

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time of protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") and the Resolution Trust Corporation ("RTC") when the FDIC/RTC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC/RTC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC/RTC shall be subject to foreclosure or sale without the consent of the FDIC/RTC and no involuntary liens shall attach to such property, (ii) the FDIC or RTC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC/RTC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC/RTC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC/RTC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC/RTC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC/RTC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC/RTC in the District, and may prevent the collection of penalties and interest on such taxes.

Marketability

The District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "LEGAL MATTERS--Tax Exemption."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes, bond anticipation notes, borrowings secured by a contract tax, and to borrow for any valid corporate purpose. The District's voters have authorized (i) the issuance of \$73,100,000 of unlimited tax and revenue bonds for the purpose of providing water, wastewater and storm drainage facilities to the land within its boundaries and (ii) certain obligations secured by a contract bond tax. Following the issuance of the Bonds, the District will have \$62,425,000 of unlimited tax and revenue bonds authorized but unissued. The Bond Order imposes no limitation on the amount of additional debt which may be incurred by the District and secured by ad valorem taxes. The incurrence of additional debt, may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

To date, the Developer, has advanced certain funds for construction of utilities for which it has not been reimbursed. After reimbursements made with Bond proceeds, the District will owe the Developer approximately \$1,721,000 for the development currently existing within the District (see "STATUS OF

DEVELOPMENT"). In order to fully reimburse the Developer, provide utility service to the remaining undeveloped but developable acres within the District, and pay for its pro rata portion of the water supply and wastewater treatment facilities, the District anticipates that it will issue bonds in installments over the next several years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TWC pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS--Issuance of Additional Debt."

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and further by certain Net Revenues, if any, the District receives from the System. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "Tax Matters." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the bonds; affecting the provisions made for the payment of or security for the bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the bonds; or affecting the validity of the Bonds.

TAX MATTERS

Opinion

On the date of initial delivery of the bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof, (1) interest on the bonds will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix B--Form of Opinion of Bond Counsel.

In rendering their opinion, Bond Counsel will rely upon (a) the Issuer's no-arbitrage certificate, and (b) covenants of the Issuer with respect to arbitrage, the application of the proceeds to be received from the

issuance and sale of the Bonds and certain other matters. Failure of the Issuer to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to date of issuance of the Bonds.

The law upon which Bond Counsel have based their opinion is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds (the "Original Issue Discount Bonds") may be less than the principal amount thereof. In such event, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Under existing law, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with Subchapter C earnings and profits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted earnings and profits" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code. Section 55 of the Code imposes a tax equal to 20 percent of the taxpayer's "alternative minimum taxable income," if the amount of such alternative minimum tax is greater than the taxpayer's regular income tax for the taxable year.

Interest on the Bonds is includable in the "alternative minimum taxable income" of a corporation (other than a regulated investment company or a real estate investment trust) for purposes of determining the environmental tax imposed by section 59A of the Code. Section 59A of the Code imposes on a corporation an environmental tax, in addition to any other income tax imposed by the Code, equal to 0.12 percent of the excess of the modified alternative minimum taxable income of such corporation for the taxable year over \$2,000,000.

Interest on the Bonds may be subject to the "branch profits tax" imposed on the effectively-connected earnings and profits of a foreign corporation doing business in the United States.

Under the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

PREPARATION OF THE OFFICIAL STATEMENT

Financial Advisor

Robert Davis & Co. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and assisting in the preparation of the Official Statement, including the Official Notice Of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Robert Davis & Co. has assisted in compiling certain financial information and editing this Official Statement.

The Financial Advisor has not, however, independently verified the factual information contained in this Official Statement nor has it conducted an investigation into the affairs of persons or firms referred to in this Official Statement for the purpose of passing upon the accuracy or completeness of this Official Statement.

Sources of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District to such effect. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, orders, engineering and other related information set forth in the Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

The District has not, however, independently verified the factual information contained in this Official Statement nor has it conducted an investigation into the affairs of persons or firms referred to in this Official Statement for the purpose of passing upon the accuracy or completeness of this Official Statement.

Experts

In approving this Official Statement the District has relied upon the following experts. Each expert has consented to the use of information provided by such firms.

- Engineer:* The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" has been provided by Murfee Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.
- Appraisal District:* The information contained in this Official Statement relating to the historical breakdown of the certified taxable assessed valuations has been provided by the Williamson County Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Williamson County, including the District.
- Tax Assessor/
Collector:* The information contained in this Official Statement relating to the historical breakdown of the certified taxable assessed valuations, tax collection rates, principal taxpayers and certain other historical data concerning tax rates and tax collections has been provided by Ms. Nelda Wells Spears and is included herein in reliance upon the authority of Ms. Spears as an expert in assessing and collecting property taxes.
- Auditor:* The District's audited financial statements for the year ended September 30, 1992, were prepared by Brown, Graham and Company, P.C., Certified Public Accountants. See "APPENDIX A" for a copy of the District's September 30, 1992, audited financial statement.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

Certification of Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that, to the best of its knowledge and belief, the information, statements, and descriptions or any addenda, supplements or amendments thereto pertaining to the District and its affairs contained herein, contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a

material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This Official Statement was approved by the Board of Directors of North Austin Municipal Utility District No. 1, as of the date shown on the cover page.

/s/ Steve D. Pena
President, Board of Directors
North Austin Municipal Utility District No. 1

ATTEST:

/s/ Robert K. Schultz
Secretary, Board of Directors
North Austin Municipal Utility District No. 1

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APPENDIX A

NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1
AUDIT REPORT
FOR YEAR ENDED SEPTEMBER 30, 1992

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BROWN, GRAHAM & COMPANY
PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

P O Box 872 • Georgetown Texas 78627-0872 • 512 863-8535

To the Board of Directors of North Austin
Municipal Utility District No. 1

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of North Austin Municipal Utility District No. 1, (the "District") as of September 30, 1992 and for the year ended as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 1992, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The total columns captioned "memorandum only" and the supplemental information on pages 18 through 43 which is also the responsibility of the management of the District, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Brown, Graham & Company P.C.

