November 2016, additional work was identified. Attached for approval is a proposal to provide the anticipated final corrective work from TexaScapes.

c) District Fence and Facility Assessment;

360 PSI is continuing the authorized work including the permitting and assistance with easements. The license agreement for the work along Wells Branch Parkway has been submitted and approval is expected in January 2017. Brookfield HOA has agreed to provide two easements for the fence and the future NTMUD District sign. These easements are being finalized. The project is anticipated to be ready for bidding in March 2017 with an anticipated completion in Fall 2017.

d) 50-Acre Park Pedestrian Bridge Study;

360 PSI has finalized preliminary design schematics which will satisfy the general requirements of both the City and County. A portion of the project requires an easement from the Village developer and is required prior to plan approval. In order to avoid potential project conflicts with the completion of their project, the developer has indicated they will provide the easement in escrow. As a result, the completion of the project is currently on-hold. 360 PSI is working on obtaining permits for the portions of the project located within the District's property.

20170124-13b

TEXASCAPES, INC.
13740 Research Blvd Ste J7
Austin, TX 78750

512-472-0207
(fax) 512-472-0229
www.texascapes.com

PROPOSAL FOR LANDSCAPE SERVICES

10-Jan-17

TO: NORTHTOWN Municipal Utility District
ATTN: Mona Oliver, District Manager
P.O. Box 2405
Pflugerville TX 78691-

PROPOSAL ID: 9060
HM PHONE:
WK PHONE: 512 965-1560
FAX:

PROJECT: 2015 POND ASSESSMENT, REMAINING RIP RAP REPAIRS

This proposal is the result of December tour of District Drainage Facilities with Mona and Scott.

Provide the equipment, material, labor and supervision for the work listed below. Repair detention pond outfalls with Large limestone rip rap of the 8-12" diameter size. 1) Parkside Pond 3 - realign and add to existing rip rap. 2) 50 Acre Park - realign and add to existing rip rap at two outfall areas. 3) East Lift station #22 - Cut down/haul off one dead Live Oak and one Crape myrtle. Fill wire basket with rip rap. 4) Gaston Sheldon 1-4 #25 - Add 18" depth of rip rap sloped to concrete swale at interface to wooded area. Use a concrete setting bed and secure rip rap with mortar. Clear silt at other outlet and add rip rap as needed. Add rip rap at spillway. Add rip rap and remove soil hump at next location. Add a 12" deep x 24" wide banding behind the backside of the stone wall. 5) Settler's Meadow (G2) - Add rip rap at outlet as needed. Refer to the 2015 Northtown MUD, August 2015, Pond assessment for Northtown MUD

DESCRIPTION	QT Y	UM
8"-12" WASHED CRUSHED LIMESTONE ROCK	60	TON
MASONRY SETTING BED	20	LIN. FT.
MORTAR WHITE [Bag/25sf]	5	BAGS
MASON'S SAND [1 CY/2 Bag Mortar]	3	C.Y.
LOADER/OPERATOR	24	HOURS
DELIVERY LOADS	4	LOADS
SUPERVISION, LABOR, LANDSCAPE CREW EQUIPPED	1	LT

EXHIBIT I

DESCRIPTION

QT
Y

UM

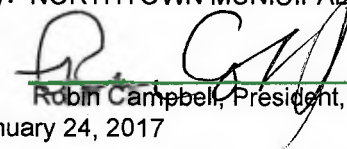
SUBTOTAL	\$16,658.25
SALES TAX	\$0.00
TOTAL	\$16,658.25

Respectfully Submitted,

Richard Fadal, President

This proposal expires on: 12-Feb-17

Accepted By: NORTHTOWN MUNICIPAL UTILITY DISTRICT



Robin Campbell, President, Board of Directors

Date: January 24, 2017

CONTRACT ADDENDUM – INTERESTED PARTIES

Contractor acknowledges that Texas Government Code Section 2252.908 (“Section 2252.908”) requires disclosure of certain matters by contractors entering into a contract with a local government entity such as the District. Contractor confirms that it has reviewed Section 2252.908 and that Consultant will 1) complete FORM 1295, using the unique identification number specified on page 1 of this Agreement, and electronically file it with the Texas Ethics Commission (“TEC”); and 2) submit to the District the signed and notarized Form 1295, including the certification of filing number of the Form 1295 with the TEC, at the time the Consultant executes and submits this Agreement to the District. Form 1295 is available at the TEC’s website: [https://www.ethics.state.tx.us/whatsnew/elf info form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf%20form1295.htm). This Agreement is not effective until the requirements listed above are satisfied and any award of the Agreement by the District is expressly made contingent upon Contractor’s compliance with such requirements. **The Contractor and the District agree that the signed and notarized Form 1295 may be submitted to the District in an electronic format.**

