



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

2019-2020

**Comprehensive Annual Financial Report
For Fiscal Year Ended: September 30, 2020**



WATER
SERVICES



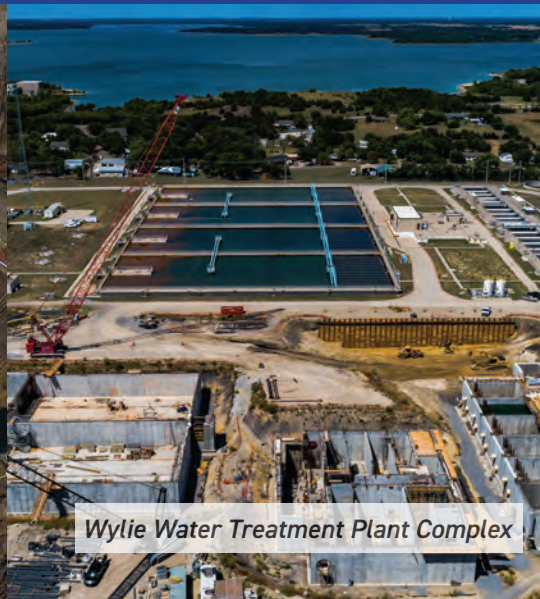
WASTEWATER
SERVICES



SOLID WASTE
SERVICES



Princeton Lift Station



Wylie Water Treatment Plant Complex



Trinity River Main Stem Pump Station

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**NORTH TEXAS MUNICIPAL WATER DISTRICT
WYLIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

**AS PREPARED BY THE
NTMWD ACCOUNTING DEPARTMENT**

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INTRODUCTORY

SECTION (UNAUDITED)

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BOARD OF DIRECTORS AS OF SEPTEMBER 30, 2020

Larry Parks	President	Rockwall
Darrell Grooms	Vice President	Forney
Phil Dyer	Secretary	Plano
Joe Farmer		Allen
James Kerr		Allen
George Crump		Farmersville
John Carr		Forney
Richard Peasley		Frisco
Lynn Shuyler		Frisco
Don Gordon		Garland
Jack May		Garland
Joe Joplin		McKinney
Charles McKissick		McKinney
Terry Sam Anderson		Mesquite
Brenda Jean Patrick		Mesquite
Ron Kelley		Plano
VACANT		Princeton
VACANT		Princeton
John Murphy		Richardson
John Sweeden		Richardson
Chip Imrie		Rockwall
David Hollifield		Royse City
Blair Johnson		Royse City
Marvin Fuller		Wylie
Keith Stephens		Wylie

* * * * *

Rodney Rhoades
Interim Executive Director/General Manager

**ORGANIZATIONAL STRUCTURE
AS OF SEPTEMBER 30, 2020**

(Interim) Executive Director/General Manager	Rodney Rhoades
Deputy Director (Engineering & CIP)	Cesar Baptista
Assistant Deputy – CIP & Planning	R. J. Muraski
Assistant Deputy – Engineering	Mark Simon
Deputy Director (Operations & Maintenance)	Mike Rickman
Assistant Deputy – Maintenance	Dave Patton
Assistant Deputy – Solid Waste	Jeff Mayfield
Assistant Deputy – Wastewater	Jenna Covington
Assistant Deputy – Water	Billy George
Deputy Director (Administrative Services)	Rodney Rhoades
Assistant Deputy – Finance	Erik Felthous
Assistant Deputy – Human Resources & Administration	John Montgomery
Assistant Deputy – Technology & Support	Jim Shirley



Regional. Reliable. Everyday.

January 31, 2021

TO THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT

Per the Texas Administrative Code, the North Texas Municipal Water District (the “District”) is required to publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the North Texas Municipal Water District for the fiscal year ended September 30, 2020.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District’s financial statements have been audited by Crowe LLP, independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District as of and for the fiscal year ended September 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that the financial statements present fairly, in all material respects, the respective financial position of each major fund as of September 30, 2020, and the respective changes in financial position and respective cash flows, thereof for the year then ended in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District, a conservation and reclamation district and political subdivision of the state of Texas created in 1951, provides treated water, wastewater, and solid waste service to over 1.8 million citizens living in north Texas. The District currently serves a 2,200 square-mile service area located in ten counties adjacent to the north and east boundaries of Dallas, Texas, and comprises all of the

territory of its 13 member cities (Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City and Wylie).

The District is governed by a 25-member Board of Directors. Each member city having a population of 5,000 or more is represented by two Directors and each member city having a population of less than 5,000 (Farmersville) is represented by one Director. Directors are appointed by the governing bodies of the respective member cities for two-year terms.

The annual budget serves as the basis for the District's financial planning and control. Budgetary controls are maintained to ensure the proper management of resources and are required pursuant to contracts for service. Although there are no legal requirements to include comparative budget-to-actual expense statements in this report, such information is provided to the Board of Directors on a monthly basis throughout the year.

Charges for services are based on budgeted operating expenses, including debt service requirements and capital expenditures but excluding depreciation and amortization. In the Wastewater, Sewer, Solid Waste and Interceptor Systems, charges for services are adjusted accordingly at the end of each year to a break-even basis. These year-end adjustments are recorded as amounts due to or due from the cities.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District's cities, along with the rest of the world, have experienced a slowdown due to the COVID-19 pandemic. The pandemic forced the shutdown of many businesses, which reduced economic activity and led to higher unemployment. The reduction in economic activity ultimately has led to lower tax revenues for cities. Since the initial shutdown in March 2020, the economy has partially rebounded and as vaccines become widely distributed, the economy is expected to continue strengthening. While the pandemic has affected the economy in the short term, it is expected that the region will continue to see long-term increases in economic activity and residential growth. In the absence of outward migration of population and/or industry, the demands for basic services of water, wastewater and solid waste are not significantly affected by changes in the economy. The diversity and size of the District's service area tends to moderate changes in any particular area and future growth is anticipated that will require the development of additional raw water supplies and capital expenditures for system improvements in all areas of service.

Budgeting during the pandemic. As COVID-19 began to affect the economy, the District set forth revised budget guidance, for the amended FY20 and proposed FY21 budgets, in an effort to limit impacts to the Member Cities and Customers.

The revised budget guidance included the following:

- Funding only items to meet our most essential service levels and growth projections including limiting engineering and consultant services, minimizing capital outlay unless absolutely critical, filling only critical staff vacancies and limiting overtime.
- Only allowing for previously planned or required travel and training
- Partially funding new positions for the FY21 budget year
- No or minimal pay increases for FY21
- Minimal funding for escrow and contingency funds
- Other considerations where possible

Long-term financial planning. The District's planning incorporates both an annual budgeting process and a long-term forecast. The annual budgeting process is based on yearly budget guidance and training that sets forth the priorities for a given year. The following financial controls are maintained as part of the budgeting process:

- Insurance coverages are reviewed to ensure that policy limits are adequate and in compliance with revenue bond covenants
- Fund balances are maintained in accordance with the Fund Balance Policy
- Expenses are reviewed to ensure they are reasonable and fall within the budget guidance
- Employ a variable rate reduction methodology that systematically reduces Regional Water System variable rate expenses based on historical actuals
- Debt Service transfers are calculated based on existing and projected debt service as well as adequate funds to maintain required debt service reserves.
- All purchases are sourced in accordance with the District's purchasing policies

In order to provide a long-term view of the District's finances, the District maintains Strategic Financial Plans (SFPs) for all Operating Systems. These plans are updated annually and incorporate the following assumptions:

- Current year budgets plus standard cost escalations for future years
- Forecasted tonnage / flow estimates
- Escrow funding / use of escrow proceeds to smooth annual cost increases / defray major expenses
- Capital Improvement Projects plus standard cost escalations for future years
 - Funding Sources (Cash or Debt)
- Bonds are sold as 20 or 30 year debt to finance long-term capital projects only
- Fund balances are maintained in accordance with the Fund Balance Policy

The objective of long-term planning is to provide sufficient resources to fund needed capital projects, cover operations and maintenance expenses, manage debt incurred from bond sales, and to notify the member cities of projected future cost changes.

The May 2020 Water System rate projection includes funding for capital projects to operate, maintain and expand the Regional Water System over the next twenty year period. In May 2018, construction began on Bois d'Arc Lake to provide water needed to serve a growing population of 1.8 million north Texans. The Texas Water Development Board has approved \$1.6 billion for the project through the State Water Implementation Fund for Texas (SWIFT) program, which is anticipated to save NTMWD and its cities over \$230 million. The projection assumes that the District will finance \$1.9 billion of capital projects between FY2021 and 2030 for several projects including the Bois d' Arc Lake and Leonard Water Treatment Plant. Also, between FY 2031 and 2040, it is assumed the District will finance approximately \$640 million of capital projects for additional system improvements including expanding the Leonard Water Treatment Plant.

The May 2020 water rate projections indicate that at least a \$0.96 per 1,000 gallons rate adjustment may be required to fund future expenditures over the next ten-year period. Should projected expenditures increase or decrease significantly or should the development of expected projects be accelerated or rescheduled, the water rate will be adjusted accordingly.

The May 2020 Regional Wastewater System (RWWS), Upper East Fork Interceptor System (UEFIS) and 21 Sewer Systems' cost projections includes funding for the District's rapidly growing region. The District's Wastewater systems consists of more than 250 miles of large diameter pipelines, 25 lift stations and 13 wastewater treatment plants. These facilities convey and treat approximately 150+ million gallons of wastewater daily. The Regional Wastewater Systems (RWWS) consists of four regional plants, which provide wholesale wastewater services for twelve member cities. The RWWS cost projection includes funding for approximately \$478 million of capital projects over the next ten years, which includes the addition of another regional plant, Sister Grove Regional Water Resource

Recovery Facility (RWRRF). Construction of the new regional plant is scheduled in 2020 and expansion of the plant is scheduled in 2023. The District anticipates to finance the Sister Grove RWRRF project utilizing the Texas Water Development Board's Clean Water State Revolving Fund, which is anticipated to save the District and its cities approximately \$100 million. Over the next five years, other major projects in the RWWS include the Rowlett Creek Regional Wastewater Treatment Plant (RWWTP) Peak Flow Management Project scheduled for 2020 and 2023, South Mesquite RWWTP Expansion to 41 MGD in 2023 and improvements to the Wilson Creek RWWTP and South Mesquite RWWTP in 2024 and 2025 respectively. The Upper East Fork Interceptor System (UEFIS) is responsible for the conveyance of wastewater for 18 member cities and 4 customer cities. The UEFIS cost projection includes funding for approximately \$400 million of capital projects over the next ten years, which includes the McKinney-Prosper Transfer Sewer phases I, II and III, North McKinney Parallel Interceptor in 2020, Sloan Creek Lift Station and Force Main in 2020, North McKinney Lift Station improvements in 2021, Preston Road Lift Station Expansion to 40 MGD in 2022 and Princeton Lift Station Expansion to 25 MGD in 2023.

Short and long-term needs. As a result of the increased water needs of all Metroplex water providers, partnerships have been developed to meet the many challenges that lie ahead. Through these partnerships, the District is actively pursuing many options for the development of additional supplies to meet short-term and long-term needs.

To meet short-term needs, the District:

- Was successful in receiving a 3-year temporary over drafting permit of Lavon Lake from the Texas Commission on Environmental Quality in 2018. The 3-year temporary water right was granted in July 2018.
- The District contracted with the Trinity River Authority to purchase up to 50,060 acre-feet per year of reuse water to be withdrawn out of the Trinity River by the Main Stem Pump Station.

To meet long-term needs, the District is:

- Constructing the Bois d' Arc Lake, which is projected to supply 108 MGD and is on track to be online in 2022. The District was issued a Water Right from the Texas Commission on Environmental Quality in June 2015. A U.S. Army Corps of Engineer's Clean Water Act Section 404 permit application was received in February 2018.
- Pursuing the development of the Sulphur Basin Supplies Strategy in partnership with the Sulphur River Basin Authority, Tarrant Regional Water District, City of Irving, City of Dallas, and the Upper Trinity Regional Water District. The first phase of this project is expected to provide 78 MGD and is currently scheduled to be online in 2060.
- Evaluating the feasibility of acquiring water for the Toledo Bend Reservoir that could potentially supply water to the District beginning in 2070
- Seeking approval of water rights applications from the Oklahoma Water Resources Board for the right to use water from the State of Oklahoma from the Kiamichi and Muddy Boggy River Basins.
- Evaluating the following projects that were included as Alternative Water Management Strategies:
 - Toledo Bend – Phase 2
 - Lake O' the Pines
 - Lake Texoma with desalination rather than blending
 - Freestone/Anderson County Groundwater
 - George Parkhouse Reservoir (North)
 - George Parkhouse Reservoir (South)
 - Marvin Nichols Reservoir

The District Staff remains confident that sufficient raw water supplies can be developed through the innovative and diligent efforts of the District's Board of Directors and Staff. Through the partnerships now being developed, new supplies can be delivered at the lowest possible cost to the District's Members and Customers.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Texas Municipal Water District for its Consolidated Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019. This was the thirtieth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


The Government Finance Officers Association (GFOA) awarded the Distinguished Budget Presentation Award to the North Texas Municipal Water District for its Budget for the fiscal year beginning October 1, 2019 which was the first year the District has received this prestigious award. In order to earn the Distinguished Budget Presentation Award, the District published a budget document that met program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The Distinguished Budget Presentation is valid for a period of one year only. We believe that the current budget continues to meet the Distinguished Budget Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the accounting and finance departments. We would like to express our appreciation to all members of the organization who assisted and contributed to the preparation of this report. In particular, our appreciation is extended to Teresa Wigington, Accounting Manager, Holly Matthews, Assistant Accounting Manager, and Tammy Turner, Financial Reporting Accountant, who worked many extra hours and exhibited extraordinary effort in ensuring the accuracy and timeliness of this report.

Our appreciation is also extended to the President and members of the Board of Directors for providing their continued support to maintain the highest standards of professionalism in the management of the District's finances.

Respectfully Submitted,

DocuSigned by:

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RODNEY D. RHOADES
Interim Executive Director/General Manager



ERIK FELTHOUS
Assistant Deputy - Finance

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

North Texas Municipal Water District

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

ESSENTIAL – A MESSAGE FROM NTMWD LEADERSHIP

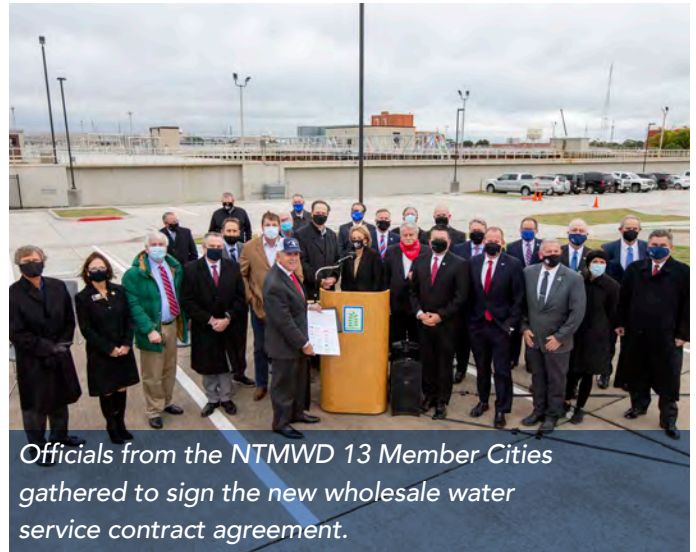
As the world faced a global pandemic throughout 2020, the North Texas Municipal Water District continued to deliver vital water, wastewater and solid waste services to nearly two million North Texans without interruption.

The value of these essential services became abundantly clear and access to safe, reliable water was key to the fight. Health experts told us washing our hands was paramount to protecting people from the virus.

It is reassuring to know that the District's water treatment and wastewater treatment processes are among the best and highly effective at destroying viruses. NTMWD water is safe and our wastewater and solid waste services help provide protection as well.

Even as businesses throughout North Texas needed to close temporarily, the District's team continued to come work 24/7 to ensure there was no disruption in essential water, wastewater and solid waste services. The NTMWD Continuity of Operations Plan went into effect, and employees were cross-trained and prepared for appropriate staffing levels regardless of the changing circumstances. From custodians and lab technicians to truck drivers and plant operators, everyone showed up to keep operations running smoothly and meet the vital needs of our community. We are grateful to all NTMWD staff, especially the frontline workers who epitomize resiliency and a selfless commitment to keeping these essential services in motion.

As the NTMWD Member and Customer Cities faced similar challenges, the District was responsive in helping them weather the economic effects of the pandemic. The NTMWD Board of Directors adopted a fiscal year 2021 budget that kept wholesale water rates at the current level. The District opted to use reserves and reduce spending to help keep rates flat for cities facing financial impacts from COVID-19. And then as businesses started to reopen, NTMWD shared guidance on how to ensure water was safe to use in buildings that had been closed.



Officials from the NTMWD 13 Member Cities gathered to sign the new wholesale water service contract agreement.

2020 ushered in a historic wholesale water service contract agreement with the 13 Member Cities who partner to create the regional water system. A new cost-sharing structure will begin to be phased in during 2021. The agreement gradually adjusts the amount that cities currently pay to a rolling average that more closely aligns with their actual consumption, with the goal of having this transition complete in 2033. The agreement incentivizes water conservation and is yet another example of the benefits of delivering regional service through unity.

2020 saw significant progress on Bois d'Arc Lake and its components which are essential to provide drinking water to the growing region the District serves.

Many other key projects in water and wastewater advanced during FY20. The District permitted and obtained funding needed to expand wastewater treatment capacity with the new Sister Grove Regional Water Resource Recovery Facility. An additional water source was added to the system through the completion of the Trinity River Main Stem Pump Station and Pipeline.

As another year of uncharted territory begins, the North District Municipal Water District remains ready to face the challenges. As a team, NTMWD is resilient and committed to ensuring essential services for more than 80 communities across 2,200 square miles.

We are North Texas strong.

Rodney Rhoades
Interim Executive Director






WATER

NTMWD PRODUCES SAFE DRINKING WATER FOR MORE THAN 1.8 MILLION NORTH TEXANS.

It takes a dedicated team of essential workers to manage a vast, complex water system that spans over 2,200 square miles across 10 counties. Thanks to the hard work of those on the water team, the availability of safe, reliable water enabled 80 North Texas communities to better fight the public health crisis everyone faced with the COVID-19 pandemic.

NTMWD employees work around the clock to manage plants, pump stations and pipelines. Hundreds of samples are collected each day to ensure water quality which is also monitored in NTMWD's state-certified laboratory. The District is proud that the water we produce meets or surpasses federal and state regulatory and health standards. The NTMWD water system consistently earns the "Superior" rating from Texas Commission on Environmental Quality (TCEQ).

NTMWD's service area is expected to double to 3.7 million people by 2050. To provide for this growth we are also:

-  Expanding the Wylie Water Treatment Plant
-  Diverting up to 100 MGD through Trinity River Main Stem Pump Station and Pipeline to East Fork Wetland
-  Constructing Bois d'Arc Lake in Fannin County
-  Constructing a 7th water treatment plant in Leonard, TX
-  Pursuing various other innovative water sources, water savings and strategic partnerships



PROJECT HIGHLIGHT

On-call Pressure Pipe Inspection Services:

NTMWD entered into a multi-year, on-call agreement with a company who specializes in electromagnetic pipeline inspections. With this new contract, NTMWD can conduct highly sophisticated inspections of some pressure pipelines while they are open and available during repairs or planned maintenance. In doing so, NTMWD avoids the added cost of mobilizing personnel and depressurizing pipelines for some of these inspections. Additionally, NTMWD's pipeline management program benefits from having more robust data to maximize the life of linear assets.

QUICK FACTS:

5 Major Water Sources:

Lavon Lake, Chapman Lake, Lake Texoma, Lake Tawakoni, East Fork Water Reuse Project

Recipients:

80 member and customer communities/cities



FY20 FAST FACTS

WATER SERVICES

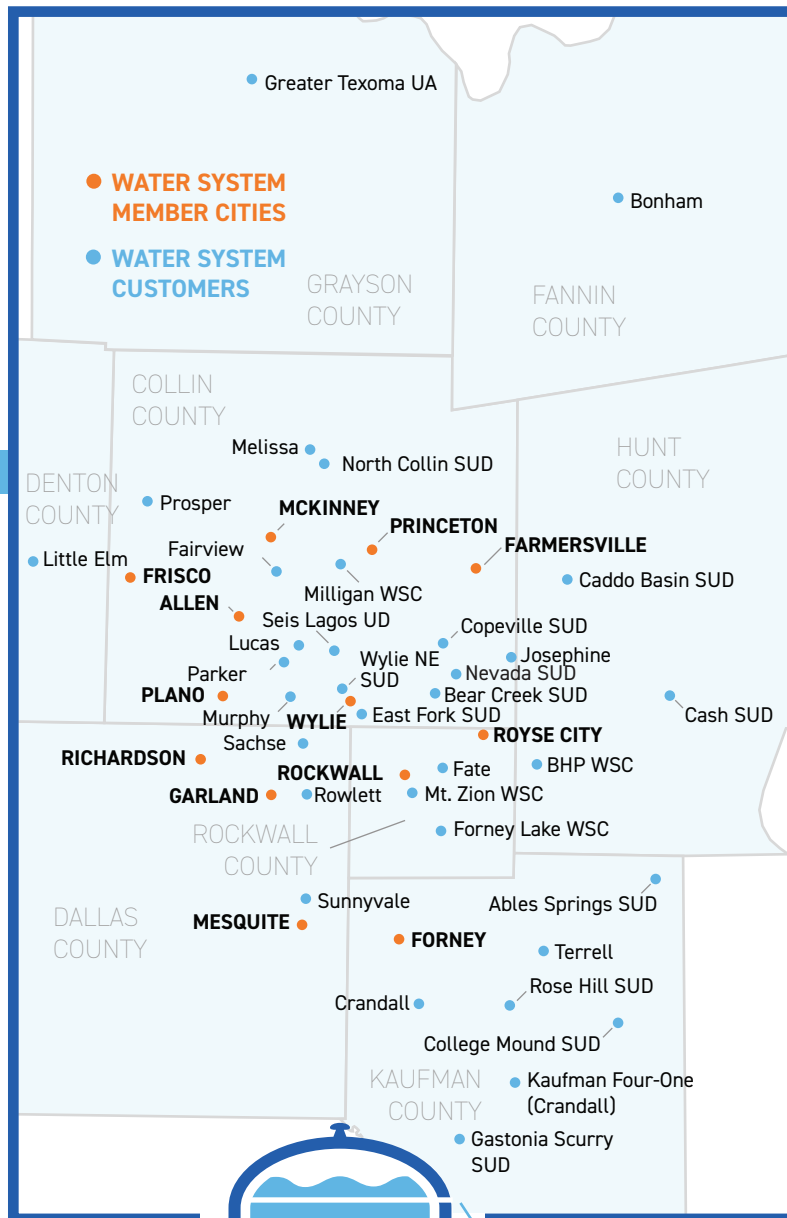
COMMUNITIES SERVED

127
EMPLOYEES

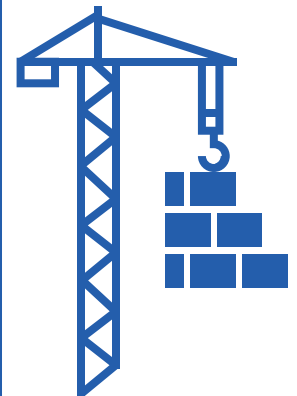
605+
Miles of water
transmission lines

6 | 
Water treatment
PLANTS

Typically
32 BILLION
Gallons of water
re-used
annually

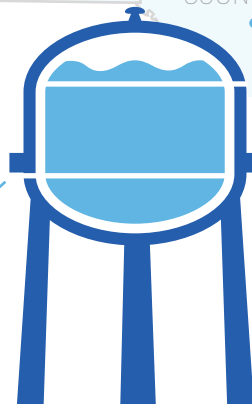


\$261
MILLION
In water system
construction
contracts



Average Annual
Water Use
82% Member
Cities
18% Customers

FY20 Annual Minimum
121 BILLION
Gallons of treated water











BOIS D'ARC LAKE WATER FOR THE FUTURE

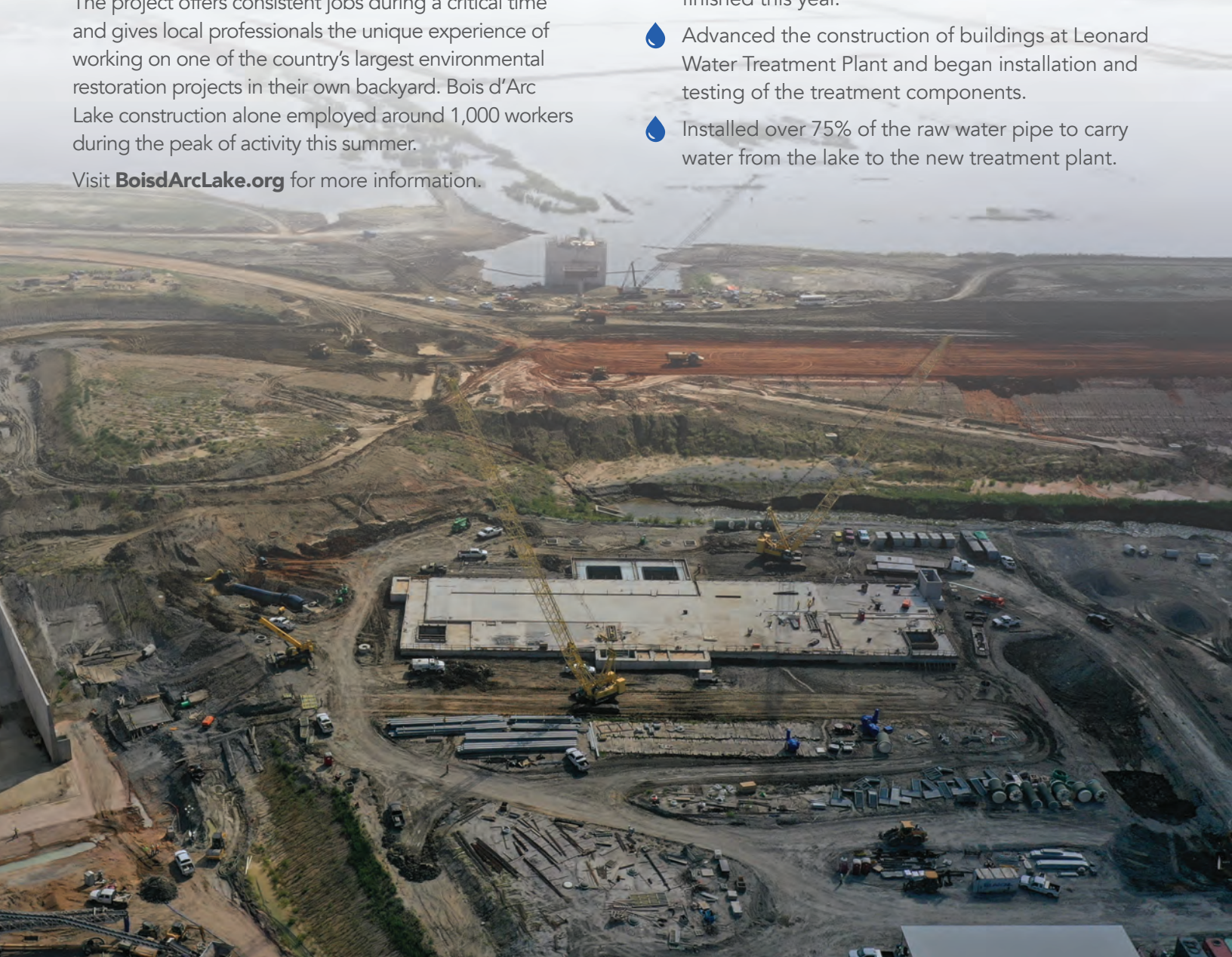
Work continued at a steady pace to advance Bois d'Arc Lake construction onward and upward. The first major lake to be built in Texas in 30 years, Bois d'Arc is essential to meeting the region's water needs through 2040. Thanks to successful precautions against COVID-19, this key water source is still on schedule, and nearly 70% of all work on both the lake and its related infrastructure (including engineering, design and construction) is finished.