Georgetown, Texas
November 6, 1992

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General Purpose Financial Statements

North Austin Municipal Utility District No. 1
Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1992

<u>Assets</u>	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Cash and temporary investments (note 2) \$	584,293	\$ 3,048,600	\$ 3,717,533
Due from other funds	3,380		
Accounts receivable:			
Service accounts	115,135		
Standby Fees			
Accrued interest		8,817	3,863
Delinquent taxes	3,250	16,561	
Other	1,152		7,209
Allowance for uncollectible service accounts	(2,081)		
Organizational costs			
General fixed assets (note 4)			
Amount available for retirement of general long-term debt			
Amount to be provided for retirement of general long-term debt			
 Total assets	 \$ <u>705,129</u>	 \$ <u>3,073,978</u>	 \$ <u>3,728,605</u>
 <u>Liabilities and fund equity</u>			
Liabilities:			
Accounts payable and accrued expenditures	\$ 130,534	\$ 3,380	\$
Due to other funds		3,380	
Refundable deposits	99,524		
Deferred revenue	3,250	16,561	
Long-term debt (note 5)			
 Total liabilities	 <u>233,308</u>	 <u>19,941</u>	
Fund equity:			
Investment in general fixed assets			
Fund balance:			
Unreserved	471,821		
Reserved for debt service		3,054,037	
Reserved for authorized construction			<u>3,728,605</u>
 Total fund equity	 <u>471,821</u>	 <u>3,054,037</u>	 <u>3,728,605</u>
 Total liabilities and fund equity	 \$ <u>705,129</u>	 \$ <u>3,073,978</u>	 \$ <u>3,728,605</u>

The accompanying notes are an integral part of these financial statements.

Account Groups		Totals	
General Fixed Asset	General Long-Term Debt	(Memorandum Only)	
		1992	1991
\$	\$	\$ 7,350,426	\$ 6,818,168
		3,380	360
		115,135	87,846
			3,110
		12,680	95,607
		19,811	13,311
		8,361	34,954
		(2,081)	(2,208)
2,859,918		2,859,918	2,859,918
13,821,779		13,821,779	13,818,471
	3,054,037	3,054,037	3,265,863
	<u>22,075,963</u>	<u>22,075,963</u>	<u>22,489,137</u>
\$ <u>16,681,697</u>	\$ <u>25,130,000</u>	\$ <u>49,319,409</u>	\$ <u>49,481,427</u>
\$	\$	\$ 130,534	\$ 120,304
		3,380	360
		99,524	85,224
		19,811	13,311
	<u>25,130,000</u>	<u>25,130,000</u>	<u>25,755,000</u>
	<u>25,130,000</u>	<u>25,383,249</u>	<u>25,974,199</u>
16,681,697		16,681,697	16,678,389
		471,821	405,460
		3,054,037	3,265,863
		<u>3,728,605</u>	<u>3,157,516</u>
<u>16,681,697</u>		<u>23,936,160</u>	<u>23,507,228</u>
\$ <u>16,681,697</u>	\$ <u>25,130,000</u>	\$ <u>49,319,409</u>	\$ <u>49,481,427</u>

North Austin Municipal Utility District No. 1
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - All Governmental Fund Types
Year Ended September 30, 1992

	Governmental Fund Types		
	General Fund	Debt Service Fund	Capital Projects Fund
<u>Revenues</u>			
Utilities:			
Water and sewer service	\$ 761,142	\$	\$
Customer surcharge			
Water and sewer tap connection fees	104,950		
Penalties and interest	15,374		
Application fees	12,840		
Property taxes	188,200	1,130,909	
Pool & park fees	49,474		
Interest and other	29,205	150,682	148,144
Lawsuit settlement	33,334		
	<u>1,194,519</u>	<u>1,281,591</u>	<u>148,144</u>
Total revenues			
<u>Expenditures</u>			
Utilities:			
Purchased water and sewer service	676,964		
Repairs and maintenance	36,986		
Electric utilities	39,242		
Water and sewer tap connection charges	11,848		
Other	3,072		
Professional services	128,658		426
Service account collection	89,216		8,331
Pool management fee and other pool and park costs	95,065		
Tax assessment and collection	24,730		
Insurance	11,245		
Bad debts	982		
Other	6,842		13
Capital outlay	3,308		
Debt service charges		2,580,380	
	<u>1,128,158</u>	<u>2,580,380</u>	<u>8,770</u>
Total expenditures			
Other financing sources and uses:			
Sale of force main			392,109
City of Austin reimbursement			27,955
Contribution from the City of Austin		1,098,614	
Operating transfers in			11,651
Operating transfers out		(11,651)	
		<u>1,086,963</u>	<u>431,715</u>
Total other financing sources and uses			

The accompanying notes are an integral part of these financial statements.

Totals	
(Memorandum Only)	
<u>1992</u>	<u>1991</u>
\$ 761,142	\$ 702,625
104,950	103,600
15,374	13,829
12,840	10,725
1,319,109	1,434,760
49,474	41,291
328,031	480,685
<u>33,334</u>	
<u>2,624,254</u>	<u>2,787,515</u>
676,964	603,291
36,986	25,038
39,242	35,701
11,848	10,849
3,072	2,333
129,084	104,582
97,547	86,456
95,065	105,099
24,730	18,852
11,245	11,376
982	6,065
6,855	9,492
3,308	30,930
<u>2,580,380</u>	<u>2,608,650</u>
<u>3,717,308</u>	<u>3,658,714</u>
392,109	
27,955	
1,098,614	1,192,117
11,651	182,750
(<u>11,651</u>)	(<u>182,750</u>)
<u>1,518,678</u>	<u>1,192,117</u>

North Austin Municipal Utility District No. 1
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - all Governmental Fund Types
 Year ended September 30, 1992

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt</u>	<u>Capital</u>
	<u>Fund</u>	<u>Service</u>	<u>Projects</u>
		<u>Fund</u>	<u>Fund</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 66,361	\$(211,826)	\$ 571,089
Fund balances:			
Beginning of year	<u>405,460</u>	<u>3,265,863</u>	<u>3,157,516</u>
End of year	\$ <u><u>471,821</u></u>	\$ <u><u>3,054,037</u></u>	\$ <u><u>3,728,605</u></u>

The accompanying notes are an integral part of these financial statements.

