

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
APRIL 30, 2015

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2015

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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

111 Congress Avenue
Suite 400
Austin, Texas 78701
(512) 610-2209
www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Park Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Park Municipal Utility District (the "District"), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 16, 2015

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2015**

Management's discussion and analysis of Northwest Park Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2015. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and related cost of assessing and collecting taxes.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2015**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and by \$6,939,809 as of April 30, 2015.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that are still outstanding). The District uses these assets to provide water and wastewater services. The following is a comparative analysis of government-wide changes in net position:

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2015	2014	Change Positive (Negative)
Current and Other Assets	\$ 10,616,022	\$ 10,166,203	\$ 449,819
Capital Assets (Net of Accumulated Depreciation)	18,813,564	19,117,959	(304,395)
Total Assets	\$ 29,429,586	\$ 29,284,162	\$ 145,424
Long -Term Liabilities	\$ 21,698,896	\$ 22,974,567	\$ 1,275,671
Other Liabilities	790,881	762,597	(28,284)
Total Liabilities	\$ 22,489,777	\$ 23,737,164	\$ 1,247,387
Net Position:			
Net Investment in Capital Assets	\$ (2,818,019)	\$ (3,782,445)	\$ 964,426
Restricted	2,052,398	2,158,170	(105,772)
Unrestricted	7,705,430	7,171,273	534,157
Total Net Position	\$ 6,939,809	\$ 5,546,998	\$ 1,392,811

(1)

The following table provides a summary of the District's operations for the years ending April 30, 2015 and April 30, 2014. The District's net position increased by \$1,392,811 during the current fiscal year.

	Summary of Changes in the Statement of Activities		
	2015	2014	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,740,854	\$ 2,693,070	\$ 47,784
Charges for Services	2,869,411	2,288,184	581,227
Other Revenues	173,167	951,474	(778,307)
Total Revenues	\$ 5,783,432	\$ 5,932,728	\$ (149,296)
Expenses for Services	4,390,621	4,310,457	(80,164)
Change in Net Position	\$ 1,392,811	\$ 1,622,271	\$ (229,460)
Net Position, Beginning of Year	5,546,998	3,924,727	1,622,271
Net Position, End of Year	\$ 6,939,809	\$ 5,546,998	\$ 1,392,811

(1)

(1) As Adjusted

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2015, were \$8,639,279, an increase of \$447,800 from the prior year.

The General Fund fund balance increased by \$542,814, primarily due to operating revenues exceeding operating costs.

The Debt Service Fund fund balance decreased by \$95,014, primarily due to the structure of the District's long-term debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$253,479 more than budgeted revenues primarily due to higher property and sales taxes than anticipated, in addition to tap connection fees and capital contribution credits which were not budgeted for. Actual expenditures were \$289,335 lower than budgeted expenditures primarily due to lower repairs and maintenance and purchased wastewater costs than anticipated, which were offset by higher than anticipated purchased water costs and pumpage fees.

CAPITAL ASSETS

Capital assets as of April 30, 2015, total \$18,813,564 (net of accumulated depreciation) and include land and equipment as well as the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2015	2014	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,515,318	\$ 1,515,318	\$
Construction in Progress	871,113	745,200	125,913
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	33,332	35,293	(1,961)
Water System	9,346,065	9,635,764	(289,699)
Wastewater System	7,047,736	7,186,384	(138,648)
Total Net Capital Assets	<u>\$ 18,813,564</u>	<u>\$ 19,117,959</u>	<u>\$ (304,395)</u>

Significant capital asset activity completed during the current fiscal year included parking improvements at the Deer Ridge water plant, transfer switch replacement, new motor at the sewer plant and Section 3 sanitary sewer rehabilitation.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2015**

LONG-TERM DEBT ACTIVITY

As of April 30, 2015, the District had total bond debt of \$21,150,000. The changes in the debt position of the District during the fiscal year ended April 30, 2015 are summarized as follows:

Bond Debt Payable, May 1, 2014	\$ 22,375,000
Less: Bond Principal Paid	<u>1,225,000</u>
Bond Debt Payable, April 30, 2015	<u>\$ 21,150,000</u>

The Series 2009 Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Corp. The District's Series 2012A and 2012 Refunding Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The District's Series 2013 Refunding Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The District carries an underlying rating of "A+". There was no change in the bond ratings from the prior year.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Northwest Park Municipal Utility District, c/o Young and Brooks, 10000 Memorial Drive, Suite 260, Houston, Texas 77024.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 1,072,377	\$ 1,047,935
Investments	5,770,000	1,020,000
Receivables:		
Property Taxes	36,231	83,012
Penalty and Interest on Delinquent Taxes		27,640
Service Accounts	186,895	
Accrued Interest	9,221	637
Note		
City of Houston	90,986	
Other	34,032	
Due from Other Funds	4,215	
Prepaid Costs	13,624	
Due from Other Governmental Units		
Capital Contribution Credit Receivable		
Advance for Water Plant Operations	38,958	
Advance for Regional Wastewater Treatment		
Plant Operations	30,000	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 7,286,539</u>	<u>\$ 2,179,224</u>

The accompanying notes to the financial
statements are an integral part of this report.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 2,120,312	\$	\$ 2,120,312
6,790,000		6,790,000
119,243		119,243
27,640		27,640
186,895		186,895
9,858		9,858
	198,923	198,923
90,986		90,986
34,032		34,032
4,215	(4,215)	
13,624	67,313	80,937
	888,238	888,238
38,958		38,958
30,000		30,000
	1,515,318	1,515,318
	871,113	871,113
	<u>16,427,133</u>	<u>16,427,133</u>
<u>\$ 9,465,763</u>	<u>\$ 19,963,823</u>	<u>\$ 29,429,586</u>