CONTRACT ADDENDUM – CONFLICTS OF INTEREST

Contractor acknowledges that Texas Local Government Code Chapter 176 (“Chapter 176”) requires the disclosure of certain matters by contractors doing business with or proposing to do business with local government entities such as the District. Contractor confirms that it has reviewed Chapter 176 and, if it is required to do so, will complete and return FORM CIQ promulgated by the Texas Ethics Commission (the “TEC”), which is available on the TEC website at <https://www.ethics.state.tx.us/forms/CIQ-New-2015.pdf>, within seven days of the date of submitting this Agreement to the District or within seven days of becoming aware of a matter that requires disclosure under Chapter 176, whichever is applicable.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING**

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
TexaScapes, Inc.
Austin, TX United States

Certificate Number:
2017-155230

Date Filed:
01/17/2017

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
Northtown Municipal Utility District

Date Acknowledged:

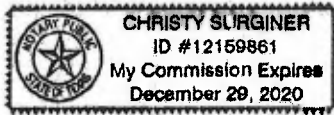
3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
20170124-13b
2015 Pond Assessment, Remaining Rip Rap Repairs - Proposal # 9060

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Grissom, Doug	Austin, TX United States		X
	Fadal, Jennifer	Sunset Valley, TX United States	X	
	Fadal, Richard	Sunset Valley, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



Richard Fadal

Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said Richard Fadal this the 17th day of January 20 17, to certify which, witness my hand and seal of office.

Christy Surginer Christy Surginer Notary
Signature of officer administering oath Printed name of officer administering oath Title of officer administering oath

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
2017-155230

Date Filed:
01/17/2017

Date Acknowledged:
01/18/2017

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

TexaScapes, Inc.
Austin, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Northtown Municipal Utility District

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

20170124-13b
2015 Pond Assessment, Remaining Rip Rap Repairs - Proposal # 9060

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Grissom, Doug	Austin, TX United States		X
	Fadal, Jennifer	Sunset Valley, TX United States	X	
	Fadal, Richard	Sunset Valley, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office.

Signature of officer administering oath

Printed name of officer administering oath

Title of officer administering oath

Northtown Municipal Utility District

January 24, 2017

- Review Cash Activity Report, including Receipts and Expenditures

- Action Items:

- Approval of director and vendor payments
- Approve funds transfers as follows:
 - JP Morgan Chase Operating Account to JP Morgan Chase Manager's Account \$14,250.00 – Check #6689
 - Compass Lockbox to TexPool General Operating Account: \$95,000.00
 - Logic Park Account to Logic Operating Account: \$39,124.52
 - Logic Tax Account to Logic Operating Account: \$1,579,714.05
 - Logic Tax Account to Logic Debt Service Account: \$1,400,000.00
- Approve bond payments as follows:

◦ SR 2007	20,762.50
◦ SR 2009	5,500.00
◦ SR 2010	85,803.13
◦ SR 2011	60,784.38
◦ SR 2012	50,850.00
◦ SR 2014	48,321.88
◦ SR 2015	<u>104,000.00</u>
Total	<u>\$376,021.89</u>