Totals (Memorandum Only)	
<u>1992</u>	<u>1991</u>
\$ 425,624	\$ 320,918
<u>6,828,839</u>	<u>6,507,921</u>
\$ <u>7,254,463</u>	\$ <u>6,828,839</u>

North Austin Municipal Utility District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 1992

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Utilities:			
Water Service	\$ 330,000	\$ 379,019	\$ 49,019
Sewer Service	372,000	382,123	10,123
Water tap connection fees	48,000	52,475	4,475
Sewer tap connection fees	48,000	52,475	4,475
Penalties and interest	13,500	15,374	1,874
Application fees	10,000	12,840	2,840
Property taxes	188,000	187,510	(490)
Property tax penalties	1,200	690	(510)
Pool and park fees	40,000	49,474	9,474
Lawsuit settlement	33,000	33,334	334
Interest on investments	26,400	27,114	714
Miscellaneous	<u>1,000</u>	<u>2,091</u>	<u>1,091</u>
Total revenues	<u>1,111,100</u>	<u>1,194,519</u>	<u>83,419</u>
Expenditures:			
Utilities:			
Purchased water service	283,200	336,015	(52,815)
Purchased sewer service	342,000	340,943	1,057
Repairs and maintenance-water system	20,000	28,596	(8,596)
Repairs and maintenance-sewer system	4,200	3,363	837
Repairs and maintenance-lift station	1,000		1,000
Mowing	38,400	38,113	287
Electricity	20,000	20,295	(295)
Nightwatchman lights	20,000	18,947	1,053
Water tap connection charges	8,700	8,440	260
Sewer tap connection charges	3,600	3,407	193
Meter purchases	3,100	3,072	28
Director fees	7,000	5,600	1,400
Legal fees-general	45,600	45,678	(78)
Legal fees-special	30,000	27,488	2,512
Engineering fees-general	10,200	10,597	(397)
Engineering fees-special	30,000	29,796	204
Management services	90,000	89,216	784
Auditing fees	9,500	9,500	
Park maintenance	14,000	8,776	5,224
Pool maintenance	15,000	13,870	1,130
Lifeguards	35,000	34,306	694
Tax appraisal fees	22,600	21,669	931
Tax collectors fees	3,100	3,061	39
Insurance	12,000	11,245	755
Permits/membership dues	5,000	700	4,300
Bad debts	5,000	982	4,018
Miscellaneous	4,400	6,143	(1,743)
Contingency	20,500	5,032	15,468
Capital outlay	<u>8,000</u>	<u>3,308</u>	<u>4,692</u>
Total expenditures	<u>1,111,100</u>	<u>1,128,158</u>	<u>(17,058)</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

North Austin Municipal Utility District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund - continued
Year Ended September 30, 1992

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Excess of revenues and other financing sources over expenditures and other financing uses	\$	\$ 66,361	\$ 66,361
Fund balance, beginning of year	<u>405,460</u>	<u>405,460</u>	
Fund balance, end of year	\$ <u>405,460</u>	\$ <u>471,821</u>	\$ <u>66,361</u>

The accompanying notes are an integral part of these financial statements.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 1 - Summary of significant accounting policies

North Austin Municipal Utility District No. 1 (District) was created by order of the Texas Water Commission effective November 15, 1983, in accordance with Chapter 54 of the Texas Water code. The Board of Directors held its first meeting on January 24, 1984.

The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusions would cause the reporting entities financial statements to be misleading. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The funds and account groups presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14. There are no component units of the District nor is the District a component unit of any other entity.

Basis of presentation - fund accounting:

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the District:

Governmental fund types:

Governmental fund types include the General Fund, Debt Service Fund and Capital Projects Fund. The governmental fund type measurement focus is based upon determination of financial position and changes in financial position (sources, used and balances of financial resources) rather than determination of net income. These fund types are maintained on the modified accrual basis of accounting.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 1 - Summary of significant accounting policies - continued

Revenues are recognized when susceptible to accrual, when they become measurable and available to pay current period liabilities. Expenditures are recognized as incurred, except for bond interest which is recognized when due. The following describes the District's Governmental Fund Types:

General Fund - The General Fund is used to account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources, for and the payment of interest and principal on, all general obligation debts of the District.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources designated to construct or acquire capital facilities or improvements.

Account groups:

Account groups are used to establish accounting control and accountability for the District's general fixed assets and general long-term debt. The following are the District's account groups:

General fixed assets account group - This self-balancing group of accounts is established to account for all fixed assets of the District.

General long-term debt account group - This self-balancing group of accounts is established to account for the long-term liabilities of the District.

Memorandum totals:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only for informational purposes. Adjustments to eliminate interfund transactions have not been recorded in arriving at such amounts, and the memorandum totals are not intended to fairly present the financial position or results of operations of the District taken as a whole.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 1 - Summary of significant accounting policies - continued

Cash and temporary investments:

Temporary investments consist of funds invested in the Texas Local Government Investment Pool (Tex Pool) and United States treasury bills which are recorded at cost, which approximates market value. The District is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State.

Budgets and budgetary accounting:

Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service and Capital Projects Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions and Board approval of all contracts. The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted and unexpended appropriations lapse at year end.

General fixed assets:

General fixed assets are stated at the historical cost of assets owned by the District. Organizational costs include all costs associated with the creation of the District and the sale of bonds. Net interest cost incurred during the construction period is capitalized when material. Depreciation is not recorded on general fixed assets.

Property taxes:

Ad valorem taxes, penalties and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District.

Interfund transactions:

Transfers from one fund to another fund are reported as interfund receivables and payable if the transfer is temporary in nature and the intent is for the amount to be repaid 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.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 1 - Summary of significant accounting policies - continued

General long-term debt:

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the District as a whole and not its individual funds. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Debt Account Group and payments of principal and interest relating to the general obligation bonds are recorded as expenditures in the Debt Service Fund.