The accompanying notes to the financial statements are an integral part of this report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2015**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 258,068	\$
Accrued Interest Payable		
Due to Other Funds		4,215
Due to Taxpayers		7,116
Security Deposits	410,202	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 668,270	\$ 11,331
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 36,231	\$ 83,012
Penalty and Interest on Delinquent Taxes		27,640
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 36,231	\$ 110,652
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 13,624	\$
For Water Plant Operations	38,958	
For Wastewater Treatment Plant Operations	30,000	
Restricted for Debt Service		2,057,241
Unassigned	6,499,456	
TOTAL FUND BALANCES	\$ 6,582,038	\$ 2,057,241
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,286,539	\$ 2,179,224
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial
statements are an integral part of this report.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 258,068	\$	\$ 258,068
	115,495	115,495
4,215	(4,215)	
7,116		7,116
410,202		410,202
	1,235,000	1,235,000
	20,463,896	20,463,896
<u>\$ 679,601</u>	<u>\$ 21,810,176</u>	<u>\$ 22,489,777</u>
\$ 119,243	\$ (119,243)	\$
27,640	(27,640)	
<u>\$ 146,883</u>	<u>\$ (146,883)</u>	<u>\$ -0-</u>
\$ 13,624	\$ (13,624)	\$
38,958	(38,958)	
30,000	(30,000)	
2,057,241	(2,057,241)	
6,499,456	(6,499,456)	
<u>\$ 8,639,279</u>	<u>\$ (8,639,279)</u>	<u>\$ - 0 -</u>
<u>\$ 9,465,763</u>		
	\$ (2,818,019)	\$ (2,818,019)
	2,052,398	2,052,398
	7,705,430	7,705,430
	<u>\$ 6,939,809</u>	<u>\$ 6,939,809</u>

The accompanying notes to the financial statements are an integral part of this report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2015**

Total Fund Balances - Governmental Funds \$ 8,639,279

Amounts reported for governmental activities in the Statement of Net Position are different because:

Credits due from the North Harris County Regional Water Authority for capital contributions are not current financial resources and, therefore, are not reported as assets in the governmental funds. 888,238

Long-term note receivable and accrued interest are not current financial resources and, therefore, are not reported as assets in the governmental funds. 198,923

Prepaid bond insurance premiums are amortized over the term of the debt in governmental activities. 67,313

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 18,813,564

Deferred tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2014 and prior tax levies became part of recognized revenue in the governmental activities of the District. 146,883

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (115,495)	
Bonds Payable	<u>(21,698,896)</u>	<u>(21,814,391)</u>

Total Net Position - Governmental Activities \$ 6,939,809

The accompanying notes to the financial statements are an integral part of this report.

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**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2015**

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 857,685	\$ 1,892,421
Water Service	850,854	
Wastewater Service	848,673	
Groundwater Reduction Fees	497,214	
Sales Tax Revenue	488,294	
Penalty and Interest	69,965	38,977
Tap Connection and Inspection Fees	78,890	
Investment Revenues	23,199	
Capital Contribution Credits	63,630	
Miscellaneous Revenues	76,275	20,806
TOTAL REVENUES	<u>\$ 3,854,679</u>	<u>\$ 1,952,204</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 131,491	\$ 20,168
Contracted Services	355,821	69,613
Purchased Water Service/Pumpage Fees	736,201	
Purchased Wastewater Service	753,690	
Utilities	183,521	
Regional Water Authority Assessment		
Repairs and Maintenance	489,954	
Depreciation		
Other	411,699	13,031
Capital Outlay	249,488	
Debt Service:		
Bond Principal		1,225,000
Bond Interest		719,406
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,311,865</u>	<u>\$ 2,047,218</u>
NET CHANGE IN FUND BALANCES	\$ 542,814	\$ (95,014)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2014, AS ADJUSTED	<u>6,039,224</u>	<u>2,152,255</u>
FUND BALANCES/NET POSITION - APRIL 30, 2015	<u>\$ 6,582,038</u>	<u>\$ 2,057,241</u>

The accompanying notes to the financial
statements are an integral part of this report.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 2,750,106	\$ (9,252)	\$ 2,740,854
850,854		850,854
848,673		848,673
497,214		497,214
488,294		488,294
108,942	(3,456)	105,486
78,890		78,890
23,199		23,199
63,630	(14,996)	48,634
97,081	4,253	101,334
<u>\$ 5,806,883</u>	<u>\$ (23,451)</u>	<u>\$ 5,783,432</u>
\$ 151,659	\$	\$ 151,659
425,434		425,434
736,201		736,201
753,690		753,690
183,521		183,521
489,954		489,954
	553,883	553,883
424,730		424,730
249,488	(249,488)	
1,225,000	(1,225,000)	
719,406	(47,857)	671,549
<u>\$ 5,359,083</u>	<u>\$ (968,462)</u>	<u>\$ 4,390,621</u>
\$ 447,800	\$ (447,800)	\$
	1,392,811	1,392,811
8,191,479	(2,644,481)	5,546,998
<u>\$ 8,639,279</u>	<u>\$ (1,699,470)</u>	<u>\$ 6,939,809</u>

The accompanying notes to the financial statements are an integral part of this report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2015**

Net Change in Fund Balances - Governmental Funds	\$ 447,800
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(9,252)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(3,456)
Governmental funds report capital contribution credits as revenue in the period received. However, in the Statement of Net Position, the principal portion of credits received reduces long-term receivables.	(14,996)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(553,883)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	249,488
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,225,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	<u>52,110</u>
Change in Net Position - Governmental Activities	<u>\$ 1,392,811</u>

The accompanying notes to the financial statements are an integral part of this report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 1. CREATION OF DISTRICT

Northwest Park Municipal Utility District of Harris County, Texas (the “District”) was created pursuant to a consolidation election held on April 5, 1980, of Northwest Harris County Public Utility District Nos. 1 and 2. The District consolidated with Northwest Harris County Public Utility District No. 3 on April 2, 1983. The District operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District is subject of the continuing supervision of the Texas Commission on Environmental Quality (the “Commission”). The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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:

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has two governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, maintenance taxes, customer service revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of April 30, 2015, the Debt Service Fund owed the General Fund \$4,215 for maintenance tax collections.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

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.