EXHIBIT J

**Northtown Municipal Utility District
Cash Activity Report - Operating Account
December 31, 2016 - January 24, 2017**

		General Fund Operating Account
Cash Balance - December 31, 2016		\$ 452,471.49
Subsequent Activity		2,914.02
Service Revenue Cash Receipts	November 2016	4,922.06
Cash Receipts	Dessau Fountains	2,000.00
Cash Receipts	Escrow Deposit - 14179 The Lakes Blvd.	2,500.00
Credit Card Expenses	December 2016	<u>(6,508.04)</u>
Total Subsequent Activity		2,914.02
Expenditures to be Approved January 24, 2017		(319,350.87)
Payroll Expenses	ACH Payroll	8,396.47
Security Patrol Payroll Expenses	ACH Payroll 1/12/2017	3,242.56
Security Patrol Payroll Expenses	ACH Payroll 1/20/2017	3,113.38
Amaro, Felix T	6656 Director's Fees - January 24, 2017	138.52
Campbell, Robin	6657 Director's Fees - January 24, 2017	138.52
Capers, Christopher B.	6658 Director's Fees - January 24, 2017	138.52
Haught, Kathy	6659 Director's Fees - January 24, 2017	138.52
Richter, Brenda K	6660 Director's Fees - January 24, 2017	138.52
G&I VII Wells Branch, LP	6661 Rent - March 2017	4,295.97
Austin Lone Star Realty	6662 Customer Refund	273.36
Austin Vestors Property Management	6663 Customer Refund	123.17
Property Management Co.	6664 Customer Refund	124.35
360 Professional Services, Inc.	6665 Engineering Fees - December 2016	5,967.00
Armbrust & Brown, P.L.L.C.	6666 Legal Fees - December 2016	8,392.53
Bank of Texas Trust - Austin	6667 Paying Agent Fee SR2007,09,10,11,12,14,15	1,400.00
Bott & Douthitt, P.L.L.C.	6668 Accounting Fees - December 2016	5,649.88
Bowie, Frank	6669 Mileage Reimbursement - December 2016	12.96
CASE	6670 CASE Membership 2017	350.00
City of Austin	6671 W/WW Purchases - December 2016	125,611.22
Crossroads Utility Services	6672 Operations - December 2016	32,990.07
McCall Gibson Swedlund Barfoot P.L.L.C.	6673 Audit Fees FYE 9/30/16	11,000.00
Ramona Oliver	6674 Petty Cash Reimbursement	290.04
Robles, Ernest	6675 Mileage Reimbursement - December 2016	243.00
TCEQ	6676 TCEQ 2016 Regulatory Assessment	13,121.95
TexasScapes	6677 Landscape Maintenance - January 2017	31,830.00
Travis County Sheriff's Department	6678 Security Patrol Vehicle - December 2016	2,790.00
Travis County Water District #10	6679 COA rates consulting	3,667.49
Amaro, Felix T	6680 Director's Fees - Additional Per Diems	415.58 *
Campbell, Robin	6681 Director's Fees - Additional Per Diems	138.53 *
Capers, Christopher B.	6682 Director's Fees - Additional Per Diems	138.53 *
Haught, Kathy	6683 Director's Fees - Additional Per Diems	266.05 *
Richter, Brenda K	6684 Director's Fees - Additional Per Diems	266.05 *
Aqua-Tech Laboratories	6685 Lab Fees - December 2016	930.00 *
Concretex, LLC	6686 Repair Fence Damange	2,250.00 *
Texas Disposal Systems, Inc.	6687 Garbage - December 2016	51,271.00 *
TexasScapes	6688 Irrigation Repairs	<u>97.13 *</u>
		<u>319,350.87</u>
*Added after packet distribution		
Subtotal		136,034.64
Transfers to be approved at January 24, 2017 Meeting		185,750.00
Northtown M.U.D.	6689 Transfer to Manager's Account	(14,250.00)
Northtown M.U.D.	Transfer from Logic Operating Account	<u>200,000.00</u>
		<u>185,750.00</u>
Projected Balance as of January 24, 2017		\$ 321,784.64

Northtown Municipal Utility District
Cash Activity Report - Manager's Account
November 30, 2016 - January 24, 2017

		<u>General Fund</u> <u>Manager's</u> <u>Account</u>
Cash Balance - November 30, 2016		\$ 31,376.12
Subsequent Activity		(11,347.86)
Expenditures Approved at the December 20, 2016 Meeting (Cks #5905 - 5939)		(12,023.33)
Ramona Oliver	5940 Petty Cash Reimbursement	(488.56)
City of Austin	5941 Park Utilities - December 2016	(314.29)
Victor O. Schinnerer & Co., Inc.	5942 Public Official Bonds - 1/17-1/18	(600.00)
AT&T Mobility	5943 Telephone - December 2016	(32.71)
Atmos Energy	5944 Utilities - December 2016	(95.96)
City of Austin	5945 Lift Station Utilities - December 2016	(1,828.77)
Thorton, Lakisha	5946 Customer Refund	(644.94)
Time Warner Cable	5947 Park Internet - December 2016	(112.25)
TXU Energy	5948 Office Electric/Streetlights - December 2016	(809.15)
Transfers Approved at December 20, 2016 Meeting		5,600.00
Interest Income	December 2016	2.10
Total Subsequent Activity		(11,347.86)
Cash Balance - December 31, 2016		\$ 20,028.26
Subsequent Activity		-
Void Check #5206		-
Total Subsequent Activity		-
Expenditures to be Approved at January 24, 2017 Meeting		(9,278.41)
Ramona Oliver	5949 Petty Cash Reimbursement	434.40
TCEQ	5950 Water System Fee FY 2017	100.00
Baur, Meredith	5951 Customer Refund	131.25
Bejarano, Ruth Rios / Bejarano, Rodrigo	5952 Customer Refund	121.99
Brown, Lashawn	5953 Customer Refund	182.31
Cantu, Gerardo & Priscilla	5954 Customer Refund	77.21
Capetillo, Fidel	5955 Customer Refund	116.02
Castelan, Yara	5956 Customer Refund	256.21
Chimmoa, Godfrey	5957 Customer Refund	317.25
Dhakal, Anusha	5958 Customer Refund	96.95
Gajjar, Hitesh	5959 Customer Refund	148.82
Ginikanwa, Vincent	5960 Customer Refund	89.15
Gonzalez, Minerva	5961 Customer Refund	19.34
Jackson, Tiffany	5962 Customer Refund	128.98
Le, Dat	5963 Customer Refund	142.11
Mendoza, Rafael and Elsa.	5964 Customer Refund	338.61
Oyelola, Olatunde / Oyelola, Adebisi	5965 Customer Refund	117.25
Papke, Brian	5966 Customer Refund	93.40
Ponce, Melissa	5967 Customer Refund	407.82
Rodriguez, Priscilla	5968 Customer Refund	652.00
Ross, Teresa	5969 Customer Refund	71.01
Shelton, Jeanene	5970 Customer Refund	65.98
Tucker, Courtney	5971 Customer Refund	182.98
Washington, Davin	5972 Customer Refund	142.11
Woodfin, Michele	5973 Customer Refund	31.16
Wright, Jacqueline	5974 Customer Refund	133.04
Yearly, David	5975 Customer Refund	145.07
AT&T	5976 Telephone - December 2016	478.52
City of Austin	5977 Park Utilities/Street Lights - December 2016	2,303.75
TML IEBP	5978 Employee Benefits - January 2017	1,753.72
Total Subsequent Expenditures		9,278.41
Subtotal		10,749.85
Transfers to be approved at January 24, 2017 Meeting - Check #6689		14,250.00
Projected Balance as of January 24, 2017		\$ 24,999.85