In addition to delivering essential water to a growing region, the lake construction also provides an economic boost for North Texans during an unusual economic year. The project offers consistent jobs during a critical time and gives local professionals the unique experience of working on one of the country's largest environmental restoration projects in their own backyard. Bois d'Arc Lake construction alone employed around 1,000 workers during the peak of activity this summer.

Visit **BoisdArcLake.org** for more information.

2020 Accomplishments:

-  Moved into final stages of finishing the lake, dam, intake structure and spillway – the dam only needs a final 400,000 cubic yards of earth before it can begin to impound, or hold water.
-  Completed nearby roadway adjustments and a new bridge on FM 897, opening it to motor traffic over the future lake.
-  Building seven boat ramps, facilities and parking lots at three key lake access points. The Lake Operations Center (which will include space for visiting school groups and public visitors) is over halfway finished as well.
-  Restored and improved nearby wetlands, streams and forest. 1.5 million more trees were planted, and the large Willow Branch Creek project that involved many miles of stream and wetlands restoration was finished this year.
-  Advanced the construction of buildings at Leonard Water Treatment Plant and began installation and testing of the treatment components.
-  Installed over 75% of the raw water pipe to carry water from the lake to the new treatment plant.



STEWARDSHIP

NTMWD works hard to be good stewards of the natural resources under our management. Water conservation and reuse remains a key part of the District's overall strategy and helps ensure that there will be an adequate water supply for the future. Environmental stewardship also helps to reuse water and power operations.

WATER CONSERVATION

**Know More.
Water Less.**

The District launched its "Know More. Water Less." public education campaign in 2020 to raise awareness of the importance of water conservation to protect the region's water supplies. The campaign shares practical tips on easy ways the public can use water efficiently. The campaign connects the dots between primary sources of water, including Lavon Lake, and the need to use water wisely so every drop counts.

ENERGY



Collecting, cleaning and moving water takes a lot of power and is one of the largest costs for water system operators. One of the ways the District is lowering energy costs is through an agreement signed in 2020 with Direct Energy Business to purchase power produced at a new solar plant near Laredo, TX. The power from this plant alone is projected to meet 35-40% of the District's future energy needs and could save about \$14 million over the next 15 years versus traditional wholesale power purchases.

WATERSHED PROTECTION



Rainwater picks up pollutants on land or in waterways as it flows towards a common water supply. Watershed protection is vital to safeguard the quality of the water even before treatment and distribution. The Lavon Lake Watershed Partnership and associated protection plan continues to identify sources of pollution and recommend specific protection measures. Watershed partners collaborate to work with farmers and ranchers, monitor water quality, create green stormwater infrastructure demonstrations and host public outreach.

WATER REUSE



The District built and uses the nation's largest manmade wetland to filter treated wastewater for reuse. Once through the wetlands, the water is piped 44 miles north to Lavon Lake, where it is mixed and stored for future treatment. The East Fork Water Reuse Project accounts for approximately 129 billion gallons of water reused since its inception in 2009. The wetlands also serve as backdrop for the John Bunker Sands Wetland Center, which provides opportunities for school groups and the general public to explore the area's natural beauty and wildlife.

NOTHING IS MORE ESSENTIAL THAN WATER

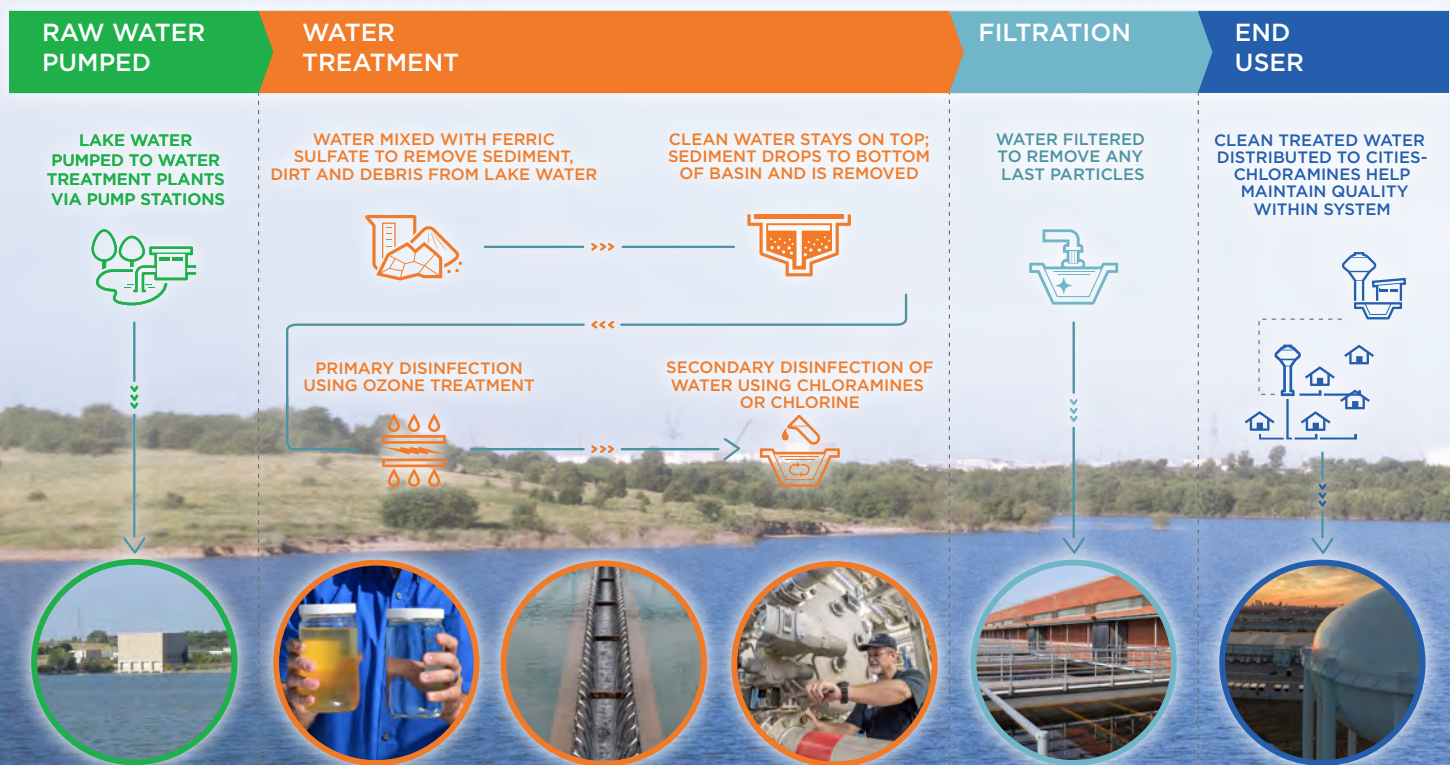
Water is something no one can live without. NTMWD team members and their families are a part of the communities that rely on the processes used to treat and deliver safe, reliable water. The District takes very seriously the mission of providing safe, high quality and dependable water as well as wastewater and solid waste services. For more than 60 years, the water provided by NTMWD has met or surpassed

Safe Drinking Water Standards established by the U.S. Environmental Protection Agency (EPA) as well as regulations set by the Texas Commission on Environmental Quality (TCEQ). In 2020, progress continued on several upgrades at the Wylie Water Treatment Plant campus, including expansion of treatment capacity at Plant IV and construction of a new water operations building.

WATER TREATMENT

NTMWD uses some of the most advanced and effective water treatment processes available to make sure water is safe from contaminants including viruses, bacteria and parasites. The District uses a multi-step process that treats water at the plant including ozone

and a secondary process that adds disinfectant to maintain water quality while it travels long distances through pipes to homes and businesses. Both steps are essential to keep tap water free of harmful microorganisms.



PLANNING FOR THE FUTURE

To maintain reliability and plan for future needs, the District must invest in a number of important projects to continue to provide the water, wastewater and solid waste infrastructure necessary to maintain the high quality of life for the communities we serve.

This includes construction of Bois d’Arc Lake underway in Fannin County. To date, the Texas Water Development Board (TWDB) has committed nearly \$1.5 billion of low-interest financing for the new lake and related projects under the State Water Implementation Fund of Texas (SWIFT) program. This is anticipated to save over \$230 million in interest.

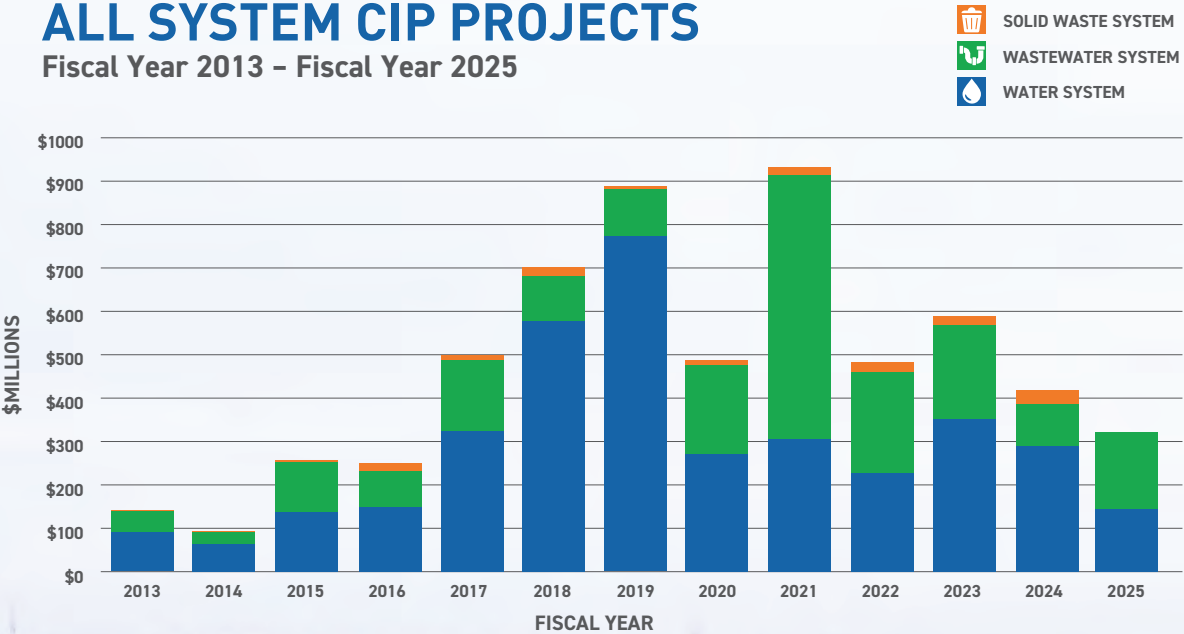
Additionally, the TWDB has committed \$460 million in low-interest financing through the Clean Water State Revolving Fund (CWSRF) Program for the Sister Grove Regional Water Resource Recovery Facility project. CWSRF funding is anticipated to save the District and its ratepayers more than \$160 million in interest costs.




The District continues to more closely align the timing of bond sales for capital projects across all three systems (water, wastewater and solid waste) with their respective expected construction progress. The combination of these factors enables the District to require less funding to cover the costs of the capital program.

At the close of FY20, NTMWD was actively working 72 projects (valued over \$1M) requiring an investment of about \$2 billion.

Each year, replacing, maintaining, addressing regulatory changes, and expanding our water, wastewater and solid waste systems are the key drivers in determining our annual budget. As major projects are completed, we are forecasting a reduced capital improvement program in the coming years.

ALL SYSTEM CIP PROJECTS Fiscal Year 2013 – Fiscal Year 2025



-  SOLID WASTE SYSTEM
-  WASTEWATER SYSTEM
-  WATER SYSTEM



72
Active
construction
projects
(over \$1M)



\$2+ BILLION
Project value

Nearly
90%
On-time &
within budget

WASTEWATER




THE NTMWD WASTEWATER TEAM PROTECTS THE HEALTH AND ENVIRONMENT OF 24 NORTH TEXAS COMMUNITIES.

The critical services provided through the District's wastewater conveyance and treatment facilities protect human health, protect and enhance water quality and the environment, and support economic development. It was through the hard work of staff dedicated to proper wastewater management and treatment that the North Texas region made it through the global pandemic.

The District's wastewater team operates and maintains a system that includes hundreds of miles of pipeline, pumps and the latest in treatment technology. These facilities can convey and treat approximately 163+ million gallons of wastewater daily.

After wastewater is treated, the team also tests it according to 18 parameters and reports about 2,500 samples to TCEQ each month. The cleaned water meets or surpasses regulatory requirements and is released back into local waterways to blend with larger water supply sources for irrigation and other downstream uses.

NTMWD continues working to expand as well as maintain our system. This past year we have:

-  Completed work on expansion of Wilson Creek Regional Wastewater Treatment Plant from 56 million gallons per day (MGD) to 64 MGD.
-  Continued expanding the peak flow capacity of Rowlett Creek Regional Wastewater Treatment Plant from 60 MGD to 77.5 MGD.
-  Received Sister Grove Regional Water Resource Recovery Facility permit to enable construction and to serve growing communities in northern Collin County.



PROJECT HIGHLIGHT

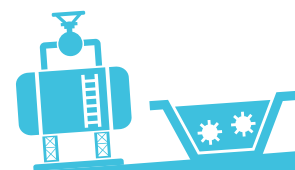
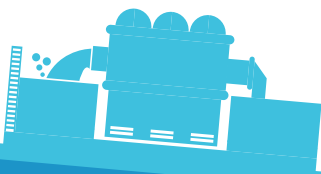
Manhole improvements: NTMWD undertook a project to conduct a comprehensive evaluation of manholes and identify where it was most critical to make improvements to extend the life of the infrastructure and reduce inflow and infiltration, reducing downstream capacity requirements. Project delivery efficiencies allowed the bid prices to be approximately 35% lower than if the improvements had been completed piecemeal with a project cost of \$6.2 million. Additionally, by using noncorrosive fiberglass inserts where feasible rather than traditional coating material, we anticipate a life-cycle savings of an additional \$5.8 million.

QUICK FACTS:

Recipients:

1.3 million residents in 13 Member Cities and 11 other customer communities.

Current Wastewater Operations: Overall system is at 70% of total capacity with some plants regularly operating beyond normal flows during storm events.



FY20 FAST FACTS

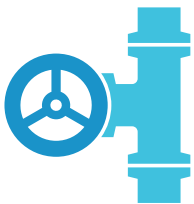
WASTEWATER SERVICES

COMMUNITIES SERVED

234
EMPLOYEES

\$240
MILLION

In regional
wastewater,
conveyance & sewer
system construction
contracts



36.7
BILLION

estimated gallons of
wastewater flows

226+
MILES

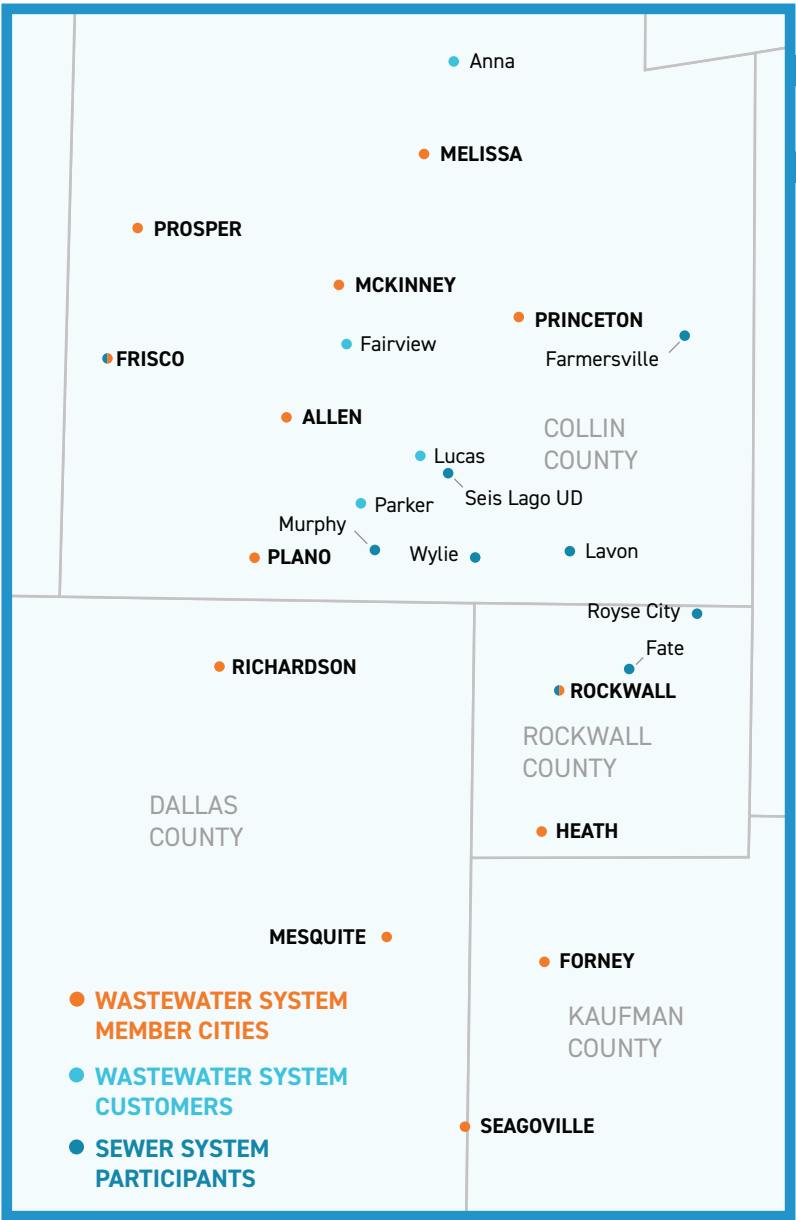
large-diameter
wastewater
pipelines

163+ MGD

(MILLION GALLONS/DAY)
average annual
wastewater
treatment capacity

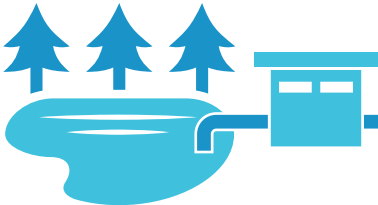


13
WASTEWATER
treatment plants



Around
15 BILLION

Gallons projected
to be treated through
wetland for reuse



Typically
20 BILLION

Gallons treated
wastewater
returned to Lavon Lake
for reuse each year





SOLID WASTE




NTMWD TEAM MEMBERS PROVIDE CRITICAL WASTE DISPOSAL SERVICES THAT KEEP OUR COMMUNITIES SAFE AND CLEAN WHILE PROTECTING WATER QUALITY AND THE ENVIRONMENT.

The District properly and efficiently manages the transport and disposal of approximately one million tons of waste every year through our regional solid waste system.

The five Solid Waste Member Cities, plus other Collin County municipalities, rely on NTMWD to operate transfer station collection sites and a regional disposal facility for proper management of their waste.

This requires dedicated professionals that provide a friendly customer-focused interaction hundreds of times each day, drive 18-wheel transfer trucks, run the transfer stations and operate 60-ton landfill compactors. They also monitor the NTMWD landfills and work with external agencies to recycle or compost as much material as possible. This dedicated team completes all these vital services in full compliance with state and federal regulations.

Over the past several years, the solid waste team has:

-  Implemented processes that decrease vehicle emissions and save money during waste transit.
-  Partnered with City of Plano on a composting program that helps divert about 50,000 tons of yard waste from the landfill.
-  Partnered with Morrow Renewables on a state-of-the-art facility that captures landfill gas (methane and carbon dioxide) and converts it to clean, renewable natural gas. The sales of the natural gas help offset the cost of the landfill and reduces CO2 emissions.



Morrow Renewables High BTU Gas Plant: The renewable energy gas plant at our 121 Regional Disposal Facility provides NTMWD a royalty — over \$1 million in FY20 — on the gas produced and a share of the revenue generated which goes toward reducing landfill operation costs.

QUICK FACTS:

Current landfill expected to meet the solid waste needs of our region for the next 38 years

Solid Waste Communities Served: Allen, Frisco, McKinney, Plano and Richardson



FY20 FAST FACTS

SOLID WASTE SERVICES

COMMUNITIES SERVED

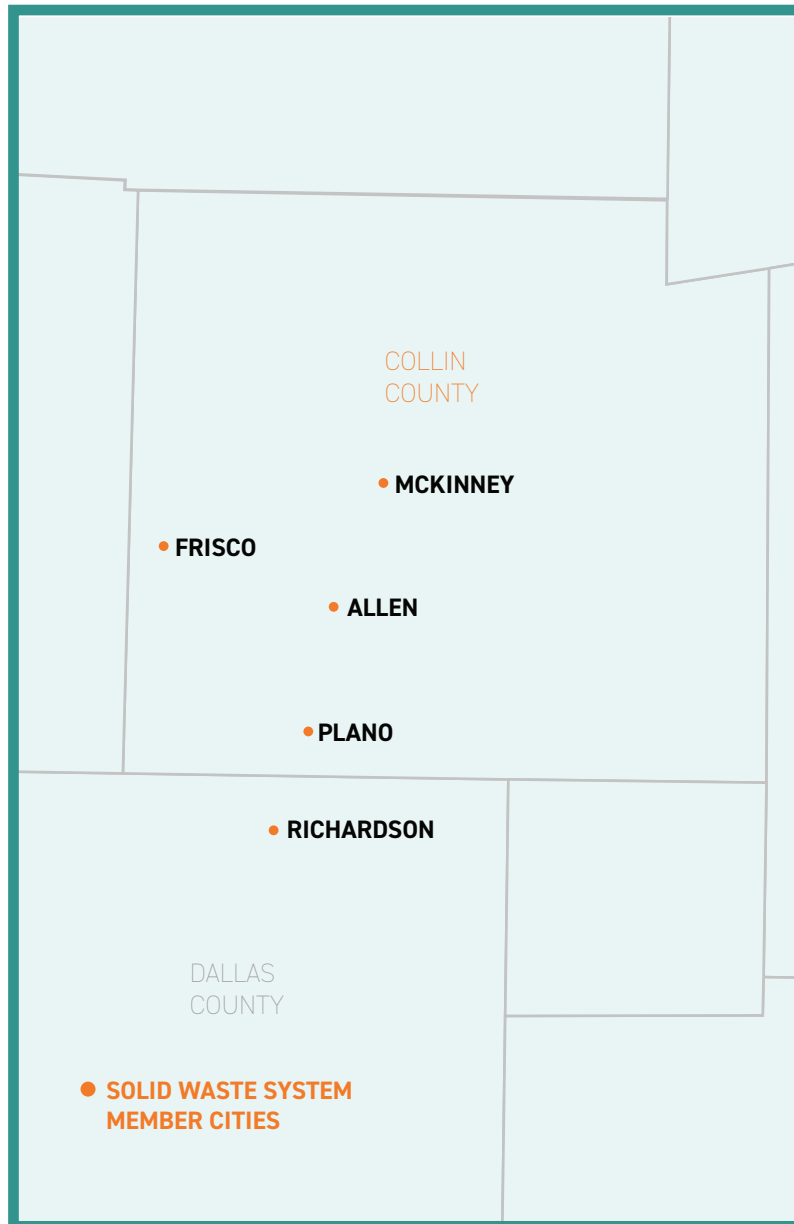
113
EMPLOYEES

\$5
MILLION

In solid waste
construction contracts



4 Regional
Citizen
CONVENIENCE
CENTERS



Over
50,000

tons of yard &
organic waste



composted
annually



3,500

tons of solid waste
disposed per day
at 121 Regional
Disposal Facility

On average, around

1 million

TONS
of solid waste
disposed each year



3 Transfer stations
permitted to process up to

3,295 TONS
of solid waste per day



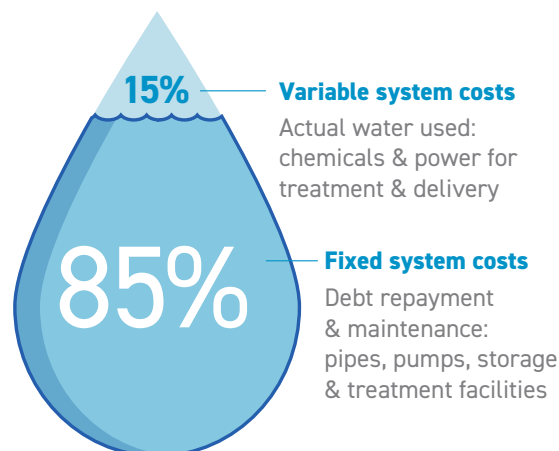
INVESTING FOR TODAY AND TOMORROW

We recognize that no one likes to pay more for what they may see as the same service they have always received. It is important that we work together with our cities to inform the public about why costs are increasing. The investments are critical to continue delivering these services safely and reliably.

- Issuance of approximately \$895M of revenue bonds to fund the District's capital programs.
- Sister Grove Regional Water Resource Recovery Facility and outfall: 16 MGD (\$97M of projected \$546.7M total)
- System wide Meter Vault Improvements - Set point Control Phase III - Construction (\$13M) and Phase V Design: Delivery point meter vault upgrades to current District standards.
- Wylie WTP III, Power Redundancy and Electrical Buildings Improvements - Construction (\$6M): Redundant power supply system at Wylie WTP III.

In FY20, NTMWD began a five-year, phased implementation of a new method to provide for a more accurate allocation of support services costs between all services — water, wastewater and solid waste. To further improve transparency, the District also created a new fund for the support services, outside of the regional water system (RWS). Through this more detailed review, it was estimated that approximately \$10M more can be allocated to the non-water systems.

Water Rates Fund #MoreThanWater



Wilson Creek Regional Wastewater Treatment Plant Expansion (\$54M): expansion to 64 MGD including primary clarifiers, biological nutrient removal basin, secondary clarifier, disc filters, UV disinfection, and solids handling facilities.



Beck Branch Parallel Interceptor Phase II - Plano Spring Creek Force Main Parallel (\$21M): Parallel force main from Plano Spring Creek Lift Station No. 2 to a high point west of Los Rios on Plano Parkway.



90 MGD Leonard Water Treatment Plant (WTP) High Service Pump Station (\$40M) and Treated Water Pipeline from Leonard WTP to McKinney No. 4 (\$84M)



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FINANCIAL

SECTION

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INDEPENDENT AUDITOR'S REPORT

*Members of the Board of Directors
North Texas Municipal Water District
City of Wylie, Texas*

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information for the North Texas Municipal Water District (the District), as of and for the year ended September 30, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 business-type activities, each major fund, and the aggregate remaining fund information of the North Texas Municipal Water District, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, the District restated the beginning net position of the Business-Type activities and the Solid Waste Fund for the correction of errors.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of Changes in Net Pension Liability and Related Ratios*, *Schedule of Employer Contributions*, *Schedule of Changes in Net OPEB Liability and Related Ratios*, and *Schedule of NTMWD Contributions* on pages 5-9, 61, 62, 63 and 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Texas Municipal Water District's basic financial statements. The combining and individual fund financial statements and schedules and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2021 on our consideration of North Texas Municipal Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Dallas, Texas
January 31, 2021

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis (Unaudited)

As management of the North Texas Municipal Water District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished with our letter of transmittal, which can be found in the Introductory section of this report.

Financial Highlights

- Total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal by \$1.75 billion.
- The District's total net position increased by approximately \$135 million, or 8 percent.
- During the year, the District's total revenues decreased by approximately \$767 thousand, or .13 percent, and total expenses increased by approximately \$32 million, or 8 percent.
- Construction of the Bois d'Arc Lake, Leonard Water Treatment Plant (WTP), Wilson Creek WWTP expansion, and various other WTP improvements led the way in capital expenditures totaling over \$493 million.
- The District issued \$904 million in revenue bonds for various projects and to refinance outstanding debt to take advantage of favorable interest rates.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private-sector business. The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources 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 is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements show the activities of the District that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The activities of the District include water services, wastewater treatment, and solid waste disposal. The government-wide financial statements can be found beginning on page 11.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are Proprietary Funds.

Proprietary Funds. The District maintains two different types of proprietary funds: enterprise funds and internal service funds. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

Enterprise Funds. An enterprise fund is used to report the functions that are business-type activities. The District reports five major enterprise funds: Water, Regional Wastewater, Sewer, Solid Waste and Interceptor.

Internal Service Funds. Internal service funds are used to accumulate and allocate costs internally amongst the District's various systems. The District uses internal service funds to account for its administrative support services, maintenance services, technical services, inspectors revenue, information technology support services, and insurance benefits to District employees, participating dependents, and eligible retirees.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Combining Information and Statements section of this report.