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in the long-term liabilities for the year ended April 30, 2015:

	May 1, 2014	Additions	Retirements	April 30, 2015
Bonds Payable	\$ 22,375,000	\$	\$ 1,225,000	\$ 21,150,000
Unamortized Premiums	599,567		50,671	548,896
Bonds Payable, Net	\$ 22,974,567	\$ -0-	\$ 1,275,671	\$ 21,698,896
			Amount Due Within One Year	\$ 1,235,000
			Amount Due After One Year	20,463,896
			Bonds Payable, Net	\$ 21,698,896

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2009	Refunding Series 2012
Amount Outstanding - April 30, 2015	\$ 5,670,000	\$ 6,445,000
Interest Rates	3.875% - 5.875%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2016/2031	March 1, 2016/2024
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2018*	March 1, 2020*
	Series 2012A	Refunding Series 2013
Amount Outstanding - April 30, 2015	\$ 2,865,000	\$ 6,170,000
Interest Rates	2.875% - 3.50%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2021/2034	March 1, 2016/2028
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2021*	March 1, 2021*

* At the option of the District as a whole or in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2009 term bonds maturing on March 1, 2020, March 1, 2021, and March 1, 2024, are subject to mandatory redemption by random selection beginning March 1, 2019, March 1, 2021, and March 1, 2023, respectively. Series 2012A term bonds maturing on March 1, 2026, March 1, 2032, and March 1, 2034 are subject to mandatory redemption by random selection beginning March 1, 2021, March 1, 2031, and March 1, 2032, respectively. Refunding Series 2013 term bonds maturing on March 1, 2020, March 1, 2023, and March 1, 2025 are subject to mandatory redemption by random selection beginning March 1, 2019, March 1, 2021, and March 1, 2024, respectively.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 3. LONG-TERM DEBT (Continued)

As of April 30, 2015, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 1,235,000	\$ 692,968	\$ 1,927,968
2017	1,255,000	666,331	1,921,331
2018	1,260,000	639,293	1,899,293
2019	1,275,000	612,156	1,887,156
2020	1,300,000	581,968	1,881,968
2021-2025	7,095,000	2,268,071	9,363,071
2026-2030	5,770,000	1,015,607	6,785,607
2031-2034	1,960,000	147,500	2,107,500
	<u>\$ 21,150,000</u>	<u>\$ 6,623,894</u>	<u>\$ 27,773,894</u>

As of April 30, 2015, the District had \$16,415,000 of authorized but unissued bonds for water, sewer and drainage facilities and \$5,190,000 of authorized but unissued bonds for refunding purposes. The bonds 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.

During the year ended April 30, 2015, the District levied an ad valorem debt service tax rate of \$0.33 per \$100 of assessed valuation, which resulted in a tax levy of \$1,903,580 on the adjusted taxable valuation of \$576,842,568 for the 2014 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

The District's tax calendar is as follows:

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015**

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

For the bonds sold, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

At fiscal year end, the carrying amount of the District's deposits was \$8,910,312 and the bank balance was \$8,816,808. Of the bank balance, \$5,370,940 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2015, as listed below:

	Cash	Certificates of Deposit	Total
	<u> </u>	<u> </u>	<u> </u>
GENERAL FUND	\$ 1,072,377	\$ 5,770,000	\$ 6,842,377
DEBT SERVICE FUND	<u>1,047,935</u>	<u>1,020,000</u>	<u>2,067,935</u>
TOTAL DEPOSITS	<u>\$ 2,120,312</u>	<u>\$ 6,790,000</u>	<u>\$ 8,910,312</u>

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligation that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of April 30, 2015, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
Certificates of Deposit	\$ 5,770,000	\$ 5,770,000	\$	\$	\$
<u>DEBT SERVICE FUND</u>					
Certificates of Deposit	<u>1,020,000</u>	<u>1,020,000</u>	<u> </u>	<u> </u>	<u> </u>
TOTAL INVESTMENTS	<u>\$ 6,790,000</u>	<u>\$ 6,790,000</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and cost of assessing and collecting taxes.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 is as follows:

	May 1, 2014	Increases	Decreases	April 30, 2015
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,515,318	\$	\$	\$ 1,515,318
Construction in Progress	<u>745,200</u>	<u>249,488</u>	<u>123,575</u>	<u>871,113</u>
Total Capital Assets Not Being Depreciated	<u>\$ 2,260,518</u>	<u>\$ 249,488</u>	<u>\$ 123,575</u>	<u>\$ 2,386,431</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 78,414	\$	\$	\$ 78,414
Water System	14,640,136	36,322		14,676,458
Wastewater System	<u>9,947,064</u>	<u>87,253</u>		<u>10,034,317</u>
Total Capital Assets Subject to Depreciation	<u>\$ 24,665,614</u>	<u>\$ 123,575</u>	<u>\$ - 0 -</u>	<u>\$ 24,789,189</u>
Accumulated Depreciation				
Buildings and Improvements	\$ 43,121	\$ 1,961	\$	\$ 45,082
Water System	5,004,372	326,021		5,330,393
Wastewater System	<u>2,760,680</u>	<u>225,901</u>		<u>2,986,581</u>
Total Accumulated Depreciation	<u>\$ 7,808,173</u>	<u>\$ 553,883</u>	<u>\$ - 0 -</u>	<u>\$ 8,362,056</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,857,441</u>	<u>\$ (430,308)</u>	<u>\$ - 0 -</u>	<u>\$ 16,427,133</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,117,959</u>	<u>\$ (180,820)</u>	<u>\$ 123,575</u>	<u>\$ 18,813,564</u>

NOTE 7. MAINTENANCE TAX

The voters of the District have approved the levy and collection of a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended April 30, 2015, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$865,264 on the adjusted taxable valuation of \$576,842,568 for the 2014 tax year.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015**

NOTE 9. WATER SUPPLY AND WASTEWATER TREATMENT AGREEMENT

On November 19, 2002, The District and West Harris County Municipal Utility District No. 21 (“District No. 21”) entered into a Water Supply and Wastewater Treatment Agreement. Pursuant to this agreement, District No. 21 can discharge up to 90,000 gallons per day into the District’s wastewater collection system. During the current fiscal year, the District recorded revenue in the amount of \$8,815 for wastewater services provided to District No. 21.

The water supply provisions of this agreement were amended on February 1, 2006, when the District and District No. 21 entered into a 50-year Water Supply Agreement. Pursuant to the agreements District No. 21 agreed to sell excess capacity in its water supply system in the amount of 1200 equivalent single family connections (ESFCs) to the District. District No. 21 will expand the capacity of its water plant to 3,000 ESFCs. Accordingly, 40% of total capacity in the expanded plant will be reserved for the District. Ownership of the water plant remains with District No. 21.

