

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1**

YEAR ENDED SEPTEMBER 30, 2022

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

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**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1**

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

**FOR THE YEAR ENDED
SEPTEMBER 30, 2022**

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS


I, Don Conklin of the
(Name of Duly Authorized District Representative)

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
(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 **18th day of January, 2023** its annual audit report for the fiscal year ended **September 30, 2022** and that copies of the annual audit report have been filed in the District's office, located at:

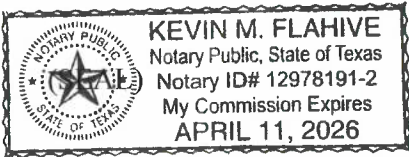
100 Congress Ave., Suite 1300 Austin, TX 78701.
(Address of District's Office)

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

Date: January 18, 2023 By: 
(Signature of District Representative)

Don Conklin, President, Board of Directors
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 18th day of January, 2023.




(Signature of Notary)

My Commission Expires On: April 11, 2026.
Notary Public in the State of Texas

FINANCIAL SECTION

WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

Board of Directors
North Austin Municipal Utility District No. 1

We have audited the accompanying financial statements of the governmental activities and each major fund of North Austin Municipal Utility District No. 1 (the District) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 Commission on Environmental Quality required supplemental schedules 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Commission on Environmental Quality required supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the property tax assessed value information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Austin, Texas
January 18, 2023

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

In accordance with Governmental Accounting Standards Board Statement 34 (“GASB 34”), the management of North Austin Municipal Utility District No. 1 (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2022. 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 assigned and unassigned fund balance was \$28,815,477, an increase of \$2,604,053 from the previous fiscal year. General Fund revenues increased from \$8,037,960 in the previous fiscal year to \$8,367,523 in the current fiscal year primarily due to an increase in the District’s assessed valuation.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$480,606 in the previous fiscal year to \$482,360 in the current fiscal year. Debt service fund revenues increased from \$521,587 in the previous fiscal year to \$524,820 in the current fiscal year. The District made bond principal payments of \$375,000 and bond interest payments of \$144,375 during the fiscal year.
- *Capital Projects Fund:* Fund balance restricted for capital projects decreased from \$3,635,762 in the previous fiscal year to \$3,382,923 in the current fiscal year. The District expended \$153,847 to fund drainage and other improvements and \$125,842 for repairs and maintenance.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$2,719,562. Net position increased from \$38,677,785 to \$41,397,347.

OVERVIEW OF THE DISTRICT

The District was created, organized and established on November 15, 1983, by the Texas Commission on Environmental Quality. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District was created under the provisions of Article XVI, Section 59, of the Texas Constitution. The creation of the District was confirmed at an election held within the District on February 18, 1984. The District was created for the purpose of providing, operating and maintaining facilities to control storm water, distribute potable water, and providing and operating park and recreational facilities.

The District is located partly in Williamson County and partly in Travis County, Texas.

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

USING THIS ANNUAL REPORT

This annual report consists of six parts:

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

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Governmental Funds Total” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled “Governmental Funds Total”) that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance* includes a column (titled “Governmental Funds Total”) that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance*.

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

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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)
	2022	2021	
Current and other assets	\$ 33,854,935	\$ 31,374,099	\$ 2,480,836
Capital and non-current assets	13,416,711	13,437,095	(20,384)
Total Assets	47,271,646	44,811,194	2,460,452
Current Liabilities	1,544,952	1,400,831	144,121
Long-term Liabilities	4,329,347	4,732,578	(403,231)
Total Liabilities	5,874,299	6,133,409	(259,110)
Net Investment in Capital Assets	12,070,287	11,965,279	105,008
Restricted	478,017	474,524	3,493
Unrestricted	28,849,043	26,237,982	2,611,061
Total Net Position	\$ 41,397,347	\$ 38,677,785	\$ 2,719,562

The District’s combined net position increased by \$2,719,562 to a balance of \$41,397,347 from the previous year balance of \$38,677,785. Some of the District’s assets are accounted for by capital assets or restricted for debt service. The District’s unrestricted net assets, which can be used to finance day-to-day operations, totaled \$28,849,043.