Note 2 - Cash and temporary investments

Deposits:

The bond resolutions of the District's debt issues require that deposits be placed in a bank or trust company organized under the laws of the State of Texas or a national banking association located within the State of Texas. Deposits are categorized to give an indication of risk related to custody of assets assumed by the District at the end of the year. Category 1 includes deposits that are insured, or collateralized with securities held by the District or by its agent in the District's name, Category 2 includes collateralized deposits held by the pledging institution's department or agent, subject to monthly collateral review and valuation by regulatory agencies, and Category 3 includes uncollateralized, uninsured deposits. At September 30, 1992, the District's deposits are included in Category 1. At year end, the carrying amount of the District's deposits was \$120,052 and the bank balance was \$131,971.

Temporary investments:

The District's investment policy is governed by the District's bond resolutions which authorize the District to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State. Tex Pool invests in various obligations for the United States, State of Texas or its agencies or other fully collateralized or guaranteed or insured funds.

All of the District's investments are included in Category 1 as follows:

Category 1 - investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 2 - Cash and temporary investments - continued

Category 2 - uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent in the District's name.

Category 3 - uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent, but not in the District's name.

A summary of the District's cash and temporary investments at September 30, 1992 follows:

<u>General Fund</u>	<u>Book Value</u>	<u>Market Value</u>
Cash	\$ 100,281	\$ 100,281
Tex Pool	<u>484,012</u>	<u>484,012</u>
Total	<u>\$ 584,293</u>	<u>\$ 584,293</u>
<u>Debt Service Fund</u>		
Cash	\$ 12,998	\$ 12,998
Tex Pool	1,145,458	1,145,458
U.S. treasury bills	<u>1,890,144</u>	<u>1,903,724</u>
Total	<u>\$3,048,600</u>	<u>\$3,062,180</u>
<u>Capital Projects Fund</u>		
Cash	\$ 6,773	\$ 6,773
Tex Pool	404,881	404,881
U.S. treasury bills	<u>3,305,879</u>	<u>3,310,413</u>
Total	<u>\$3,717,533</u>	<u>\$3,722,067</u>

Note 3 - Property taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1. Assessed values are established annually by the Williamson County Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The balance is reported as deferred revenue. Taxes receivable are due January 1 and delinquent if received after January 31 and are subject to penalty and interest charges.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 3 - Property taxes - continued

On September 26, 1991, the District levied a combined tax rate of \$1.166 per \$100 of assessed valuation to finance the operating expenditures of the District's water and wastewater system and its debt service requirements. The total 1991 tax levy was \$1,322,365 based on a taxable valuation of \$113,579,150.

Note 4 - General fixed assets

A summary of changes in general fixed assets follows:

	Balance October 1, 1991	Additions, Transfers and (Retirements)	Balance September 30 1992
Water, Sewer and drainage facilities	\$ 11,115,926	\$	\$ 11,115,926
Park	1,070,923	3,308	1,074,231
Engineering fees	913,606		913,606
City fees	194,000		194,000
Construction in progress	<u>524,016</u>		<u>524,016</u>
Total	\$ <u>13,818,471</u>	\$ <u>3,308</u>	\$ <u>13,821,779</u>
Additions provided by:			
General fund	\$ 35,600	\$ 3,308	\$ 38,908
Capital projects fund	12,450,041		12,450,041
Contributions by developer	<u>1,332,830</u>		<u>1,332,830</u>
	\$ <u>13,818,471</u>	\$ <u>3,308</u>	\$ <u>13,821,779</u>

Note 5 - General long-term debt

The following is a summary of the general long-term debt transactions for the year ended September 30, 1992:

	Balance October, 1 1991	Retirements	Balance September 30, 1992
Contract Revenue Bonds	\$ 18,755,000	\$ (425,000)	\$ 18,330,000
Unlimited Tax and Revenue Bonds	<u>7,000,000</u>	<u>(200,000)</u>	<u>6,800,000</u>
	\$ <u>25,755,000</u>	\$ <u>(625,000)</u>	\$ <u>25,130,000</u>

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 5 - General long-term debt - continued

In July 1989, the District defeased \$13,430,000 of its Series 1985 City of Austin, Texas Contract Revenue Bonds by placing the net proceeds of its Series 1989 City of Austin, Texas Contract Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On September 30, 1992, \$13,430,000 of bonds outstanding are considered defeased.

General long-term debt payable at September 30, 1992 is summarized as follows:

<u>Series</u>	<u>Description</u>	<u>Matures</u>	<u>Interest Rates %</u>	<u>Balance September 30, 1991</u>
1985	City of Austin, Texas Contract Revenue Bonds	1992-1997	7.75 - 9.30	\$ 2,295,000
1986	Unlimited Tax and Revenue Bonds	1992-2005	8.875-10.25	4,800,000
1986A	Unlimited Tax and Revenue Bonds	1992-2006	7.50 -10.00	2,000,000
1989	City of Austin, Texas Contract Revenue Refunding Bonds	1992-2009	6.40 - 7.15	<u>16,035,000</u>
Total				<u>\$25,130,000</u>

Debt service requirements to maturity are summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
1993	\$ 710,000	\$ 1,905,370	\$ 2,615,370
1994	770,000	1,846,819	2,616,819
1995	855,000	1,781,006	2,636,006
1996	965,000	1,706,583	2,671,583
1997	1,050,000	1,621,065	2,671,065
Thereafter	<u>20,780,000</u>	<u>10,686,409</u>	<u>31,466,409</u>
Total	\$ <u>25,130,000</u>	\$ <u>19,547,252</u>	\$ <u>44,677,252</u>

The contract revenue bonds are supported in part by the City of Austin, Texas (the "City"). In accordance with the bond resolution, the District established a Debt Service Fund for paying the District's share of debt service on the bonds (approximately 34.8%). Payments of such amounts are remitted directly to the Trustee (see Note 6).

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 5 - General long-term debt - continued

The unlimited tax and revenue bonds are secured by and payable from a first lien and pledge of ad valorem taxes and net revenues of the District. In accordance with the bond resolution, accrued interest on the bonds from their sale date to the date of delivery plus one years' interest on the bonds was deposited in the Debt Service Fund.