District No. 21 established a Special Revenue Fund to account for the operating and maintenance costs of the water plant. Each district has provided funds to establish an operating reserve in the Special Revenue Fund equal to two months of estimated expenses. Operating and maintenance costs are allocated between the districts depending upon whether the costs are fixed or variable in nature. Fixed costs are allocated based on each district’s pro-rata share of expanded 3,000 ESFC of capacity. Variable costs are allocated based on the ratio of water delivered to each district to the total amount of water produced by the water plant for the period. The districts are billed monthly for both fixed and variable costs. The District has recorded an advance for an operating reserve in the amount of \$38,958. During the year ended April 30, 2015, the District recorded expenditures of \$200,182 in accordance with this agreement.

Summary financial activities of District No. 21’s Special Revenue Fund as of December 31, 2014, and for the year then ended are as follows:

Total Assets	\$ 1,403,772
Total Liabilities	<u>122,503</u>
Total Fund Balance	<u>\$ 1,281,269</u>
Total Revenue	\$ 402,804
Total Expenditures	451,210
Transfers In	<u>1,311,209</u>
Net Change in Fund Balance	\$ 1,262,803
Fund Balance – January 1, 2014	<u>18,466</u>
Fund Balance – December 31, 2014	<u>\$ 1,281,269</u>

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015**

NOTE 10. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

On October 24, 1974, the District entered into a regional sewage treatment authority contract with Harris County Water Control and Improvement District No. 133 (District No. 133) for the purpose of sharing the cost of constructing and operating a regional sewage treatment plant. The term of the contract is 40 years. Operation and maintenance costs of the plant are apportioned to each district based on the percentage ownership of capacity. Capacity in the Willowood Regional Sewage Treatment Plant is as follows:

District	Gallons Per Day	Percentage
District No. 133	900,000	30%
Northwest Park Municipal Utility District	<u>2,100,000</u>	<u>70%</u>
Total Plant Capacity	<u>3,000,000</u>	<u>100%</u>

The District has recorded an advance for operating reserve in the amount of \$30,000. During the year ended April 30, 2015, the District recorded expenditures of \$753,690 in accordance with this agreement. Summary financial activities of the plant as of July 31, 2014, and for the year then ended are as follows:

Total Assets	\$ 61,966
Total Liabilities	<u>61,966</u>
Total Fund Balance	<u>\$ -0-</u>
Total Revenue	\$ 1,090,111
Total Expenditures	<u>1,090,111</u>
Net Change in Fund Balance	\$ -0-
Fund Balance – August 1, 2013	
Fund Balance – July 31, 2014	<u>\$ -0-</u>

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the Authority. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015**

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

its purpose and regulatory functions. The current fee charged is \$2.00 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$117,139 for pumpage fees and water purchased from the Authority during the current fiscal year.

Capital Contribution Contract

In 2008, District No. 21 entered into a capital contribution agreement (the “Agreement”) with the Authority. The Agreement required District No. 21 to make a capital contribution to the Authority in the amount of \$1,311,209. Pursuant to the Water Supply Agreement discussed in Note 9, the District paid \$904,734 of the total capital contribution, while District No. 21 paid \$406,475. The District will receive repayment through credits for District pumpage fees and water payments as they become due each year. These repayments accrue interest at 5.3755% per year and will be repaid with interest-only payments from 2009 through 2013 and principal and interest from 2014 through 2038. The following is a schedule of the remaining capital contribution credits (principal only) to be received under the terms of the agreement.

Fiscal Year	Principal
2016	\$ 18,802
2017	19,813
2018	20,878
2019	22,001
2020	23,183
2021-2025	136,003
2026-2030	176,704
2031-2035	229,585
2036-2040	241,269
	\$ 888,238

NOTE 12. GROUNDWATER REDUCTION PLAN AGREEMENT

The District is within the boundaries of the Harris-Galveston Subsidence District (the “Subsidence District”) which regulates groundwater withdrawal. The District’s authority to pump groundwater from its well is subject to an annual permit issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the “1999 Plan”) to reduce groundwater withdrawal through the conversion to surface water in areas within the Subsidence District’s jurisdiction. Under the 1999 plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20 percent of the District’s total water demand. Additional

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 12. GROUNDWATER REDUCTION PLAN AGREEMENT (Continued)

disincentive fees will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70 percent of the District's total water demand beginning January 2010, exceeds 40 percent of the District's total water demand beginning January 2025, or exceeds 20 percent of the District's total water demand beginning 2035. The groundwater reduction plan agreement between the District and the City of Houston was effective February 14, 2003, and fulfills the District's submittal requirements to the Subsidence District. For the year ended April 30, 2015, the District incurred fees of \$415,399 for groundwater withdrawal.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective April 7, 2003, the District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston, Texas ("the City"). Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City has annexed a tract of land within the District for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the tract. On April 11, 2007, the District approved the First Amendment to the SPA which added an additional tract of land. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The taxable property within the District is not liable for any present or future debts of the City, and current and future taxes levied by the City may not be levied on taxable property within the District. The City's municipal courts have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and certain state laws. The District's assets, liabilities, indebtedness, and obligations will remain the responsibilities of the District during the period preceding full-purpose annexation. The City may not annex the District for full purposes during the term of this agreement. The District will pay an annual \$100 fee to the City for the provision of city services in lieu of full-purpose annexation. The qualified voters of the District may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the District.

The City imposes a Sales and Use Tax within the boundaries of the District under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the futures amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the District. The City agreed to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller's office. The term of this SPA is 30 years from the effective date. During the current fiscal year the District recorded sales tax revenue of \$488,294, of which \$90,986 was recorded as receivable at year end.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 14. UNREIMBURSED COSTS

In accordance with the terms of a development financing agreement, a Developer within the District has made expenditures on behalf of the district for various projects. As of the balance sheet date, the Developer indicated that approximately \$2,637,548 in unreimbursed costs for engineering and construction for water, wastewater and detention facilities has been expended. Reimbursement for these costs is contingent upon approval of future bond sales by the Commission.