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2022	2021	
Property taxes	\$ 3,962,220	\$ 3,999,802	\$ (37,582)
Water/Wastewater/Garbage	4,620,718	4,468,716	152,002
Other	344,524	95,955	248,569
Total Revenues	8,927,462	8,564,473	362,989
Water/Wastewater/Garbage	3,019,612	3,068,829	(49,217)
Park and pool expenses	862,460	869,548	(7,088)
Other	1,473,706	1,343,224	130,482
Debt service	140,868	147,983	(7,115)
Depreciation/amortization	711,254	713,400	(2,146)
Total Expenses	6,207,900	6,142,984	64,916
Change in Net Position	2,719,562	2,421,489	298,073
Beginning Net Position	38,677,785	36,256,296	2,421,489
Ending Net Position	\$ 41,397,347	\$ 38,677,785	\$ 2,719,562

Revenues were \$8,927,462 for the fiscal year ended September 30, 2022 while expenses were \$6,207,900. Net position increased by \$2,719,562.

Property tax revenues in the current fiscal year totaled \$3,962,220. 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 2021 tax year (September 30, 2022 fiscal year) were based upon a current assessed value of \$1,506,870,559 and a tax rate of \$0.2625 per \$100 of assessed valuation. Property taxes levied for the 2020 tax year (September 30, 2021 fiscal year) were based upon an adjusted assessed valuation of \$1,419,004,583 and a tax rate of \$0.2817 per \$100 of assessed valuation.

The tax rate levied is determined after the District’s Board of Directors reviews the General Fund budget requirements and the Debt Service fund debt service obligations of the District. The District’s primary revenue sources are property taxes and service account revenues.

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

ANALYSIS OF GOVERNMENTAL FUNDS

	<u>Governmental Funds by Year</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 33,147,892	\$ 30,691,292
Receivables	702,329	678,093
Other	55,001	91,033
Total Assets	<u>\$ 33,905,222</u>	<u>\$ 31,460,418</u>
Accounts payable and accrued expenses	660,262	543,879
Refundable deposits	473,800	470,386
Other	50,287	86,319
Total Liabilities	<u>1,184,349</u>	<u>1,100,584</u>
Deferred Inflows of Resources	<u>40,113</u>	<u>32,042</u>
Restricted	3,865,283	4,116,368
Assigned	25,528,680	17,561,932
Unassigned	3,286,797	8,649,492
Total Fund Balance	<u>32,680,760</u>	<u>30,327,792</u>
Total Liabilities and Fund Balances	<u>\$ 33,905,222</u>	<u>\$ 31,460,418</u>

For the fiscal year ended September 30, 2022, the District’s governmental funds reflect a combined fund balance of \$32,680,760.

This fund balance includes a \$2,604,053 increase in the General Fund Balance.

The Debt Service Fund reflects an increase of \$1,754 in fiscal year 2022. The Debt Service Fund remitted bond principal of \$375,000 and bond interest of \$144,375. 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 \$252,839 decrease in fund balance for fiscal year 2022. The District expended \$153,847 to fund improvements within the District and \$125,842 for repairs and maintenance.

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating expenditures. The Board of Directors adopted a budget on September 15, 2021. The budget included revenues of \$7,667,480 as compared to expenditures of \$7,667,480. When comparing actual to budget, the District had a positive variance of \$2,604,053. More detailed information about the District’s budgetary comparison is presented in the *Required Supplemental Information*.

CAPITAL ASSETS

The District’s governmental activities have invested \$13,416,711 in land and infrastructure. The detail is reflected in the following schedule:

<u>Summary of Capital Assets, net</u>			
	<u>9/30/2022</u>		<u>9/30/2021</u>
Capital Assets:			
Construction in progress	\$ 1,373,082	\$	1,219,235
Common and recreation areas	6,961,878		6,424,855
Water/Wastewater/Drainage	22,771,580		22,771,580
Less: Accumulated Depreciation	(17,689,829)		(16,978,575)
Total Net Capital Assets	<u>\$ 13,416,711</u>	<u>\$</u>	<u>13,437,095</u>

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

LONG TERM DEBT

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

	Bonds
	Payable
Series 2014	<u><u>\$ 4,700,000</u></u>

The District owes \$4.7 million to bond holders. The ratio of the District’s long term debt to total 2021 taxable assessed valuation (\$1,506,870,559) is less than 1%. The District’s estimated population, as provided by the District as of September 30, 2022, is 7,656. More detailed information about the District’s long-term debt is presented in the *Notes to the Financial Statements*.

**NORTH AUSTIN
MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax net assessed value for 2023 is approximately \$1.8 billion. The fiscal year 2022 tax rate is \$0.2625 on each \$100 of taxable value. Approximately 88% of the property tax will fund general operating expenses, and approximately 12% of the property tax will be set aside for debt service.

The adopted budget for fiscal year 2023 projects no change to the operating fund balance.

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.