Note 6 - Commitments and contingent assets and liabilities

Under the Utility Construction Agreement between the District and Milwood Joint Venture II (the "Developer") dated March 8, 1984, it was agreed that the Developer would fund the cost of projects to be constructed until such time as the District could issue bonds related to the projects. In a separate project within the District, another developer and lender also incurred costs related to District Water, wastewater and drainage facilities to be paid from future bond issuances. The agreements state that the District's obligation to reimburse for funds advanced is contingent upon the issuance of bonds or bond anticipation notes for each specific project. As of September 30, 1992, construction costs of approximately \$5.5 million had been incurred. Since the District is not obligated to reimburse the Developer until bonds are issued, no part of this amount is reflected in the general purpose financial statements of the District.

The District has a contract with the City to construct facilities for the District. Under the terms of the contract, the District has agreed to acquire and construct certain water supply and sanitary sewer collection facilities for the benefit of the City and to issue bonds to provide funds for such purpose, and the City has agreed to make semi-annual payments to the trustee for deposit in the Debt Service Fund created for the benefit of the bonds by the bond resolution in amounts sufficient to provide for payment of principal and interest on the bonds. The contract provides that upon completion of the acquisition and construction of the above facilities by the District, the City shall become the owner of the facilities, subject to the final acceptance by the City, and the City will thereafter operate and maintain the facilities at its expense. Upon final acceptance of the water supply and sewer collection facilities by the City, the District's financial statements will only reflect the District's proportionate share (34.8%) of the facilities and related bonded debt.

The District also has a contract with the City for the City to provide all the necessary water and wastewater capacity required by the District. For this service, the District is required to pay a share of the cost of constructing lines to provide water and wastewater service.

North Austin Municipal Utility District No. 1
Notes to General Purpose Financial Statements
Year Ended September 30, 1992

Note 6 - Commitments and contingent assets and liabilities -
continued

The District has filed suit against a construction contractor, engineer, and manufacturer relating to a wastewater lift station which was determined defective. On December 11, 1991, the jury returned a verdict against the engineer, contractor, manufacturer and surety company. During the year ended September 30, 1992 the District received \$50,000 less attorney's fees in full settlement of the judgement against the manufacturer. The court also entered judgements against the engineer, contractor, and surety company in the amounts of \$491,875, \$782,446 and \$2,338,207, respectively. Recovery against the engineer and the contractor is unlikely due to their respective financial conditions. An appeal to the Court of Appeals, Third District of Texas, Austin Division is currently pending as to the surety company portion of the judgement. Since the final judgement has not been determined no amount has been recorded in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

North Austin Municipal Utility District No. 1
Notes Required by the Water District Accounting Manual
September 30, 1992

The notes which follow are not necessarily required for fair presentation of the audited financial statements of the North Austin Municipal Utility District No. 1, which are contained in the preceding section of this report. The following notes are presented in conformity with requirements of the Texas Water Commission to assure disclosure of specifically required facts.

A. Creation of District:

See Note 1 in Notes to General Purpose Financial Statements.

B. Basis of accounting:

See Note 1 in Notes to General Purpose Financial Statements.

C. Bond interest:

See Note 1 in Notes to General Purpose Financial Statements.

D. Pledge of revenues:

See Note 3 and 5 in Notes to General Purpose Financial Statements.

E. Compliance with debt service requirements:

The District substantially complies with the provisions of its bond resolutions.

F. Redemption of bonds:

See Note 5 in Notes to General Purpose Financial Statements.

G. Engineering report:

Not applicable

H. Water and sewer service rates

1. Services Provided by the District:

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

North Austin Municipal Utility District No. 1
Services and Rates - continued
September 30, 1992

2. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into systems: 147,294,000
Gallons billed to customers: 137,032,000

3. Retail Rates Based on 5/8" Meter

 Retail Rates Not Applicable

The most prevalent type of meter (if not a 5/8"):
Based on Rate Order Dated: 5 / 20 / 92

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage
Water	\$ <u>6.00</u>	<u>0</u>	<u>N</u>	\$ <u>2.26</u>	<u>to</u>
Sewer	\$ <u>5.00</u>	<u>0</u>	<u>N</u>	\$ <u>3.58</u>	<u>to</u>
Surcharge	none				
Sewer usage employs winter averaging	yes <u>X</u> No <u> </u>				

Total water and sewer charges per 10,000 gallons \$ 63.56
usage (including surcharges)

4. Number of retail water and/or wastewater* connections within the District as of fiscal year ended September 30, 1992:

Connections	Active Connections	Inactive Connections**
Single Family	<u>1639</u>	<u>107</u>

PROVIDE SINGLE FAMILY EQUIVALENTS (SFE'S) FOR THE CONNECTIONS BELOW:

	Inactive SFE Connections	# of Active Connections	Active SFE Connections
Multi-family	<u> </u>	<u> </u>	<u> </u>
Commercial	<u> </u>	<u> </u>	<u> </u>
Other-Recreational centers, government & VFD	<u> </u>	<u>1</u>	<u>8</u>
Total	<u> </u>	<u>1</u>	<u>8</u>

5. Standby Fees

The District is currently assessing standby fees?
Yes No X

North Austin Municipal Utility District No. 1
 Services and Rates - continued
 September 30, 1992

6. Other Rates for Retail Services Provided

Security deposits	\$ 75.00		
Tap fees:			
		<u>Water</u>	<u>Sewer</u>
Single family residential	\$ 400.00	\$ 400.00	
Commercial	Cost times 3	1,000.00	
Inspection fees	25.00	25.00	
Transfer fee	25.00	25.00	
Application fees	30.00		
Reconnection fee	40.00	Cost times 2	
Reinstallation fee	100.00	Cost times 2	
Customer name change	5.00		

Name of contact person: Gary Spoonts, Am-Tex Corporation

Phone number: (512) 219-9191 Title: District Manager

North Austin Municipal Utility District No. 1
Schedule of General Fund Expenditures
Year Ended September 30, 1992