NOTE 15. NOTE RECEIVABLE

On August 6, 2013, the District sold land to Fallbrook RV LP (Fallbrook) for \$789,000. Fallbrook paid \$600,000 cash and signed a promissory note for \$189,000 with the District. The note accrues interest at three percent annually and the note plus accrued interest is to be paid to the District on August 6, 2018. As of April 30, 2015, the District has recorded a receivable of \$198,923 in the Statement of Net Position for the note and accrued interest.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District adjusted its beginning net position and General Fund fund balance to reflect the note receivable and receivables from the North Harris County Regional Water Authority capital contribution payment as long-term receivables, the recording of bond premiums and bond insurance on bonds issued in previous years and to properly account for the payment to District No. 21 for additional capacity in the wastewater treatment plant as construction in progress. The effect of these changes are as follows:

General Fund Fund Balance – May 1, 2014	\$ 6,979,094
Effect of Adjustments	<u>(939,870)</u>
General Fund Fund Balance – May 1, 2014, As Adjusted	<u>\$ 6,039,224</u>
Net Position – May 1, 2014	\$ 5,169,168
Effect of Adjustments	<u>377,830</u>
Net Position – May 1, 2014, As Adjusted	<u>\$ 5,546,998</u>

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NORTHWEST PARK MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2015

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 708,000	\$ 857,685	\$ 149,685
Water Service	910,000	850,854	(59,146)
Wastewater Service	855,000	848,673	(6,327)
Groundwater Reduction Fees	516,000	497,214	(18,786)
Sales Tax Revenue	450,000	488,294	38,294
Penalty and Interest	60,000	69,965	9,965
Tap Connection and Inspection Fees		78,890	78,890
Investment Revenues	20,000	23,199	3,199
Capital Contribution Credits		63,630	63,630
Miscellaneous Revenues	<u>82,200</u>	<u>76,275</u>	<u>(5,925)</u>
TOTAL REVENUES	<u>\$ 3,601,200</u>	<u>\$ 3,854,679</u>	<u>\$ 253,479</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 151,400	\$ 131,491	\$ 19,909
Contracted Services	389,600	355,821	33,779
Purchased Water Service/Pumpage Fees	574,400	736,201	(161,801)
Purchased Wastewater Service	993,000	753,690	239,310
Utilities	192,000	183,521	8,479
Repairs and Maintenance	881,600	489,954	391,646
Other	258,820	411,699	(152,879)
Capital Outlay	<u>160,380</u>	<u>249,488</u>	<u>(89,108)</u>
TOTAL EXPENDITURES	<u>\$ 3,601,200</u>	<u>\$ 3,311,865</u>	<u>\$ 289,335</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 542,814	\$ 542,814
FUND BALANCE - MAY 1, 2014	<u>6,039,224</u>	<u>6,039,224</u>	<u>_____</u>
FUND BALANCE - APRIL 30, 2015	<u>\$ 6,039,224</u>	<u>\$ 6,582,038</u>	<u>\$ 542,814</u>

See accompanying independent auditor's report.

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NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
APRIL 30, 2015

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2015**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order approved March 18, 2015.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 6.50	3,000	N	\$ 1.00 1.25	3,001 to 10,000 10,000 and up
WASTEWATER:	\$ 10.00	5,000	N	\$ 0.25	5,001 and up
SURCHARGE:					
Groundwater Reduction Plan		0,001	N	\$ 0.943	0,001 and up

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$13.50 Wastewater: \$11.25 Surcharge: \$9.43

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2015**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>4,066</u>	<u>3,996</u>	x 1.0	<u>3,996</u>
1"	<u>43</u>	<u>43</u>	x 2.5	<u>108</u>
1½"	<u>7</u>	<u>7</u>	x 5.0	<u>35</u>
2"	<u>72</u>	<u>72</u>	x 8.0	<u>576</u>
3"	<u>2</u>	<u>2</u>	x 15.0	<u>30</u>
4"	<u>3</u>	<u>3</u>	x 25.0	<u>75</u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>2</u>	<u>2</u>	x 80.0	<u>160</u>
10"			x 115.0	
Total Water Connections	<u><u>4,196</u></u>	<u><u>4,126</u></u>		<u><u>5,030</u></u>
Total Wastewater Connections	<u><u>4,142</u></u>	<u><u>4,023</u></u>	x 1.0	<u><u>4,073</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	205,605,000	Water Accountability Ratio: 94.5% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	236,012,000	
Total gallons purchased:	43,928,000	From: <u>City of Houston</u>

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2015**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

Does the District have Operation and Maintenance standby fees? Yes No

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2015**

PROFESSIONAL FEES:	
Auditing	\$ 11,300
Engineering	64,094
Legal	<u>56,097</u>
TOTAL PROFESSIONAL FEES	<u>\$ 131,491</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service/Pumpage Fees	\$ 736,201
Purchased Wastewater Service	<u>753,690</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,489,891</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 30,738
Operations and Billing	<u>178,515</u>
TOTAL CONTRACTED SERVICES	<u>\$ 209,253</u>
UTILITIES:	
Electricity	\$ 177,674
Telephone	<u>5,847</u>
TOTAL UTILITIES	<u>\$ 183,521</u>
REPAIRS AND MAINTENANCE	<u>\$ 489,954</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 25,650
Insurance	38,705
Office Supplies and Postage	60,923
Payroll Taxes	1,962
Travel and Meetings	18,108
Other	<u>32,365</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 177,713</u>

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2015**

CAPITAL OUTLAY	<u>\$ 249,488</u>
TAP CONNECTIONS	<u>\$ 26,881</u>
SECURITY	<u>\$ 146,568</u>
OTHER EXPENDITURES:	
Chemicals	\$ 5,886
Laboratory Fees	13,290
Permit Fees	24,990
Reconnection Fees	22,437
Inspection Fees	10,606
Regulatory Assessment	12,234
Other	<u>117,662</u>
TOTAL OTHER EXPENDITURES	<u>\$ 207,105</u>
TOTAL EXPENDITURES	<u><u>\$ 3,311,865</u></u>