The fund financial statements can be found on pages 13 through 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found starting on page 21 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplemental information can be found beginning on page 61 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,749,807,428 at the close of the most recent fiscal year.

North Texas Municipal Water District's Net Position

	As of September 30			
	2020	2019	Increase/ (Decrease)	Percent Change
ASSETS:				
Current and other assets	\$ 2,103,338,340	\$ 1,854,877,412	\$ 248,460,928	13.4%
Capital assets-net	4,159,809,086	3,610,359,013	549,450,073	15.2
Total assets	6,263,147,426	5,465,236,425	797,911,001	14.6
Total deferred outflows of resources	40,844,050	53,805,680	(12,961,630)	-24.1
Total assets and deferred outflows of resources	6,303,991,476	5,519,042,105	784,949,371	14.2
LIABILITIES:				
Long-term liabilities outstanding	4,344,326,278	3,554,695,900	789,630,378	22.2
Current and other liabilities	196,644,970	332,396,256	(135,751,286)	-40.8
Total liabilities	4,540,971,248	3,887,092,156	653,879,092	16.8
Total deferred inflows of resources	13,212,800	12,767,248	445,552	3.5
Total liabilities and deferred inflows of resources	4,554,184,048	3,899,859,404	654,324,644	16.8
NET POSITION:				
Net investment in capital assets	1,309,031,458	1,206,866,459	102,164,999	8.5
Restricted	242,546,402	221,897,098	20,649,304	9.3
Unrestricted	198,229,568	190,419,144	7,810,424	4.1
Total net position	\$ 1,749,807,428	\$ 1,619,182,701	\$ 130,624,727	8.1%

The largest portion of the District's net position (75 percent) reflects its investment in capital assets (e.g., land, reservoir facilities, water treatment facilities and wastewater disposal facilities) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its member and customer cities; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

An additional portion of the District's net position (14 percent) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position consists primarily of the reserve funds required by bond resolutions.

The remaining balance of the District's net position represents unrestricted net position (11 percent) and may be used to meet the District's ongoing obligations. The overall increase in net position of \$134,820,638, or 8 percent, during the current fiscal year indicates an improved financial position.

While the Statement of Net Position provides the components of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information on the source of the change during the year.

North Texas Municipal Water District's Changes in Net Position

	Year Ended September 30		Increase	Percent
	2020	2019	(Decrease)	Change
Program Revenues:				
Charges for services	\$ 540,819,200	\$ 516,787,129	\$ 24,032,071	4.7%
Operating grants and contributions	2,051,367	3,907,246	(1,855,879)	(47.5)
General Revenues:				
Investment earnings	29,796,188	52,093,577	(22,297,389)	(42.8)
Gain on sale of assets	86,414	732,110	(645,696)	
Total Revenues	572,753,169	573,520,062	(766,893)	-0.1
Expenses:				
Water services	269,764,802	254,846,126	14,918,676	5.9
Wastewater services	134,593,630	119,189,018	15,404,612	12.9
Solid waste services	33,574,095	32,193,397	1,380,698	4.3
Total Expenses	437,932,527	406,228,541	31,703,986	7.8
Change in Net Position	134,820,642	167,291,521	(32,470,879)	(19.4)
Net Position - Beginning	1,619,182,701	1,451,891,180	167,291,521	11.5
Correction of an error (Note 15)	(4,195,915)	-	(4,195,915)	
Net Position - Beginning (As restated)	1,614,986,786	1,451,891,180	163,095,606	11.2
Net Position - Ending	\$ 1,749,807,428	\$ 1,619,182,701	\$ 130,624,727	8.1%

Total revenues for the District for the years ended September 30, 2020 and 2019 were \$572,753,169 and \$573,520,062, respectively. The \$766,893 decrease in total revenues was primarily due to a significant decrease in investment earnings, offset by increased charges for services, including an increase in service fees and miscellaneous revenues.

Total expenses for the District for the years ended September 30, 2020 and 2019 were \$437,932,527 and \$406,228,541, respectively. Several key factors account for the \$31,703,986 increase in total expenses, including increased staffing levels (a total increase of 47 employees across all funds) and salary adjustments resulting in increased personnel expenses of approximately \$6.8 million. The increase in operating supplies was primarily driven by the overall increase in chemical expenses of \$1.8 million, an increase in interest expense of over \$2.9 million and electric power of approximately \$2.7 million. Depreciation expense increased over \$4.8 million.

The District's revenues are derived from charges to Member Cities and Customers, primarily for the sale and treatment of water and wastewater. Member Cities and Customers generally contract to pay amounts equal to the District's operating and maintenance expenses, debt service requirements and any other obligations payable from the revenues of the District. In the Regional Wastewater System, Sewer System, Solid Waste System and Interceptor System, the charges for services are adjusted accordingly at the end of each year to a break-even basis. In the Water System, variable costs related to water utilized below the annual minimums are rebated to the Member Cities. Any Water System excess or shortage of revenue is transferred to or from the Water System operating fund balance.

As a result of a correction of an error related to the costs of post-closure assets, the District recorded an adjustment of \$4,195,915 in the Solid Waste System as of October 1, 2019.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Capital Assets and Debt Administration**Capital Assets**

The District's capital assets as of September 30, 2020, amounted to \$4,159,809,086 (net of accumulated depreciation). These capital assets include land and land improvements, reservoir facilities, water treatment and transmission facilities, wastewater treatment and disposal facilities, buildings and other equipment and water rights. The total increase in the District's investment in capital assets for the current year was 15.2%.

Major capital asset events during the current fiscal year included the following:

- Completion of the Wilson Creek Regional Wastewater Treatment Plant (WWTP) expansion from 56 MGD to 64 MGD totaling over \$60.5 million;
- Wylie Water Treatment Plant (WTP) chemical systems improvements totalling more than \$24 million;
- Completion of the McKinney 1 to Princeton 1 Pipeline totaling approximately \$17.4 million;
- High Service Pump Station (HSPS) 1-1 mechanical improvements, HSPS 2-1 electrical improvements, HSPS 2-2 & 2-3 improvements totaling more than \$20.3 million;
- Sabine Creek WWTP expansion totalling almost \$11 million;
- Construction of the treated water pipeline from Leonard WTP to McKinney No. 4, Leonard Water Treatment Plant and Leonard WTP HSPS; the cost of additions to construction-in-progress during the fiscal year was approximately \$166 million.
- Lower Bois D'Arc Creek (LBCR) raw water pipeline, LBCR raw water pump station, LBCR reservoir and dam, archaeological survey, LBCR boat ramps, LBCR Fannin County road and bridge improvements, and mitigation property; the cost of additions to construction-in-progress during the fiscal year was approximately \$270 million.
- WTP improvements, including structural and mechanical improvements at the Wylie WTP II, conversion to biologically active filtration at the Wylie WTP, power redundancy and electrical building improvements at Wylie WTP III, sludge handling and reclaim basin improvements at Wylie WTP III, construction of finished water storage and equalization for Wylie WTP complex, the construction of thickening facilities at the Wylie WTP and Bonham-Tawakoni WTP improvements; the cost of additions to construction-in-progress during the fiscal year was approximately \$38 million;
- Improvements at the Wilson Creek Regional WWTP, including advanced treatment and headworks improvements, electrical improvements, and the updates to the maintenance and solids operations facilities; the cost of additions to construction-in-progress during the fiscal year was approximately \$13.5 million.

Additional information on the District's construction commitments can be found in Note 11 of this report.

**North Texas Municipal Water District's Capital Assets
(net of accumulated depreciation)**

	As of September 30		Increase (Decrease)	Percent Change
	2020	2019		
Land	\$ 79,235,448	\$ 76,280,557	\$ 2,954,891	3.9%
Easements	68,316,906	62,468,212	5,848,694	9.4%
Land improvements	9,614,912	7,790,580	1,824,332	23.4%
Water treatment, storage and transmission facilities	1,268,068,624	1,222,470,041	45,598,583	3.7%
Wastewater treatment and disposal facilities	546,199,923	480,379,072	65,820,851	13.7%
Solid waste transfer and disposal facilities	50,561,817	51,248,153	(686,336)	-1.3%
Reservoir facilities and water rights	260,996,703	265,766,950	(4,770,247)	-1.8%
Buildings	59,058,616	57,992,616	1,066,000	1.8%
Automobiles and trucks	2,755,771	2,667,898	87,873	3.3%
Office furniture and fixtures	360,383	431,510	(71,127)	-16.5%
Other equipment	39,417,394	39,672,178	(254,784)	-0.6%
Construction in progress	1,775,222,589	1,343,191,246	432,031,343	32.2%
Total	<u>\$ 4,159,809,086</u>	<u>\$ 3,610,359,013</u>	<u>\$ 549,450,073</u>	<u>15.2%</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

Debt Administration

At the end of the current fiscal year, the District had total outstanding debt of \$4,101,122,694. Of this amount 66% is reflected in the Water System and 9% is reflected in the Regional Wastewater System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30		Increase	Percent
	2020	2019	(Decrease)	Change
U. S. government contracts payable	\$ 24,952,694	\$ 26,550,306	\$ (1,597,612)	-6.0%
Revenue bonds	4,076,170,000	3,418,895,000	657,275,000	19.2%
Total	<u>\$ 4,101,122,694</u>	<u>\$ 3,445,445,306</u>	<u>\$ 655,677,388</u>	<u>19.0%</u>

During the current fiscal year, the District refinanced a portion of the existing debt in order to take advantage of favorable interest rates. The result is expected to decrease future debt service payments by \$27,147,925 in the Water System and \$174,685 in the Sewer System.

The District's revenue bonds have been rated as follows for both FY20 and FY19:

	Moody' s	S &P
Water System	Aa2	AAA
Wastewater System	Aa2	AAA
Solid Waste System	Aa2	AA
Interceptor System	Aa1	AAA

Additional information on the District's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The Annual Budget outlines the District's plans to continue to provide high quality, cost-effective service to its member and customer cities. 2020 brought some unique challenges to the budgeting process as the District balanced providing essential services while being sensitive to our member cities and customers, during the COVID-19 pandemic. The pandemic forced the shutdown of many businesses, which reduced economic activity and led to higher unemployment. The reduction in economic activity ultimately led to lower tax and other revenues for cities.

While the economy has partially rebounded there is still some economic uncertainty heading into FY 2021. Due to the economic uncertainty, the District made efforts to limit budget increases for FY 2021 and was able to keep the Water System Rate flat. The rate for FY 2021 will remain at \$2.99 per 1,000 gallons.

On January 13, 2021, the Public Utility Commission of Texas issued Orders dismissing and closing the two appeals that remained open. This means the PUCT has now dismissed and closed all pending proceedings involving the District and the Petitioning Cities. By their respective terms, the First Amendment to North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract and the Settlement Agreement, both among the District and all Member Cities become effective when all of the PUCT orders are final and non-appealable. We expect that date to be February 7, 2021.

On the Effective Date, as required by the Settlement Agreement, the District will deposit into escrow \$6,600,000 to be distributed in accordance with the Settlement Agreement.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Accounting Manager, P.O. Box 2408, Wylie, Texas 75098.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

September 30, 2020

	Business-Type Activities
ASSETS	
Cash and cash equivalents	\$ 124,650,399
Investments	111,012,470
Accounts receivable	36,467,956
Contracts receivable	30,000
Prepaid expenses	5,450,255
Unbilled receivables	7,346,040
Restricted assets:	
Cash and cash equivalents	1,381,091,761
Investments	428,314,705
Interest receivable	2,390,408
Unbilled receivables	6,584,346
Capital assets not being depreciated	1,922,774,943
Capital assets net of accumulated depreciation	2,237,034,143
TOTAL ASSETS	6,263,147,426
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred loss on refunding	24,452,530
Deferred pension outflow	14,780,314
Deferred OPEB outflow	1,611,206
TOTAL DEFERRED OUTFLOWS OF RESOURCES	40,844,050
LIABILITIES	
Accounts payable and accrued liabilities	161,381,643
Customers' advance payments	9,909,699
Accrued interest payable on U.S. government contracts	659,447
Accrued interest payable on revenue bonds	19,402,724
Accrued landfill closure and post-closure care cost	5,291,457
Noncurrent liabilities:	
Due within one year: U.S. government contracts, revenue bonds	143,859,224
Due in more than one year:	
Accrued landfill closure costs	1,292,889
Compensated absences	6,002,988
Deferred compensation	225,000
Net pension liability	26,340,554
Net OPEB liability	4,229,557
Revenue bonds, U.S. government contracts	4,162,376,066
TOTAL LIABILITIES	4,540,971,248
DEFERRED INFLOWS OF RESOURCES:	
Deferred pension inflow	9,978,726
Deferred OPEB inflow	3,189,722
Deferred insurance proceeds	44,352
TOTAL DEFERRED INFLOWS OF RESOURCES	13,212,800
NET POSITION:	
Net investment in capital assets	1,309,031,458
Restricted for debt service	242,546,402
Unrestricted	198,229,568
TOTAL NET POSITION	\$ 1,749,807,428

See notes to the basic financial statements.

STATEMENT OF ACTIVITIES - BUSINESS-TYPE ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Water services	\$ 269,764,802	\$ 353,923,212	\$ 2,051,367	\$ 86,209,777
Wastewater services	134,593,630	150,006,248	-	15,412,618
Solid waste services	33,574,095	36,889,740	-	3,315,645
	<u>\$ 437,932,527</u>	<u>\$ 540,819,200</u>	<u>\$ 2,051,367</u>	<u>\$ 104,938,040</u>
General Revenues:				
	Investment earnings			29,796,188
	Gain on sale of assets			86,414
	Total general revenues			<u>29,882,602</u>
	Change in Net Position			134,820,642
	Net Position - Beginning, as restated			<u>1,614,986,786</u>
	Net Position - Ending			<u>\$ 1,749,807,428</u>

See notes to the basic financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2020

	Water System	Regional Wastewater System
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 82,834,179	\$ 8,047,076
Investments	107,997,930	-
Accounts receivable	32,056,067	1,458,682
Contracts receivable	-	-
Due from other funds	410,441	34,169
Prepaid expenses	3,094,078	752,667
Unbilled receivables	-	1,259,903
Total current unrestricted assets	226,392,695	11,552,497
Restricted assets:		
Cash and cash equivalents	16,865,735	12,611,787
Interest receivable	1,803,661	106,499
Due from other funds	-	-
Unbilled receivables	-	-
Total current restricted assets	18,669,396	12,718,286
TOTAL CURRENT ASSETS	245,062,091	24,270,783
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	655,953,774	538,467,078
Investments	316,360,794	28,447,346
Total noncurrent restricted assets	972,314,568	566,914,424
Capital assets:		
Land	65,390,062	1,739,328
Easements	52,819,964	-
Construction-in-progress	1,391,615,126	185,334,109
Land improvements	2,022,734	1,321,303
Water treatment, storage, and transmission facilities	1,663,986,766	-
Wastewater treatment and disposal facilities	-	363,003,133
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	379,356,242	-
Buildings	2,961,267	3,287,425
Automobiles and trucks	1,119,647	1,372,995
Office furniture and fixtures	42,007	101,610
Other equipment	23,752,375	14,049,975
Less: accumulated depreciation	(548,975,625)	(131,967,903)
Net capital assets	3,034,090,565	438,241,975
TOTAL NONCURRENT ASSETS	4,006,405,133	1,005,156,399
TOTAL ASSETS	4,251,467,224	1,029,427,182
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	17,046,170	2,302,782
Deferred pension outflow	1,923,455	2,491,038
Deferred OPEB outflow	204,786	231,944
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,174,411	5,025,764
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,270,641,635	\$ 1,034,452,946

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Funds
\$ 9,952,583	\$ 9,234,819	\$ 6,540,229	\$ 116,608,886	\$ 8,041,513
-	3,014,540	-	111,012,470	-
197,508	138,153	666,758	34,517,168	1,950,788
-	-	-	-	30,000
45,533	293,995	27,344	811,482	1,228,070
375,379	344,598	98,724	4,665,446	784,809
470,117	1,146,141	163,894	3,040,055	4,305,985
11,041,120	14,172,246	7,496,949	270,655,507	16,341,165
7,945,604	438,813	10,122,524	47,984,463	-
78,363	9,053	392,832	2,390,408	-
2,500	-	365,000	367,500	-
-	6,584,346	-	6,584,346	-
8,026,467	7,032,212	10,880,356	57,326,717	-
19,067,587	21,204,458	18,377,305	327,982,224	16,341,165
26,697,020	13,237,541	98,751,885	1,333,107,298	-
18,876,810	3,398,059	61,231,696	428,314,705	-
45,573,830	16,635,600	159,983,581	1,761,422,003	-
436,498	11,669,560	-	79,235,448	-
4,105,802	-	11,391,140	68,316,906	-
89,953,771	4,746,969	103,572,614	1,775,222,589	-
417,138	10,130,502	-	13,891,677	1,867,583
29,946,171	-	-	1,693,932,937	-
172,877,084	-	267,577,015	803,457,232	-
-	88,974,219	-	88,974,219	-
-	-	-	379,356,242	-
187,506	42,654,593	124,945	49,215,736	27,744,318
640,296	4,186,257	611,181	7,930,376	7,089,376
-	-	-	143,617	919,564
4,631,642	30,420,137	6,216,120	79,070,249	10,057,165
(76,292,195)	(71,765,632)	(77,858,478)	(906,859,833)	(19,756,315)
226,903,713	121,016,605	311,634,537	4,131,887,395	27,921,691
272,477,543	137,652,205	471,618,118	5,893,309,398	27,921,691
291,545,130	158,856,663	489,995,423	6,221,291,622	44,262,856
1,586,412	1,504,602	2,012,564	24,452,530	-
871,591	2,362,562	202,561	7,851,207	6,929,107
118,203	186,796	40,757	782,486	828,720
2,576,206	4,053,960	2,255,882	33,086,223	7,757,827
\$ 294,121,336	\$ 162,910,623	\$ 492,251,305	\$ 6,254,377,845	\$ 52,020,683

(Continued)

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2020

	Water System	Regional Wastewater System
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 14,565,395	\$ 4,697,778
Due to other funds	541,335	460,365
Customers' advance payments	18,699	3,677,141
Accrued interest payable on U.S. government contracts	659,447	-
Current portion of U.S. government contracts	1,649,224	-
Total payable from unrestricted assets	17,434,100	8,835,284
Payable from restricted assets:		
Accounts payable and accrued liabilities	84,599,222	10,533,453
Due to other funds	142,427	34,087
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on revenue bonds	7,909,033	4,997,538
Current portion of revenue bonds	92,675,000	18,690,000
Total payable from restricted assets	185,325,682	34,255,078
TOTAL CURRENT LIABILITIES	202,759,782	43,090,362
NONCURRENT LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	432,264	371,743
Accrued sick—less current portion	639,689	532,465
Net pension liability	3,831,712	4,593,129
Net OPEB liability	527,036	631,047
Deferred compensation	-	-
Long-term debt—less current portion	2,767,525,824	843,063,082
TOTAL NONCURRENT LIABILITIES	2,772,956,525	849,191,466
TOTAL LIABILITIES	2,975,716,307	892,281,828
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	1,360,627	1,634,210
Deferred OPEB inflow	408,246	465,158
Deferred insurance proceeds	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,768,873	2,099,368
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,977,485,180	894,381,196
NET POSITION:		
Net investment in capital assets	936,092,327	100,014,646
Restricted for debt service	153,584,969	42,844,705
Unrestricted	203,479,159	(2,787,601)
TOTAL NET POSITION	\$ 1,293,156,455	\$ 140,071,750

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Funds
\$ 5,227,781	\$ 3,062,976	\$ 2,080,068	\$ 29,633,998	\$ 11,026,350
267,619	23,588	71,738	1,364,645	418,240
3,218,739	2,058,459	936,661	9,909,699	-
-	-	-	659,447	-
-	-	-	1,649,224	-
8,714,139	5,145,023	3,088,467	43,217,013	11,444,590
6,359,583	13,020,973	6,208,064	120,721,295	-
40,714	-	406,939	624,167	-
-	5,291,457	-	5,291,457	-
2,266,986	168,407	4,060,760	19,402,724	-
13,690,000	3,135,000	14,020,000	142,210,000	-
22,357,283	21,615,837	24,695,763	288,249,643	-
31,071,422	26,760,860	27,784,230	331,466,656	11,444,590
-	1,292,889	-	1,292,889	-
168,017	353,598	64,341	1,389,963	1,149,708
174,644	582,115	57,398	1,986,311	1,477,006
1,713,320	3,883,331	500,359	14,521,851	11,818,703
306,822	511,327	102,839	2,079,071	2,150,486
-	-	-	-	225,000
173,271,112	49,529,346	328,986,702	4,162,376,066	-
175,633,915	56,152,606	329,711,639	4,183,646,151	16,820,903
206,705,337	82,913,466	357,495,869	4,515,112,807	28,265,493
597,647	1,479,466	153,334	5,225,284	4,753,442
233,544	372,587	76,826	1,556,361	1,633,361
-	-	-	-	44,352
831,191	1,852,053	230,160	6,781,645	6,431,155
207,536,528	84,765,519	357,726,029	4,521,894,452	34,696,648
65,268,114	69,663,678	110,071,002	1,281,109,767	27,921,691
21,271,886	4,087,267	20,757,575	242,546,402	-
44,808	4,394,159	3,696,699	208,827,224	(10,597,656)
\$ 86,584,808	\$ 78,145,104	\$ 134,525,276	\$ 1,732,483,393	\$ 17,324,035

Adjustment to reflect the consolidation of Internal
Service fund activities related to the Enterprise Funds
Net Position of Business-Type Activities

17,324,035
\$ 1,749,807,428

(Concluded)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Water System	Regional Wastewater System
OPERATING REVENUES:		
Water sales	\$ 351,608,930	\$ -
Wastewater service fees	-	73,230,845
Solid waste service fees	-	-
Service fees	-	-
Intragovernmental	-	-
Insurance premiums	-	-
Other operating revenues	1,563,902	120,354
Total operating revenues	353,172,832	73,351,199
OPERATING EXPENSES:		
Personnel	28,674,980	13,669,940
Claims Paid	-	-
Administrative Charges	-	-
Operating Supplies:		
Chemicals	32,087,533	3,736,655
Other supplies	3,004,732	3,985,065
Operating Services:		
Electric power	14,174,425	3,242,949
Wholesale water purchases	4,476,046	-
Other services	54,742,971	25,676,117
Depreciation	45,518,270	8,798,701
Total operating expenses	182,678,957	59,109,427
OPERATING INCOME	170,493,875	14,241,772
NONOPERATING REVENUES (EXPENSES):		
Investment income	23,243,829	2,567,389
Miscellaneous revenue (expense)	750,380	-
Grant income	28,398	-
Federal program revenues	2,022,969	-
Gain (loss) on sale of capital assets	2,751	14,590
Interest expense	(90,354,611)	(12,704,488)
Total nonoperating revenues (expenses)	(64,306,284)	(10,122,509)
Income (loss) before contributions and transfers	106,187,591	4,119,263
Transfers In	15,975,438	-
Transfers Out	(28,742,372)	-
CHANGE IN NET POSITION	93,420,657	4,119,263
NET POSITION AT OCTOBER 1, 2019 (As Restated)	1,199,735,798	135,952,487
NET POSITION AT SEPTEMBER 30, 2020	\$ 1,293,156,455	\$ 140,071,750

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Funds
\$ -	\$ -	\$ -	\$ 351,608,930	\$ -
38,609,249	-	37,524,506	149,364,600	-
-	34,789,150	-	34,789,150	-
-	-	-	-	-
-	-	-	-	61,138,690
-	-	-	-	15,360,629
457,155	2,100,590	64,139	4,306,140	119,463
39,066,404	36,889,740	37,588,645	540,068,820	76,618,782
6,934,519	11,639,632	2,307,127	63,226,198	45,499,719
-	-	-	-	13,181,157
-	-	-	-	2,026,068
1,902,357	98,617	2,190,523	40,015,685	-
1,574,124	3,967,287	688,136	13,219,344	5,587,059
1,757,616	150,430	1,322,962	20,648,382	140,036
-	-	-	4,476,046	-
10,504,794	10,792,290	7,339,051	109,055,223	2,942,168
5,920,597	5,155,113	6,837,191	72,229,872	2,719,455
28,594,007	31,803,369	20,684,990	322,870,750	72,095,662
10,472,397	5,086,371	16,903,655	217,198,070	4,523,120
1,049,739	374,769	2,545,989	29,781,715	14,473
-	-	-	750,380	16,957
-	-	-	28,398	-
-	-	-	2,022,969	-
1,018	25,059	2,775	46,193	40,221
(5,768,771)	(1,928,183)	(8,845,801)	(119,601,854)	-
(4,718,014)	(1,528,355)	(6,297,037)	(86,972,199)	71,651
5,754,383	3,558,016	10,606,618	130,225,871	4,594,771
-	-	-	15,975,438	28,742,372
-	-	-	(28,742,372)	(15,975,438)
5,754,383	3,558,016	10,606,618	117,458,937	17,361,705
80,830,425	74,587,088	123,918,658		(37,670)
\$ 86,584,808	\$ 78,145,104	\$ 134,525,276		\$ 17,324,035
Adjustment for the net effect of the current year activity between the Internal Service Funds and the Enterprise Funds			17,361,705	
Change in Net Position of Business-Type Activities			\$ 134,820,642	

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS YEAR ENDED SEPTEMBER 30, 2020

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 354,204,422	\$ 73,120,891
Cash received from other funds	315,735	464,075
Cash received from (paid to) others	169,905	39,386
Cash paid to suppliers for goods and services	(98,840,941)	(30,116,278)
Cash paid for employee services	(7,717,859)	(8,741,773)
Cash paid to other funds	(41,188,372)	(10,404,579)
Net cash provided by operating activities	<u>206,942,890</u>	<u>24,361,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	249,941,266	506,300,783
Cash paid for capital assets	(508,603,010)	(62,284,112)
Interest paid on long-term debt	(99,579,307)	(14,769,542)
Interest paid on U.S. government contracts	(860,988)	-
Principal payments on long-term debt	(92,545,000)	(14,690,000)
Payments on U.S. government contracts	(1,597,612)	-
Payments for bond issue costs	(2,314,064)	(9,422,288)
Grant income	28,398	-
Federal Program Revenues	2,022,969	-
Net cash provided by (used for) capital and related financing activities	<u>(453,507,348)</u>	<u>405,134,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	929,255,187	104,609,057
Purchases of investments	(684,413,214)	(38,098,906)
Interest received	25,214,154	2,794,357
Net cash provided by (used for) investing activities	<u>270,056,127</u>	<u>69,304,508</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>23,491,669</u>	<u>498,801,071</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>732,162,019</u>	<u>60,324,870</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 755,653,688</u>	<u>\$ 559,125,941</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 82,834,179	\$ 8,047,076
Restricted cash and cash equivalents	672,819,509	551,078,865
	<u>\$ 755,653,688</u>	<u>\$ 559,125,941</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 170,493,875	\$ 14,241,772
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	45,518,270	8,798,701
Change in operating assets and liabilities:		
Accounts receivable and unbilled receivable	(3,956,246)	214,073
Prepaid expenses	40,426	(239,736)
Pension related deferred outflows of resources	1,358,174	1,633,111
OPEB related deferred outflows of resources	(52,889)	(60,364)
Net pension liability	(1,280,879)	(1,540,169)
Pension related deferred inflows of resources	66,587	80,064
OPEB related deferred inflows of resources	37,652	42,974
Net OPEB liability	68,022	77,635
Due to/from other funds	682,429	56,475
Accounts payable, accrued liabilities, and developers' deposits	(7,498,218)	1,098,829
Accrued vacation and accrued sick	1,446,988	(75,945)
Landfill liability	-	-
Customers' advance payments	18,699	34,302
	<u>36,449,015</u>	<u>10,119,950</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 206,942,890</u>	<u>\$ 24,361,722</u>
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	\$ -	\$ -
Gain (loss) on disposal of capital assets	(7,087)	(5,669)
Amortization of bond-related items	(10,833,476)	(2,137,906)
Change in fair value of investments	(1,807,540)	(146,873)
Change in liabilities related to capital assets	(40,746,320)	(2,095,592)
Change in actuarial value of net pension liability	1,280,879	1,540,169
Transfer from other funds	15,975,438	-
Transfer to other funds	(28,742,372)	-
Refunding bonds issued	94,755,000	-
Refunding proceeds deposited in escrow	-	-