**Northtown Municipal Utility District
Cash Activity Report - Park Fund Account
December 31, 2016 - January 24, 2017**

	<u>Park Fund Operating Account</u>
Cash Balance - December 31, 2016	\$ 39,654.70
Subsequent Activity	-
Expenditures to be Approved at January 24, 2017 Meeting	-
Projected Balance as of January 24, 2017	\$ 39,654.70

Northtown Municipal Utility District Cash/Investment Activity Report December 31, 2016 - January 24, 2017

	Interest Rate	Maturity Date	Balance 12/31/2016	Subsequent Receipts	Subsequent Disbursements	Subtotal	Transfers to be 1/24/2017	Projected Balance 1/24/2017
General Fund -								
JP Morgan Chase (Operating)	0.0800%	N/A	\$ 452,471.49	\$ 9,422.06	\$ (325,858.91)	\$ 136,034.64	\$ 185,750.00	\$ (1),(6)
JP Morgan Chase (Manager's)	0.0800%	N/A	20,028.26	-	(9,278.41)	10,749.85	14,250.00	(1)
Compass Bank Lockbox	0.1000%	N/A	96,654.24	2,316.26	-	98,970.50	(95,000.00)	(2)
Logic Operating - 01	0.9822%	N/A	5,747,845.58	-	-	5,747,845.58	1,418,838.57	(3),(4),(6)
TexPool Operating	0.5632%	N/A	2,059,921.36	-	-	2,059,921.36	95,000.00	(2)
TexPool Fiscal Surety Park Imp 1	0.5632%	N/A	152,769.43	-	-	152,769.43	-	
TexPool Fiscal Surety Park Imp 2	0.5632%	N/A	162,984.22	-	-	162,984.22	-	
Total - General Fund			8,692,674.58	11,738.32	(335,137.32)	8,369,275.58	1,618,838.57	9,988,114.15
Park Fund -								
JP Morgan Chase (Park Operating)	0.0800%	N/A	39,654.70	-	-	39,654.70	-	
Logic - Park Fund - 02	0.9822%	N/A	45,126.47	-	-	45,126.47	(39,124.52)	(3)
TexPool Park	0.5632%	N/A	4,312.88	-	-	4,312.88	-	
Total - Park Fund			89,094.05	-	-	89,094.05	(39,124.52)	49,969.53
Debt Service Fund -								
Logic - Tax Account	0.9822%	N/A	2,998,213.13	-	-	2,998,213.13	(2,979,714.05)	(4),(5)
Logic - Debt Service	0.9822%	N/A	677,802.14	-	-	677,802.14	1,400,000.00	(5)
Total - Debt Service Fund			3,676,015.27	-	-	3,676,015.27	(1,579,714.05)	2,096,301.22
Capital Project Fund -								
Logic - Capital Projects 2006	0.9822%	N/A	33.37	-	-	33.37	-	
Logic - 2007 Capital Projects	0.9822%	N/A	47,562.17	-	-	47,562.17	-	
Logic - SR 2009 CPF	0.9822%	N/A	34,314.73	-	-	34,314.73	-	
Logic - SR 2011 CPF	0.9822%	N/A	171,780.18	-	-	171,780.18	-	
Total - Capital Project Fund			253,690.45	-	-	253,690.45	-	253,690.45
Total - All Funds			\$ 12,711,474.35	\$ 11,738.32	\$ (335,137.32)	\$ 12,388,075.35	\$ -	\$ 12,388,075.35

- (1) To transfer funds from JP Morgan Chase Operating to JP Morgan Chase Manager's Account: \$14,250.00 - Check #6689
- (2) To transfer funds from Compass Bank Lockbox Account to TexPool General Operating: \$95,000.00
- (3) To transfer funds from Logic Park Account to Logic Operating Account: \$39,124.52
- (4) To transfer funds from Logic Tax to Logic General Operating Account: \$1,579,714.05
- (5) To transfer funds from Logic Tax to Logic Debt Service Account: \$1,400,000.00
- (6) To transfer funds from Logic Operating to JP Morgan Chase Operating: \$200,000.00