Current:

Personnel (including benefits)	\$	
Professional fees:		
Auditing		9,500
Legal		73,166
Engineering		40,393
Financial advisor		
Purchased Services for Resale		
Bulk water & sewer service purchases		676,958
Tap connection expenses		14,919
Contracted Services:		
Bookkeeping		
General Manager		89,216
Appraisal district		21,669
Tax collector		3,061
Other administrative expenses		
Utilities		39,242
Repairs and maintenance		31,959
Administrative expenditures:		
Director's fees		5,600
Office supplies		
Insurance		11,245
Other administrative expenses		
Capital outlay:		
Acquisition of fixed assets		3,308
Solid Waste Disposal		
Fire fighting		
Parks and recreation		95,065
Other expenditures		<u>12,857</u>
Total expenditures	\$	<u><u>1,128,158</u></u>
Number of persons employed by the District:		None

North Austin Municipal Utility District No. 1
 Analysis of Changes in Cash and Temporary Investments
 Year Ended September 30, 1992

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM) ONLY
Sources of Cash and Temporary Investments:				
Cash receipts from revenues	\$ 1,166,442	\$ 1,343,340	\$ 196,576	\$ 2,706,358
Decrease in due from other funds	(3,024)	4		(3,020)
Increase in refundable deposits	14,300			14,300
City Reimbursement		1,098,614	27,955	1,126,569
Sale of Force Main			392,109	392,109
Cash transfers from other fund			11,651	11,651
Total sources of cash and temporary investments	<u>1,177,718</u>	<u>2,441,958</u>	<u>628,291</u>	<u>4,247,967</u>
Applications of Cash and Temporary Investments:				
Cash disbursements for:				
Current expenditures	1,114,620		8,770	1,123,390
Capital outlay	3,308			3,308
Debt service - interest and fiscal charges		2,580,380		2,580,380
Decrease (increase) in due to other funds	4	(3,024)		(3,020)
Cash transfer to other funds		11,651		11,651
Total applications of cash and temporary investments	<u>1,117,932</u>	<u>2,589,007</u>	<u>8,770</u>	<u>3,715,709</u>
Increase in Cash and Temporary Investments	59,786	(147,049)	619,521	532,258
Cash and Temporary Investments:				
Beginning of year	<u>524,507</u>	<u>3,195,649</u>	<u>3,098,012</u>	<u>6,818,168</u>
End of year	\$ <u>584,293</u>	\$ <u>3,048,600</u>	\$ <u>3,717,533</u>	\$ <u>7,350,426</u>

North Austin Municipal Utility District No. 1
General Long-Term Debt Service Requirements - By Years
September 30, 1992

CITY OF AUSTIN, TEXAS
CONTRACT REVENUE BONDS

YEAR ENDING <u>9/30</u>	<u>SERIES 1985</u>		
	PRINCIPAL DUE 11/15	INTEREST DUE	
		5/15, 11/15	TOTAL
1993	\$ 325,000	\$ 189,766	\$ 514,766
1994	350,000	161,485	511,485
1995	400,000	129,110	529,110
1996	450,000	91,360	541,360
1997	500,000	48,110	548,110
1998	<u>270,000</u>	<u>12,555</u>	<u>282,555</u>
	\$ <u>2,295,000</u>	\$ <u>632,386</u>	\$ <u>2,927,386</u>

North Austin Municipal Utility District No. 1
 General Long-Term Debt Service Requirements - By Years
 September 30, 1992

UNLIMITED TAX AND REVENUE BONDS

YEAR ENDING 9/30	SERIES 1986		
	PRINCIPAL DUE 8/1	INTEREST DUE	
		2/1, 8/1	TOTAL
1993	\$ 175,000	\$ 414,150	\$ 589,150
1994	200,000	400,587	600,587
1995	225,000	384,587	609,587
1996	250,000	366,137	616,137
1997	275,000	345,387	620,387
1998	300,000	322,288	622,288
1999	350,000	296,788	646,788
2000	375,000	266,688	641,688
2001	425,000	234,063	659,063
2002	475,000	196,875	671,875
2003	525,000	155,313	680,313
2004	575,000	108,719	683,719
2005	650,000	57,688	707,688
	<u>\$ 4,800,000</u>	<u>\$ 3,549,270</u>	<u>\$ 8,349,270</u>

North Austin Municipal Utility District No. 1
 General Long-Term Debt Service Requirements - By Years
 September 30, 1992

YEAR ENDING 9/30	UNLIMITED TAX AND REVENUE BONDS SERIES 1986A		
	PRINCIPAL DUE 8/1	INTEREST DUE 2/1, 8/1	TOTAL
1993	\$ 75,000	\$ 172,750	\$ 247,750
1994	75,000	165,250	240,250
1995	75,000	157,750	232,750
1996	100,000	150,250	250,250
1997	100,000	140,250	240,250
1998	125,000	130,750	255,750
1999	125,000	120,375	245,375
2000	150,000	109,875	259,875
2001	150,000	97,125	247,125
2002	175,000	84,225	259,225
2003	175,000	69,000	244,000
2004	200,000	53,687	253,687
2005	225,000	36,188	261,188
2006	250,000	18,750	268,750
	<u>\$ 2,000,000</u>	<u>\$ 1,506,225</u>	<u>\$ 3,506,225</u>

North Austin Municipal Utility District No. 1
General Long-Term Debt Service Requirements - By Years
September 30, 1992

YEAR ENDING 9/30	CITY OF AUSTIN, TEXAS CONTRACT REVENUE REFUNDING BONDS SERIES 1989		
	INTEREST		TOTAL
	PRINCIPAL DUE 11/15	DUE 5/15, 11/15	
1993	\$ 135,000	\$ 1,128,704	\$ 1,263,704
1994	145,000	1,119,497	1,264,497
1995	155,000	1,109,559	1,264,559
1996	165,000	1,098,836	1,263,836
1997	175,000	1,087,318	1,262,318
1998	470,000	1,065,270	1,535,270
1999	795,000	1,021,745	1,816,745
2000	845,000	964,954	1,809,954
2001	920,000	903,390	1,823,390
2002	990,000	836,293	1,826,293
2003	1,080,000	763,325	1,843,325
2004	1,140,000	684,785	1,824,785
2005	1,230,000	600,650	1,830,650
2006	1,335,000	509,259	1,844,259
2007	1,435,000	410,231	1,845,231
2008	1,555,000	303,339	1,858,339
2009	1,670,000	188,045	1,858,045
2010	1,795,000	64,171	1,859,171
	\$ <u>16,035,000</u>	\$ <u>13,859,371</u>	\$ <u>29,894,37</u>