See notes to the basic financial statements

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Funds
\$ 39,489,341	\$ 31,661,170	\$ 35,626,693	\$ 534,102,517	\$ -
-	3,783,879	59,575	4,623,264	56,973,084
23,170	1,307,070	9,759	1,549,290	3,400,318
(14,665,137)	(16,343,909)	(10,614,618)	(170,580,883)	(22,006,006)
(4,429,269)	(7,412,979)	(1,525,137)	(29,827,017)	(27,748,656)
(5,401,653)	(2,076,143)	(2,454,510)	(61,525,257)	(2,622,697)
15,016,452	10,919,088	21,101,762	278,341,914	7,996,043
18,890,422	-	63,209,361	838,341,832	-
(13,250,068)	(11,798,769)	(34,952,656)	(630,888,615)	(1,858,554)
(6,827,453)	(2,163,682)	(10,882,298)	(134,222,282)	-
-	-	-	(860,988)	-
(12,990,000)	(3,010,000)	(13,835,000)	(137,070,000)	-
-	-	-	(1,597,612)	-
(671,331)	-	(531,265)	(12,938,948)	-
-	-	-	28,398	-
-	-	-	2,022,969	-
(14,848,430)	(16,972,451)	3,008,142	(77,185,246)	(1,858,554)
43,275,651	16,562,222	138,712,565	1,232,414,682	-
(31,840,198)	(12,728,053)	(102,606,151)	(869,686,522)	-
1,199,015	562,679	2,769,595	32,539,800	14,473
12,634,468	4,396,848	38,876,009	395,267,960	14,473
12,802,490	(1,656,515)	62,985,913	596,424,628	6,151,962
31,792,717	24,567,688	52,428,725	901,276,019	1,889,551
\$ 44,595,207	\$ 22,911,173	\$ 115,414,638	\$ 1,497,700,647	\$ 8,041,513
\$ 9,952,583	\$ 9,234,819	\$ 6,540,229	\$ 116,608,886	\$ 8,041,513
34,642,624	13,676,354	108,874,409	1,381,091,761	-
\$ 44,595,207	\$ 22,911,173	\$ 115,414,638	\$ 1,497,700,647	\$ 8,041,513
\$ 10,472,397	\$ 5,086,371	\$ 16,903,655	\$ 217,198,070	\$ 4,523,120
5,920,597	5,155,113	6,837,191	72,229,872	2,719,455
109,349	(582,242)	(494,891)	(4,709,957)	(6,571,773)
(46,432)	(75,409)	(51,416)	(372,567)	(784,810)
738,162	1,565,781	271,175	5,566,403	5,137,471
(32,597)	(46,882)	(10,739)	(203,471)	(221,943)
(696,153)	(1,476,673)	(255,743)	(5,249,617)	(4,845,093)
36,188	76,765	13,295	272,899	251,871
23,206	33,375	7,645	144,852	158,004
41,923	60,296	13,812	261,688	285,447
5,916	61,410	(22,796)	783,434	(809,830)
(3,090,869)	523,686	(594,226)	(9,560,798)	9,385,440
27,002	(23,516)	(10,954)	1,363,575	(1,231,316)
-	389,905	-	389,905	-
1,507,763	171,108	(1,504,246)	227,626	-
4,544,055	5,832,717	4,198,107	61,143,844	3,472,923
\$ 15,016,452	\$ 10,919,088	\$ 21,101,762	\$ 278,341,914	\$ 7,996,043
\$ -	\$ 389,905	\$ -	\$ 389,905	\$ -
-	(100,292)	-	(113,048)	-
(1,192,248)	(223,599)	(2,608,762)	(16,995,991)	-
61,060	(18,989)	(276,512)	(2,188,854)	-
(1,510,328)	(494,182)	(1,925,308)	(46,771,730)	-
696,153	1,476,673	255,743	5,249,617	4,845,093
-	-	-	15,975,438	28,742,372
-	-	-	(28,742,372)	(15,975,438)
9,400,000	-	-	104,155,000	-
8,021,380	-	-	8,021,380	-

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Texas Municipal Water District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity

The District is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article XVI, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session, as amended (the Act). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment, processing and transportation of such water to its 13 member cities (as defined below) and other customers located in North Central Texas. Under the State of Texas Constitution and the Statutes, the District has broad powers to effect flood control and the conservation and use, for all beneficial purposes, of storm and floodwaters and unappropriated flow waters and, as a necessary aid to these purposes, the specific authority to construct, own and operate water supply, treatment, and distribution facilities and sewage gathering, transmission and disposal facilities and to collect, transport, treat, dispose of and control all municipal, domestic, industrial, or communal waste, whether in fluid, solid, or composite state.

The District comprises all of the territory of its member cities: Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie (the member cities). The District's Administrative Office is located at 501 E. Brown Street, Wylie, Texas. The District is governed by a 25-member Board of Directors. Each member city having a population of 5,000 or more is represented by two members on the Board of Directors. A member city with a population of less than 5,000 (Farmersville) is represented by one member on the Board of Directors. Members of the Board of Directors are appointed by the governing bodies of the respective member cities for two-year terms.

Beginning in FY20, the District created an Internal Service Fund to account for the Support Fund and the Health Insurance Fund.

Support Fund. The departments within the Support Fund perform essential functions that allow the Operating Systems to provide services to Member Cities and Customers. The Support Fund accounts for the service departments that support the Regional Water, Regional Wastewater, Upper East Fork Interceptor, Sewer and Regional Solid Waste Systems, collectively known as the Operating Systems. Historically, the support departments were housed in the Regional Water System with a portion of the expense being allocated out to the other Operating Systems.

Health Insurance Fund. The Health Insurance Fund accounts for the accumulation of resources to pay for the medical and associated benefits for the District's employees, participating dependents, and eligible retirees. The Enterprise Funds make payments to the Health Insurance Fund based on current premium costs from benefit providers. The Health Insurance Fund was also previously included in the Water System.

Basis of Presentation - Government-Wide and Fund Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present the business-type activities for the District as a whole. Internal service fund activity is eliminated to avoid duplicating revenues and expenses. In the government-wide Statement of Net Position, business-type activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District. Direct expenses are those that are specifically associated with a program or function and therefore, clearly identifiable to a particular function. Functional revenues include charges paid by the recipients for services offered by the function. Revenues that are not classified as program revenues, such as investment earnings, are presented as general revenues.

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Presentation - Government-Wide and Fund Financial Statements (continued)**

The District reports the following proprietary fund types:

Enterprise Funds. The District reports its activities in five major enterprise funds: Water System, Regional Wastewater System, Sewer System, Solid Waste System and Interceptor System.

The Water System owns and operates a wholesale water treatment and transmission system consisting of raw water facilities, water treatment works and water transmission facilities and provides treated water to municipalities, water supply corporations, and individual customers.

The Regional Wastewater, Sewer, and Interceptor Systems own and operate wastewater treatment and disposal systems consisting of facilities to receive, treat and dispose of wastewater.

The Solid Waste System owns and operates landfill sites and solid waste transfer stations.

Internal Service Funds. These funds account for support services, as well as insurance benefits to District employees, participating dependents, and eligible retirees, as detailed above.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in business-type activities are eliminated in the business-type activities column.

Measurement Focus and Basis of Accounting

The accompanying basic financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The District's operating revenues are derived from charges to cities, primarily for the sale and treatment of water, wastewater and solid waste. The District constructs facilities to provide services to others, which are financed in part by the issuance of its revenue bonds. Users, primarily member cities, generally contract to pay amounts equal to the District's operating and maintenance expenses, debt service requirements and any other obligations payable from the revenues of the District. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Cash Equivalents

All highly liquid investments (including restricted assets) with original maturities of three months or less when purchased are considered to be cash equivalents.

Deposits

The District's collateral agreement requires that all deposits be fully collateralized by government securities or Texas municipal bonds rated A or better that have a market value exceeding the total amount of cash and investments held at all times.

Investments

All of the District's investments, except for investment pools, are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investments in U.S. government securities are guaranteed or insured by the U.S. government. Investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost also in accordance with GASB Statement No. 72. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Accounts Receivable

Management considers accounts receivable to be fully collectible as of September 30, 2020; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2020, member cities Allen, Garland, McKinney, Mesquite, Plano, Richardson, Rockwall, and Royse City accounted for approximately 67% of total accounts receivable.

Material and Supplies Inventory

Inventory of supplies and parts is maintained at different warehouses for use in the operation and is recorded as an expense when consumed or placed in service. Inventory is valued based on first-in-first-out methodology.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Capital Assets**

All purchased capital assets are stated at historical cost unless they are determined to be impaired based on GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Donated capital assets are reported at acquisition value based on GASB Statement No. 72, *Fair Value Measurement and Application*.

Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

According to the District's capitalization policy, assets capitalized have an original cost of \$5,000 or more and two or more years of estimated useful life. Depreciation is calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Water treatment, storage and transmission facilities	40 to 75 years
Wastewater treatment and disposal facilities	30 to 50 years
Solid waste transfer and disposal facilities	40 years
Land improvements	20 years
Water rights	50 years
Reservoir facilities	50 years
Buildings	10 to 40 years
Automobiles and trucks	5 years
Office furniture and fixtures	7 to 10 years
Other equipment	5 to 20 years

Capitalized Interest

The District early implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", in FY18 which states that in financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset.

Deferred Inflow/Outflow of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category - 1) deferred charge on refunding, 2) deferred amounts related to pension and 3) deferred amounts related to OPEB. The deferred charge on refunding results from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts for pension and OPEB relate to the differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The District reports deferred amounts related to insurance proceeds, pension and OPEB.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Compensated Absences**

Employees are allowed to accumulate vacation within certain limitations. Payment for accrued vacation (within limits) upon termination is subject to the employee leaving in good standing. Payment for accrued sick leave (within limits) is paid upon retirement. As of September 30, 2020, a liability of \$5,122,771 for unused vacation and \$6,139,877 for unused sick leave has been accrued. The short-term portion is included in "accounts payable and accrued liabilities" in the accompanying Statement of Net Position. A summary of changes in accrued vacation and sick leave for the year ended September 30, 2020 is as follows:

	Beginning Liability	Additions	Reductions	Ending Liability	Amount due within one year
Vacation	\$ 4,359,845	\$ 936,142	\$ 173,216	\$ 5,122,771	\$ 2,583,100
Sick	6,070,046	470,552	400,721	6,139,877	2,676,560

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is reported as (1) net investment in capital assets; (2) restricted for debt service and; (3) unrestricted. When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted net position first, then unrestricted net position.

Revenues

Charges for treated water are based upon the current budgeted expenditure requirements (including debt service payments and excluding charges for depreciation and amortization) and amounts designated by the Board of Directors for capital improvements. Charges for wastewater and solid waste disposal are based upon the current budgeted expenditure requirements (including debt service payments and excluding charges for depreciation and amortization) and are adjusted for the difference between budgeted and actual expenditures for the same period. The District derives approximately 61% of its revenues from the cities of Frisco, Garland, McKinney, Mesquite, Plano, and Richardson. Such revenues derived directly from the respective systems are defined by the District as operating revenues. All other revenues not directly related to the operations of the systems are reported as non-operating revenues. Revenues are shown net of rebates and/or excess billings.

Expenses

Direct charges attributable to the operations of the District's systems, including depreciation and amortization, are reported as operating expenses. Interest expense and other similar charges are reported as non-operating expenses.

Intragovernmental Transactions

Transactions that would be treated as revenue or expense if they involved organizations external to the District are similarly treated when involving funds of the District. Major transactions that fall into this category include payments for services to the Support Fund and payments in lieu of insurance premiums to the Health Insurance Fund.

Use of 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 amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Investments are reported at fair value.

Subsequent Events

The District issued \$3,190,000 of Series 2020, Sabine Creek Regional Wastewater System Revenue Bonds on November 16, 2020 and \$28,075,000 of Series 2020, Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds of January 20, 2021.

COVID-19 Response

In response to the COVID-19 pandemic, the District has the ability to function at full capacity although 175 to 205 employees telework daily. Managers and supervisors have made the necessary adjustments by maintaining virtual contact with telework employees and ensuring workloads are maintained. The District is practicing social distancing and increased custodial services focused on disinfection of contact surfaces. The District is maintaining close contact with its supply chain. In an effort to offset some of the economic impact of the COVID-19 pandemic, the District has sought to reduce expenses where feasible for FY2021.

NOTE 2. RESTRICTED ASSETS

Restricted assets represent amounts reserved for:

- *Construction* — Construction of facilities, restricted by purpose of the debt issuance.
- *Interest and Redemption (Sinking)* — Current interest and principal of bonded indebtedness.
- *Reserve* — Payment of final serial maturity on bonded indebtedness or payment of interest and principal of bonded indebtedness when and to the extent the amount in the interest and redemption (sinking) fund is insufficient.
- *Contingency* — Unexpected or extraordinary expenses for which funds are not otherwise available or for debt service to the extent of interest and redemption (sinking) fund deficiencies as required by bond covenants.
- *Reserve for Maintenance* — Escrow for future maintenance expenses.

NOTE 2. RESTRICTED ASSETS (CONTINUED)

The cash and cash equivalents, investments, and interest receivable components of each fund represented by restricted assets are as follows:

Funds	Cash and Cash Equivalents	Investments	Interest Receivable
Water:			
Construction	\$ 597,620,230	\$ 205,992,710	\$ 1,333,524
Interest and Sinking	16,865,735	-	-
Reserve	33,790,046	110,368,084	470,137
Contingency	24,192,617	-	-
Reserve for Maintenance	350,881	-	-
	<u>672,819,509</u>	<u>316,360,794</u>	<u>1,803,661</u>
Regional Wastewater:			
Construction	519,298,652	10,069,530	62,565
Interest and Sinking	12,611,787	-	-
Reserve	16,808,706	18,377,816	43,934
Reserve for Maintenance	2,359,720	-	-
	<u>551,078,865</u>	<u>28,447,346</u>	<u>106,499</u>
Sewer:			
Construction	21,185,092	8,031,770	56,384
Interest and Sinking	7,945,604	-	-
Reserve	4,728,748	10,845,040	21,979
Reserve for Maintenance	758,116	-	-
Reserve for Equipment Replacement	25,064	-	-
	<u>34,642,624</u>	<u>18,876,810</u>	<u>78,363</u>
Solid Waste:			
Construction	392,956	-	-
Interest and Sinking	438,813	-	-
Reserve	409,749	3,398,059	9,053
Reserve for Maintenance	1,274,851	-	-
Reserve for Equipment Replacement	11,159,985	-	-
	<u>13,676,354</u>	<u>3,398,059</u>	<u>9,053</u>
Interceptor:			
Construction	94,015,873	49,430,910	360,597
Interest and Sinking	10,122,524	-	-
Reserve	3,227,786	11,800,786	32,235
Reserve for Maintenance	1,508,226	-	-
	<u>108,874,409</u>	<u>61,231,696</u>	<u>392,832</u>
Total	<u>\$ 1,381,091,761</u>	<u>\$ 428,314,705</u>	<u>\$ 2,390,408</u>

Unbilled receivables of \$6,584,346 that are reflected as restricted assets in the Solid Waste System represent member cities' obligations for closure and postclosure costs related to solid waste landfills. Based on the contracts for services, member cities will be billed for the actual costs incurred to close the landfills.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

The District maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the Investment Officer to enhance diversification and interest earnings. The pooled interest earned is allocated to the funds based on each fund's cash and investment balance at the end of each month.

A. Deposits

At September 30, 2020, the carrying amount of cash deposits was \$8,820,247 and total bank balance was \$13,189,445. During 2019-2020, the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the entity or its agent in the entity's name. At September 30, 2020, the District also held petty cash of \$2,000.

B. Investments

Legal provisions generally permit the District to invest in direct and indirect obligations of the United States of America or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools and mutual funds. During the year ended September 30, 2020, the District did not own any types of securities other than those permitted by statute.

The District invests in multiple Local Government Investment Pools (LGIP), including LOGIC, Texas CLASS, and TexPool. The District has an undivided beneficial interest in the pool of assets held by the related investment pools. These underlying investments and deposits are fully insured by Federal depository insurance or collateralized by securities. The investment objectives of the pools are safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return. Authorized investments include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements.

LOGIC

Hilltop Securities INC. (HTS) and J.P. Morgan Investment Management INC are the Co-Administrators of Texas Local Government Investment Cooperative (LOGIC) with HTS providing distribution, administration, Participant support, and marketing services while J.P. Morgan Investment Management provides investment management, custody, and fund accounting services. LOGIC was created as an investment pool for its Participants pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool. LOGIC uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

Texas CLASS

Public Trust Advisors, LLC provides advisory services and administration and marketing services to Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS). The purpose of the Trust is to establish one or more investment funds through which a Participant may pool any of its funds or funds under its control in order to preserve principal, to maintain the liquidity of the Participant, and to maximize yield. These goals are in accordance with the Public Funds Investment Act, Section 2256.01, Texas Government Code, or other laws of the State of Texas, from time to time in effect, governing the investment of funds of a Participant or funds under its control. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board is comprised of active members of the pool and elected by the Participants, guided by the Advisory Board. The Board is responsible for selecting the Administrator and Investment Advisors. Wells Fargo Bank Texas, NA serves as the Custodian for Texas CLASS.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)**TexPool**

The Comptroller of Public Accounts (the "Comptroller") is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"), which is authorized to operate TexPool. Federated Investors, Inc. ("Federated"), under an agreement with the Comptroller, acting on behalf of the Trust Company, provides administrative and investment services to TexPool. The Texas Local Government Investment Pools (the "TexPool Portfolios") have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller maintains oversight of the services provided to the TexPool Portfolios by Federated. In addition, the TexPool Advisory Board advises on the Investment Policies for the TexPool Portfolios. The Advisory Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios. TEXPOOL uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TEXPOOL is the same as the net asset value of TEXPOOL shares.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	Fair Value Measurements Using			
	September 30, 2020	Significant Other Observable Inputs (Level 2)	Percent Total Investments	Weighted Average Maturity (Days)
<i>Investments not Subject to Level Reporting:</i>				
Investment Pools*:				
LOGIC	\$ 633,728,117	\$ -	31.12%	54
Texas CLASS	764,670,625	-	37.54%	56
Texpool	98,521,170	-	4.84%	38
<i>Investments by Fair Value Level:</i>				
U. S. Government Agency Securities:				
Federal Farm Credit Bank	9,074,250	9,074,250	0.45%	181
Federal Home Loan Bank	77,282,670	77,282,670	3.80%	396
Federal Home Loan Mortgage Corp.	44,004,800	44,004,800	2.16%	1381
Fannie Mae	16,381,440	16,381,440	0.80%	462
U. S. Treasury Note	392,584,015	392,584,015	19.28%	171
Total Value	\$ 2,036,247,087	\$ 539,327,175		

Portfolio Weighted Average Maturity

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*Investment Pools are exempt for level reporting.

U.S. Government Agency Securities and *U.S. Treasury Notes* classified in Level 2 of the fair value hierarchy are valued using both active market prices observable for each identical or similar securities and other observable inputs provided by Bank of New York Mellon. Bank of New York Mellon uses Interactive Data Corporation (IDC) to corroborate fair values. Since the District does not have visibility to the market pricing all such securities are classified as Level 2.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Credit risk is the risk that a security issuer may default on an interest or principal payment. State law and the District's investment policy limits the District to investments in high quality rated instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investor Service.

Custodial credit risk is the risk that a depository financial institution will not be able to recover collateral securities that are in the possession of an outside party. The District monitors collateral balances at the bank to ensure they are backed by quality rated instruments.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities in excess of 5% of the total portfolio. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At September 30, 2020, there were no investments, other than external investment pools and treasury notes, that represent 5% or more of the District's investments.

The District held a total of \$539,327,175 in securities that equated to 26.49% of the total investment portfolio.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. There is no formal policy relating to interest rate risk. However, the District manages its exposure to interest rate risk by investing in investment pools which purchase a combination of short term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. At September 30, 2020, \$124,503,305 of the District's portfolio had a weighted average maturity of greater than one year.

Foreign currency risk is the potential for loss due to fluctuations in exchange rates. The District is not exposed to foreign currency risk.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments were stated at fair value using the aggregate method in all funds, resulting in the following investment income:

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Investment income:							
Interest	\$ 21,436,289	\$ 2,420,517	\$ 988,682	\$ 355,779	\$ 2,269,476	\$ 14,473	\$ 27,485,216
Net changes in the fair value of investments	1,807,540	146,872	61,057	18,990	276,513	-	2,310,972
Investment income:	<u>\$ 23,243,829</u>	<u>\$ 2,567,389</u>	<u>\$ 1,049,739</u>	<u>\$ 374,769</u>	<u>\$ 2,545,989</u>	<u>\$ 14,473</u>	<u>\$ 29,796,188</u>

In accordance with GASB Statement No. 31, the net changes in the fair value of investments take into account all changes in fair value (including purchases and sales) that occurred during the year. These portfolio value changes are unrealized unless sold.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

C. Summary of Cash and Investments

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Unrestricted:							
Cash and cash equivalents	\$ 82,834,179	\$ 8,047,076	\$ 9,952,583	\$ 9,234,819	\$ 6,540,229	\$ 8,041,513	\$ 124,650,399
Investments	107,997,930	-	-	3,014,540	-	-	111,012,470
Total unrestricted	190,832,109	8,047,076	9,952,583	12,249,359	6,540,229	8,041,513	235,662,869
Restricted-current:							
Cash and cash equivalents	16,865,735	12,611,787	7,945,604	438,813	10,122,524	-	47,984,463
Investments	-	-	-	-	-	-	-
Total restricted-current	16,865,735	12,611,787	7,945,604	438,813	10,122,524	-	47,984,463
Restricted -non-current:							
Cash and cash equivalents	655,953,774	538,467,078	26,697,020	13,237,541	98,751,885	-	1,333,107,298
Investments	316,360,794	28,447,346	18,876,810	3,398,059	61,231,696	-	428,314,705
Total restricted-non-current	972,314,568	566,914,424	45,573,830	16,635,600	159,983,581	-	1,761,422,003
Total Restricted	\$ 989,180,303	\$ 579,526,211	\$ 53,519,434	\$ 17,074,413	\$170,106,105	\$ -	\$ 1,809,406,466
Total	\$ 1,180,012,412	\$ 587,573,287	\$ 63,472,017	\$ 29,323,772	\$176,646,334	\$ 8,041,513	\$ 2,045,069,335

Amounts included in unrestricted cash and cash equivalents and investments are comprised of the following:

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Unrestricted:							
Operating Funds	\$ 23,768,467	\$ 5,777,962	\$ 4,932,906	\$ 4,181,151	\$ 1,252,331	\$ 6,023,211	\$ 45,936,028
Petty Cash	500	-	-	1,500	-	-	2,000
Capital Improvement Funds	158,402,431	1,813,298	2,009,250	8,066,708	4,232,398	-	174,524,085
Preventative Maintenance	-	455,816	3,010,427	-	1,055,500	-	4,521,743
Rate Stabilization Fund	6,603,385	-	-	-	-	-	6,603,385
U.S. Government Notes	2,057,326	-	-	-	-	-	2,057,326
Employee Insurance Funds	-	-	-	-	-	1,710,900	1,710,900
Retiree Insurance Funds	-	-	-	-	-	307,402	307,402
Total unrestricted	\$ 190,832,109	\$ 8,047,076	\$ 9,952,583	\$ 12,249,359	\$ 6,540,229	\$ 8,041,513	\$ 235,662,869

Refer to Note 2 for a detail of restricted assets and Note 11 for commitments under construction contracts.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At September 30, 2020, the District had the following deposits and investments:

	Credit Quality Ratings	Fair Value	Weighted Average Maturity
Unrestricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	\$ 8,820,247	n/a
Cash on hand	Not Rated	2,000	n/a
Texas CLASS	AAAAm	78,463,378	56 Days
TexPool	AAAAm	37,364,774	38 Days
Total cash and cash equivalents		124,650,399	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	108,012,470	150 Days
FHLB - Federal Home Loan Bank	Aaa	3,000,000	1 Days
Total Securities of U.S. Government Agencies		111,012,470	
Total Unrestricted Investments and Cash Equivalents		235,662,869	
Restricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	1	n/a
LOGIC	AAAAm	633,728,117	54 Days
Texas CLASS	AAAAm	686,207,247	56 Days
TexPool	AAAAm	61,156,396	38 Days
Total cash and cash equivalents		1,381,091,761	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	284,571,545	179 Days
FFCB - Federal Farm Credit Bank	Aaa	9,074,250	181 Days
FHLB - Federal Home Loan Bank	Aaa	74,282,670	412 Days
FHLMC - Federal Home Loan Mortgage Corp.	Aaa	44,004,800	1381 Days
FNMA - Fannie Mae	Aaa	16,381,440	462 Days
Total Securities of U.S. Government Agencies		428,314,705	
Total Restricted Investments and Cash Equivalents		1,809,406,466	
Total Cash and Investments		\$ 2,045,069,335	

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at October 1, 2019 as Restated	Additions and Transfers	Disposals and Transfers	Balance at September 30, 2020
Nondepreciable:				
Land	\$ 76,280,557	\$ 2,954,891	\$ -	\$ 79,235,448
Easements	62,468,212	5,848,694	-	68,316,906
Construction in progress	1,343,191,246	636,252,579	204,221,236	1,775,222,589
Total nondepreciable assets	1,481,940,015	645,056,164	204,221,236	1,922,774,943
Depreciable:				
Land improvements	13,378,114	2,381,146	-	15,759,260
Water treatment, storage and transmission facilities	1,612,592,632	81,340,305	-	1,693,932,937
Wastewater treatment and disposal facilities	719,281,654	84,175,578	-	803,457,232
Solid waste transfer and disposal facilities	83,983,553	4,990,666	-	88,974,219
Reservoir facilities and water rights	376,541,067	2,815,175	-	379,356,242
Buildings	74,026,130	2,933,924	-	76,960,054
Automobiles and trucks	14,000,246	1,550,857	531,351	15,019,752
Office furniture and fixtures	1,063,181	-	-	1,063,181
Other equipment	82,334,819	7,754,528	961,933	89,127,414
Total depreciable assets	2,977,201,396	187,942,179	1,493,284	3,163,650,291
Less accumulated depreciation on:				
Land improvements	(5,587,534)	(556,814)	-	(6,144,348)
Water treatment, storage and transmission facilities	(390,122,591)	(35,741,722)	-	(425,864,313)
Wastewater treatment and disposal facilities	(238,902,582)	(18,354,727)	-	(257,257,309)
Solid waste transfer and disposal facilities	(36,931,315)	(1,481,087)	-	(38,412,402)
Reservoir facilities and water rights	(110,774,117)	(7,585,422)	-	(118,359,539)
Buildings	(16,033,514)	(1,867,924)	-	(17,901,438)
Automobiles and trucks	(11,332,348)	(1,394,240)	(462,607)	(12,263,981)
Office furniture and fixtures	(631,671)	(71,127)	-	(702,798)
Other equipment	(42,662,641)	(7,896,264)	(848,885)	(49,710,020)
Total accumulated depreciation	(852,978,313)	(74,949,327)	(1,311,492)	(926,616,148)
Total depreciable assets—net	2,124,223,083	112,992,852	181,792	2,237,034,143
TOTAL CAPITAL ASSETS—NET	\$ 3,606,163,098	\$ 758,049,016	\$ 204,403,028	\$ 4,159,809,086

Depreciation expense was charged to the functions/programs of the business-type activities as follows:

Water services	\$ 47,521,421
Wastewater services	22,173,805
Solid waste services	5,254,101
Total depreciation expense	<u>\$ 74,949,327</u>

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2020, accounts payable and accrued liabilities consisted of the following:

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Payable to vendors/ contractors	\$ 96,775,142	\$ 10,602,152	\$ 6,792,342	\$ 1,996,622	\$ 5,463,493	\$ 1,791,347	\$ 123,421,098
Insurance claims liability	-	-	-	-	-	1,718,892	1,718,892
Escrow liability	350,881	2,815,535	3,968,710	12,434,836	2,563,726	1,950,105	24,083,793
Compensated absences	525,372	799,958	303,875	549,496	105,340	2,975,619	5,259,660
Accrued payroll and related benefits	1,513,222	1,013,586	522,437	1,102,995	155,573	2,590,387	6,898,200
Total	\$ 99,164,617	\$ 15,231,231	\$ 11,587,364	\$ 16,083,949	\$ 8,288,132	\$ 11,026,350	\$ 161,381,643
Payable from unrestricted assets	\$ 14,565,395	\$ 4,697,778	\$ 5,227,781	\$ 3,062,976	\$ 2,080,068	\$ 11,026,350	\$ 40,660,348
Payable from restricted assets	84,599,222	10,533,453	6,359,583	13,020,973	6,208,064	-	120,721,295
Total	\$ 99,164,617	\$ 15,231,231	\$ 11,587,364	\$ 16,083,949	\$ 8,288,132	\$ 11,026,350	\$ 161,381,643

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND BALANCES

At September 30, 2020 interfund balances consisted of the following:

	Due From Other Funds	Due to Other Funds
Water System	\$ 410,441	\$ 683,762
Regional Wastewater System	34,169	494,452
Sewer System	48,033	308,333
Solid Waste System	293,995	23,588
Interceptor System	392,344	478,677
Internal Service Funds	1,228,070	418,240
Total	<u>\$ 2,407,052</u>	<u>\$ 2,407,052</u>

The above interfund balances are a result of routine administrative type transactions in the normal course of business and are expected to be repaid in less than one year.