**Northtown Municipal Utility District
P.O. Box 2445
Round Rock, TX 78680**

January 24, 2017

Compass Bank
SALLY HAGANS
AVP, PUBLIC FUNDS MANAGEMENT
5 RIVERWAY DR
HOUSTON TEXAS 77056

Dear Compass Bank:

Please consider this letter as written authorization by the Northtown MUD Board of Directors to transfer the following funds:

\$95,000.00 From Compass Bank Lockbox Account
to TexPool Operating Account

If you should have any questions, please contact Tricia Melton at (512) 733-0700

Sincerely,

Northtown MUD
Board of Directors

Northtown Municipal Utility District
P.O. Box 2445
Round Rock, TX 78680

January 24, 2017

LOGIC Participant Services
1201 Elm Street, Ste 3500
Dallas, TX 75270

Re: Funds Transfer

Dear Logic:

Please consider this letter as written authorization by the Northtown MUD Board of Directors to transfer the following funds:

\$39,124.52 From Logic Park Account
To Logic General Operating Account

If you should have any questions, please contact Tricia Melton at (512) 733-0700

Sincerely,

Northtown MUD
Board of Directors

**Northtown Municipal Utility District
P.O. Box 2445
Round Rock, TX 78680**

January 24, 2017

LOGIC Participant Services
1201 Elm Street, Ste. 3500
Dallas, TX 75270

Re: Funds Transfer

Dear Logic,

Please consider this letter as written authorization by the Northtown MUD Board of Directors to transfer the following funds:

\$1,579,714.05 From Logic Tax Account
to Logic Operating Account

If you should have any questions, please contact Tricia Melton at (512) 733-0700

Sincerely,

Northtown MUD
Board of Directors

**Northtown Municipal Utility District
P.O. Box 2445
Round Rock, TX 78680**

January 24, 2017

LOGIC Participant Services
1201 Elm Street, Ste 3500
Dallas, TX 75270

Re: Funds Transfer

To Whom It May Concern,

Please consider this letter as written authorization by the Northtown MUD Board of Directors to transfer the following funds per the attached wiring instructions:

\$1,400,000.00 Logic Tax Account
to Logic Debt Service Account

If you should have any questions, please contact Tricia Melton at (512) 733-0700

Sincerely,

Northtown MUD
Board of Directors

Northtown Municipal Utility District

P.O. BOX 2445
ROUND ROCK, TX 78680

January 24, 2017

TexPool Participant Services
C/O Federal Investors, Inc.
1001 Texas Avenue, Suite 1400
Houston, TX 77002

Re: Northtown M.U.D. Bond Payments

Please consider this letter as written authorization by the Northtown M.U.D. Board of Directors to make the following payments for bonds due on March 1, 2017:

Series 2007	\$ 20,762.50
Series 2009	5,500.00
Series 2010	85,803.13
Series 2011	60,784.38
Series 2012	50,850.00
Series 2014	48,321.88
Series 2015	<u>104,000.00</u>
Total	<u>\$ 376,021.89</u>

If you have any question, please do not hesitate to contact Allen Douthitt at 512-733-0700.

Sincerely,

Northtown M.U.D.
BOARD OF DIRECTORS

1186483

MONTHLY GENERAL MANAGER'S REPORT
NORTHTOWN MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS MEETING
January 24, 2017

EXHIBIT K

**Northtown Municipal Utility District
Operations Report**

For the Month of December 2016

GENERAL INFORMATION

Occupied Single Family Connections	<u>2950</u>	x 3 =	<u>8850</u>	
Vacant Single Family Connections	<u>16</u>			
Vacant Irrigation Connections	<u>1</u>			
Multi Family Connections	<u>830</u>	830 Units x 3 =	<u>2490</u>	
Commercial	<u>1</u>			
Builder Connections	<u>1</u>			
Schools	<u>2</u>			
Non-Profit	<u>2</u>			
Fire Hydrants	<u>1</u>			
District Connections	<u>9</u>			
Irrigation Connections	<u>23</u>			
TOTAL CONNECTIONS	<u>3836</u>		<u>11340</u>	Estimated Population

BACTERIOLOGICAL ANALYSES

<u>5</u>	Water sample(s) taken on	<u>12/13/16</u>	All bacterial samples were satisfactory.
<u>5</u>	Water sample(s) taken on	<u>12/20/16</u>	All bacterial samples were satisfactory.