BASIC FINANCIAL STATEMENTS

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2022

	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	\$ 29,232,059	\$ 488,943	\$ 3,426,890	\$ 33,147,892	\$ -	\$ 33,147,892
Receivables	695,782	6,547	-	702,329	-	702,329
Interfund receivable	50,287	-	-	50,287	(50,287)	-
Other current assets	4,714	-	-	4,714	-	4,714
Capital assets, net of accumulated depreciation -						
Construction in progress	-	-	-	-	1,373,082	1,373,082
Common and recreation areas	-	-	-	-	1,632,310	1,632,310
Water/Wastewater/Drainage Facilities	-	-	-	-	10,411,319	10,411,319
TOTAL ASSETS	\$ 29,982,842	\$ 495,490	\$ 3,426,890	\$ 33,905,222	13,366,424	47,271,646
LIABILITIES						
Accounts payable	\$ 644,440	\$ 263	\$ -	\$ 644,703	-	644,703
Accrued interest payable	-	-	-	-	10,890	10,890
Accrued expenditures	15,559	-	-	15,559	-	15,559
Refundable deposits	473,800	-	-	473,800	-	473,800
Interfund payables	-	6,320	43,967	50,287	(50,287)	-
Bonds payable -						
Due within one year	-	-	-	-	400,000	400,000
Due after one year	-	-	-	-	4,329,347	4,329,347
TOTAL LIABILITIES	1,133,799	6,583	43,967	1,184,349	4,689,950	5,874,299
DEFERRED INFLOWS OF RESOURCES						
Property taxes	33,566	6,547	-	40,113	(40,113)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	33,566	6,547	-	40,113	(40,113)	-
FUND BALANCE / NET POSITION						
Fund balances:						
Restricted for debt service	-	482,360	-	482,360	(482,360)	-
Restricted for authorized construction	-	-	3,382,923	3,382,923	(3,382,923)	-
Assigned for infrastructure	10,250,000	-	-	10,250,000	(10,250,000)	-
Assigned for parks and pool	7,478,680	-	-	7,478,680	(7,478,680)	-
Assigned for community center	2,350,000	-	-	2,350,000	(2,350,000)	-
Assigned for future maintenance	5,450,000	-	-	5,450,000	(5,450,000)	-
Unassigned	3,286,797	-	-	3,286,797	(3,286,797)	-
TOTAL FUND BALANCES	28,815,477	482,360	3,382,923	32,680,760	(32,680,760)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 29,982,842	\$ 495,490	\$ 3,426,890	\$ 33,905,222		
NET POSITION:						
Net investment in capital assets					12,070,287	12,070,287
Restricted for debt service					478,017	478,017
Unrestricted					28,849,043	28,849,043
TOTAL NET POSITION					\$ 41,397,347	\$ 41,397,347

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:						
Property taxes, including penalties	\$ 3,434,464	\$ 519,685	\$ -	\$ 3,954,149	\$ 8,071	\$ 3,962,220
Water/wastewater service, including penalties	4,009,585	-	-	4,009,585	-	4,009,585
Garbage revenue	611,133	-	-	611,133	-	611,133
Interest	219,035	5,135	27,048	251,218	-	251,218
Other	93,306	-	-	93,306	-	93,306
TOTAL REVENUES	8,367,523	524,820	27,048	8,919,391	8,071	8,927,462
EXPENDITURES / EXPENSES:						
Current -						
Water/Wastewater services	2,405,550	-	-	2,405,550	-	2,405,550
Garbage service	614,062	-	-	614,062	-	614,062
Contracted services	626,013	2,977	125,842	754,832	-	754,832
Professional fees	336,134	314	198	336,646	-	336,646
Director fees and related expenses	45,198	-	-	45,198	-	45,198
Utilities	37,312	-	-	37,312	-	37,312
Park/pool expenses	862,460	-	-	862,460	-	862,460
Security	174,505	-	-	174,505	-	174,505
Other	125,213	-	-	125,213	-	125,213
Debt service -						
Principal	-	375,000	-	375,000	(375,000)	-
Interest	-	144,375	-	144,375	(3,907)	140,468
Fiscal agent fees	-	400	-	400	-	400
Capital outlay	537,023	-	153,847	690,870	(690,870)	-
Depreciation	-	-	-	-	711,254	711,254
TOTAL EXPENDITURES / EXPENSES	5,763,470	523,066	279,887	6,566,423	(358,523)	6,207,900
NET CHANGE IN FUND BALANCES	2,604,053	1,754	(252,839)	2,352,968	(2,352,968)	-
CHANGE IN NET POSITION					2,719,562	2,719,562
FUND BALANCE / NET POSITION:						
Beginning of the year	26,211,424	480,606	3,635,762	30,327,792	8,349,993	38,677,785
End of the year	\$ 28,815,477	\$ 482,360	\$ 3,382,923	\$ 32,680,760	\$ 8,716,587	\$ 41,397,347

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 - The District was created, organized and established on November 15, 1983, by the Texas Commission on Environmental Quality under Article XVI, Section 59 of the Texas Constitution and Texas Water Code, Chapter 49. The District is located partly in Williamson County and partly in Travis County. 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 (the "Board") which has been elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, 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 in GASB Statement No. 61 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 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."