During the year, the District made the following one-time transfers to establish beginning asset and liability balances in the Support Fund:

Transactions	Water System		Support Fund	
	Transfer In	Transfer Out	Transfer In	Transfer Out
1) To move the beginning balances as of October 1, 2019 related to pension and OPEB liabilities.	\$ 11,832,408	\$ -	\$ -	\$ 11,832,408
2) To move the beginning balance as of October 1, 2019 for deferred compensation.	285,000	-		285,000
3) To move the beginning balances as of October 1, 2019 related of sick and vacation liabilities.	3,858,030	-	-	3,858,030
4) To move the beginning balances as of October 1, 2019 related to capital assets.	-	28,742,372	28,742,372	-
	<u>\$ 15,975,438</u>	<u>\$ 28,742,372</u>	<u>\$ 28,742,372</u>	<u>\$ 15,975,438</u>

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2020 deferred outflows of resources consisted of the following:

	Balance at October 1, 2019	Additions	Deletions	Balance at September 30, 2020
Water System:				
Deferred loss on refunded debt	\$ 18,506,212	\$ 34,040	\$ (1,494,082)	\$ 17,046,170
Deferred pension outflow	15,348,207	-	(13,424,752)	1,923,455
Deferred OPEB outflow	758,674	84,361	(638,249)	204,786
	<u>34,613,093</u>	<u>118,401</u>	<u>(15,557,083)</u>	<u>19,174,411</u>
Regional Wastewater:				
Deferred loss on refunded debt	2,693,793	-	(391,011)	2,302,782
Deferred pension outflow	4,124,149	-	(1,633,111)	2,491,038
Deferred OPEB outflow	171,580	60,364	-	231,944
	<u>6,989,522</u>	<u>60,364</u>	<u>(2,024,122)</u>	<u>5,025,764</u>
Sewer System:				
Deferred loss on refunded debt	1,851,442	25,877	(290,907)	1,586,412
Deferred pension outflow	1,609,753	-	(738,162)	871,591
Deferred OPEB outflow	85,606	32,597	-	118,203
	<u>3,546,801</u>	<u>58,474</u>	<u>(1,029,069)</u>	<u>2,576,206</u>
Solid Waste System:				
Deferred loss on refunded debt	1,778,192	-	(273,590)	1,504,602
Deferred pension outflow	3,928,343	-	(1,565,781)	2,362,562
Deferred OPEB outflow	139,914	46,882	-	186,796
	<u>5,846,449</u>	<u>46,882</u>	<u>(1,839,371)</u>	<u>4,053,960</u>
Interceptor System:				
Deferred loss on refunded debt	2,306,061	-	(293,497)	2,012,564
Deferred pension outflow	473,736	-	(271,175)	202,561
Deferred OPEB outflow	30,018	10,739	-	40,757
	<u>2,809,815</u>	<u>10,739</u>	<u>(564,672)</u>	<u>2,255,882</u>
Internal Service Funds:				
Deferred pension outflow	-	6,929,107	-	6,929,107
Deferred OPEB outflow	-	828,720	-	828,720
	<u>-</u>	<u>7,757,827</u>	<u>-</u>	<u>7,757,827</u>
Total	<u>\$ 53,805,680</u>	<u>\$ 8,052,687</u>	<u>\$ (21,014,317)</u>	<u>\$ 40,844,050</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT

Long-term debt consists of the following at September 30, 2020:

	Original Borrowing	Balance at October 1, 2019	Issued	Retired or Refunded	Balance at September 30, 2020	Amounts due Within One Year
Water System:						
Water revenue bonds 03/20-09/40, 1.947-5.25%	\$3,152,298,000	\$1,227,655,000	\$ 232,225,000	\$ 164,295,000	\$1,295,585,000	\$ 55,885,000
Water direct placement 03/20-09/49, .960-3.43%	677,780,000	1,339,750,000	101,345,000	36,595,000	1,404,500,000	36,790,000
U.S. govt contracts payable, direct borrowing 11/19-10/51, 3.225-3.253%	44,220,432	26,550,306	-	1,597,612	24,952,694	1,649,224
	<u>3,874,298,432</u>	<u>2,593,955,306</u>	<u>333,570,000</u>	<u>202,487,612</u>	<u>2,725,037,694</u>	<u>94,324,224</u>
Regional Wastewater:						
Wastewater revenue bonds, 12/19-06/50, 2.00-5.00%	511,615,000	352,380,000	35,130,000	14,690,000	372,820,000	16,170,000
Wastewater direct placement 12/19-06/50, .020-.150%	458,920,000	-	458,920,000	-	458,920,000	2,520,000
	<u>970,535,000</u>	<u>352,380,000</u>	<u>494,050,000</u>	<u>14,690,000</u>	<u>831,740,000</u>	<u>18,690,000</u>
Sewer System:						
Rockwall contract revenue bonds, 12/19-06/28, 5.50-5.75%	2,960,000	1,705,000	-	150,000	1,555,000	160,000
Mustang Creek Interceptor System revenue bonds, 12/19-06/50, 2.625- 5.125%	34,455,000	28,530,000	4,215,000	580,000	32,165,000	700,000
Rockwall-Heath contract revenue bonds 12/19-06/25, 4.10-4.25%	3,020,000	1,205,000	-	180,000	1,025,000	185,000
Terrell contract revenue bonds 12/19-06/35, 3.00-5.00%	10,465,000	8,845,000	-	415,000	8,430,000	425,000
Stewart Creek contract revenue bonds, 12/19-06/35, 3.00-5.00%	69,685,000	55,690,000	-	2,470,000	53,220,000	2,570,000
Little Elm contract revenue bonds, 12/19-06/23, 2.00%	3,555,000	1,540,000	-	365,000	1,175,000	380,000
Parker Creek Interceptor System, revenue bonds, 12/19-06/23, 5.125%	2,615,000	780,000	-	180,000	600,000	190,000
Sabine Creek Interceptor System revenue bonds, 12/19-6/23, 5.125%	2,115,000	630,000	-	145,000	485,000	155,000
Sabine Creek Wastewater System revenue bonds, 12/19-6/36, 2.25-4.00%	16,905,000	12,590,000	-	1,060,000	11,530,000	1,100,000
Muddy Creek Wastewater System revenue bonds 12/19-06/38, 2.75- 5.00%	23,800,000	16,540,000	-	1,850,000	14,690,000	1,915,000

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Original Borrowing	Balance at September 30, 2019	Issued	Retired or Refunded	Balance at September 30, 2020	Amounts due Within One Year
Sewer System (continued):						
Muddy Creek Interceptor revenue bonds 12/19-06/24, 3.00-4.00%	2,135,000	1,165,000	-	215,000	950,000	225,000
Buffalo Creek Interceptor revenue bonds 12/19-06/49, 2.75-5.00%	22,450,000	7,195,000	9,400,000	2,985,000	13,610,000	1,390,000
Rockwall Water Pumping Facilities bonds 12/19-06/26, 4.50-4.60%	2,145,000	1,000,000	-	125,000	875,000	130,000
Panther Creek Wastewater System bonds 12/19-06/40, 2.50-5.00%	56,400,000	25,835,000	5,200,000	2,715,000	28,320,000	3,015,000
Lower East Fork Interceptor bonds 12/19-06/26, 3.00-5.00%	10,745,000	7,915,000	-	985,000	6,930,000	1,030,000
Parker Creek Parallel Interceptor bonds 12/19-06/36, 2.00-3.00%	3,045,000	2,690,000	-	115,000	2,575,000	120,000
	<u>266,495,000</u>	<u>173,855,000</u>	<u>18,815,000</u>	<u>14,535,000</u>	<u>178,135,000</u>	<u>13,690,000</u>
Solid Waste System- revenue bonds, 03/20-09/37, 3.00-5.00%	<u>79,705,000</u>	<u>52,190,000</u>	<u>-</u>	<u>3,010,000</u>	<u>49,180,000</u>	<u>3,135,000</u>
Interceptor System - revenue bonds, 12/19-06/50, 2.00-6.25%	<u>455,475,000</u>	<u>273,065,000</u>	<u>57,800,000</u>	<u>13,835,000</u>	<u>317,030,000</u>	<u>14,020,000</u>
Total	<u>\$5,646,508,432</u>	<u>\$3,445,445,306</u>	<u>\$ 904,235,000</u>	<u>\$ 248,557,612</u>	<u>\$4,101,122,694</u>	<u>\$ 143,859,224</u>

Pledged Revenue

Throughout the years, the District has issued revenue bonds and US Government Notes with Pledged Revenues as collateral.

Pledged Revenues generally include gross revenues of the District's respective Systems, and includes specifically certain payments to be received by the District from the Systems' member cities and contracting parties. The Member Cities and contracting parties are obligated to make payments in amounts sufficient to pay the principal and interest of the debt, which were issued to provide funding for construction and capital improvement projects.

The total amount of the pledge is equal to the remaining outstanding debt service requirements for the District's bonds and notes.

For the year ending September 30, 2020, bond debt service of \$271,453,477 was secured by pledged revenues of \$269,329,365, bond subsidies of \$2,022,969 and interest earned on accounts restricted for debt service of \$101,143.

For the year ending September 30, 2020, debt service on government notes of \$2,458,601 was secured by pledged revenues of \$2,458,601.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

In the Statement of Net Position, the long-term liabilities include premiums net of discounts of \$136,812,354 in the Water System, \$30,013,082 in the Regional Wastewater System, \$8,826,112 in the Sewer System, \$3,484,346 in the Solid Waste System and \$25,976,702 in the Interceptor System.

Other long term debt activity for the year ended September 30, 2020, was as follows:

	Balance at October 1, 2019	Additions	Deletions	Balance at September 30, 2020
Water System:				
Premiums	\$ 126,703,668	\$ 22,436,244	\$ (12,327,558)	136,812,354
	126,703,668	22,436,244	(12,327,558)	136,812,354
Regional Wastewater:				
Premiums	29,713,505	2,828,495	(2,528,918)	30,013,082
	29,713,505	2,828,495	(2,528,918)	30,013,082
Sewer System:				
Premiums	9,347,583	979,594	(1,490,252)	8,836,925
Discounts	(13,286)	-	2,473	(10,813)
	9,334,297	979,594	(1,487,779)	8,826,112
Solid Waste System:				
Premiums	3,981,534	-	(497,188)	3,484,346
	3,981,534	-	(497,188)	3,484,346
Interceptor System:				
Premiums	24,000,866	4,878,096	(2,902,260)	25,976,702
	24,000,866	4,878,096	(2,902,260)	25,976,702
Total	\$ 193,733,870	\$ 31,122,429	\$ (19,743,703)	\$ 205,112,596

Revenue bonds outstanding at September 30, 2020, are secured as follows:

- *Water Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Water System.
- *Regional Wastewater Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Regional Wastewater System and payments made to the District from the Cities of Plano, Mesquite, McKinney, Forney, Allen, Frisco, Princeton, Prosper, Rockwall, Seagoville and Heath.
- *Rockwall Contract Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's sewage disposal system serving the City of Rockwall.
- *Mustang Creek Interceptor Revenue Bonds* — Payments to be made to the District by the City of Forney.
- *Rockwall/Heath Water Storage Facilities Revenue Bonds* — Payments to be made to the District by the Cities of Rockwall and Heath.
- *Terrell Water Transmission Facilities Contract Revenue Bonds* — Payments to be made to the District by the City of Terrell.
- *Stewart Creek Contract Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Stewart Creek Wastewater System and payments made to the District by the City of Frisco.
- *Little Elm Contract Revenue Bonds* — Payments made to the District by the Town of Little Elm.
- *Parker Creek Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Parker Creek Interceptor System and payments made to the District by the Cities of Fate and Royse City.

NOTE 8. LONG -TERM DEBT (CONTINUED)

- *Sabine Creek Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Sabine Creek Interceptor System and payments made to the District by the City of Royse City.
- *Sabine Creek Wastewater System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Sabine Creek Wastewater System and payments made to the District by the Cities of Fate and Royse City.
- *Muddy Creek Wastewater System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Muddy Creek Wastewater System and payments made to the District by the Cities of Murphy and Wylie.
- *Muddy Creek Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Muddy Creek Interceptor System and payments made to the District by the Cities of Murphy and Wylie.
- *Buffalo Creek Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Buffalo Creek Interceptor System and payments made to the District by the Cities of Forney, Heath and Rockwall.
- *Rockwall Water Pumping Facilities Bonds* — Payments to be made to the District by the City of Rockwall.
- *Panther Creek Wastewater System Bonds* — Assignment of the gross revenues to be derived from the operation of the Panther Creek Wastewater System and payments made to the District by the City of Frisco.
- *Lower East Fork Interceptor System Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Lower East Fork Interceptor System and payments made to the District by the Cities of Mesquite and Seagoville.
- *Parker Creek Parallel Wastewater Interceptor Bonds* — Assignment of the gross revenues to be derived from the operation of the Parker Creek Interceptor System and payments made to the District by the City of Fate.
- *Solid Waste System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Solid Waste System.
- *Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Upper East Fork Interceptor System.

Interest and redemption (sinking) funds, reserve funds and contingency funds have been established, as required, in accordance with bond resolutions. Funds may be placed in secured time deposits or invested in direct obligations of, or obligations guaranteed by, the U.S. government. Interest earned is retained in the applicable funds or transferred to meet debt service requirements in accordance with bond resolutions.

The Water Fund's long-term debt payable to the U.S. government is pursuant to contracts covering the Chapman and Lavon Reservoirs.

On October 15, 2010, the District issued \$108,345,000 Water System Revenue bonds (Taxable Build America Bonds (BAB's), Series 2010A for the purpose of providing funds for improving the District's Water System through acquisition and construction ozonation facilities as the District's Wylie Wastewater Treatment Plant, a deposit to the Reserve Fund and paying cost incident to the issuance and delivery of the 2010A bonds. Interest is payable on March 1 and September 1. These bonds are entitled to a direct payment subsidy from the United States Treasury in an amount equal to 35% of the interest due on each payment date. The District must request this subsidy 90 days prior to each interest payment date. Federal Subsidy Payments processed between October 1, 2018 and September 30, 2019 were reduced 6.2% and those processed between October 1, 2019 and September 30, 2020 were reduced by 5.9%. This was due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. This affected the Federal Subsidy Payments to the District for the Series 2010A Bonds. These Bonds were refunded on September 2, 2020 with the Water System Revenue Bond issue Series 2020.

Premiums and discounts on bonds are amortized over the life of the debt using the effective interest method.

During the year, the District issued revenue bonds in the amounts of \$333,570,000 in the Water System primarily for the improvement of the District's Water system, including costs related to Bois D'Arc Lake Reservoir, the Leonard Water Treatment Plant, and associated pipelines, construction and inspection of System Wide Meter Vault Improvements and Set Point control, construction and inspection of Expansion of High Service Pump Station 3-1 and other system improvements, \$494,050,000 in the Wastewater System for the construction and inspection of

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

the Sister Grove Project, design and construction of the South Mesquite RWWTP System Peak Flow Management and Expansion Phase I, construction and inspection of the Rowlett Creek RWWTP Operations building, and other system improvements, \$57,800,000 in the Interceptor System primarily for the construction and inspection of the North McKinney Parallel Interceptor, Wilson Creek Lift Station improvements, Sloan Creek and Wilson Creek Transfer Force Main, and other system improvements, \$18,815,000 in the Sewer System primarily for the design of the Panther Creek WWTP Expansion to 15 MGD, design, acquisition and construction of the Parallel Interceptor Phase 1, design of the Force main Parallel and life station, and for the acquisition, construction and improvement of the Mustang Creek WW Interceptor System, Lift Station, and other system improvements.

During the year, the District issued revenue refunding bonds in the amounts of \$94,755,000 in the Water System and \$9,400,000 in the Sewer System to refund a portion of the District's outstanding debt. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$27,322,610 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$22,892,785.

At September 30, 2020, defeased bonds outstanding totaled \$0.

For current and advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. At September 30, 2020, the amount of the unamortized deferred amount on refundings is \$24,452,530.

Additional debt information

The District's outstanding notes from direct borrowings related to governmental contracts of \$24,952,694 are secured by pledged revenues. In the event of default in payment, the amount of such payments shall be increased by an amount equal to interest on such overdue payments per annum thereon, compounded annually, and such amount equal to interest shall be charged from the date such payments are due until paid for the Chapman Lake note. In the event of default in payment for the Lake Lavon note, the overdue payments shall bear interest compounded annually until paid.

As disclosed in this note, the District's outstanding revenue bonds including direct placement revenue bonds are secured by and payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the pledged revenues.

A number of the District's bond issues have separately purchased insurance on them. The insurance contains a provision that in the event, the District defaults on a scheduled payment of principal or interest, all or a portion becomes due under the policy. The bonds are payable solely from the sources of funds pledged to the payment of the bonds. Payment of the principal and interest is not subject to acceleration.

The District's outstanding revenue bonds from direct placements of \$1,404,500,000 for Water and \$458,920,000 for Wastewater contain a provision that if the District defaults on the payment of the principal and interest of the bond when due, there is no right to the acceleration of maturity of the Bonds. The District is eligible to seek relief from its creditors under chapter 9 of the U.S. Bankruptcy Code.

The District has no unused line of credit.

NOTE 8. LONG -TERM DEBT (CONTINUED)

Annual requirements to retire revenue bonds outstanding, including interest, are:

	Water System			Water System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 55,885,000	\$ 56,016,397	\$ 111,901,397	\$ 36,790,000	\$ 38,901,607	\$ 75,691,607
2022	55,545,000	53,368,502	108,913,502	37,380,000	38,306,598	75,686,598
2023	59,100,000	50,664,959	109,764,959	38,010,000	37,671,817	75,681,817
2024	61,925,000	47,778,351	109,703,351	38,680,000	36,996,949	75,676,949
2025	60,110,000	44,832,810	104,942,810	39,400,000	36,275,965	75,675,965
2026-2030	335,145,000	179,992,743	515,137,743	209,475,000	168,921,839	378,396,839
2031-2035	327,800,000	103,235,937	431,035,937	236,445,000	141,858,212	378,303,212
2036-2040	180,665,000	47,066,550	227,731,550	272,735,000	105,601,672	378,336,672
2041-2045	118,925,000	19,997,000	138,922,000	318,130,000	59,827,547	377,957,547
2046-2049	40,485,000	2,561,501	43,046,501	177,455,000	10,455,672	187,910,672
	<u>\$ 1,295,585,000</u>	<u>\$ 605,514,750</u>	<u>\$ 1,901,099,750</u>	<u>\$ 1,404,500,000</u>	<u>\$ 674,817,878</u>	<u>\$ 2,079,317,878</u>

	Regional Wastewater System			Regional Wastewater System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 16,170,000	\$ 15,027,726	\$ 31,197,726	\$ 2,520,000	\$ 153,994	\$ 2,673,994
2022	16,680,000	14,447,906	31,127,906	3,915,000	164,017	4,079,017
2023	13,685,000	13,676,231	27,361,231	6,865,000	164,017	7,029,017
2024	14,295,000	13,033,006	27,328,006	6,415,000	164,017	6,579,017
2025	14,945,000	12,386,631	27,331,631	7,415,000	164,017	7,579,017
2026-2030	71,165,000	51,479,831	122,644,831	79,475,000	820,085	80,295,085
2031-2035	56,115,000	37,656,900	93,771,900	85,300,000	820,085	86,120,085
2036-2040	62,055,000	26,142,588	88,197,588	86,540,000	820,085	87,360,085
2041-2045	76,720,000	13,514,657	90,234,657	88,755,000	777,472	89,532,472
2046-2050	30,990,000	1,977,720	32,967,720	91,720,000	378,078	92,098,078
	<u>\$ 372,820,000</u>	<u>\$ 199,343,196</u>	<u>\$ 572,163,196</u>	<u>\$ 458,920,000</u>	<u>\$ 4,425,867</u>	<u>\$ 463,345,867</u>

	Sewer System			Solid Waste System		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 13,690,000	\$ 6,925,670	\$ 20,615,670	\$ 3,135,000	\$ 2,020,881	\$ 5,155,881
2022	14,275,000	6,317,880	20,592,880	3,275,000	1,872,131	5,147,131
2023	14,915,000	5,681,423	20,596,423	3,460,000	1,716,681	5,176,681
2024	12,860,000	5,014,488	17,874,488	3,615,000	1,552,281	5,167,281
2025	11,835,000	4,454,720	16,289,720	3,775,000	1,371,531	5,146,531
2026-2030	43,495,000	15,989,321	59,484,321	15,735,000	4,217,757	19,952,757
2031-2035	40,685,000	8,694,494	49,379,494	12,900,000	1,805,588	14,705,588
2036-2040	12,775,000	3,298,137	16,073,137	3,285,000	149,663	3,434,663
2041-2045	8,135,000	1,597,425	9,732,425	-	-	-
2046-2050	5,470,000	399,044	5,869,044	-	-	-
	<u>\$ 178,135,000</u>	<u>\$ 58,372,602</u>	<u>\$ 236,507,602</u>	<u>\$ 49,180,000</u>	<u>\$ 14,706,513</u>	<u>\$ 63,886,513</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Interceptor System			Total All Systems		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 14,020,000	\$ 12,296,546	\$ 26,316,546	\$ 142,210,000	\$ 131,342,821	\$ 273,552,821
2022	14,645,000	11,725,386	26,370,386	145,715,000	126,202,420	271,917,420
2023	15,330,000	11,009,461	26,339,461	151,365,000	120,584,589	271,949,589
2024	16,095,000	10,280,211	26,375,211	153,885,000	114,819,303	268,704,303
2025	15,685,000	9,497,786	25,182,786	153,165,000	108,983,460	262,148,460
2026-2030	83,050,000	35,788,831	118,838,831	837,540,000	457,210,407	1,294,750,407
2031-2035	67,040,000	20,210,557	87,250,557	826,285,000	314,281,773	1,140,566,773
2036-2040	35,890,000	10,107,500	45,997,500	653,945,000	193,186,195	847,131,195
2041-2045	29,130,000	6,002,938	35,132,938	639,795,000	101,717,039	741,512,039
2046-2050	26,145,000	1,939,075	28,084,075	372,265,000	17,711,090	389,976,090
	<u>\$ 317,030,000</u>	<u>\$ 128,858,291</u>	<u>\$ 445,888,291</u>	<u>\$ 4,076,170,000</u>	<u>\$ 1,686,039,097</u>	<u>\$ 5,762,209,097</u>

North Texas Municipal Water District has Contracts payable with the United States Army Corps of Engineers for Lake Lavon Enlargement Project costs and the District's share of the Jim Chapman Lake costs of water supply. Contracts covering the Lavon Reservoir facilities is payable December 1 and January 1 of each year in annual installments. Contracts covering Chapman Lake Reservoir facilities is payable June 11 and November 27 of each year in annual installments. The interest rate is 3.225% for Lake Lavon contracts payable and 3.253% for Chapman Lake.

Annual requirements to amortize contracts payable, including interest, are:

Water System Contracts Payable, Direct Borrowing			
	Principal	Interest	Total
2021	\$ 1,649,224	\$ 809,377	\$ 2,458,601
2022	1,702,502	756,098	2,458,600
2023	1,757,502	701,099	2,458,601
2024	1,814,277	644,323	2,458,600
2025	1,872,888	585,713	2,458,601
2026-2030	3,296,627	2,355,438	5,652,065
2031-2035	2,379,641	1,941,760	4,321,401
2036-2040	2,792,703	1,528,698	4,321,401
2041-2045	3,277,466	1,043,935	4,321,401
2046-2050	3,707,405	475,027	4,182,432
2051	702,459	22,851	725,310
	<u>\$ 24,952,694</u>	<u>\$ 10,864,319</u>	<u>\$ 35,817,013</u>

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2020, deferred inflows of resources consisted of the following:

	Balance at October 1, 2019	Additions	Deletions	Balance at September 30, 2020
Water System:				
Deferred pension inflow	\$ 5,795,611	\$ 66,587	\$ (4,501,571)	\$ 1,360,627
Deferred OPEB inflow	1,845,951	69,124	(1,506,829)	408,246
Deferred insurance proceeds	426,426	-	(426,426)	-
	<u>8,067,988</u>	<u>135,711</u>	<u>(6,434,826)</u>	<u>1,768,873</u>
Regional Wastewater:				
Deferred pension inflow	1,554,146	-	80,064	1,634,210
Deferred OPEB inflow	422,184	42,974	-	465,158
	<u>1,976,330</u>	<u>42,974</u>	<u>80,064</u>	<u>2,099,368</u>
Sewer System:				
Deferred pension inflow	561,459	-	36,188	597,647
Deferred OPEB inflow	210,338	23,206	-	233,544
	<u>771,797</u>	<u>23,206</u>	<u>36,188</u>	<u>831,191</u>
Solid Waste System:				
Deferred pension inflow	1,402,701	-	76,765	1,479,466
Deferred OPEB inflow	339,212	33,375	-	372,587
	<u>1,741,913</u>	<u>33,375</u>	<u>76,765</u>	<u>1,852,053</u>
Interceptor System:				
Deferred pension inflow	140,039	-	13,295	153,334
Deferred OPEB inflow	69,181	7,645	-	76,826
	<u>209,220</u>	<u>7,645</u>	<u>13,295</u>	<u>230,160</u>
Internal Service Funds:				
Deferred pension inflow	-	4,753,442	-	4,753,442
Deferred OPEB inflow	-	1,633,361	-	1,633,361
Deferred insurance proceeds	-	426,426	(382,074)	44,352
	<u>-</u>	<u>6,813,229</u>	<u>(382,074)</u>	<u>6,431,155</u>
Total	<u>\$ 12,767,248</u>	<u>\$ 7,056,140</u>	<u>\$ (6,610,588)</u>	<u>\$ 13,212,800</u>

The Support Fund has an additional deferred inflow that represents an acquisition of net position that applies to a future period. The \$44,352 represents the unspent portion of the advance funds the District received from the insurance company for the hail damage repairs during the 2016 fiscal year.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN**Plan Description**

The District provides a Retirement Plan for Employees of North Texas Municipal Water District (the Plan), a single employer defined benefit pension plan, for all of its eligible full-time employees through an AETNA Life Insurance Company group pension defined benefit fund contract. The Plan is administered by the District's Executive Director/General Manager. The Plan does not issue separate financial statements. An employee will become a participant in the Plan on the first day of the month which coincides with or next follows the attainment of age 21 and the completion of two years of eligibility service.

Benefits Provided

Benefits are established and may be amended by the District's Board of Directors. Benefits provided by the Plan include retirement, disability and preretirement death benefits. The benefit formula provides for a 10-year certain and continuous annuity. Preretirement death benefits are provided as a lump sum equal to the greater of the present value of the accrued benefit or current vested wages. The benefit at retirement is calculated as follows:

- *Normal Retirement (age 65)* — 3% of career compensation plus 1% of all yearly compensation in excess of covered compensation for each year.
- *Early Retirement (over age 55 with at least 20 years of service)* — The annual accrued benefit equals the accrued benefit based on service to the early retirement date, reduced by 5% for each year a member retires before the normal retirement date. There is no reduction in benefits for a member who retires whose age plus years of service total at least 85 (80 effective January 1, 2018).
- *Late Retirement (after normal retirement date)* — The benefit accrued to the late retirement date.
- *Disability (certified to be permanently and totally disabled on or after May 1, 1990)* — 60% of final average monthly compensation reduced by 64% of Social Security disability.