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
INVESTMENTS
APRIL 30, 2015

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Certificate of Deposit	XXXX5765	0.30%	12/03/15	\$ 240,000	\$ 292
Certificate of Deposit	XXXX7977	0.25%	06/11/15	240,000	473
Certificate of Deposit	XXXX2456	0.20%	05/18/15	240,000	409
Certificate of Deposit	XXXX0359	0.25%	01/21/16	240,000	163
Certificate of Deposit	XXXX3187	0.25%	02/23/16	500,000	226
Certificate of Deposit	XXXX5211	0.50%	09/16/15	200,000	619
Certificate of Deposit	XXXX3859	0.40%	11/03/15	240,000	466
Certificate of Deposit	XXXX2038	0.59%	08/30/15	240,000	943
Certificate of Deposit	XXXX0638	0.45%	10/17/15	240,000	385
Certificate of Deposit	XXXX0731	0.50%	03/12/16	240,000	158
Certificate of Deposit	XXXX8322	0.45%	12/16/15	240,000	399
Certificate of Deposit	XXXX5474	0.50%	11/03/15	240,000	371
Certificate of Deposit	XXXX8347	0.40%	09/16/15	200,000	493
Certificate of Deposit	XXXX1139	0.50%	08/04/15	240,000	884
Certificate of Deposit	XXXX5897	0.50%	03/30/16	240,000	99
Certificate of Deposit	XXXX6663	0.50%	10/30/15	240,000	598
Certificate of Deposit	XXXX4245	0.50%	02/23/16	350,000	316
Certificate of Deposit	XXXX8145	0.35%	12/03/15	200,000	217
Certificate of Deposit	XXXX2695	0.75%	04/26/16	240,000	15
Certificate of Deposit	XXXX3206	0.40%	11/05/15	240,000	463
Certificate of Deposit	XXXX7211	0.50%	07/30/15	240,000	898
Certificate of Deposit	XXXX8405	0.75%	03/25/16	240,000	173
Certificate of Deposit	XXXX3203	0.25%	01/22/16	240,000	161
TOTAL GENERAL FUND				\$ 5,770,000	\$ 9,221
<u>DEBT SERVICE FUND</u>					
Certificate of Deposit	XXXX3617	0.40%	08/19/15	\$ 240,000	\$ 181
Certificate of Deposit	XXXX0395	0.35%	08/19/15	240,000	161
Certificate of Deposit	XXXX8456	0.20%	02/20/16	240,000	91
Certificate of Deposit	XXXX8094	0.40%	02/27/16	150,000	102
Certificate of Deposit	XXXX3204	0.40%	02/27/16	150,000	102
TOTAL DEBT SERVICE FUND				\$ 1,020,000	\$ 637
TOTAL - ALL FUNDS				\$ 6,790,000	\$ 9,858

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2015

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
MAY 1, 2014	\$ 36,723		\$ 91,772
Adjustments to Beginning			
Balance	<u>(8,071)</u>	\$ 28,652	<u>(19,919)</u> \$ 71,853
Original 2014 Tax Levy	\$ 739,769		\$ 1,627,492
Adjustment to 2014 Tax Levy	<u>125,495</u>	<u>865,264</u>	<u>276,088</u> <u>1,903,580</u>
TOTAL TO BE			
ACCOUNTED FOR		\$ 893,916	\$ 1,975,433
TAX COLLECTIONS:			
Prior Years	\$ 19,190		\$ 47,733
Current Year	<u>838,495</u>	<u>857,685</u>	<u>1,844,688</u> <u>1,892,421</u>
TAXES RECEIVABLE -			
APRIL 30, 2015		<u>\$ 36,231</u>	<u>\$ 83,012</u>
TAXES RECEIVABLE BY			
YEAR:			
2014		\$ 26,769	\$ 58,892
2013		2,428	5,989
2012		1,640	4,374
2011		1,252	3,088
2010		940	2,193
2009 and prior		<u>3,202</u>	<u>8,476</u>
TOTAL		<u>\$ 36,231</u>	<u>\$ 83,012</u>

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2015**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
PROPERTY VALUATIONS:				
Land	\$ 171,851,561	\$ 156,346,492	\$ 155,028,227	\$ 153,900,693
Improvements	349,943,763	307,137,553	310,624,231	327,847,855
Personal Property	<u>55,047,244</u>	<u>54,414,033</u>	<u>21,031,216</u>	<u>20,543,123</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 576,842,568</u>	<u>\$ 517,898,078</u>	<u>\$ 486,683,674</u>	<u>\$ 502,291,671</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.33	\$ 0.37	\$ 0.40	\$ 0.37
Maintenance	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.48</u>	<u>\$ 0.52</u>	<u>\$ 0.55</u>	<u>\$ 0.52</u>
ADJUSTED TAX LEVY*	<u>\$ 2,768,844</u>	<u>\$ 2,693,070</u>	<u>\$ 2,675,721</u>	<u>\$ 2,611,916</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>96.91 %</u>	<u>99.69 %</u>	<u>99.78 %</u>	<u>99.83 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.15 per \$100 of assessed valuation as approved by voters.

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2015

S E R I E S - 2 0 0 9

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2016	\$ 50,000	\$ 251,975	\$ 301,975
2017	50,000	249,038	299,038
2018	50,000	246,100	296,100
2019	250,000	243,163	493,163
2020	250,000	233,475	483,475
2021	250,000	223,788	473,788
2022	250,000	213,788	463,788
2023	300,000	203,788	503,788
2024	370,000	191,038	561,038
2025	450,000	175,313	625,313
2026	450,000	156,188	606,188
2027	575,000	136,500	711,500
2028	575,000	110,625	685,625
2029	600,000	84,750	684,750
2030	600,000	57,000	657,000
2031	600,000	28,500	628,500
2032			
2033			
2034			
	<u>\$ 5,670,000</u>	<u>\$ 2,805,029</u>	<u>\$ 8,475,029</u>

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2015

S E R I E S - 2 0 1 2 R E F U N D I N G

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2016	\$ 55,000	\$ 176,300	\$ 231,300
2017	375,000	175,200	550,200
2018	370,000	167,700	537,700
2019	905,000	160,300	1,065,300
2020	935,000	142,200	1,077,200
2021	920,000	114,150	1,034,150
2022	980,000	86,550	1,066,550
2023	960,000	57,150	1,017,150
2024	945,000	28,350	973,350
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	<u>\$ 6,445,000</u>	<u>\$ 1,107,900</u>	<u>\$ 7,552,900</u>