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

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

The financial statements are prepared in conformity with GASB Statement No. 34, and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. Statement No. 34 also requires as supplementary information the 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 and amended 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.
- **Debt Service Fund** - The Debt Service Fund is used to account for the 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 to be used 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.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Accounting

- **Governmental Funds**

- *Government-wide Statements* - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

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

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

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.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - A budget was adopted on September 15, 2021, 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. All annual appropriations lapse at fiscal year-end.

Pensions - The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be “employees” for federal payroll tax purposes only.

Cash and Cash Equivalents – Cash and cash equivalents includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Treasurer’s Investment Pool, are recorded at amortized cost.

Capital Assets - Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production/Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs 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 not capitalized.

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 Production/Distribution System	10 - 50
Wastewater Collection System	5 - 50
Organizational Costs	5

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 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.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Long-Term Debt (continued) -

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 does not have any nonspendable fund balances.
- *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.
- *Unassigned*: all other spendable amounts in the General Fund.

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

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

Fair Value Measurements - The District complies with 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

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

- 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

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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		\$ 32,680,760
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -		
Capital assets	\$ 31,106,540	
Less: Accumulated depreciation	<u>(17,689,829)</u>	13,416,711
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available		40,113
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -		
Bonds payable	(4,700,000)	
Unamortized bond premium	(29,347)	
Accrued interest	<u>(10,890)</u>	<u>(4,740,237)</u>
Net position of governmental activities		<u><u>\$ 41,397,347</u></u>

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

Changes in Fund Balances - Governmental Funds		\$ 2,352,968
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report -		
Capital expenditures in period purchased	\$ 690,870	
Interest expenditures in year paid	3,907	
Tax revenue when collected	8,071	
Bond principal in year paid	<u>375,000</u>	1,077,848
Governmental funds do not report -		
Depreciation		<u>(711,254)</u>
Change in net position of governmental activities		<u><u>\$ 2,719,562</u></u>

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

3. CASH AND CASH EQUIVALENTS

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.

At September 30, 2022, the carrying amount of the District's cash and cash equivalents was \$33,147,892 and the bank balance was \$33,343,388. The bank balance was covered by federal depository insurance and pledged securities.

The District invests in Texpool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors manages the daily operations of the pool under a contract with the Comptroller. These investments are stated at amortized cost in accordance with GASB Statement No. 31.

Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors to provide for the joint investments of participant's public funds and funds under their control. LOGIC's investment policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise. J.P. Morgan Investment Management Inc. serves as investment adviser to LOGIC and is an SEC registered investment adviser.

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 and the Williamson Central Appraisal District establish appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Collector and Williamson County Tax Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 15, 2021.

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 2021 tax roll. The tax rate, based on total taxable assessed valuation of \$1,506,870,559 was \$0.2625 on each \$100 valuation and was allocated \$0.228 to the General Fund and \$0.0345 to the Debt Service Fund. The maximum allowable maintenance tax of \$1.00 was established by the voters at an election held on April 7, 1984.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

4. PROPERTY TAXES (continued) -

Property taxes receivable at September 30, 2022, consisted of the following:

	Debt		Total
	General	Service	
	Fund	Fund	
Current year levy	\$ 9,345	\$ 1,414	\$ 10,759
Prior years' levies	24,221	5,133	29,354
	\$ 33,566	\$ 6,547	\$ 40,113

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

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at September 30, 2022:

	Interfund	
	Receivables	Payables
General Fund -		
Debt Service Fund	\$ 6,320	\$ -
Capital Projects Fund	43,967	-
Debt Service Fund -		
General Fund	-	6,320
Capital Projects Fund -		
General Fund	-	43,967
	\$ 50,287	\$ 50,287

6. RECEIVABLES

The following comprises the receivable balance at year-end:

	General	Debt Service
	Fund	Fund
Service, net of allowance for doubtful accounts of \$1,671	\$ 657,811	\$ -
Taxes	33,566	6,547
Other	4,405	-
	\$ 695,782	\$ 6,547