Employees Covered by Benefit Terms

As of January 1, 2020, the participants comprised the following:

Active participants	809
Terminated vested participants	126
Disabled Participants	2
Retired participants	154
Beneficiaries	19
Total number of participants	<u>1,110</u>

The Plan's assets are invested in pooled mutual and commingled funds and are stated at fair value as determined by the Plan's custodian.

Contributions

The District's annual minimum contribution is actuarially calculated based on the amount required to prevent the unfunded liability from increasing. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability as set forth below. The unfunded actuarial accrued liability is amortized over a closed period of 30 years beginning January 1, 2014.

Effective January 1, 2018, employees who enter service on or after January 1, 2018 shall make mandatory contributions to the Plan at the rate of 5% of annual earnings and subject to 3.5% plan interest rate credits per year.

For the plan year ended December 31, 2019, the District made contributions of \$6,808,000, which represent 12.78% of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2020. For the fiscal year ended September 30, 2020, the District made contributions of \$8,108,000 of which contributions subsequent to the measurement date through September 30, 2020 were \$4,097,321.

NOTE 10. RETIREMENT PLAN (CONTINUED)**Actuarial Assumptions**

Valuation date	January 1, 2020	January 1, 2019
Measurement date	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.00%	2.00%
Salary increases including inflation	4.00%	4.00%
Mortality	Pub-2010 General Mortality with MP-2019 mortality improvement scales	SOA RP-2014 adjusted to 2006 mortality tables (blue collar) and MP 2018 mortality improvement scales

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Discount Rate

	December 31, 2018	December 31, 2019
Discount rate	8.00%	8.00%
Long-term expected rate of return, net of investment expense	8.00%	8.00%

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The District has a history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution) which is based on a closed amortization period, meaning that the payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period. The projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2019.

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	0.95%	0.09%	0.09%
US Short Bonds	Barclays 1-3 Yr Gvt/Credit	12.12%	0.79%	0.77%
US Long Bonds	Barclays LT Gvt/Credit		2.47%	2.09%
US Credit Bonds	Barclays Credit		2.27%	2.12%
US Large Caps	S&P 500	86.93%	4.33%	3.23%
US Small Caps	Russell 2000		5.64%	3.82%
US Large Growth	Russell 1000 Growth		4.85%	3.38%
US Large Value	Russell 1000 Value		4.35%	3.28%
US Mid Cap Growth	Russell MidCap Growth		5.48%	3.33%
Assumed Inflation - Mean			2.21%	2.21%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.86%	3.02%
Portfolio Nominal Mean Return			6.08%	5.28%
Portfolio Standard Deviation				13.27%
Long-Term Expected Rate of Return				8.00%

* As outlined in the Plan's investment policy dated December 31, 2015.

Sensitivity Analysis

The following presents the net pension liability of the NTMWD, calculated using the discount rate of 8.00%, as well as what the NTMWD's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Total pension liability	\$ 141,938,459	\$ 124,390,397	\$ 109,857,324
Fiduciary net position	98,049,843	98,049,843	98,049,843
Net pension liability	43,888,616	26,340,554	11,807,481

Pension Expense

For the year ended September 30, 2020, the District recognized pension expense of \$8,489,255 of which \$4,074,536 was allocated to the Support Fund, \$1,077,169 was allocated to the Water System, \$1,295,222 was allocated to the Wastewater System, \$585,436 was allocated to the Sewer System, \$1,241,823 was allocated to the Solid Waste System, and \$215,069 was allocated to the Interceptor System.

NOTE 10. RETIREMENT PLAN (CONTINUED)**Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (2,325,925)	\$ 10,682,989
Changes of assumptions	(6,422,060)	-
Net difference between projected and actual earnings	(1,230,741)	-
Contributions made subsequent to measurement date	-	4,097,325
Total	\$ (9,978,726)	\$ 14,780,314

Investment gains/losses are recognized in pension expense over a period of five years; economic/demographic gains/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, currently 7.6 years for 2020.

\$4,097,321 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The net amounts of the employer's other balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended September 30	Amount
2021	\$ 321,939
2022	353,477
2023	1,024,589
2024	(1,303,154)
2025	473,908
Thereafter	(166,496)
	\$ 704,263

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2019	\$ 116,921,100	\$ 80,485,836	\$ 36,435,264
Changes for the year:			
Service cost	3,711,771		3,711,771
Interest on total pension liability	10,061,869		10,061,869
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(1,312,401)		(1,312,401)
Effect of assumptions changes or inputs	(242,954)		(242,954)
Benefit payments	(4,748,988)	(4,748,988)	-
Employer contributions		6,808,000	(6,808,000)
Member contributions		346,866	(346,866)
Net investment income		15,158,129	(15,158,129)
Administrative expenses		-	-
Balances as of September 30, 2020	\$ 124,390,397	\$ 98,049,843	\$ 26,340,554

The District's total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions described above. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 67 and 68.

	December 31, 2018	December 31, 2019
Total pension liability	\$ 116,921,100	\$ 124,390,397
Fiduciary net position	80,485,836	98,049,843
Net pension liability	36,435,264	26,340,554
Fiduciary net position as a % of total pension liability	68.84%	78.82%

The plan has not had a formal actuarial experience study performed.

Pension plan fiduciary net position

	December 31, 2018	December 31, 2019
Assets		
Cash and cash equivalents	\$ 798,902	\$ 927,928
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	10,872,839	11,887,458
Stocks	68,814,095	85,234,457
Total investments	79,686,934	97,121,915
Total assets	80,485,836	98,049,843
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	\$ 80,485,836	\$ 98,049,843

NOTE 11. COMMITMENTS AND CONTINGENCIES

Commitments

Remaining commitments under construction contracts as of September 30, 2020 were as follows:

Payable from:	Capital Improvement Funds	Restricted Bond Funds	Total Commitments
Water System	\$ 116,722,986	\$ 614,979,918	\$ 731,702,904
Regional Wastewater System	1,821,674	187,470,601	189,292,275
Sewer System	5,373,399	20,453,443	25,826,842
Solid Waste System	1,264,500	247,154	1,511,654
Interceptor System	883,027	87,471,093	88,354,120
	\$ 126,065,586	\$ 910,622,209	\$ 1,036,687,795

Contingencies

The District is involved in threatened litigation and lawsuits arising in the ordinary course of business, including claims involving contract disputes. In the opinion of the District's management, potential liability in these matters will not have a material impact on the financial statements as of September 30, 2020.

NOTE 12. CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the District to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the District accrues a portion of these estimated closure and postclosure care costs in each period based on landfill capacity used as of each Statement of Net Position date. At September 30, 2020, a liability of \$6,584,346 for landfill closure and postclosure care costs has been accrued in the Solid Waste System Fund in the accompanying statement of net position.

Beginning Liability	Additions	Reductions	Ending Liability
\$ 6,194,441	\$ 389,905	\$ -	\$ 6,584,346

The \$6,584,346 reported as landfill closure and postclosure care liability at September 30, 2020, includes \$219,052 for Transfer Stations, \$1,567,661 for the Maxwell Creek Landfill, \$2,922,121 for the McKinney Landfill and \$1,875,512 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 16% of the estimated capacity of the 121 Regional Disposal Facility. The Maxwell Creek Landfill was closed during 2006 and the McKinney Landfill was closed during 2009. The District will recognize the remaining cost of closure and postclosure care of \$8,549,379 for the 121 Regional Disposal Facility as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care at September 30, 2020. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 76 years. Actual costs may be higher due to inflation, changes in technology, or changes in laws or regulations.

The District is required to provide financial assurance for closure and postclosure care to the State of Texas. In accordance with current regulations, a local government may demonstrate financial assurance for closure and postclosure care, or corrective action by satisfying certain requirements. Management of the District believes they have satisfied such requirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. 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; injuries to employees; and natural disasters. Commercial insurance is purchased for fire and extended coverage for the buildings, plants, structures and contents with a \$25,000 deductible per occurrence. Commercial insurance is also provided under a commercial floater policy, which covers the heavy off-road equipment with a \$10,000 deductible per occurrence. The District is a member of a public entity risk pool operating as a common risk management and insurance program for a number of water districts and river authorities within the State of Texas. Coverage provided by the pool consists of workers' compensation, general liability, automobile liability, directors' and officers' liability, and automobile physical damage. Annual premiums are paid to the pool. The pool is self-sustaining through member premiums and the purchase of reinsurance through commercial companies. The amount of settlements did not exceed insurance coverage for the last three fiscal years.

The District maintains a self-insurance program for the employee group medical program. A third-party administrator is utilized to provide claims administration and payment of claims. Insurance is purchased to provide specific stop loss and aggregate stop loss protection.

The liability for insurance claims is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities are based upon the insurance company's figures for the District's liability for termination claims upon the termination of the policy year and the stop loss premium for any claims above the District's liability. Additionally, the liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage, and subrogation. The liability is reported with accounts payable and accrued liabilities in the Statement of Net Position. Changes in the employees' health claims liability amount in fiscal September 30, 2020 and 2019 were:

Fiscal Year	Liability Beginning of Year	Claims Incurred and Change in Estimates	Current Year Claim Payments	Liability End of Year
2019	\$ 1,847,638	\$ 13,054,407	\$ 13,145,663	\$ 1,756,382
2020	1,756,382	13,131,157	13,168,647	\$ 1,718,892

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS**Plan Description and Benefits Provided**

The District's defined benefit other postemployment benefits (OPEB) plan provides OPEB in the form of health and dental insurance benefits for certain retirees and their spouses up to age 65 through a single-employer defined medical plan. These benefits are funded 100 percent by the District for the currently eligible retirees and their spouses. A third-party administrator is utilized to provide claims administration and payment of claims. Insurance is purchased to provide specific stop loss and aggregate stop loss protection.

The District does not issue separate audited financial statements for its plan.

Employees Covered by Benefit Terms

As of September 30, 2020, the participants comprised the following:

Actives	743
Retirees	40
Beneficiaries	17
Spouses of Retirees	23
Total number of participants	823

Contributions

The District's funding policy is established and may be amended by the District's Board of Directors. The District has established an irrevocable trust fund to accumulate assets for payment of future OPEB benefits. The District pre-funds benefits through contributions to the trust. The current funding policy is to contribute at least the Actuarially Determined Contribution as calculated by the actuary. The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 20 year period beginning October 1, 2017.

Actuarial Assumptions

The total OPEB liability in the September 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	October 1, 2019	October 1, 2020
Measurement date	September 30, 2019	September 30, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Salary increases including inflation	3.00%	3.00%
Long -Term Expected Rate of Return	7.50%	7.50%
Healthcare Cost Trend Rates (Medical)	4.8% for 2019, gradually increasing to an ultimate rate of 5.0% between 2033 and 2041 and gradually decreasing to 3.9% in 2075.	5.9% for 2020, gradually decreasing to 4.5% from 2027-2033 and increasing to 4.6% from 2034-2042 and ultimately decreasing to 3.7% in 2076.
Healthcare Cost Trend Rates (Dental)	4.1% for 2019, gradually increasing until 2027 to a rate of 5.0% through 2036 and increasing to 5.1% through 2041 and gradually decreasing to 3.9% in 2075.	3.95% for 2020-2042 and gradually decreasing to 3.69% in 2076.

Mortality rates (pre-retirement) were based on the PUB-2010 General Employees Amount-Weighted Table with Mortality Improvement Scale MP-2020 on a generational basis with healthy annuitant rates after benefit commencement. Mortality rates (post-retirement) were based on the PUB-2010 General Retirees Amount-Weighted Table with Mortality Improvement Scale MP-2020 on a generational basis.

The plan has not had a formal actuarial experience study performed.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Plan Fiduciary Net Position

	September 30, 2019	September 30, 2020
Assets		
Cash and cash equivalents	\$ -	\$ 11,311
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	2,033,868	1,772,051
Stocks	4,869,514	5,274,251
Real estate	-	-
Alternative investments	1,316,447	1,777,398
Total investments	8,219,829	8,823,700
Total assets	8,219,829	8,835,011
Liabilities		
Total liabilities	-	-
Net position restricted for OPEB	\$ 8,219,829	\$ 8,835,011

Net OPEB Liability

The District's total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2020.

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	0.13%	0.88%	0.87%
US Core Fixed Income	Barclays Aggregate	15.07%	2.28%	2.18%
US High Yield Bonds	BAML High Yield	4.99%	4.34%	3.86%
Global Bonds	Citi WGBI	0.00%	0.97%	0.69%
US Large Caps	S&P 500	9.83%	4.46%	3.33%
US Equity Market	Russell 3000	20.59%	4.73%	3.52%
US Small Caps	Russell 2000	5.58%	5.79%	3.91%
US Mid Caps	Russell MidCap	4.81%	4.84%	3.38%
Foreign Developed Equity	MSCI EAFE NR	8.86%	6.09%	4.55%
Emerging Markets Equity	MSCI EM NR	10.02%	8.28%	5.43%
US REITs	FTSE NAREIT Equity REIT	0.00%	5.08%	3.42%
Master Limited Partnerships	Alerian MLP	6.00%	3.99%	2.74%

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**Long-Term Expected Rate of Return - continued**

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Hedge FOF Strategic	HFRI FOF Strategic	7.08%	2.99%	2.50%
Hedge Funds - Event-Driven	HFRI Event-Driven	7.04%	3.60%	3.23%
Assumed Inflation - Mean			2.20%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			4.53%	3.76%
Portfolio Nominal Mean Return			6.75%	6.04%
Portfolio Standard Deviation				12.50%
Long-Term Expected Rate of Return				7.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50% and has not changed from the previous year. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The District contributes only the amount necessary to pay current year benefits and all cash flows are assumed to occur on average halfway through the year.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of September 30, 2019	\$ 11,902,251	\$ 8,219,829	\$ 3,682,422
Changes for the year:			
Service cost	405,049		405,049
Interest on total OPEB liability	923,048		923,048
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(827,822)		(827,822)
Effect of assumptions changes or inputs	662,042		662,042
Benefit payments	-	-	-
Employer contributions	-	50,000	(50,000)
Member contributions	-	-	-
Net investment income	-	565,182	(565,182)
Administrative expenses	-	-	-
Balances as of September 30, 2020	\$ 13,064,568	\$ 8,835,011	\$ 4,229,557

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity Analysis

The following presents the net OPEB liability of the District, calculated using the discount rate of 7.5%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB liability	\$ 14,136,653	\$ 13,064,568	\$ 12,119,415
Fiduciary net position	8,835,011	8,835,011	8,835,011
Net OPEB liability	5,301,642	4,229,557	3,284,404

The following presents the net OPEB liability of the District, calculated using the current healthcare cost trend rate of 5.9%, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current healthcare cost trend rate.

	1% Decrease 4.9%	Current Trend Rate 5.9%	1% Increase 6.9%
Total OPEB liability	\$ 12,019,611	\$ 13,064,568	\$ 14,277,951
Fiduciary net position	8,835,011	8,835,011	8,835,011
Net OPEB liability	3,184,600	4,229,557	5,442,940

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**Deferred Outflows/Inflows of Resources Related to OPEB**

At September 30, 2020, the District reported deferred inflows and outflows of resources from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (2,706,187)	\$ 693,524
Changes of assumptions	(483,535)	637,216
Net difference between projected and actual earnings	-	280,466
Total	<u>\$ (3,189,722)</u>	<u>\$ 1,611,206</u>

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Amount
2021	\$ (235,190)
2022	(204,637)
2023	(227,096)
2024	(301,623)
2025	(312,253)
Thereafter	(297,717)
	<u>\$ (1,578,516)</u>

Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PRIOR YEAR RESTATEMENT

In prior years, two of the District's landfills were closed to operations. After they were closed, in the post-closure period, the District incurred additional costs related to the required post-closure activities. The cost of the project and equipment was incorrectly capitalized then depreciated over several years. In accordance with GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", equipment and facilities should be fully depreciated by the date the landfill stops accepting waste. As a result, the District has recorded a prior period adjustment. A summary of the corrections of errors is as follows:

	Solid Waste System	Gov-Wide Business-Type Activities
October 1, 2019 net position	\$ 78,783,003	\$ 1,619,182,701
Capital assets	(4,810,594)	(4,810,594)
Accumulated depreciation	614,679	614,679
October 1, 2019 net position, as restated	<u>\$ 74,587,088</u>	<u>\$ 1,614,986,786</u>

The effect on the amount reported for change in net position in fiscal year 2019 was \$94,935.

NOTE 16. RECENTLY ISSUED GASB STATEMENTS

The District has implemented the following new accounting pronouncements:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately. The primary objective of which was to provide temporary relief to governments in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain statements scheduled to be effective for periods beginning after June 15, 2018 and later.

The GASB has issued the following statements which will be effective in future years as described below and in accordance with GASB Statement No. 95. The impact on the District's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 84, *Fiduciary Activities* is now effective for periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases* is now effective for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* is now effective for periods beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, *Conduit Debt Obligations* is now effective for periods beginning after December 15, 2021. The primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

NOTE 16. RECENTLY ISSUED GASB STATEMENTS (CONTINUED)

GASB Statement No. 92, *Omnibus* paragraphs 6, 7, 8, and 12 is now effective for periods beginning after June 15, 2021. The primary objective is to address implementation issues which have been identified related to GASB 87, *Leases*, reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended*, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs); reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of paragraphs 13 and 14 are now effective for fiscal years beginning after June 15, 2021. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement is effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

PENSION & OPEB TREND INFORMATION (UNAUDITED)

North Texas Municipal Employee Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability										
Service cost	\$ 3,712	\$ 3,428	\$ 2,897	\$ 2,517	\$ 3,058	\$ 2,166	\$ 2,005	N/A	N/A	N/A
Interest on total pension liability	10,062	9,451	8,582	7,643	6,614	6,387	5,854	N/A	N/A	N/A
Effect of plan changes	-	-	(843)	-	-	0	N/A	N/A	N/A	N/A
Effect of economic/ demographic gains or (losses)	(1,312)	5,496	6,366	(2,503)	8,442	(4,871)	1,527	N/A	N/A	N/A
Effect of assumptions changes or inputs	(243)	(3,039)	(1,928)	(1,115)	(6,899)	-	154	N/A	N/A	N/A
Benefit payments	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)	N/A	N/A	N/A
Net change in total pension liability	7,469	10,819	11,568	3,450	8,599	1,627	N/A	N/A	N/A	N/A
Total pension liability, beginning	116,921	106,102	94,534	91,085	82,486	80,859	73,020	55,436	47,048	39,331
Total pension liability, ending (a)	124,390	116,921	106,102	94,534	91,085	82,486	80,859	73,020	55,436	47,048
Fiduciary Net Position										
Employer contributions	\$ 6,808	\$ 6,450	\$ 6,765	\$ 5,957	\$ 4,999	\$ 5,595	\$ 4,945	N/A	N/A	N/A
Member contributions	347	98	-	-	-	-	N/A	N/A	N/A	N/A
Investment income net of investment expenses	15,158	(5,315)	9,686	5,284	(1,337)	3,689	7,436	N/A	N/A	N/A
Benefit payments	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)	N/A	N/A	N/A
Administrative expenses	-	-	-	-	(195)	(180)	(159)	N/A	N/A	N/A
Net change in fiduciary net position	17,564	(3,284)	12,944	8,149	850	7,049	10,522	N/A	N/A	N/A
Fiduciary net position, beginning	80,486	83,770	70,827	62,678	61,828	54,779	44,257	35,949	32,430	27,146
Fiduciary net position, ending (b)	98,050	80,486	83,770	70,827	62,678	61,828	54,779	44,257	35,949	32,430
Net pension liability, ending = (a) - (b)	26,341	36,435	22,331	23,708	28,407	20,658	26,081	28,763	19,487	14,618
Fiduciary net position as a % of total pension liability	78.82%	68.84%	78.95%	74.92%	68.81%	74.96%	67.75%	60.61%	64.85%	68.93%
Covered payroll	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929	\$ 24,859	\$ 24,256	\$ 23,572
Net pension liability as a % of covered payroll	48.41%	88.82%	66.49%	74.60%	94.42%	77.50%	100.58%	115.70%	80.34%	62.02%

Notes to Schedule:

Changes of assumptions. The mortality assumptions were updated from Projection Scale MP-2016 to Projection Scale MP-2017. Data prior to 2014 is not available. Additional years' information will be displayed as it becomes available.

NOTE: The District implemented GASB Statement No. 68 in FY 2015. Information in this table has been determined as of the measurement date (December 31) of the net pension liability and will ultimately contain information for ten years.

North Texas Municipal Employee Retirement System

Schedule of Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in 1,000s)

	Fiscal Year Ended September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 6,510	\$ 5,195	\$ 5,213	\$ 5,034	\$ 4,600	\$ 4,386	\$ 4,504	\$ 4,555	\$ 3,841	\$ 3,291
Actual Employer Contribution	8,108	6,450	6,765	5,957	4,999	5,595	4,945	5,022	3,925	3,345
Contribution Deficiency (Excess)	(1,598)	(1,255)	(1,552)	(923)	(399)	(1,209)	(441)	(467)	(84)	(54)
Covered Payroll*	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929	\$ 24,859	\$ 24,256	\$ 23,572
Contributions as a % of Covered Payroll	14.90%	13.55%	20.14%	18.75%	16.62%	20.99%	19.07%	20.20%	16.18%	14.19%

* Covered payroll for 2020 and 2019 is for the fiscal year period ended September 30. Covered payroll for 2011-2018 is for the fiscal year period ending December 31 within each year.

North Texas Municipal Employee Other Postemployment Benefits Plan
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 405	\$ 374	\$ 406	432	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	923	953	832	826	N/A	N/A	N/A	N/A	N/A	N/A
Changes on benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/ demographic gains or (losses)	(828)	(1,677)	1,046	(1,258)	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumptions changes or inputs	662	(83)	(634)	104	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,162	(433)	1,650	104	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	11,902	12,335	10,685	10,581	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	13,065	11,902	12,335	10,685	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	50	-	696	600	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	565	227	428	600	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	615	227	1,124	1,200	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	8,220	7,993	6,869	5,669	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	8,835	8,220	7,993	6,869	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability, ending = (a) - (b)	4,230	3,682	4,342	3,816	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total OPEB liability	67.62%	69.06%	64.80%	64.28%	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll (as reported with pension data)	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	7.77%	7.74%	12.93%	12.01%	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes of benefit terms. There were no substantial changes to benefits between 2019 and 2020.

Changes of assumptions. Mortality table was updated from RP-2014 Blue Collar Mortality Table with MP-2018 to PUB-2010 Amount-Weighted Table with MP-2020.

Per capita claims and trend rates were updated to reflect recent claims data.

Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

North Texas Municipal Employee Other Postemployment Benefits Plan

Schedule of NTMWD Contributions

Last 10 Fiscal Years

(Dollar amounts in 1,000s)

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 819	\$ 864	\$ 832	\$ 669	N/A	N/A	N/A	N/A	N/A	N/A
Actual Employer Contribution	50	-	696	600	N/A	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	769	864	137	69	N/A	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a % of Covered Payroll	0.09%	0.00%	2.07%	1.89%	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Timing	Actuarial valuations for funding purposes are performed annually as of October 1.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level
Amortization Period	percent;
Asset Valuation Method	Closed
Inflation	17
Salary Increases	Market Value
Discount Rate	2.30%
Healthcare Cost Trend Rates (Medical)	3.00%
Healthcare Cost Trend Rates (Dental)	7.50%
Retirement age	5.9% for 2020, gradually decreasing to 4.5% in 2027-2033 and increasing to 4.6% from 2034-2042 and ultimately decreasing to 3.7% in 2076.
Mortality	3.95% for 2020-2042 and gradually decreasing to 3.69% in 2076.
	Participants are assumed to retire at the earlier of their Normal Retirement Age or the eligibility for unreduced early retirement benefit under the Retirement Plan.
	Pre-retirement: PUB-2010 General Employees Amount-Weighted Table with Mortality Improvement Scale MP-2020 on a generational basis with healthy annuitant rates after benefit commencement.
	Post-retirement: PUB-2010 General Retirees Amount-Weighted Table with Mortality Improvement Scale MP-2020 on a generational basis.
	Disability retirement: PUB-2010 Disabled Retirees Amount-Weighted Table with Mortality Improvement Scale MP-2020 on a generational basis.
	Survivor

2017 and 2018 payroll as reported with pension data. 2019 and 2020 payroll shows fiscal year ending September 30 reported with OPEB data.

Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

Little Elm Water Transmission Facilities

The Little Elm Water Transmission Pipeline was constructed under a facilities contract with the City of Little Elm. The facilities consist of 18,900 linear feet of 30-inch pipeline aligned generally parallel to Eldorado Parkway. The pipeline begins at the City of Frisco No. 3 delivery point (Eldorado Parkway and just east of Research Road) and travels in a westerly direction to the Frisco-Little Elm border (Eldorado Parkway and just east of FM 423). The Little Elm Pipeline terminates at the City of Little Elm Bob Mansell Pump Station. The District provides O&M for this pipeline.

Plano Water Transmission Facilities

The Plano-Ridgeview Water Transmission Pipeline was constructed under a contract with the City of Plano. The first phase of the facilities consists of 22,750 linear feet of pipeline ranging in size from 54-inches to 72-inches. The pipeline begins at the City of Plano Ridgeview Pump Station and terminates at Legacy Drive. The second phase of the facilities consists of 33,840 linear feet of pipeline ranging in size from 24-inches to 42-inches. This pipeline runs from Legacy Drive to a point south of Park Boulevard, with an east-west segment from Preston Meadow Drive to Spring Creek Parkway west of Preston Road. The District provides maintenance for this pipeline.

Kaufman Four-One Water Distribution Facilities

The Kaufman Four-One Water Distribution Facilities serves Crandall, Gastonia-Scurry, College Mound and Rose Hill from a delivery point just west of Forney on the Mesquite-Forney Pipeline. The facilities are owned by the four entities and are operated and maintained by the District.

Rockwall-Heath Water Storage Facilities

The Rockwall-Heath Water Storage Facilities was constructed by the NTMWD under a facilities contract with the Cities of Rockwall and Heath. The facilities consist of a 3 million gallon (MG) ground storage tank.

Terrell Water Transmission Facilities

The Terrell Water Transmission Facilities were constructed by the NTMWD under a facilities contract with the City of Terrell. The facilities consist of a 3 MG ground storage reservoir, where the city takes delivery of treated water from the District's pipeline, a 12 MGD pump station, a 12 to 30-inch pipeline approximately 9 miles in length and a 16-inch pipeline approximately one-half mile in length.

Rockwall Water Pump Station Facilities

The Rockwall Water Pump Station was constructed by the NTMWD under a facilities contract with the City of Rockwall. The facilities consist of an 8.6 MGD potable water pump station, which includes three 2.88 MGD vertical turbine pumps, a backup generator, associated electrical and instrumentation components and yard piping.

Wylie Wastewater Treatment Plant - Decommissioned

The Wylie WWTP is a 2 MGD extended air treatment facility that can treat wastewater flow from Wylie. The decommissioned plant is located at 806 Alanis in Wylie. Flow was diverted to the Muddy Creek WWTP. The plant discharged into a small tributary of Muddy Creek, which flows into Lake Ray Hubbard. The NTMWD retained the discharge permit so the plant can be placed back into service if additional capacity is needed in the future.

South Rockwall (Buffalo Creek) Wastewater Treatment Plant

The South Rockwall (Buffalo Creek) WWTP treats wastewater for the southern portion of Rockwall. NTMWD owns and operates this extended air treatment plant that is located at 4920 Horizon Road in Rockwall. The plant has a design capacity of 2.25 MGD and consists of the Buffalo Creek WWTP, the Lakeside Lift Station and accompanying interceptor line. The plant discharges into Buffalo Creek, which flows into the East Fork of the Trinity River below Lake Ray Hubbard. The Buffalo Creek Golf Course utilizes a portion of the plant effluent for irrigation.

North Rockwall (Squabble Creek) Wastewater Treatment Plant

The North Rockwall (Squabble Creek) WWTP treats wastewater for the northern portion of Rockwall. NTMWD owns and operates the extended air treatment plant that is located at 2215 N. Lakeshore Drive in Rockwall. The plant has a capacity of 1.2 MGD and is equipped with a lift station and pipeline system that allows flow to be diverted away to Buffalo Creek Interceptor System for transfer to the South Mesquite RWWTP. The plant discharges into Squabble Creek, a tributary of Lake Ray Hubbard.