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2015

SERIES - 2012 A

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2016	\$	\$ 94,268	\$ 94,268
2017		94,268	94,268
2018		94,268	94,268
2019		94,268	94,268
2020		94,268	94,268
2021	20,000	94,268	114,268
2022	25,000	93,694	118,694
2023	25,000	92,975	117,975
2024	25,000	92,256	117,256
2025	25,000	91,538	116,538
2026	25,000	90,819	115,819
2027	340,000	90,100	430,100
2028	340,000	79,900	419,900
2029	340,000	69,700	409,700
2030	340,000	58,650	398,650
2031	340,000	47,600	387,600
2032	340,000	35,700	375,700
2033	340,000	23,800	363,800
2034	340,000	11,900	351,900
	<u>\$ 2,865,000</u>	<u>\$ 1,444,240</u>	<u>\$ 4,309,240</u>

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2015

S E R I E S - 2 0 1 3 R E F U N D I N G

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2016	\$ 1,130,000	\$ 170,425	\$ 1,300,425
2017	830,000	147,825	977,825
2018	840,000	131,225	971,225
2019	120,000	114,425	234,425
2020	115,000	112,025	227,025
2021	115,000	109,725	224,725
2022	110,000	105,700	215,700
2023	110,000	101,850	211,850
2024	110,000	98,000	208,000
2025	1,105,000	94,150	1,199,150
2026	1,090,000	55,475	1,145,475
2027	250,000	17,325	267,325
2028	245,000	8,575	253,575
2029			
2030			
2031			
2032			
2033			
2034			
	<u>\$ 6,170,000</u>	<u>\$ 1,266,725</u>	<u>\$ 7,436,725</u>

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2015

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2016	\$ 1,235,000	\$ 692,968	\$ 1,927,968
2017	1,255,000	666,331	1,921,331
2018	1,260,000	639,293	1,899,293
2019	1,275,000	612,156	1,887,156
2020	1,300,000	581,968	1,881,968
2021	1,305,000	541,931	1,846,931
2022	1,365,000	499,732	1,864,732
2023	1,395,000	455,763	1,850,763
2024	1,450,000	409,644	1,859,644
2025	1,580,000	361,001	1,941,001
2026	1,565,000	302,482	1,867,482
2027	1,165,000	243,925	1,408,925
2028	1,160,000	199,100	1,359,100
2029	940,000	154,450	1,094,450
2030	940,000	115,650	1,055,650
2031	940,000	76,100	1,016,100
2032	340,000	35,700	375,700
2033	340,000	23,800	363,800
2034	340,000	11,900	351,900
	<u>\$ 21,150,000</u>	<u>\$ 6,623,894</u>	<u>\$ 27,773,894</u>

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2015

Description	Original Bonds Issued	Bonds Outstanding May 1, 2014
Northwest Park Municipal Utility District Unlimited Tax Bonds - Series 2009	\$ 5,920,000	\$ 5,720,000
Northwest Park Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	6,595,000	6,495,000
Northwest Park Municipal Utility District Unlimited Tax Bonds - Series 2012A	2,865,000	2,865,000
Northwest Park Municipal Utility District Unlimited Tax Refunding Bonds - Series 2013	<u>8,360,000</u>	<u>7,295,000</u>
TOTAL	<u>\$ 23,740,000</u>	<u>\$ 22,375,000</u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 46,730,000	\$ 15,000,000
Amount Issued	<u>30,315,000</u>	<u>9,810,000</u>
Remaining to be Issued	<u>\$ 16,415,000</u>	<u>\$ 5,190,000</u>

Debt Service Fund cash and investment balances as of April 30, 2015: \$ 2,067,935

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 1,461,784

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding April 30, 2015</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 50,000	\$ 254,913	\$ 5,670,000	Wells Fargo Bank, N.A. Dallas, TX
	50,000	177,300	6,445,000	Wells Fargo Bank, N.A. Dallas, TX
		94,268	2,865,000	Wells Fargo Bank, N.A. Dallas, TX
	<u>1,125,000</u>	<u>192,925</u>	<u>6,170,000</u>	Wells Fargo Bank, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,225,000</u>	<u>\$ 719,406</u>	<u>\$ 21,150,000</u>	

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2015	2014	2013
REVENUES			
Property Taxes	\$ 857,685	\$ 767,283	\$ 730,381
Water Service	850,854	907,096	889,314
Wastewater Service	848,673	848,481	845,017
Groundwater Reduction Fees	497,214	506,260	492,077
Sales Tax Revenue	488,294	494,524	511,946
Penalty and Interest	69,965	56,501	55,205
Tap Connection and Inspection Fees	78,890	58,413	199,653
Investment Revenues	23,199	25,864	20,518
Sale of Asset		733,557	
Miscellaneous Revenues	139,905	86,102	90,976
TOTAL REVENUES	\$ 3,854,679	\$ 4,484,081	\$ 3,835,087
EXPENDITURES			
Professional Fees	\$ 131,491	\$ 143,497	\$ 97,540
Contracted Services	355,821	360,293	320,672
Purchased Water Service/Pumpage Fees	736,201	645,582	649,347
Purchased Wastewater Service	753,690	638,864	702,417
Utilities	183,521	162,031	179,188
Repairs and Maintenance	489,954	702,796	505,568
Other	411,699	272,551	349,006
Capital Outlay	249,488	1,657,687	
TOTAL EXPENDITURES	\$ 3,311,865	\$ 4,583,301	\$ 2,803,738
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 542,814	\$ (99,220)	\$ 1,031,349
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ -0-	\$ (56,108)	\$ 33,659
NET CHANGE IN FUND BALANCE	\$ 542,814	\$ (155,328)	\$ 1,065,008
BEGINNING FUND BALANCE	6,039,224	6,194,552	5,129,544
ENDING FUND BALANCE	\$ 6,582,038	\$ 6,039,224	\$ 6,194,552