WATER ACCOUNTING

Pumped through master meter(s)				
from	<u>12/01/16</u>	to	<u>12/31/16</u>	<u>21,671,000</u> Gallons
Total Gallons Received/Billing Period				
from	<u>10/27/16</u>	to	<u>11/28/16</u>	<u>26,142,000</u> Gallons
Total Gallons Billed				
from	<u>10/27/16</u>	to	<u>11/28/16</u>	<u>22,446,000</u> Gallons
Flushing	<u>10/27/16</u>	to	<u>11/28/16</u>	<u>52,500</u> Gallons
Billing Adjustments				
from	<u>10/27/16</u>	to	<u>11/28/16</u>	<u>(74,000)</u> Gallons
Gallons gain/loss				<u>(3,717,500)</u> Gallons
Percentage gain/loss				<u>-14.22%</u>

NORTHTOWN MUNICIPAL UTILITY DISTRICT
Water Report
December 2016

Total Water Flows

Month	2016
January	20,893
February	19,306
March	21,278
April	21,553
May	21,939
June	24,659
July	30,764
August	27,438
September	25,345
October	26,056
November	23,405
December	21,671
TOTAL	284,307

Bacteriological Analyses

Samples: 10 satisfactory taken on 12/13,20/16

Chlorine Residual

	December
Average	1.8
Maximum (4.0)	2.6
Minimum (0.5)	1.0

Total Wastewater Billed

Month	2016
January	
February	
March	14,399
April	14,997
May	15,089
June	15,849
July	15,294
August	16,162
September	15,338
October	15,212
November	14,869
December	15,586

NORTHTOWN M.U.D. - WATER LOSS CHART

DATE FROM	DATE TO	MASTER METER	CONSUMPTION TOTALS	FLUSHING TOTALS	BILLING ADJUSTMENTS	GALLONS UNACCOUNTED	PERCENT GAIN/LOSS
-----------	---------	--------------	--------------------	-----------------	---------------------	---------------------	-------------------

09/29/14	10/29/14	23,898.0	22,180.0	24.3	(18.0)	-1711.8	-7.16%
10/30/14	11/24/14	18,042.0	16,252.0	54.0	(10.0)	-1746.0	-9.68%
11/25/14	12/29/14	22,784.0	20,381.0	21.6	-	-2381.4	-10.45%
12/30/15	01/29/15	20,340.0	19,194.0	54.0	(26.0)	-1118.0	-5.50%
01/30/15	03/01/15	19,601.0	15,981.0	54.0	(75.0)	-3641.0	-18.58%
03/02/15	03/29/15	18,043.0	19,340.0	54.0	(101.0)	1250.0	6.93%
03/30/15	04/29/15	21,005.0	18,385.0	54.0	(518.0)	-3084.0	-14.68%
04/30/15	05/29/15	20,164.0	17,606.0	54.0	-	-2504.0	-12.42%
05/30/15	06/29/15	22,112.0	20,665.0	19.5	(138.0)	-1565.6	-7.08%
06/30/15	07/29/15	26,205.0	24,556.0	21.8	-	-1627.2	-6.21%
07/30/15	08/28/15	31,612.0	28,855.0	79.9	(405.0)	-3082.2	-9.75%
08/29/15	09/28/15	29,145.0	27,350.0	34.1	(37.0)	-1797.9	-6.17%

TOTALS		272,951.0	250,745.0	525.1	(1,328.0)	(23,009.0)	---
AVERAGE		22,745.9	20,895.4	43.8	(110.7)	(1,917.4)	-8.43%

09/29/15	10/28/15	25,977.0	25,592.0	79.5	(30.0)	-335.5	-1.29%
10/29/15	11/29/15	23,399.0	18,812.0	33.0	(30.0)	-4584.0	-19.59%
11/30/15	12/28/15	19,406.0	17,807.0	36.0	(24.0)	-1587.0	-8.18%
12/29/15	01/27/16	20,187.0	18,976.0	39.0	(4.0)	-1176.0	-5.83%
01/28/16	02/25/16	19,278.0	17,170.0	74.5	(751.0)	-2784.5	-14.44%
02/26/16	03/29/16	22,630.0	21,216.0	56.0	(77.0)	-1435.0	-6.34%
03/30/16	04/27/16	20,741.0	18,847.0	27.0	(39.0)	-1906.0	-9.19%
04/28/16	05/29/16	22,850.0	21,638.0	69.0	-	-1143.0	-5.00%
05/30/16	06/28/16	24,219.0	21,966.0	54.0	(20.0)	-2219.0	-9.16%
06/29/16	07/31/16	32,486.0	29,226.0	36.0	(20.0)	-3244.0	-9.99%
08/01/16	08/29/16	26,026.0	22,961.0	54.0	(20.0)	-3031.0	-11.65%
08/30/16	09/28/16	25,974.0	22,484.0	58.5	(33.0)	-3464.5	-13.34%