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

7. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance			Balance
	10/1/2021	Additions	Deletions	9/30/2022
Capital assets:				
Construction in Progress	\$ 1,219,235	\$ 153,847	\$ -	\$ 1,373,082
Common and recreation areas	6,424,855	537,023	-	6,961,878
Water/Wastewater/Drainage Facilities	22,771,580	-	-	22,771,580
Total capital assets	30,415,670	690,870	-	31,106,540
Less accumulated depreciation for:				
Common and recreation areas	(5,086,672)	(242,896)	-	(5,329,568)
Water/Wastewater/Drainage Facilities	(11,891,903)	(468,358)	-	(12,360,261)
Total accumulated depreciation	(16,978,575)	(711,254)	-	(17,689,829)
Total capital assets, net of accumulated depreciation	\$ 13,437,095	\$ (20,384)	\$ -	\$ 13,416,711

8. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2022:

	Unlimited Tax and Revenue Bonds
Bonds payable at October 1, 2021	\$ 5,075,000
Bonds retired	(375,000)
Bond premium, net of accumulated amortization	29,347
Bonds payable at September 30, 2022	\$ 4,729,347

Bonds payable at September 30, 2022, were comprised of the following individual issues:

Unlimited Tax Bonds:

\$4,700,000 – 2014 Unlimited Tax Bonds payable serially through the year 2032 at interest rates which range from 2.0% to 3.20%. Bonds maturing on or after August 1, 2021 are callable prior to maturity beginning August 1, 2020, or any date thereafter.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

8. BONDED DEBT (continued) -

The annual requirements to amortize all bonded debt at September 30, 2022, including interest, are as follows:

Year Ended September 30,	Principal	Interest	Total
2023	\$ 400,000	\$ 135,938	\$ 535,938
2024	400,000	126,938	526,938
2025	425,000	116,938	541,938
2026	425,000	106,313	531,313
2027	450,000	94,625	544,625
2028-2032	2,600,000	255,050	2,855,050
	\$ 4,700,000	\$ 835,802	\$ 5,535,802

Bonds authorized but not issued as of September 30, 2022, are as follows:

Type	Amount
Unlimited Tax Bonds	\$ 48,625,000

\$482,360 is available in the Debt Service Fund to service the bonded debt. The District's bonds are collateralized by the levy of an annual ad valorem tax against all taxable property within the District. The District has no direct borrowings or direct placement 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.

9. 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.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

10. COMMITMENTS AND CONTINGENCIES

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

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

11. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated and disclosed all material subsequent events through January 18, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2022

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes, including penalties	\$ 3,434,464	\$ 3,432,980	\$ 1,484
Water/wastewater service, including penalties	4,009,585	3,530,240	479,345
Garbage revenue	611,133	608,760	2,373
Interest	219,035	25,000	194,035
Tap connection/inspection fees	-	2,500	(2,500)
Other	93,306	68,000	25,306
TOTAL REVENUES	<u>8,367,523</u>	<u>7,667,480</u>	<u>700,043</u>
EXPENDITURES/EXPENSES:			
Current:			
Water/Wastewater services	2,405,550	2,382,568	(22,982)
Garbage service	614,062	622,425	8,363
Contracted services	626,013	797,116	171,103
Professional fees	336,134	879,700	543,566
Director fees and related expenses	45,198	51,000	5,802
Utilities	37,312	55,000	17,688
Park/pool expenses	862,460	1,527,892	665,432
Security	174,505	138,580	(35,925)
Other	125,213	163,199	37,986
Capital outlay	537,023	1,050,000	512,977
TOTAL EXPENDITURES / EXPENSES	<u>5,763,470</u>	<u>7,667,480</u>	<u>1,904,010</u>
NET CHANGE IN FUND BALANCE	2,604,053	<u>\$ -</u>	<u>\$ 2,604,053</u>
FUND BALANCE:			
Beginning of the year	<u>26,211,424</u>		
End of the year	<u>\$ 28,815,477</u>		

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SUPPLEMENTARY INFORMATION

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2022

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

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$ 8.00 ⁽¹⁾	1,000	Y	\$ 4.65	1,001 to No Limit
WASTEWATER:	\$ 8.00	1,000	Y	\$ 6.40	1,001 to No Limit
BASE FEE:	\$ 35.00	-		\$ -	

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 84.85 Wastewater \$ 65.60

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC's</u>
Unmetered			1.0	
< 3/4"	2,582	2,566	1.0	2,566
1"	6	6	2.5	15
1 1/2"	4	4	5.0	20
2"	13	13	8.0	104
3"	7	7	15.0	105
4"	5	5	25.0	125
6"			50.0	
8"	4	4	80.0	320
10"			115.0	
Total Water	2,621	2,605	██████████	3,255
Total Wastewater	2,617	2,620	1.0	2,620

⁽¹⁾ - Base Charge of \$35.00 includes 1,000 of water and wastewater service and monthly garbage collection.