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2012	2011	2015	2014	2013	2012	2011
\$ 759,033	\$ 824,128	22.3 %	17.1 %	19.2 %	20.4 %	25.3 %
952,378	855,978	22.1	20.2	23.2	25.7	26.2
868,610	817,366	22.0	18.9	22.0	23.4	25.0
517,391	376,991	12.9	11.3	12.8	13.9	11.5
281,111	211,166	12.7	11.0	13.3	7.6	6.5
71,073	59,504	1.8	1.3	1.4	1.9	1.8
151,182	12,900	2.0	1.3	5.2	4.1	0.4
26,333	34,007	0.6	0.6	0.5	0.7	1.0
83,814	74,801	3.6	16.4 1.9	2.4	2.3	2.3
<u>\$ 3,710,925</u>	<u>\$ 3,266,841</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 169,061	\$ 219,049	3.4 %	3.2 %	2.5 %	4.6 %	6.7 %
258,615	250,678	9.2	8.0	8.4	7.0	7.7
775,967	584,282	19.1	14.4	16.9	20.9	17.9
632,314	617,763	19.6	14.2	18.3	17.0	18.9
200,637	187,884	4.8	3.6	4.7	5.4	5.8
634,782	527,430	12.7	15.7	13.2	17.1	16.1
264,632	217,057	10.7	6.1	9.1	7.1	6.6
	94,986	6.5	37.0			2.9
<u>\$ 2,936,008</u>	<u>\$ 2,699,129</u>	<u>86.0 %</u>	<u>102.2 %</u>	<u>73.1 %</u>	<u>79.1 %</u>	<u>82.6 %</u>
<u>\$ 774,917</u>	<u>\$ 567,712</u>	<u>14.0 %</u>	<u>(2.2) %</u>	<u>26.9 %</u>	<u>20.9 %</u>	<u>17.4 %</u>
<u>\$ -0-</u>	<u>\$ -0-</u>					
\$ 774,917	\$ 567,712					
<u>4,354,627</u>	<u>3,786,915</u>					
<u>\$ 5,129,544</u>	<u>\$ 4,354,627</u>					

See accompanying independent auditor's report.

NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2015	2014	2013
REVENUES			
Property Taxes	\$ 1,892,421	\$ 1,895,110	\$ 1,941,187
Penalty and Interest	38,977	34,396	44,354
Miscellaneous Revenues	20,806	9,302	9,182
TOTAL REVENUES	\$ 1,952,204	\$ 1,938,808	\$ 1,994,723
EXPENDITURES			
Tax Collection Expenditures	\$ 89,781	\$ 89,417	\$ 91,334
Debt Service Principal, Interest and Fees	1,944,406	1,998,242	2,082,314
Other	13,031	14,102	26,090
Bond Issuance Costs			210,558
TOTAL EXPENDITURES	\$ 2,047,218	\$ 2,101,761	\$ 2,410,296
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (95,014)	\$ (162,953)	\$ (415,573)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$	\$ 8,537,574
Payment to Refunded Bond Escrow Agent			(8,415,627)
Bond Discount			(83,305)
Bond Premium			372,075
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ -0-	\$ 410,717
NET CHANGE IN FUND BALANCE	\$ (95,014)	\$ (162,953)	\$ (4,856)
BEGINNING FUND BALANCE	2,152,255	2,315,208	2,320,064
ENDING FUND BALANCE	\$ 2,057,241	\$ 2,152,255	\$ 2,315,208
TOTAL ACTIVE RETAIL WATER CONNECTIONS	4,126	6749*	6713*
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	4,073	6687*	6652*

* Based on Active ESFCs.

See accompanying independent auditor's report.

		Percentage of Total Revenue				
<u>2012</u>	<u>2011</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,867,151	\$ 1,922,889	96.9 %	97.7 %	97.3 %	96.7 %	93.6 %
47,568	103,829	2.0	1.8	2.2	2.5	5.1
14,522	26,991	1.1	0.5	0.5	0.8	1.3
<u>\$ 1,929,241</u>	<u>\$ 2,053,709</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 89,748	\$ 118,517	4.6 %	4.6 %	4.6 %	4.7 %	5.8 %
2,089,156	2,132,969	99.6	103.1	104.4	108.3	103.9
12,419	21,558	0.7	0.7	1.3	0.6	1.0
284,131				10.6	14.7	
<u>\$ 2,475,454</u>	<u>\$ 2,273,044</u>	<u>104.9 %</u>	<u>108.4 %</u>	<u>120.9 %</u>	<u>128.3 %</u>	<u>110.7 %</u>
<u>\$ (546,213)</u>	<u>\$ (219,335)</u>	<u>(4.9) %</u>	<u>(8.4) %</u>	<u>(20.9) %</u>	<u>(28.3) %</u>	<u>(10.7) %</u>
\$ 6,595,000	\$					
(6,601,018)						
304,694						
<u>\$ 298,676</u>	<u>\$ -0-</u>					
\$ (247,537)	\$ (219,335)					
2,567,601	2,786,936					
<u>\$ 2,320,064</u>	<u>\$ 2,567,601</u>					
<u>6662*</u>	<u>6398*</u>					
<u>6602*</u>	<u>6342*</u>					

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2015**

District Mailing Address - Northwest Park Municipal Utility District
c/o Young and Brooks
10000 Memorial Drive, Suite 260
Houston, TX 77024

District Telephone Number - (713) 951-0800

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2015	Expense Reimbursements for the year ended April 30, 2015	Title
Dennis Duckett	11/2013 11/2017 (Elected)	\$ 2,550	\$ 820	President
Dois Sutton	11/2013 11/2017 (Elected)	\$ 5,700	\$ 2,902	Vice President
Robert D. McCharen	05/2010 11/2015 (Elected)	\$ 4,650	\$ 2,052	Secretary
Michael Broussard	05/2010 11/2015 (Elected)	\$ 6,600	\$ 2,895	Assistant Secretary
Sherri Whitlow-Lee	11/2013 11/2017 (Elected)	\$ 6,150	\$ 1,575	Director/ Investment Officer

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): November 21, 2013.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**NORTHWEST PARK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2015**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2015</u>	<u>Title</u>
Young and Brooks	11/18/81	\$ 56,097	General Counsel
	03/15/89	\$ 20,168	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	04/15/15	\$ -0-	Auditor
David L. Merritt, P.C.	08/20/80- 04/15/15	\$ 11,300	Prior Auditor
Municipal Accounts & Consulting, L.P.	01/26/00	\$ 27,234 \$ -0-	Bookkeeper/ Investment Officer
Edminister Hinshaw Russ & Associates, Inc.	11/20/85	\$ 94,407	Engineer
First Southwest Company		\$ -0-	Financial Advisor
Si Environmental, LLC	12/01/14	\$ 302,884	Operator
Water District Service Co.	06/01/73- 12/01/14	\$ 185,840	Prior Operator
Utility Tax Service, LLC	09/01/10	\$ 56,152	Tax Assessor/ Collector

See accompanying independent auditor's report.