North Austin Municipal Utility District No. 1
General Long-Term Debt Service Requirements - By Years
September 30, 1992

YEAR ENDING 9/30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	PRINCIPAL	INTEREST	TOTAL
1993	\$ 710,000	\$ 1,905,370	\$ 2,615,370
1994	770,000	1,846,819	2,616,819
1995	855,000	1,781,006	2,636,006
1996	965,000	1,706,583	2,671,583
1997	1,050,000	1,621,065	2,671,065
1998	1,165,000	1,530,863	2,695,863
1999	1,270,000	1,438,908	2,708,908
2000	1,370,000	1,341,517	2,711,517
2001	1,495,000	1,234,578	2,729,578
2002	1,640,000	1,117,393	2,757,393
2003	1,780,000	987,638	2,767,638
2004	1,915,000	847,191	2,762,191
2005	2,105,000	694,526	2,799,526
2006	1,585,000	528,009	2,113,009
2007	1,435,000	410,231	1,845,231
2008	1,555,000	303,339	1,858,339
2009	1,670,000	188,045	1,858,045
2010	<u>1,795,000</u>	<u>64,171</u>	<u>1,859,171</u>
	\$ <u>25,130,000</u>	\$ <u>19,547,252</u>	\$ <u>44,677,252</u>

Cash and temporary investments
balance at September 30, 1992 -
Debt Service Fund

\$ 3,048,600

North Austin Municipal Utility District No. 1
Analysis of Changes In General Long-Term Debt
Year Ended September 30, 1992

	CITY OF AUSTIN, TEXAS CONTRACT REVENUE BONDS SERIES 1985	UNLIMITED TAX AND REVENUE BONDS SERIES 1986	UNLIMITED TAX AND REVENUE BONDS SERIES 1986A	CITY OF AUSTIN, TEXAS CONTRACT REVENUE REFUNDING BONDS SERIES 1989	TOTAL
Interest rate	7.75 - 9.30%	8.875 - 10.25%	7.50 - 10.00%	6.40 - 7.15%	
Dates interest payable	5/15; 11/15	2/1; 8/1	2/1; 8/1	5/15; 11/15	
Maturity dates	11/15/90 to 11/15/97	8/1/92 to 8/1/05	8/1/92 to 8/1/06	11/15/90 to 11/15/09	
Bonds outstanding, beginning of year	\$ 2,595,000	\$ 4,950,000	\$ 2,050,000	\$ 16,160,000	\$ 25,755,000
Bonds retired during current year	(300,000)	(150,000)	(50,000)	(125,000)	(625,000)
Bonds outstanding, end of year	\$ 2,295,000	\$ 4,800,000	\$ 2,000,000	\$ 16,035,000	\$ 25,130,000
Interest paid during current year	\$ 215,173	\$ 427,050	\$ 177,750	\$ 1,137,187	\$ 1,957,160

Paying agent's name and address: Series 1985, 1986 and 1989 Texas commerce Bank, National Association-Houston
Houston, Texas
Series 1986A Ameritrust Texas, N.A.
Dallas, Texas

Bonds voted: \$73,100,000 Bonds approved: \$26,475,000 Bonds sold: \$26,475,000

North Austin Municipal Utility District No. 1
Schedule of Temporary Investments
September 30, 1992

	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BALANCE SEPTEMBER 30, 1992</u>	<u>ACCRUED INTEREST RECEIVABLE SEPTEMBER 30, 1992</u>
General Fund:				
Tex Pool	6.1716%	N/A	\$ <u>484,012</u>	\$ _____
Debt Service Fund:				
Treasury bills	N/A	11-12-92	1,890,144	8,817
Tex Pool	6.1716%	N/A	<u>1,145,458</u>	<u>8,817</u>
Total			<u>3,035,602</u>	<u>8,817</u>
Capital Projects:				
Treasury bills	N/A	10-29-92	915,474	
Treasury bills	N/A	10-29-92	2,390,405	3,863
Tex Pool		N/A	<u>404,881</u>	<u>3,863</u>
Total			<u>3,710,760</u>	<u>3,863</u>
Total			\$ <u>7,230,374</u>	\$ <u>12,680</u>

North Austin Municipal Utility District No. 1
Analysis of Taxes Receivable
September 30, 1992

	<u>MAINTENANCE TAXES</u>	<u>DEBT SERVICE TAXES</u>	<u>TOTAL</u>
Taxes Receivable at October 1, 1990	\$ 2,727	\$ 10,584	\$ 13,311
1991 original tax roll, net	<u>188,261</u>	<u>1,134,104</u>	<u>1,322,365</u>
Total to be accounted for	<u>190,988</u>	<u>1,144,688</u>	<u>1,335,676</u>
Tax Collections:			
Current year	186,404	1,122,914	1,309,318
Prior years	<u>1,334</u>	<u>5,213</u>	<u>6,547</u>
Total collections	<u>187,738</u>	<u>1,128,127</u>	<u>1,315,865</u>
Taxes Receivable, September 30, 1992	\$ <u>3,250</u>	\$ <u>16,561</u>	\$ <u>19,811</u>

Taxes Receivable, by years	\$ 61
1986	28
1987	838
1988	3,037
1989	2,800
1990	<u>13,047</u>
1991	
Taxes receivable, September 30, 1992	\$ <u>19,811</u>