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

Gallons pumped into system: 372,131

Gallons billed to customers: 367,471

<u>Water Accountability Ratio</u> (Gallons billed / Gallons Pumped) 98.7%

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 and Williamson County, Texas

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: _____

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

Entirely Partly Not at all

ETJ's in which district is located: Austin, Texas

Are Board members appointed by an office outside the district?

Yes No

If Yes, by whom? _____

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2022

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		12,500
Legal		130,287
Engineering		189,386
Financial Advisor		2,076
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		2,405,550
Garbage Collection		614,062
Contracted Services:		
Bookkeeping		55,000
General Manager		335,704
Appraisal District/Tax Collector		19,675
Other Contracted Services		215,634
Utilities		37,312
Administrative Expenditures:		
Directors' Fees		38,317
Office Supplies		-
Insurance		28,800
Other Administrative Expenditures		58,096
Capital Outlay:		
Capitalized Assets		537,023
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		862,460
Other Expenditures		221,588
TOTAL EXPENDITURES	\$	<u>5,763,470</u>

Number of persons employed by the District:

Full-Time Part-Time

**NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2022**

NOTE: The District did not have any investments at September 30, 2022.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2022

	Maintenance Taxes	Debt Service Taxes	
Taxes Receivable, Beginning of Year	\$ 26,558	\$ 5,484	
2021 Original Tax Levy, less abatements	3,436,316	519,969	
Adjustments	458	69	
Total to be accounted for	3,463,332	525,522	
Tax collections:			
Current year	3,427,429	518,624	
Prior years	2,337	351	
Total collections	3,429,766	518,975	
Taxes Receivable, End of Year	\$ 33,566	\$ 6,547	
Taxes Receivable, By Years			
2020 and prior	\$ 24,221	\$ 5,133	
2021	9,345	1,414	
Taxes Receivable, End of Year	\$ 33,566	\$ 6,547	
Property Valuations:	<u>2021</u> (a)	<u>2020</u> (a)	<u>2019</u> (a)
Land and improvements	\$ 1,506,870,559	\$ 1,419,004,583	\$ 1,359,166,122
Total Property Valuations	\$ 1,506,870,559	\$ 1,419,004,583	\$ 1,359,166,122
Tax Rates per \$100 Valuation:			
Debt Service tax rates	\$ 0.0345	\$ 0.0367	\$ 0.0382
Maintenance tax rates	0.2280	0.2450	0.2448
Total Tax Rates per \$100 Valuation:	\$ 0.2625	\$ 0.2817	\$ 0.2830
Adjusted Tax Levy	\$ 3,955,535	\$ 3,997,336	\$ 3,846,440
Percent of Taxes Collected to Taxes Levied **	99.7%	99.9%	99.9%
Maximum Tax Rate Approved by Voters:	\$ 1.00 on 4/7/1984.		

**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.

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2022

Fiscal Year Ending	Unlimited Tax Bonds Series 2014			Total - All Series		
	Principal Due 8/1	Interest Due 2/1, 8/1	Total	Principal Due 8/1	Interest Due 2/1, 8/1	Total
2023	\$ 400,000	\$ 135,938	\$ 535,938	\$ 400,000	\$ 135,938	\$ 535,938
2024	400,000	126,938	526,938	400,000	126,938	526,938
2025	425,000	116,938	541,938	425,000	116,938	541,938
2026	425,000	106,313	531,313	425,000	106,313	531,313
2027	450,000	94,625	544,625	450,000	94,625	544,625
2028	475,000	82,250	557,250	475,000	82,250	557,250
2029	500,000	68,000	568,000	500,000	68,000	568,000
2030	525,000	52,000	577,000	525,000	52,000	577,000
2031	550,000	35,200	585,200	550,000	35,200	585,200
2032	550,000	17,600	567,600	550,000	17,600	567,600
	<u>\$ 4,700,000</u>	<u>\$ 835,802</u>	<u>\$ 5,535,802</u>	<u>\$ 4,700,000</u>	<u>\$ 835,802</u>	<u>\$ 5,535,802</u>