TOTALS		283,173.0	256,695.0	616.5	(1,048.0)	(26,909.5)	---
AVERAGE		23,597.8	21,391.3	51.4	(87.3)	(2,242.5)	-9.50%

09/29/16	10/26/16	22,965.0	21,647.0	54.0	(99.0)	-1363.0	-5.94%
10/27/16	11/28/16	26,142.0	22,446.0	52.5	(74.0)	-3717.5	-14.22%

TOTALS		49,107.0	44,093.0	106.5	(173.0)	(5,080.5)	---
AVERAGE		24,553.5	22,046.5	53.3	(86.5)	(2,540.3)	-10.35%

**Northtown Municipal Utility District
Irrigation**

<u>DATE</u>	<u>DISTRICT</u>	<u>BILLED</u>	<u>TOTAL</u>
Jan-14	81	248	329
Feb-14	86	91	177
Mar-14	118	136	254
Apr-14	100	778	878
May-14	161	1,531	1,692
Jun-14	183	1,246	1,429
Jul-14	182	2,385	2,567
Aug-14	193	1,484	1,677
Sep-14	193	2,444	2,637
Oct-14	180	2,247	2,427
Nov-14	137	587	724
Dec-14	80	236	316
Jan-15	13	127	140
Feb-15	6	28	34
Mar-15	16	168	184
Apr-15	21	684	705
May-15	24	801	825
Jun-15	59	978	1,037
Jul-15	56	1,854	1,910
Aug-15	998	3,467	4,465
Sep-15	307	3,591	3,898
Oct-15	132	2,904	3,036
Nov-15	15	1,383	1,398
Dec-15	7	927	934
Jan-16	43	815	858
Feb-16	60	513	573
Mar-16	71	634	705
Apr-16	111	1,187	1,298
May-16	101	1,525	1,626
Jun-16	254	2,437	2,691
Jul-16	133	2,482	2,615
Aug-16	185	2,169	2,354
Sep-16	213	2,342	2,555
Oct-16	199	1,424	1,623
Nov-16	1,275	2,160	3,435
Dec-16	46	624	670

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
 WATER REPAIR LOG > \$500
 DECEMBER 2016**

DATE	ADDRESS	PROBLEM	COST
03/11/16	IN DISTRICT	SPOILS HAUL OFF PROJECT	\$1,458.11
04/14/16	1200 STAPLE CV	FIRE HYDRANT REPAIRED	\$1,559.95
06/29/16	14012 CEYLON TEA CR	REPLACED BROKEN CURBSTOPS (2)	\$936.92
07/22/16	IN DISTRICT	COMPLETED WORK ON HYDRANT-HIT BY CAR	\$2,081.14
08/16/16	13805 CAMBOURNE DR	CRIMPED & REPAIRED TAP LEAK	\$1,421.16
09/22/16	HEATHERWILD & HOWARD	COMPLETED WORK ON FIRE HYDRANT	\$2,071.52
TOTAL FOR 2016			\$9,528.80

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
WASTEWATER REPAIR LOG > \$500
DECEMBER 2016**

DATE	ADDRESS	PROBLEM	COST
11/14/16	13625 MERSEYSIDE DR	EXCAVATED & REPAIRED SANITARY LINE	\$1,435.16
TOTAL FOR 2017			\$1,435.16

NORTHTOWN MUNICIPAL UTILITY DISTRICT

Billing Report

December 2016

Connections	November	December
Active	2996	2995
Inactive	16	17
Total	3012	3012

New Connects	35	36
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Billing Recap

	November	December
Current Billing	\$313,169.60	\$322,386.50
Water	\$118,822.41	\$123,210.62
Sewer	\$102,449.65	\$107,389.13
State Assessment	\$1,106.30	\$1,152.44
Basic Service	\$90,791.24	\$90,634.31
Miscellaneous	\$0.00	\$0.00
Current Payments	\$365,948.47	\$374,702.42
Arrears		
30 Day	\$48,778.23	\$53,872.49
60 Day	\$5,963.09	\$5,066.89
90 Day	\$1,809.48	\$1,810.70
120 Day	\$6,346.19	\$2,893.90
Gross Arrears	\$62,896.99	\$63,643.98

Month	Nov	Dec
Total Customers	2996	2995
Letters	456	464
Disconnects	21	16

CUSTOMER BILLING REPORT
 NORTHTOWN MUNICIPAL UTILITY DISTRICT
 November 11, 2016 Through December 10, 2016

Current Billing

Basic Service	90,634.31	
Water	123,210.62	
Sewer	107,389.13	
TCEQ	1,152.44	
Misc	<u>0.00</u>	
 Total Current Billing		 \$322,386.50

Aged Receivables

Thirty (30) Days	\$53,872.49	
Sixty (60) Days	5,066.89	
Ninety (90) Days	<u>1,810.37</u>	
Billed Arrears	60,749.75	
Credit Bal Fwd	<u>-11,327.73</u>	
 Total Aged Receivables		 \$49,422.02