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Property Valuations - Land, improvements and personal property	\$106,876,941	\$107,674,588	\$112,833,442	\$114,551,072	\$113,579,150
Tax rates per \$100 valuation:					
Maintenance tax rates	\$.25	\$.25	\$.20	\$.200	\$.166
Debt Service tax rates	<u>.60</u>	<u>.60</u>	<u>.75</u>	<u>.966</u>	<u>1.000</u>
Total tax rates per \$100 valuation:	\$ <u>.85</u>	\$ <u>.85</u>	\$ <u>.95</u>	<u>1.166</u>	<u>1.166</u>
Tax rolls	\$ <u>908,454</u>	\$ <u>915,234</u>	\$ <u>1,071,918</u>	\$ <u>1,335,844</u>	\$ <u>1,322,365</u>

Percent of current taxes collected to current taxes levied	99.01%
Percent of current and delinquent taxes collected to current taxes levied and delinquent taxes outstanding at the beginning of year	98.52%

North Austin Municipal Utility District No. 1
 Analysis of Organizational Costs
 Year Ended September 30, 1992

	BALANCE AT BEGINNING OF YEAR	ADDITIONS, TRANSFERS AND (RETIREMENTS)	BALANCE AT END OF YEAR
Organizational Costs -			
Construction period:			
Legal fees	\$ 488,669		\$ 488,669
Interest	1,813,290		1,813,290
Fiscal agent fees	302,811		302,811
Bond issue costs	55,276		55,276
Bond discounts	472,402		472,402
Interest on temporary investments	(697,431)		(697,431)
Other	<u>424,901</u>		<u>424,901</u>
Total Organizational Costs	\$ <u>2,859,918</u>		\$ <u>2,859,918</u>
Amounts provided - for District organizational costs during the construction period by the Capital Projects Fund	\$ <u>2,859,918</u>		\$ <u>2,859,918</u>
Total Amounts Provided	\$ <u>2,859,918</u>		\$ <u>2,859,918</u>

North Austin Municipal Utility District No. 1
 Analysis of Changes In General Fixed Assets
 Year Ended September 30, 1992

	BALANCE AT BEGINNING OF YEAR	ADDITIONS, TRANSFERS AND (RETIREMENTS)	BALANCE AT END OF YEAR
General Fixed Assets:			
Water, sewer and drainage facilities	\$ 11,115,926	\$	\$ 11,115,926
Park	1,070,923	3,308	1,074,231
City fees	194,000		194,000
Engineering fees	913,606		913,606
Construction in progress	<u>524,016</u>		<u>524,016</u>
Total General Fixed Assets	\$ <u>13,818,471</u>	\$ <u>3,308</u>	\$ <u>13,821,779</u>
Additions Provided By:			
General Fund	\$ 35,600	\$ 3,308	\$ 38,908
Capital Projects Fund	12,450,041		12,450,041
Contributions by developer	<u>1,332,830</u>		<u>1,332,830</u>
Total Additions Provided	\$ <u>13,818,471</u>	<u>3,308</u>	\$ <u>13,821,779</u>

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North Austin Municipal Utility District No. 1
Comparative Schedule of Revenues and Expenditures -
General and Debt Service Funds
Five Years Ended September 30, 1992

	AMOUNTS				
	1992	1991	1990	1989	1988
General Fund					
Revenues:					
Utilities:					
Water and sewer service	\$ 761,142	\$ 702,625	\$ 648,196	\$ 581,674	\$ 529,372
Water and sewer tap connection fees	104,950	103,600	98,800	114,080	77,600
Penalties and interest	15,374	13,829	17,845	22,018	20,085
Application fees	12,840	10,725	2,137	1,925	1,770
Property taxes	188,200	253,602	232,305	267,558	267,526
Pool and Park fees	49,474	41,291	40,523	33,693	27,365
Interest and other	29,205	36,753	35,939	30,968	12,331
Lawsuit settlement	33,334				
Total revenues	<u>1,194,519</u>	<u>1,162,425</u>	<u>1,075,745</u>	<u>1,051,916</u>	<u>936,049</u>
Expenditures:					
Utilities:					
Purchased water and sewer service	676,964	603,291	597,324	577,027	533,542
Repairs and maintenance	36,986	25,038	75,341	68,795	82,087
Electric utilities	39,242	35,701	33,545	41,334	41,460
Water and sewer tap connection charges	11,848	10,849	13,397	12,886	10,665
Other	3,072	2,333	1,739	2,884	2,687
Professional services	128,658	97,319	80,755	76,176	65,580
Service account collection	89,216	81,886	75,523	49,506	42,882
Pool management fee and other pool and park costs	95,065	105,099	67,761	54,711	36,754
Tax assessment and collection	24,730	18,852	16,196	11,957	13,419
Insurance	11,245	11,376	11,559	10,407	7,840
Office	6,142	6,111	7,055	12,801	10,066
Bad debts	982	6,062	6,915	15,075	13,800
Other	700	3,384	1,893	11,729	1,640
Capital outlay	3,308	30,930	4,670		
Total expenditures	<u>1,128,158</u>	<u>1,038,231</u>	<u>993,673</u>	<u>945,288</u>	<u>862,422</u>
Excess (deficit) of revenues over expenditures	\$ <u>66,361</u>	\$ <u>124,194</u>	\$ <u>82,072</u>	\$ <u>106,628</u>	\$ <u>73,627</u>
Debt Service Fund					
Revenues:					
Property taxes	1,130,909	\$ 1,181,158	\$ 852,390	\$ 640,826	\$ 639,067
Customer surcharge			213,491	230,459	216,279
Interest and other	150,682	246,790	255,001	257,209	265,991
Total revenues	<u>1,281,591</u>	<u>1,427,948</u>	<u>1,320,882</u>	<u>1,128,494</u>	<u>1,121,337</u>
Expenditures - interest and fiscal charges					
	<u>2,580,380</u>	<u>2,608,650</u>	<u>2,031,330</u>	<u>2,218,289</u>	<u>2,212,009</u>
Excess (deficit) of revenues over expenditures	\$ <u>(1,298,789)</u>	\$ <u>(1,180,702)</u>	\$ <u>(710,448)</u>	\$ <u>(1,089,795)</u>	\$ <u>(1,090,672)</u>