Panther Creek Wastewater Treatment Plant

The Panther Creek WWTP treats wastewater for the northern portion of Frisco. NTMWD owns and operates the biological nutrient removal plant located at 1825 Panther Creek Road in Frisco. The plant has a treatment capacity of 10 MGD and discharges into Panther Creek, a tributary of Lake Lewisville.

Sabine Creek Wastewater Treatment Plant

The Sabine Creek WWTP treats wastewater for the Cities of Royse City and Fate. NTMWD owns and operates this plant located at 1513 Crenshaw Road in Royse City. The extended air treatment plant has a capacity of 3.0 MGD and discharges into Sabine Creek, a tributary of Lake Tawakoni.

Stewart Creek Wastewater Treatment Plant

The Stewart Creek West WWTP treats wastewater for the southern portion of Frisco. NTMWD owns and operates this plant located at 5100 4th Army Drive in Frisco. The current capacity is 10 MGD through a biological nutrient removal process. The plant discharges into Stewart Creek, a tributary of Lake Lewisville.

Muddy Creek Wastewater Treatment Plant

The Muddy Creek WWTP treats wastewater for the Cities of Wylie and Murphy. The conventional activated sludge plant has a capacity of 10 MGD and is located at 5401 Pleasant Valley Road. The plant discharges into Muddy Creek, a tributary of Lake Ray Hubbard.

Seis Lagos Wastewater Treatment Plant

The Seis Lagos WWTP treats wastewater for the Seis Lagos subdivision, which is located at 1007 Riva Ridge Road in the Seis Lagos gated community. The Seis Lagos Municipal Utility District constructed this extended air treatment plant designed for 0.25 MGD flow. The permit is in the name of the NTMWD and operates in accordance with an annual operating agreement. The plant discharges into Lavon Lake.

Royse City Wastewater Treatment Plant - Decommissioned

The Royse City WWTP is not in service. Flow was diverted to the Sabine Creek WWTP. The extended air treatment plant has a design capacity of 500,000 gallons per day. The discharge permit is still effective so the plant can be placed back in service if additional capacity is needed prior to the next expansion of the Sabine Creek WWTP.

Farmersville Wastewater Treatment Plant

The NTMWD operates and maintains the Farmersville WWTPs in accordance with an operating agreement with the City of Farmersville. This function consists of two plants. Plant I is a 225,000 gallon per day trickling filter plant. Plant II is a 530,000 gallon per day extended air treatment plant. Both plants discharge into Elm Creek, a tributary of Lavon Lake.

Frisco Cottonwood Creek Wastewater Treatment Plant - Decommissioned

The District operated the Cottonwood Creek Wastewater Treatment Plant for the City of Frisco. The plant was decommissioned in August 2018 by the City of Frisco.

Lavon (Bear Creek) Wastewater Treatment Plant

The Lavon (Bear Creek) WWTP treats wastewater for the City of Lavon and is located at 10531 CR 484 in Lavon. The City of Lavon owns this extended air treatment plant, which is under the operation of the NTMWD in accordance with a wastewater treatment agreement. The plant has a capacity of 0.25 MGD and is under the process of expansion to 0.5 MGD. The plant discharges into Bear Creek, a tributary of Lake Ray Hubbard.

Forney Interceptor

The Forney Interceptor Facility transfers wastewater from the City of Forney to the South Mesquite RWWTP. The system consists of a 10.8 MGD lift station, 6,697 feet of gravity sewer and 29,500 feet of pressure sewer main.

Lower East Fork Interceptor

The Lower East Fork Interceptor transfers all of the City of Seagoville and a portion of the City of Mesquite wastewater flow to the South Mesquite RWWTP for treatment. The system consists of 26,110 feet of gravity pipelines, a 16 MGD lift station and 22,320 feet of pressure sewer main.

Muddy Creek Interceptor

The Muddy Creek Interceptor serves the Cities of Wylie and Murphy. The system consists of 21,360 feet of gravity pipelines that transport flow to the Muddy Creek WWTP for treatment.

Parker Creek Interceptor

The Parker Creek Interceptor serves the Cities of Royse City and Fate. The system consists of 26,780 feet of gravity pipelines that transport flow to the Sabine Creek WWTP for treatment.

Sabine Creek Interceptor

The Sabine Creek Interceptor transfers wastewater flow for Royse City to the Sabine Creek WWTP for treatment. The system consists of 16,680 feet of gravity pipelines.

Buffalo Creek Interceptor

The Buffalo Creek Interceptor transfers wastewater for the Cities of Forney, Heath and Rockwall to the South Mesquite RWWTP for treatment. The system consists of 75,300 feet of gravity pipelines, a 30 MGD lift station and 9,900 feet of pressure sewer main.

McKinney Interceptor

The McKinney Interceptor transfers wastewater from McKinney to the Wilson Creek RWWTP for treatment. The system consists of 16,440 feet of gravity pipelines.

Mustang Creek Interceptor

The Mustang Creek Interceptor serves a portion of the City of Forney and transfers wastewater to the South Mesquite RWWTP. The system consists of gravity sewers, force mains and the Forney Lift Station. The Forney Mustang Creek Lift Station, Phase I is currently under construction with a firm capacity of 12MGD.

Parker Creek Parallel Interceptor

The Parker Creek Parallel Interceptor serves the City of Fate. The system consists of 7,917 feet of gravity pipelines that transport flow to the Sabine Creek WWTP for treatment.

Wastewater Pretreatment Program

The Wastewater Pretreatment Program currently provides pretreatment services for the Cities of Allen, Forney, Frisco, McKinney, Melissa, Mesquite, Plano, Rockwall, Seagoville, Sunnyvale, Terrell and Wylie as required by the EPA and TCEQ pretreatment regulations. The Pretreatment staff, in partnership with city counterparts, manages seven TCEQ-approved pretreatment programs covering 8 wastewater treatment plants and 19 cities.

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	Little Elm Water Transmission Facilities	Piano Water Transmission Facilities
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 418	\$ 18,398
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total current unrestricted assets	<u>418</u>	<u>18,398</u>
Restricted assets:		
Cash and cash equivalents	137,181	-
Investments	-	-
Interest and accounts receivable	24	-
Due from other funds	-	-
Total current restricted assets	<u>137,205</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>137,623</u>	<u>18,398</u>
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	456,672	74,148
Investments	7,001	-
Total noncurrent restricted assets	<u>463,673</u>	<u>74,148</u>
Capital assets:		
Land	-	-
Easements	1,148,575	-
Construction-in-progress	-	-
Land improvements	-	-
Water treatment, storage, and transmission facilities	4,140,773	9,233,770
Wastewater treatment and disposal facilities	-	-
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Less accumulated depreciation	(1,337,125)	(4,623,728)
Net capital assets	<u>3,952,223</u>	<u>4,610,042</u>
TOTAL NONCURRENT ASSETS	<u>4,415,896</u>	<u>4,684,190</u>
TOTAL ASSETS	<u>4,553,519</u>	<u>4,702,588</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	40,982	-
Deferred pension outflow	-	-
Deferred OPEB outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>40,982</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,594,501</u>	<u>\$ 4,702,588</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 2,572	\$ (343)	\$ (914)	\$ (234)	\$ 66,052	\$ 824,328
14,607	343	914	234	-	-
5,099	-	-	-	-	-
163	-	-	-	3,073	25,514
-	-	-	-	250	14,943
22,441	-	-	-	69,375	864,785
-	77,348	248,082	57,686	-	84,485
-	-	-	-	-	-
-	14	-	3	-	20
-	-	-	-	-	-
-	77,362	248,082	57,689	-	84,505
22,441	77,362	248,082	57,689	69,375	949,290
49,853	231,110	761,700	172,019	25,064	288,980
-	4,000	-	1,000	-	6,001
49,853	235,110	761,700	173,019	25,064	294,981
-	-	-	-	-	60,724
-	-	-	-	-	243,045
-	-	-	-	-	-
-	-	-	-	-	-
-	2,600,258	12,039,133	1,932,237	-	-
-	-	-	-	2,149,479	8,214,580
-	-	-	-	-	-
-	-	-	-	2,272	79,843
-	-	-	-	53,645	307,176
-	(689,068)	(3,812,392)	(627,981)	(2,195,072)	(6,066,397)
-	1,911,190	8,226,741	1,304,256	10,324	2,838,971
49,853	2,146,300	8,988,441	1,477,275	35,388	3,133,952
72,294	2,223,662	9,236,523	1,534,964	104,763	4,083,242
-	-	108,558	-	-	-
-	-	-	-	1,167	43,291
-	-	-	-	144	4,124
-	-	108,558	-	1,311	47,415
\$ 72,294	\$ 2,223,662	\$ 9,345,081	\$ 1,534,964	\$ 106,074	\$ 4,130,657

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 63,750	\$ 1,307,504
Accounts receivable	25,874	-
Due from other funds	-	-
Prepaid expenses	23,507	103,349
Unbilled receivable	14,886	150,568
Total current unrestricted assets	128,017	1,561,421
Restricted assets:		
Cash and cash equivalents	-	1,602,754
Investments	-	-
Interest and accounts receivable	-	85
Due from other funds	-	-
Total current restricted assets	-	1,602,839
TOTAL CURRENT ASSETS	128,017	3,164,260
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	4,451	5,298,044
Investments	-	1,714,025
Total noncurrent restricted assets	4,451	7,012,069
Capital assets:		
Land	-	-
Easements	-	19,042
Construction-in-progress	-	438,535
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	1,576,459	51,847,369
Buildings	-	-
Automobiles and trucks	48,173	79,825
Other equipment	103,702	830,448
Less accumulated depreciation	(1,382,249)	(14,607,407)
Net capital assets	346,085	38,607,812
TOTAL NONCURRENT ASSETS	350,536	45,619,881
TOTAL ASSETS	478,553	48,784,141
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	850,029
Deferred pension outflow	21,656	235,938
Deferred OPEB outflow	2,587	32,547
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,243	1,118,514
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 502,796	\$ 49,902,655

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 208,494	\$ 2,682,564	\$ 710,941	\$ 36,280	\$ 35,758	\$ 64,058
-	-	-	-	-	-
-	85	168	-	-	-
9,855	85,598	49,769	2,195	104	5,896
20,919	70,993	64,033	5,078	181	15,056
239,268	2,839,240	824,911	43,553	36,043	85,010
500,495	1,598,716	927,867	-	-	-
-	-	-	-	-	-
-	10,314	13,165	-	-	-
-	-	-	-	-	-
500,495	1,609,030	941,032	-	-	-
739,763	4,448,270	1,765,943	43,553	36,043	85,010
1,128,392	4,080,715	925,879	16,525	10,577	6,161
-	4,262,099	1,806,600	-	-	-
1,128,392	8,342,814	2,732,479	16,525	10,577	6,161
375,774	-	-	-	-	-
-	-	9,421	-	-	-
59,339	67,781,716	7,198,207	-	-	-
-	-	417,138	-	-	-
-	-	-	-	-	-
18,770,683	6,896,732	28,265,888	-	-	-
-	9,698	161,583	-	-	16,225
79,402	76,461	80,259	31,600	2,272	40,336
507,468	728,193	1,516,705	41,384	7,567	278,317
(3,856,778)	(4,658,404)	(13,418,259)	(55,987)	(9,050)	(264,194)
15,935,888	70,834,396	24,230,942	16,997	789	70,684
17,064,280	79,177,210	26,963,421	33,522	11,366	76,845
17,804,043	83,625,480	28,729,364	77,075	47,409	161,855
66,412	-	167,051	-	-	-
24,530	110,178	266,924	8,211	1,154	10,626
4,238	21,826	31,408	1,275	144	2,563
95,180	132,004	465,383	9,486	1,298	13,189
\$ 17,899,223	\$ 83,757,484	\$ 29,194,747	\$ 86,561	\$ 48,707	\$ 175,044

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	Frisco Cottonwood Creek WWTP	Lavon WWTP
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ -	\$ 34,295
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	5,917
Unbilled receivable	-	12,696
Total current unrestricted assets	-	52,908
Restricted assets:		
Cash and cash equivalents	-	-
Investments	-	-
Interest and accounts receivable	-	-
Due from other funds	-	-
Total current restricted assets	-	-
TOTAL CURRENT ASSETS	-	52,908
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	-	12,918
Investments	-	-
Total noncurrent restricted assets	-	12,918
Capital assets:		
Land	-	-
Easements	-	-
Construction-in-progress	-	-
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	-	-
Buildings	-	-
Automobiles and trucks	-	32,585
Other equipment	-	49,286
Less accumulated depreciation	-	(56,011)
Net capital assets	-	25,860
TOTAL NONCURRENT ASSETS	-	38,778
TOTAL ASSETS	-	91,686
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	-	7,164
Deferred OPEB outflow	-	1,811
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	8,975
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 100,661

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Forney Interceptor	Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 366,444	\$ 573,105	\$ 376,742	\$ 388,925	\$ 240,735	\$ 665,733
-	-	-	5,644	-	133,039
-	-	-	-	-	-
4,590	10,889	12,227	-	-	20,602
-	-	-	-	-	-
371,034	583,994	388,969	394,569	240,735	819,374
-	441,526	86,811	74,970	61,157	1,372,525
-	-	-	-	-	-
-	3,043	557	513	397	23,991
-	-	-	-	-	-
-	444,569	87,368	75,483	61,554	1,396,516
371,034	1,028,563	476,337	470,052	302,289	2,215,890
18,377	38,363	34,349	584,775	351,373	2,493,539
-	1,335,936	255,401	224,323	183,960	5,094,729
18,377	1,374,299	289,750	809,098	535,333	7,588,268
-	-	-	-	-	-
48,877	193,687	49,232	104,204	70,341	1,253,590
-	-	-	(139,227)	(340,972)	1,940,945
-	-	-	-	-	-
-	-	-	-	-	-
1,856,524	15,137,967	3,411,082	2,465,984	1,697,812	18,008,417
-	-	-	-	-	-
-	-	-	-	-	-
189,025	-	-	-	-	-
(1,494,472)	(3,708,775)	(1,629,327)	(674,036)	(441,434)	(8,294,935)
599,954	11,622,879	1,830,987	1,756,925	985,747	12,908,017
618,331	12,997,178	2,120,737	2,566,023	1,521,080	20,496,285
989,365	14,025,741	2,597,074	3,036,075	1,823,369	22,712,175
-	120,134	(5,992)	-	-	239,238
2,890	2,886	-	-	-	2,888
20	19	-	-	-	23
2,910	123,039	(5,992)	-	-	242,149
\$ 992,275	\$ 14,148,780	\$ 2,591,082	\$ 3,036,075	\$ 1,823,369	\$ 22,954,324

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	McKinney Interceptor	Mustang Creek Interceptor
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 257,195	\$ 814,293
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	1,398
Unbilled receivable	-	-
Total current unrestricted assets	<u>257,195</u>	<u>815,691</u>
Restricted assets:		
Cash and cash equivalents	-	609,848
Investments	-	-
Interest and accounts receivable	-	26,223
Due from other funds	-	2,500
Total current restricted assets	<u>-</u>	<u>638,571</u>
TOTAL CURRENT ASSETS	<u>257,195</u>	<u>1,454,262</u>
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	15,610	9,274,298
Investments	-	3,977,735
Total noncurrent restricted assets	<u>15,610</u>	<u>13,252,033</u>
Capital assets:		
Land	-	-
Easements	16,150	915,950
Construction-in-progress	-	13,015,228
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	1,551,439	8,567,121
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Less accumulated depreciation	(1,281,310)	(870,974)
Net capital assets	<u>286,279</u>	<u>21,627,325</u>
TOTAL NONCURRENT ASSETS	<u>301,889</u>	<u>34,879,358</u>
TOTAL ASSETS	<u>559,084</u>	<u>36,333,620</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	-	-
Deferred OPEB outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 559,084</u>	<u>\$ 36,333,620</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 46,649	\$ (19,068)	\$ 187,909	\$ 9,952,583
-	-	16,853	197,508
-	40,073	108	45,533
96	-	10,637	375,379
-	-	100,514	470,117
46,745	21,005	316,021	11,041,120
64,153	-	-	7,945,604
-	-	-	-
14	-	-	78,363
-	-	-	2,500
64,167	-	-	8,026,467
110,912	21,005	316,021	19,067,587
343,128	-	-	26,697,020
4,000	-	-	18,876,810
347,128	-	-	45,573,830
-	-	-	436,498
33,688	-	-	4,105,802
-	-	-	89,953,771
-	-	-	417,138
-	-	-	29,946,171
2,459,548	-	-	172,877,084
-	-	-	187,506
-	-	87,268	640,296
-	-	18,726	4,631,642
(149,744)	-	(87,086)	(76,292,195)
2,343,492	-	18,908	226,903,713
2,690,620	-	18,908	272,477,543
2,801,532	21,005	334,929	291,545,130
-	-	-	1,586,412
-	-	132,088	871,591
-	-	15,474	118,203
-	-	147,562	2,576,206
\$ 2,801,532	\$ 21,005	\$ 482,491	\$ 294,121,336

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ -	\$ -
Due to other funds	-	-
Customers' advance payments	418	18,398
Total payable from unrestricted assets	418	18,398
Payable from restricted assets:		
Accounts payable and accrued liabilities	49,215	77,148
Due to other funds	-	-
Accrued interest payable on revenue bonds	7,833	-
Current portion of revenue bonds	380,000	-
Total payable from restricted assets	437,048	77,148
TOTAL CURRENT LIABILITIES	437,466	95,546
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Long-term debt—less current portion	799,654	-
TOTAL LONG-TERM LIABILITIES	799,654	-
TOTAL LIABILITIES	1,237,120	95,546
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,237,120	95,546
NET POSITION:		
Net investment in capital assets	2,813,551	4,610,042
Restricted for debt service	543,830	-
Unrestricted	-	(3,000)
TOTAL NET POSITION	\$ 3,357,381	\$ 4,607,042

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 10,901	\$ -	\$ -	\$ -	\$ 4,097	\$ 527,344
3,836	-	-	-	198	19,462
7,704	-	-	-	64,868	309,210
22,441	-	-	-	69,163	856,016
44,754	-	-	-	25,064	42,691
5,099	-	-	-	-	-
-	14,261	102,276	13,256	-	29,672
-	185,000	425,000	130,000	-	160,000
49,853	199,261	527,276	143,256	25,064	232,363
72,294	199,261	527,276	143,256	94,227	1,088,379
-	-	-	-	157	6,506
-	-	-	-	55	2,263
-	-	-	-	2,115	74,253
-	-	-	-	399	13,028
-	840,000	8,211,154	747,790	-	1,384,187
-	840,000	8,211,154	747,790	2,726	1,480,237
72,294	1,039,261	8,738,430	891,046	96,953	2,568,616
-	-	-	-	865	28,382
-	-	-	-	315	8,953
-	-	-	-	1,180	37,335
72,294	1,039,261	8,738,430	891,046	98,133	2,605,951
(5,098)	886,190	(300,855)	426,466	10,324	1,294,784
-	298,211	907,506	217,452	-	307,123
5,098	-	-	-	(2,383)	(77,201)
\$ -	\$ 1,184,401	\$ 606,651	\$ 643,918	\$ 7,941	\$ 1,524,706

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 64,221	\$ 513,342
Due to other funds	21,850	50,183
Customers' advance payments	34,871	261,029
Total payable from unrestricted assets	120,942	824,554
Payable from restricted assets:		
Accounts payable and accrued liabilities	4,451	224,581
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	441,556
Current portion of revenue bonds	-	3,015,000
Total payable from restricted assets	4,451	3,681,137
TOTAL CURRENT LIABILITIES	125,393	4,505,691
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	5,249	47,222
Accrued sick—less current portion	1,826	77,215
Net pension liability	37,816	421,920
Net OPEB liability	7,158	89,047
Long-term debt—less current portion	-	27,819,461
TOTAL LONG-TERM LIABILITIES	52,049	28,454,865
TOTAL LIABILITIES	177,442	32,960,556
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	14,841	150,865
Deferred OPEB inflow	5,049	64,020
TOTAL DEFERRED INFLOWS OF RESOURCES	19,890	214,885
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	197,332	33,175,441
NET POSITION:		
Net investment in capital assets	346,085	13,644,729
Restricted for debt service	-	2,999,625
Unrestricted	(40,621)	82,860
TOTAL NET POSITION	\$ 305,464	\$ 16,727,214

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 94,664	\$ 557,808	\$ 420,361	\$ 16,194	\$ 2,832	\$ 41,341
28,519	20,258	63,710	4,588	198	16,082
105,494	1,276,856	294,813	19,934	32,802	20,512
228,677	1,854,922	778,884	40,716	35,832	77,935
111,927	3,320,157	492,916	16,525	10,577	6,161
-	13,657	3,194	-	-	-
120,825	717,646	176,041	-	-	-
1,100,000	2,570,000	1,915,000	-	-	-
1,332,752	6,621,460	2,587,151	16,525	10,577	6,161
1,561,429	8,476,382	3,366,035	57,241	46,409	84,096
7,858	29,250	32,051	2,106	157	5,249
2,733	20,070	12,504	732	55	1,826
45,258	246,307	488,160	15,342	2,111	21,234
9,428	47,161	84,016	3,679	401	5,278
10,745,651	53,743,674	13,230,056	-	-	-
10,810,928	54,086,462	13,846,787	21,859	2,724	33,587
12,372,357	62,562,844	17,212,822	79,100	49,133	117,683
18,724	84,245	172,618	6,257	857	9,449
7,841	43,021	63,230	2,697	314	4,742
26,565	127,266	235,848	8,954	1,171	14,191
12,398,922	62,690,110	17,448,670	88,054	50,304	131,874
4,263,416	14,614,865	10,479,227	16,997	789	70,684
1,289,368	5,810,241	1,776,070	-	-	-
(52,483)	642,268	(509,220)	(18,490)	(2,386)	(27,514)
\$ 5,500,301	\$ 21,067,374	\$ 11,746,077	\$ (1,493)	\$ (1,597)	\$ 43,170

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	Frisco Cottonwood Creek WWTP	Lavon WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ -	\$ 30,847
Due to other funds	-	15,366
Customers' advance payments	-	1,102
Total payable from unrestricted assets	-	47,315
Payable from restricted assets:		
Accounts payable and accrued liabilities	-	12,918
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	-	12,918
TOTAL CURRENT LIABILITIES	-	60,233
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	4,149
Accrued sick—less current portion	-	1,443
Net pension liability	-	14,385
Net OPEB liability	-	4,050
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	-	24,027
TOTAL LIABILITIES	-	84,260
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	6,310
Deferred OPEB inflow	-	3,263
TOTAL DEFERRED INFLOWS OF RESOURCES	-	9,573
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	93,833
NET POSITION:		
Net investment in capital assets	-	25,860
Restricted for debt service	-	-
Unrestricted	-	(19,032)
TOTAL NET POSITION	\$ -	\$ 6,828

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Forney Interceptor	Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 250,040	\$ 498,216	\$ 346,882	\$ 385,237	\$ 213,164	\$ 486,186
1,288	7,007	-	9,332	-	3,658
119,683	78,771	42,087	-	27,548	329,530
371,011	583,994	388,969	394,569	240,712	819,374
18,400	25,496	23,802	431,387	5,495	250,110
-	-	-	-	-	-
-	91,050	10,250	10,250	8,285	164,488
-	1,030,000	225,000	190,000	155,000	1,390,000
18,400	1,146,546	259,052	631,637	168,780	1,804,598
389,411	1,730,540	648,021	1,026,206	409,492	2,623,972
-	-	-	-	-	-
-	-	-	-	-	-
7,035	7,010	-	-	-	7,028
822	799	-	-	-	934
-	6,347,356	747,652	410,000	330,000	12,843,663
7,857	6,355,165	747,652	410,000	330,000	12,851,625
397,268	8,085,705	1,395,673	1,436,206	739,492	15,475,597
2,274	2,278	-	-	-	2,274
267	260	-	-	-	304
2,541	2,538	-	-	-	2,578
399,809	8,088,243	1,395,673	1,436,206	739,492	15,478,175
599,954	4,365,657	852,343	1,304,953	845,444	5,126,243
-	1,702,322	343,066	294,916	238,433	2,357,535
(7,488)	(7,442)	-	-	-	(7,629)
\$ 592,466	\$ 6,060,537	\$ 1,195,409	\$ 1,599,869	\$ 1,083,877	\$ 7,476,149

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2020**

	McKinney Interceptor	Mustang Creek Interceptor
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 336,292	\$ 248,799
Due to other funds	-	938
Customers' advance payments	20,864	30,279
Total payable from unrestricted assets	357,156	280,016
Payable from restricted assets:		
Accounts payable and accrued liabilities	15,649	1,119,775
Due to other funds	-	18,764
Accrued interest payable on revenue bonds	-	337,512
Current portion of revenue bonds	-	700,000
Total payable from restricted assets	15,649	2,176,051
TOTAL CURRENT LIABILITIES	372,805	2,456,067
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Long-term debt—less current portion	-	32,583,276
TOTAL LONG-TERM LIABILITIES	-	32,583,276
TOTAL LIABILITIES	372,805	35,039,343
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	372,805	35,039,343
NET POSITION:		
Net investment in capital assets	286,279	(1,177,801)
Restricted for debt service	-	1,939,526
Unrestricted	(100,000)	532,552
TOTAL NET POSITION	\$ 186,279	\$ 1,294,277

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 38,791	\$ 19,959	\$ 120,263	\$ 5,227,781
-	1,046	100	267,619
8,293	-	113,673	3,218,739
47,084	21,005	234,036	8,714,139
30,384	-	-	6,359,583
-	-	-	40,714
21,785	-	-	2,266,986
120,000	-	-	13,690,000
172,169	-	-	22,357,283
219,253	21,005	234,036	31,071,422
-	-	28,063	168,017
-	-	53,922	174,644
-	-	323,346	1,713,320
-	-	40,622	306,822
2,487,538	-	-	173,271,112
2,487,538	-	445,953	175,633,915
2,706,791	21,005	679,989	206,705,337
-	-	97,408	597,647
-	-	29,268	233,544
-	-	126,676	831,191
2,706,791	21,005	806,665	207,536,528
(151,922)	-	18,908	65,268,114
246,662	-	-	21,271,886
1	-	(343,082)	44,808
\$ 94,741	\$ -	\$ (324,174)	\$ 86,584,808
(Concluded)			

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ 395,677	\$ 2,965
Intragovernmental		
Other operating revenues	-	-
Total operating revenues	<u>395,677</u>	<u>2,965</u>
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Other services	7,004	3,159
Depreciation	103,519	231,467
Total operating expenses	<u>110,523</u>	<u>234,626</u>
OPERATING INCOME (LOSS)	<u>285,154</u>	<u>(231,661)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	8,925	194
Gain (loss) on sale of capital assets	-	-
Interest expense	(38,992)	-
Total nonoperating revenues (expenses)	<u>(30,067)</u>	<u>194</u>
CHANGE IN NET POSITION	<u>255,087</u>	<u>(231,467)</u>
NET POSITION AT OCTOBER 1, 2019	<u>3,102,294</u>	<u>4,838,509</u>
NET POSITION AT SEPTEMBER 30, 2020	<u>\$ 3,357,381</u>	<u>\$ 4,607,042</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 77,295	\$ 226,448	\$ 718,999	\$ 168,449	\$ 29,206	\$ 1,531,837
2	-	-	-	33	23,145
77,297	226,448	718,999	168,449	29,239	1,554,982
-	-	-	-	5,572	231,805
-	-	-	-	68	70,070
12,076	-	-	-	1,366	111,464
37,987	-	-	-	653	132,872
27,247	5,265	8,648	5,052	21,582	765,114
-	52,005	300,978	48,306	4,748	184,965
77,310	57,270	309,626	53,358	33,989	1,496,290
(13)	169,178	409,373	115,091	(4,750)	58,692
13	5,011	15,642	3,654	102	10,917
-	-	-	-	-	-
-	(47,583)	(297,524)	(42,643)	-	(96,987)
13	(42,572)	(281,882)	(38,989)	102	(86,070)
-	126,606	127,491	76,102	(4,648)	(27,378)
-	1,057,795	479,160	567,816	12,589	1,552,084
\$ -	\$ 1,184,401	\$ 606,651	\$ 643,918	\$ 7,941	\$ 1,524,706