Accounts Receivables

Penalty	4,290.41	
Basic Service	140,420.12	
Water	127,436.50	
Sewer	1,371.25	
TCEQ	104,879.56	
Deposit	-\$3,746.23	
Miscellaneous	<u>50.81</u>	
 Total Accounts Receivables		 \$374,702.42

Deposit Liability

Balance As Of	11/11/16	\$684,421.28
Collections		9,750.00
Deposits Applied		<u>-8,300.00</u>
 Balance As Of	 12/10/16	 \$685,871.28

**Northtown MUD
Water Usage Analysis**

Billing Period	Residential (gallons)	Builder (gallons)	School (gallons)	Non-Profit (gallons)	Fire Hydrant (gallons)	Multi-Family (gallons)	Irrigation (gallons)	Commercial (gallons)	District (gallons)	Monthly Totals (gallons)	Number of Residential Connections	Average Usage	Letters	Terminations
March 2016	13,830,000	-	117,000	2,000	198,000	1,251,000	1,367,000	405,000	-	17,170,000	2,967	4.7	384	17
April 2016	16,470,000	-	110,000	1,000	465,000	2,097,000	1,560,000	513,000	-	21,216,000	2,967	5.6	480	27
May 2016	14,188,000	-	134,000	-	558,000	1,539,000	1,972,000	456,000	-	18,847,000	2,967	4.8	443	19
June 2016	16,246,000	-	148,000	-	445,000	1,988,000	2,343,000	468,000	-	21,638,000	2,967	5.5	443	29
July 2016	16,366,000	-	18,000	8,000	1,014,000	1,774,000	2,354,000	432,000	-	21,966,000	2,967	5.5	401	24
August 2016	22,398,000	-	12,000	39,000	320,000	2,439,000	3,391,000	627,000	-	29,226,000	2,967	7.5	416	16
September 2016	16,929,000	-	53,000	45,000	12,000	2,201,000	3,289,000	432,000	-	22,961,000	2,967	5.7	431	16
Total	16,929,000	-	53,000	45,000	12,000	2,201,000	3,289,000	432,000	-	22,961,000				
October 2016	16,454,000	-	135,000	58,000	12,000	2,321,000	2,951,000	553,000	-	22,484,000	2,967	5.5	431	32
November 2016	15,730,000	-	116,000	133,000	12,000	2,034,000	3,079,000	543,000	-	21,647,000	2,967	5.3	456	21
December 2016	16,379,000	-	121,000	33,000	9,000	2,001,000	3,441,000	462,000	-	22,446,000	2,967	5.5	464	16
Total	16,379,000	-	121,000	33,000	9,000	2,001,000	3,441,000	462,000	-	22,446,000				

	Residential	Builder	School	Non-Profit	Fire Hydrant	Multi-Family	Irrigation	Commercial	District	3012
Active	2950	1	2	2	1	6	23	1	9	
Vacant	16						1			

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
GENERAL MANAGER'S REPORT
WRITE-OFF LIST
December 2016**

NAME:	OWNER/RENTER:	Date Finaled	Write-Off	Deposit Applied
ANGEL BRITO	RENTER	10/31/2016	146.49	150.00
JACKIE & OSCAR GOMEZ	RENTER	11/9/2016	90.36	300.00
PAUL VYUJALA	RENTER	11/2/2016	160.03	150.00
		TOTAL:	\$396.88	\$600.00

Approved by the Board of Directors at the meeting held on January 24, 2017.

_____ Date _____

_____ Date _____

_____ Date _____

EXHIBIT L

**NORTHTOWN MUD
WRITE-OFFS
FISCAL YEAR TOTALS**

	2015/16	2016/17
OCTOBER		
WRITE-OFF		\$ 1,159.26
COLLECTED		\$ -
NOVEMBER		
WRITE-OFF		\$ 437.23
COLLECTED		\$ 80.63
DECEMBER		
WRITE-OFF		\$ 396.88
COLLECTED		\$ -
JANUARY		
WRITE-OFF		
COLLECTED		
FEBRUARY		
WRITE-OFF		
COLLECTED		
MARCH		
WRITE-OFF	\$ 850.87	
COLLECTED		
APRIL		
WRITE-OFF	\$ 600.39	
COLLECTED	\$ 100.16	
MAY		
WRITE-OFF	\$ 801.28	
COLLECTED	\$ 93.08	
JUNE		
WRITE-OFF	\$ 2,413.90	
COLLECTED		
JULY		
WRITE-OFF	\$ 434.65	
COLLECTED	\$ 236.47	
AUGUST		
WRITE-OFF	\$ 418.04	
COLLECTED	\$ 140.00	
SEPTEMBER		
WRITE-OFF	\$ 239.07	
COLLECTED		
TOTAL COLLECTIONS:	\$ 5,758.20	\$ 1,993.37
TOTAL COLLECTED:	\$ 569.69	\$ 80.63