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2022

	Bond Issues	Total
	Series 2014	
Interest Rate	2.0% - 3.2%	
Dates Interest Payable	2/1 ; 8/1	
Maturity Dates	8/1/2032	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 5,075,000	\$ 5,075,000
Bonds Sold During the Current Fiscal Year	-	-
Retirements During the Current Fiscal Year:		
Principal	(375,000)	(375,000)
Refunded	-	-
Bonds Outstanding at End of Current Fiscal Year	\$ 4,700,000	\$ 4,700,000
Interest Paid During the Current Fiscal Year	\$ 144,375	\$ 144,375
Paying Agent's Name & Address:	Bank of Texas	
	Austin, TX	
Bond Authority:	Unlimited Tax Bonds*	Refunding Bonds*
Amount Authorized by Voters:	\$ 73,100,000	\$ -
Amount Issued	24,475,000	-
Remaining To Be Issued	\$ 48,625,000	\$ -
		Park and Recreational Facilities Bonds*
		\$ -
		-
		\$ -
Debt Service Fund Cash and Temporary Investments balances as of September 30, 2022:		\$ 488,943
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:		\$ 553,580

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

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
SEPTEMBER 30, 2022

	Amounts				
	2022	2021	2020	2019	2018
GENERAL FUND REVENUES -					
Water/wastewater service, including penalties	\$ 4,009,585	\$ 3,857,606	\$ 3,848,112	\$ 3,520,638	\$ 3,683,214
Garbage revenue	611,133	611,110	603,321	598,199	589,076
Property taxes, including penalties	3,434,464	3,477,674	3,330,386	3,144,665	2,977,025
Interest	219,035	23,234	246,550	459,630	266,497
Settlement proceeds	-	-	-	-	202,660
Other	93,306	68,336	53,593	96,470	95,168
TOTAL GENERAL FUND REVENUES	8,367,523	8,037,960	8,081,962	7,819,602	7,813,640
GENERAL FUND EXPENDITURES -					
Current:					
Water/wastewater services	2,405,550	2,473,486	2,230,047	2,090,251	1,919,056
Garbage service	614,062	595,343	597,033	590,049	558,529
Contracted services	626,013	389,874	393,005	374,890	348,698
Professional fees	336,134	369,815	381,801	357,258	219,425
Director fees and related expenses	45,198	52,074	37,684	44,709	42,708
Utilities	37,312	58,172	55,493	53,915	37,295
Park/pool expenses	862,460	869,548	812,666	851,205	838,610
Security	174,505	174,458	142,273	109,732	98,122
Other	125,213	116,539	106,615	120,993	48,740
Capital outlay	537,023	28,815	170,666	61,434	389,476
TOTAL GENERAL FUND EXPENDITURES	5,763,470	5,128,124	4,927,283	4,654,436	4,500,659
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES	\$ 2,604,053	\$ 2,909,836	\$ 3,154,679	\$ 3,165,166	\$ 3,312,981
DEBT SERVICE FUND REVENUES -					
Property taxes, including penalties	\$ 519,685	\$ 520,969	\$ 519,766	\$ 522,183	\$ 522,597
Interest and other	5,135	618	9,791	22,335	13,208
TOTAL DEBT SERVICE FUND REVENUES	524,820	521,587	529,557	544,518	535,805
DEBT SERVICE FUND EXPENDITURES -					
Bond principal, interest and fiscal charges	519,775	501,775	508,575	490,275	489,395
Other	3,291	3,316	3,735	3,527	3,678
TOTAL DEBT SERVICE FUND EXPENDITURES	523,066	505,091	512,310	493,802	493,073
EXCESS (DEFICIENCY) OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	\$ 1,754	\$ 16,496	\$ 17,247	\$ 50,716	\$ 42,732
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,605	2,659	2,602	2,694	2,602
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,620	2,639	2,617	2,685	2,617

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
47.9%	48.0%	47.6%	45.0%	47.1%
7.3%	7.6%	7.5%	7.6%	7.5%
41.0%	43.3%	41.2%	40.2%	38.1%
2.6%	0.3%	3.1%	5.9%	3.4%
0.0%	-	-	-	2.6%
1.2%	0.8%	0.6%	1.3%	1.3%
100.0%	100.0%	100.0%	100.0%	100.0%
28.7%	30.8%	27.6%	26.7%	24.6%
7.3%	7.4%	7.4%	7.5%	7.1%
7.5%	4.9%	4.9%	4.8%	4.5%
4.0%	4.6%	4.7%	4.6%	2.8%
0.5%	0.6%	0.5%	0.6%	0.5%
0.4%	0.7%	0.7%	0.7%	0.5%
10.3%	10.8%	10.1%	10.9%	10.7%
2.1%	2.2%	1.8%	1.4%	1.3%
1.5%	1.4%	1.3%	1.5%	0.6%
6.4%	0.4%	2.1%	0.8%	5.0%
68.9%	63.8%	61.1%	59.5%	57.6%
31.1%	36.2%	38.9%	40.5%	42.4%
99.0%	99.9%	98.2%	95.9%	97.5%
1.0%	0.1%	1.8%	4.1%	2.5%
100.0%	100%	100%	100%	100%
99.1%	96.3%	96.1%	90.1%	91.4%
0.6%	0.6%	0.7%	0.6%	0.7%
99.7%	96.9%	96.8%	90.7%	92.1%
0.3%	3.1%	3.2%	9.3%	7.9%

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2022

Complete District Mailing Address: 100 Congress Ave., Ste. 1300, Austin, TX 78701

District Business Telephone Number: (512) 435-2300

Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054): November 21, 2022

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

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2022	Expense Reimbursements 9/30/2022	Title at Year End
<i>Board Members:</i>				
DONALD G. CONKLIN	(Elected) 11/8/2022 - 11/3/2026	\$ 5,100	\$ 42	President
JO JONES	(Elected) 11/3/2020 - 11/5/2024	-	\$ 651	Vice-President
DIANA CHRISTIANO	(Elected) 11/8/2022 - 11/3/2026	\$ 6,750	\$ 993	Secretary
KIM GREEN	(Elected) 11/3/2020 - 11/5/2024	\$ 6,600	\$ 469	Treasurer
RACHEL BEAULIEU	(Elected) 11/3/2020 - 11/5/2024	\$ 6,900	\$ 1,959	Assistant Secretary/ Treasurer
<i>Consultants:</i>				
Armbrust & Brown, PLLC	4/1997	\$ 111,920	-	Attorney
Murfee Engineering Company, Inc.	3/1987	\$ 287,739	-	Engineer
Premier Recreation Management Services	12/1/2016	\$ 339,357	-	Pool/Community Center Operations
Texascapes, Inc.	2/1992	\$ 427,351	-	Landscape Maintenance
Bott & Douthitt, PLLC	10/2012	\$ 55,000	-	District Accountant
Crossroads Utility Services, Inc.	6/2010	\$ 663,645	-	General Manager
West, Davis & Company	8/2013	\$ 12,500	-	Auditor
Williamson County Tax Collector	10/2014	\$ 759	-	Tax Collector

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

OTHER INFORMATION

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2022

Taxpayer	Type of Property	Tax Roll Year		
		2022	2021	2020
NW Austin Office Partners LLC	N/A	\$ 117,297,177	\$ 116,480,508	\$ 112,925,648
SFT INS (TX) LLC	N/A	82,720,073	78,962,874	76,511,607
Continental 516 Fund LLC	N/A	72,423,124	47,000,000	43,167,334
KV Oakville Apartments LP	N/A	67,458,400	55,306,978	49,268,660
Fund Amber Oaks LLC	N/A	64,867,787	45,963,326	42,994,360
Fund Amber Oaks Phase 2 LLC	N/A	48,764,433	34,050,784	31,681,265
Artisan I LLC & Artisan II LLC	N/A	47,168,930	30,395,310	29,488,065
TLO TX3 Investments LLC	N/A	25,796,099	26,129,296	24,881,315
6301 W Parmer Ltd	N/A	19,419,885	-	-
Greens Austin LLC	N/A	15,879,095	-	-
CH Realty VII/R Austin Parmer	N/A	-	18,030,011	19,252,337
Molecular Templates	N/A	-	14,860,416	-
8 One Hundred TC LLC	N/A	-	-	59,400,000
Total		\$ 561,795,003	\$ 467,179,503	\$ 489,570,591
Percent of Assessed Valuation		31%	31%	35%

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2022

Type of Property	Tax Roll Year					
	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
Real Residential Single Family	\$ 1,647,765,708	90.4%	\$ 1,153,765,711	76.6%	\$ 943,225,897	66.5%
Multi-Family Residential	347,460,966	19.1%	242,866,788	16.1%	285,254,147	20.1%
Vacant Platted Lots/Tracts	8,320,411	0.5%	6,093,759	0.4%	5,729,517	0.4%
Real Commercial	285,178,204	15.6%	272,954,944	18.1%	268,721,404	18.9%
Utilities	2,827,980	0.2%	2,567,287	0.2%	2,103,675	0.1%
Tangible Personal Business	41,203,415	2.3%	41,454,737	2.8%	37,677,426	2.7%
Exempt	88,038,079	4.8%	82,787,227	5.5%	10,973,238	0.8%
Adjustments & Exemptions	(597,792,207)	-32.8%	(295,619,894)	-19.6%	(134,680,721)	-9.5%
Total	<u>\$ 1,823,002,556</u>	<u>100.0%</u>	<u>\$ 1,506,870,559</u>	<u>100.0%</u>	<u>\$ 1,419,004,583</u>	<u>100.0%</u>