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 634,173	\$ 7,668,142
Intragovernmental		
Other operating revenues	1,632	37,740
Total operating revenues	635,805	7,705,882
OPERATING EXPENSES:		
Personnel	186,541	1,724,316
Operating Supplies:		
Chemicals	104,540	657,285
Other supplies	88,944	340,063
Operating Services:		
Electric power	44,104	511,956
Other services	207,016	1,977,136
Depreciation	50,419	1,386,250
Total operating expenses	681,564	6,597,006
OPERATING INCOME (LOSS)	(45,759)	1,108,876
NONOPERATING REVENUES (EXPENSES):		
Investment income	830	106,170
Gain (loss) on sale of capital assets	-	-
Interest expense	-	(836,220)
Total nonoperating revenues (expenses)	830	(730,050)
CHANGE IN NET POSITION	(44,929)	378,826
NET POSITION AT OCTOBER 1, 2019	350,393	16,348,388
NET POSITION AT SEPTEMBER 30, 2020	\$ 305,464	\$ 16,727,214

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 2,559,328	\$ 8,137,139	\$ 6,765,592	\$ 202,655	\$ 14,224	\$ 469,469
1,997	30,150	355,617	475	31	783
2,561,325	8,167,289	7,121,209	203,130	14,255	470,252
278,775	1,543,738	1,690,441	74,476	5,571	184,247
34,569	552,912	199,159	8,291	-	16,951
128,611	231,870	440,418	28,388	668	54,779
191,887	380,125	250,338	19,076	99	45,952
508,424	964,282	2,311,043	71,713	7,888	140,627
671,640	295,467	1,097,297	6,171	510	12,781
1,813,906	3,968,394	5,988,696	208,115	14,736	455,337
747,419	4,198,895	1,132,513	(4,985)	(481)	14,915
28,135	208,599	125,103	774	70	954
-	-	-	-	-	1,018
(366,480)	(1,820,320)	(493,409)	-	-	-
(338,345)	(1,611,721)	(368,306)	774	70	1,972
409,074	2,587,174	764,207	(4,211)	(411)	16,887
5,091,227	18,480,200	10,981,870	2,718	(1,186)	26,283
\$ 5,500,301	\$ 21,067,374	\$ 11,746,077	\$ (1,493)	\$ (1,597)	\$ 43,170

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

	Frisco Cottonwood Creek WWTP	Lavon WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ -	\$ 364,847
Other operating revenues	-	503
Total operating revenues	-	365,350
OPERATING EXPENSES:		
Personnel	(5,061)	146,364
Operating Supplies:		
Chemicals	-	13,860
Other supplies	-	63,652
Operating Services:		
Electric power	-	-
Other services	101	137,688
Depreciation	-	9,428
Total operating expenses	(4,960)	370,992
OPERATING INCOME (LOSS)	4,960	(5,642)
NONOPERATING REVENUES (EXPENSES):		
Investment income	101	908
Gain (loss) on sale of capital assets	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	101	908
CHANGE IN NET POSITION	5,061	(4,734)
NET POSITION AT OCTOBER 1, 2019	(5,061)	11,562
NET POSITION AT SEPTEMBER 30, 2020	\$ -	\$ 6,828

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Forney Interceptor	Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 403,341	\$ 1,779,173	\$ 441,273	\$ 473,929	\$ 277,937	\$ 2,381,656
1,269	612	894	35	-	1,168
404,610	1,779,785	442,167	473,964	277,937	2,382,824
-	-	-	-	-	-
108,686	39,127	53,356	-	-	43,483
867	4,860	-	3,224	-	31,497
42,366	37,767	250	11,859	-	49,993
253,698	441,125	153,292	253,783	113,298	794,214
63,426	302,760	111,943	49,320	33,956	610,271
469,043	825,639	318,841	318,186	147,254	1,529,458
(64,433)	954,146	123,326	155,778	130,683	853,366
1,007	45,534	9,412	16,101	10,337	166,585
-	-	-	-	-	-
-	(186,367)	(22,610)	(36,900)	(29,809)	(428,998)
1,007	(140,833)	(13,198)	(20,799)	(19,472)	(262,413)
(63,426)	813,313	110,128	134,979	111,211	590,953
655,892	5,247,224	1,085,281	1,464,890	972,666	6,885,196
\$ 592,466	\$ 6,060,537	\$ 1,195,409	\$ 1,599,869	\$ 1,083,877	\$ 7,476,149

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

	McKinney Interceptor	Mustang Creek Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 186,014	\$ 1,478,775
Intragovernmental		
Other operating revenues	537	-
Total operating revenues	186,551	1,478,775
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	1,751
Operating Services:		
Electric power	332	-
Other services	286,533	344,458
Depreciation	54,941	171,343
Total operating expenses	341,806	517,552
OPERATING INCOME (LOSS)	(155,255)	961,223
NONOPERATING REVENUES (EXPENSES):		
Investment income	314	276,103
Gain (loss) on sale of capital assets	-	-
Interest expense	-	(960,688)
Total nonoperating revenues (expenses)	314	(684,585)
CHANGE IN NET POSITION	(154,941)	276,638
NET POSITION AT OCTOBER 1, 2019	341,220	1,017,639
NET POSITION AT SEPTEMBER 30, 2020	\$ 186,279	\$ 1,294,277

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 103,677	\$ -	\$ 1,117,029	\$ 38,609,249
-	-	532	457,155
103,677	-	1,117,561	39,066,404
-	-	867,734	6,934,519
-	-	-	1,902,357
137	-	29,489	1,574,124
-	-	-	1,757,616
39,465	419,323	236,616	10,504,794
49,232	-	17,454	5,920,597
88,834	419,323	1,151,293	28,594,007
14,843	(419,323)	(33,732)	10,472,397
6,436	-	1,808	1,049,739
-	-	-	1,018
(63,241)	-	-	(5,768,771)
(56,805)	-	1,808	(4,718,014)
(41,962)	(419,323)	(31,924)	5,754,383
136,703	419,323	(292,250)	80,830,425
\$ 94,741	\$ -	\$ (324,174)	\$ 86,584,808
(Concluded)			

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 388,424	\$ 8,619
Cash received from (paid to) others	-	-
Cash paid to suppliers for goods and services	(441)	(8,619)
Cash paid for employee services	-	-
Cash paid to other funds	(2,740)	(3,159)
Net cash provided by (used for) operating activities	<u>385,243</u>	<u>(3,159)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	-
Interest paid on long-term debt	(30,800)	-
Principal payments on long-term debt	(365,000)	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(395,800)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	971,519	-
Purchases of investments	(567,505)	-
Interest received	9,573	1,084
Net cash provided by (used for) investing activities	<u>413,587</u>	<u>1,084</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	403,030	(2,075)
CASH AND CASH EQUIVALENTS—Beginning of year	191,241	94,621
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 594,271</u>	<u>\$ 92,546</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 418	\$ 18,398
Restricted cash and cash equivalents	593,853	74,148
	<u>\$ 594,271</u>	<u>\$ 92,546</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 285,154	\$ (231,661)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	103,519	231,467
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	3,825	1,002
Prepaid expenses	-	-
Pension related deferred outflows of resources	-	-
OPEB related deferred outflows of resources	-	-
Net pension liability	-	-
Pension related deferred inflows of resources	-	-
OPEB related deferred inflows of resources	-	-
Net OPEB liability	-	-
Due to/from other funds	(2)	-
Accounts payable, accrued liabilities, and developers' deposits	-	-
Accrued vacation and accrued sick	-	-
Customers' advance payments	(7,253)	(3,967)
Total adjustments	<u>100,089</u>	<u>228,502</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 385,243</u>	<u>\$ (3,159)</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ 10,626	\$ -
Change in fair value of investments	68	-
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 60,736	\$ 225,834	\$ 717,606	\$ 168,215	\$ 21,538	\$ 1,085,845
-	-	-	-	-	-
(36,709)	(2,204)	2,201	(3,007)	43,013	(582,139)
-	-	-	-	(3,538)	(142,029)
(38,914)	(752)	(3,770)	(540)	(9,350)	(294,034)
(14,887)	222,878	716,037	164,668	51,663	67,643
-	-	-	-	-	-
5,150	-	-	-	(243)	(22,738)
-	(49,982)	(319,282)	(45,396)	-	(97,262)
-	(180,000)	(415,000)	(125,000)	-	(150,000)
-	-	-	-	-	-
5,150	(229,982)	(734,282)	(170,396)	(243)	(270,000)
-	595,423	1,879,179	412,225	-	664,488
-	(364,418)	(1,121,165)	(241,225)	-	(411,479)
590	5,048	15,753	3,685	404	14,392
590	236,053	773,767	174,685	404	267,401
(9,147)	228,949	755,522	168,957	51,824	65,044
61,572	79,166	253,346	60,514	39,292	1,132,749
\$ 52,425	\$ 308,115	\$ 1,008,868	\$ 229,471	\$ 91,116	\$ 1,197,793
\$ 2,572	\$ (343)	\$ (914)	\$ (234)	\$ 66,052	824,328
49,853	308,458	1,009,782	229,705	25,064	373,465
\$ 52,425	\$ 308,115	\$ 1,008,868	\$ 229,471	\$ 91,116	\$ 1,197,793
\$ (13)	\$ 169,178	\$ 409,373	\$ 115,091	\$ (4,750)	\$ 58,692
-	52,005	300,978	48,306	4,748	184,965
(7,939)	1,849	6,164	1,389	589	8,097
(23)	-	-	-	(13)	(560)
-	-	-	-	1,132	31,714
-	-	-	-	(24)	(1,006)
-	-	-	-	(1,068)	(29,909)
-	-	-	-	55	1,554
-	-	-	-	17	717
-	-	-	-	31	1,293
(9,131)	-	-	-	(36)	(6,593)
(5,485)	-	1	(1)	(445)	217,121
-	-	-	-	(214)	(1,849)
7,704	(154)	(479)	(117)	51,641	(396,593)
(14,874)	53,700	306,664	49,577	56,413	8,951
\$ (14,887)	\$ 222,878	\$ 716,037	\$ 164,668	\$ 51,663	\$ 67,643
\$ -	\$ -	\$ (17,606)	\$ (876)	\$ -	\$ 2,473
-	39	122	30	-	41
-	-	-	-	-	-
-	-	-	-	1,068	29,909
-	-	-	-	-	-
-	-	-	-	-	-

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	N. Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 688,658	\$ 7,914,575
Cash received from (paid to) others	-	34
Cash paid to suppliers for goods and services	(310,644)	(2,892,712)
Cash paid for employee services	(112,834)	(1,051,926)
Cash paid to other funds	(161,581)	(1,326,077)
Net cash provided by (used for) operating activities	<u>103,599</u>	<u>2,643,894</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	5,817,175
Cash paid for capital assets	(8,126)	(223,019)
Interest paid on long-term debt	-	(1,269,300)
Principal payments on long-term debt	-	(2,715,000)
Payments for bond issue costs	-	(221,956)
Net cash provided by (used for) capital and related financing activities	<u>(8,126)</u>	<u>1,387,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	2,236,894
Purchases of investments	-	(1,722,559)
Interest received	883	115,336
Net cash provided by (used for) investing activities	<u>883</u>	<u>629,671</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>96,356</u>	<u>4,661,465</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>(28,155)</u>	<u>3,546,837</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 68,201</u>	<u>\$ 8,208,302</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 63,750	\$ 1,307,504
Restricted cash and cash equivalents	4,451	6,900,798
	<u>\$ 68,201</u>	<u>\$ 8,208,302</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (45,759)	\$ 1,108,876
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	50,419	1,386,250
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	55,167	(13,846)
Prepaid expenses	(1,226)	2,492
Pension related deferred outflows of resources	17,260	203,929
OPEB related deferred outflows of resources	(810)	(8,002)
Net pension liability	(16,278)	(192,323)
Pension related deferred inflows of resources	847	9,998
OPEB related deferred inflows of resources	576	5,697
Net OPEB liability	1,042	15,352
Due to/from other funds	(1,045)	(2,972)
Accounts payable, accrued liabilities, and developers' deposits	7,406	(151,516)
Accrued vacation and accrued sick	1,129	19,025
Customers' advance payments	34,871	260,934
Total adjustments	<u>149,358</u>	<u>1,535,018</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 103,599</u>	<u>\$ 2,643,894</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ -	\$ (451,537)
Change in fair value of investments	-	(2,458)
Change in liabilities related to capital assets	-	(124,581)
Change in actuarial value of net pension liability	16,278	192,323
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

SEWER SYSTEM

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 2,616,244	\$ 9,311,403	\$ 6,610,673	\$ 176,327	\$ 24,018	\$ 478,330
100	4,432	5	-	-	-
(599,244)	(1,592,785)	(1,583,679)	(85,279)	14,833	(200,456)
(170,147)	(1,041,018)	(1,110,244)	(45,934)	(3,537)	(113,400)
(346,452)	(774,872)	(1,212,123)	(59,123)	(3,190)	(101,836)
1,500,501	5,907,160	2,704,632	(14,009)	32,124	62,638
-	-	-	-	-	-
(56,956)	(794,257)	(6,055,571)	(2,311)	(243)	(31,020)
(398,676)	(2,202,338)	(599,150)	-	-	-
(1,060,000)	(2,470,000)	(1,850,000)	-	-	-
-	-	-	-	-	-
(1,515,632)	(5,466,595)	(8,504,721)	(2,311)	(243)	(31,020)
2,357,919	3,765,025	7,780,844	-	-	-
(1,405,417)	(3,335,134)	(3,403,238)	-	-	-
29,110	181,102	170,897	963	198	1,049
981,612	610,993	4,548,503	963	198	1,049
966,481	1,051,558	(1,251,586)	(15,357)	32,079	32,667
870,900	7,310,437	3,816,273	68,162	14,256	37,552
\$ 1,837,381	\$ 8,361,995	\$ 2,564,687	\$ 52,805	\$ 46,335	\$ 70,219
\$ 208,494	\$ 2,682,564	\$ 710,941	\$ 36,280	\$ 35,758	\$ 64,058
1,628,887	5,679,431	1,853,746	16,525	10,577	6,161
\$ 1,837,381	\$ 8,361,995	\$ 2,564,687	\$ 52,805	\$ 46,335	\$ 70,219
\$ 747,419	\$ 4,198,895	\$ 1,132,513	\$ (4,985)	\$ (481)	\$ 14,915
671,640	295,467	1,097,297	6,171	510	12,781
9,208	(5,833)	115,294	1,692	658	(902)
(899)	(21,936)	(7,599)	30	74	(187)
25,882	130,207	196,765	9,209	1,132	14,734
(1,214)	(7,299)	(8,118)	(326)	(24)	(810)
(24,409)	(122,797)	(185,567)	(8,685)	(1,068)	(13,895)
1,269	6,384	9,647	451	55	722
865	5,196	5,779	232	17	577
1,561	9,388	10,441	419	31	1,042
3,282	(77)	26,624	(943)	(37)	7,265
4,371	147,484	143,881	663	1,206	5,606
(27)	(3,958)	(5,672)	(558)	(214)	278
61,553	1,276,039	173,347	(17,379)	30,265	20,512
753,082	1,708,265	1,572,119	(9,024)	32,605	47,723
\$ 1,500,501	\$ 5,907,160	\$ 2,704,632	\$ (14,009)	\$ 32,124	\$ 62,638
\$ (20,128)	\$ (365,552)	\$ (82,065)	\$ -	\$ -	\$ -
158	(27,540)	1,239	-	-	-
(58,326)	(96,850)	(170,341)	-	-	-
24,409	122,797	185,567	8,685	1,068	13,895
-	-	-	-	-	-
-	-	-	-	-	-

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	Frisco Cottonwood Creek WWTP	Lavon WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ -	\$ 317,877
Cash received from (paid to) others	-	-
Cash paid to suppliers for goods and services	(23,910)	(160,403)
Cash paid for employee services	-	(88,891)
Cash paid to other funds	-	(107,774)
Net cash provided by (used for) operating activities	<u>(23,910)</u>	<u>(39,191)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(14,738)	(2,424)
Interest paid on long-term debt	-	-
Principal payments on long-term debt	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(14,738)</u>	<u>(2,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	150	1,081
Net cash provided by (used for) investing activities	<u>150</u>	<u>1,081</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,498)	(40,534)
CASH AND CASH EQUIVALENTS—Beginning of year	38,498	87,747
CASH AND CASH EQUIVALENTS—End of year	<u>\$ -</u>	<u>\$ 47,213</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ -	\$ 34,295
Restricted cash and cash equivalents	-	12,918
	<u>\$ -</u>	<u>\$ 47,213</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 4,960	\$ (5,642)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	9,428
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	-	(4,123)
Prepaid expenses	-	(2,220)
Pension related deferred outflows of resources	-	10,327
OPEB related deferred outflows of resources	-	(640)
Net pension liability	-	(9,739)
Pension related deferred inflows of resources	-	506
OPEB related deferred inflows of resources	-	455
Net OPEB liability	(5,061)	823
Due to/from other funds	-	3,661
Accounts payable, accrued liabilities, and developers' deposits	1	(1,771)
Accrued vacation and accrued sick	-	1,345
Customers' advance payments	(23,810)	(41,601)
Total adjustments	<u>(28,870)</u>	<u>(33,549)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (23,910)</u>	<u>\$ (39,191)</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ -	\$ -
Change in fair value of investments	-	-
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	-	9,739
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Forney Interceptor	Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 483,552	\$ 1,750,111	\$ 445,488	\$ 440,431	\$ 292,695	\$ 2,427,837
-	-	-	-	-	1,154
(186,558)	(163,379)	(41,687)	(25,521)	(5,838)	(2,527,034)
-	-	-	-	-	-
(111,796)	(167,783)	(20,446)	(55,051)	(9,897)	(255,728)
<u>185,198</u>	<u>1,418,949</u>	<u>383,355</u>	<u>359,859</u>	<u>276,960</u>	<u>(353,771)</u>
-	-	-	-	-	8,552,145
-	(161,200)	-	(13,408)	340,972	(969,808)
-	(161,200)	(37,200)	(39,976)	(32,288)	(435,409)
-	(985,000)	(215,000)	(180,000)	(145,000)	(1,440,000)
-	-	-	-	-	(259,303)
-	<u>(1,307,400)</u>	<u>(252,200)</u>	<u>(233,384)</u>	<u>163,684</u>	<u>5,447,625</u>
-	619,404	142,095	129,086	85,555	4,205,055
-	(600,017)	(125,032)	(118,023)	(79,012)	(7,701,077)
3,069	39,493	10,465	17,605	10,643	180,776
<u>3,069</u>	<u>58,880</u>	<u>27,528</u>	<u>28,668</u>	<u>17,186</u>	<u>(3,315,246)</u>
188,267	170,429	158,683	155,143	457,830	1,778,608
196,554	882,565	339,219	893,527	195,435	2,753,189
<u>\$ 384,821</u>	<u>\$ 1,052,994</u>	<u>\$ 497,902</u>	<u>\$ 1,048,670</u>	<u>\$ 653,265</u>	<u>\$ 4,531,797</u>
\$ 366,444	\$ 573,105	\$ 376,742	\$ 388,925	\$ 240,735	\$ 665,733
18,377	479,889	121,160	659,745	412,530	3,866,064
<u>\$ 384,821</u>	<u>\$ 1,052,994</u>	<u>\$ 497,902</u>	<u>\$ 1,048,670</u>	<u>\$ 653,265</u>	<u>\$ 4,531,797</u>
\$ (64,433)	\$ 954,146	\$ 123,326	\$ 155,778	\$ 130,683	\$ 853,366
63,426	302,760	111,943	49,320	33,956	610,271
-	(1,766)	(140)	(5,845)	(154)	3,404
3,965	(4,647)	(7,815)	126	-	(5,040)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,681)	3,125	-	9,332	-	(8,862)
97,616	189,844	144,011	183,917	97,718	(1,836,402)
-	-	-	-	-	-
86,305	(24,513)	12,030	(32,769)	14,757	29,492
<u>249,631</u>	<u>464,803</u>	<u>260,029</u>	<u>204,081</u>	<u>146,277</u>	<u>(1,207,137)</u>
<u>\$ 185,198</u>	<u>\$ 1,418,949</u>	<u>\$ 383,355</u>	<u>\$ 359,859</u>	<u>\$ 276,960</u>	<u>\$ (353,771)</u>
\$ -	\$ (119,616)	\$ (12,440)	\$ -	\$ -	\$ (60,696)
-	(9,823)	(2,027)	(1,635)	(1,484)	(7,108)
-	-	-	(421,805)	-	(87,833)
-	-	-	-	-	-
-	-	-	-	-	9,400,000
-	-	-	-	-	8,021,380

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	McKinney Interceptor	Mustang Creek Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 189,148	\$ 1,493,467
Cash received from (paid to) others	-	-
Cash paid to suppliers for goods and services	(135,441)	(2,860,703)
Cash paid for employee services	-	-
Cash paid to other funds	(6,896)	(54,151)
Net cash provided by (used for) operating activities	46,811	(1,421,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	4,521,102
Cash paid for capital assets	-	(5,240,128)
Interest paid on long-term debt	-	(1,041,538)
Principal payments on long-term debt	-	(580,000)
Payments for bond issue costs	-	(190,072)
Net cash provided by (used for) capital and related financing activities	-	(2,530,636)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	16,923,591
Purchases of investments	-	(10,340,576)
Interest received	3,261	373,540
Net cash provided by (used for) investing activities	3,261	6,956,555
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,072	3,004,532
CASH AND CASH EQUIVALENTS—Beginning of year	222,733	7,693,907
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 272,805</u>	<u>\$ 10,698,439</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 257,195	\$ 814,293
Restricted cash and cash equivalents	15,610	9,884,146
	<u>\$ 272,805</u>	<u>\$ 10,698,439</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (155,255)	\$ 961,223
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	54,941	171,343
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	-	(19,122)
Prepaid expenses	-	372
Pension related deferred outflows of resources	-	-
OPEB related deferred outflows of resources	-	-
Net pension liability	-	-
Pension related deferred inflows of resources	-	-
OPEB related deferred inflows of resources	-	-
Net OPEB liability	-	-
Due to/from other funds	-	938
Accounts payable, accrued liabilities, and developers' deposits	137,108	(2,550,832)
Accrued vacation and accrued sick	-	-
Customers' advance payments	10,017	14,691
Total adjustments	202,066	(2,382,610)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 46,811</u>	<u>\$ (1,421,387)</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ -	\$ (71,183)
Change in fair value of investments	-	(10,718)
Change in liabilities related to capital assets	-	(550,592)
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 103,284	\$ -	\$ 1,048,406	\$ 39,489,341
-	17,431	14	23,170
(3,182)	(391,989)	(301,621)	(14,665,137)
-	-	(545,771)	(4,429,269)
(6,996)	(55,432)	(211,190)	(5,401,653)
93,106	(429,990)	(10,162)	15,016,452
-	-	-	18,890,422
-	-	-	(13,250,068)
(67,656)	-	-	(6,827,453)
(115,000)	-	-	(12,990,000)
-	-	-	(671,331)
(182,656)	-	-	(14,848,430)
507,349	-	-	43,275,651
(304,321)	-	-	(31,840,198)
7,057	-	1,808	1,199,015
210,085	-	1,808	12,634,468
120,535	(429,990)	(8,354)	12,802,490
333,395	410,922	196,263	31,792,717
\$ 453,930	\$ (19,068)	\$ 187,909	\$ 44,595,207
\$ 46,649	\$ (19,068)	\$ 187,909	\$ 9,952,583
407,281	-	-	34,642,624
\$ 453,930	\$ (19,068)	\$ 187,909	\$ 44,595,207
\$ 14,843	\$ (419,323)	\$ (33,732)	\$ 10,472,397
49,232	-	17,454	5,920,597
1,937	-	(41,256)	109,349
(14)	-	(1,312)	(46,432)
-	-	95,871	738,162
-	-	(4,324)	(32,597)
-	-	(90,415)	(696,153)
-	-	4,700	36,188
-	-	3,078	23,206
-	-	5,561	41,923
-	(16,935)	3	5,916
27,501	6,268	43,860	(3,090,869)
-	-	17,717	27,002
(393)	-	(27,367)	1,507,763
78,263	(10,667)	23,570	4,544,055
\$ 93,106	\$ (429,990)	\$ (10,162)	\$ 15,016,452
\$ (3,648)	\$ -	\$ -	-\$1,192,248
36	-	-	(61,060)
-	-	-	(1,510,328)
-	-	90,415	696,153
-	-	-	9,400,000
-	-	-	8,021,380
			(Concluded)

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Support Fund

The Support Fund departments perform essential functions that allow the Operating Systems (Regional Water, Regional Wastewater, Upper East Fork Interceptor, Sewer and Regional Solid Waste Systems) to provide services to Member Cities and Customers. The support departments include the following: Accounting, Control Systems, Engineering, Environmental Services, Facilities Services, Finance, General, Human Resources, Information Technology, Laboratory, Permitting, Public Relations, Purchasing, Records, Regulatory Compliance, Safety and Technical Services.

Health Insurance Fund

This fund accounts for the accumulation of resources to pay for the medical and associated benefits for the District's employees, participating dependents, and eligible retirees. The Enterprise Funds make payments to the Health Insurance Fund based on current premium costs from benefit providers.

COMBINING STATEMENT OF NET POSITION

September 30, 2020

	Support Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS			
CURRENT ASSETS:			
Unrestricted assets:			
Cash and cash equivalents	\$ 6,023,211	\$ 2,018,302	\$ 8,041,513
Accounts receivable	1,950,106	682	1,950,788
Contracts receivable	30,000	-	30,000
Due from other funds	1,228,070	-	1,228,070
Prepaid expenses	784,809	-	784,809
Unbilled receivable	4,305,985	-	4,305,985
Total unrestricted assets	14,322,181	2,018,984	16,341,165
TOTAL CURRENT ASSETS	14,322,181	2,018,984	16,341,165
NONCURRENT ASSETS:			
Capital assets:			
Land improvements	1,867,583	-	1,867,583
Buildings	27,744,318	-	27,744,318
Automobiles and trucks	7,089,376	-	7,089,376
Office furniture and fixtures	919,564	-	919,564
Other equipment	10,057,165	-	10,057,165
Less: accumulated depreciation	(19,756,315)	-	(19,756,315)
Net capital assets	27,921,691	-	27,921,691
TOTAL NONCURRENT ASSETS	27,921,691	-	27,921,691
TOTAL ASSETS	42,243,872	2,018,984	44,262,856
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension outflow	6,929,107	-	6,929,107
Deferred OPEB outflow	828,720	-	828,720
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,757,827	-	7,757,827
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 50,001,699	\$ 2,018,984	\$ 52,020,683

(Continued)

INTERNAL SERVICE FUNDS

NORTH TEXAS MUNICIPAL WATER DISTRICT

COMBINING STATEMENT OF NET POSITION

September 30, 2020

	Support Fund	Health Insurance Fund	Total Internal Service Funds
LIABILITIES			
CURRENT LIABILITIES:			
Payable from unrestricted assets:			
Accounts payable and accrued liabilities	\$ 9,140,057	\$ 1,886,293	\$ 11,026,350
Due to other funds	418,240	-	418,240
Total payable from unrestricted assets	9,558,297	1,886,293	11,444,590
TOTAL CURRENT LIABILITIES	9,558,297	1,886,293	11,444,590
LONG-TERM LIABILITIES:			
Accrued vacation—less current portion	1,149,708	-	1,149,708
Accrued sick—less current portion	1,477,006	-	1,477,006
Net pension liability	11,818,703	-	11,818,703
Net OPEB liability	2,150,486	-	2,150,486
Deferred compensation	225,000	-	225,000
TOTAL LONG-TERM LIABILITIES	16,820,903	-	16,820,903
TOTAL LIABILITIES	26,379,200	1,886,293	28,265,493
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension inflow	4,753,442	-	4,753,442
Deferred OPEB inflow	1,633,361	-	1,633,361
Deferred insurance proceeds	44,352	-	44,352
TOTAL DEFERRED INFLOWS OF RESOURCES	6,431,155	-	6,431,155
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	32,810,355	1,886,293	34,696,648
NET POSITION:			
Net investment in capital assets	27,921,691	-	27,921,691
Unrestricted	(10,730,347)	132,691	(10,597,656)
TOTAL NET POSITION	\$ 17,191,344	\$ 132,691	\$ 17,324,035

(Concluded)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020

	Support Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:			
Intragovernmental	\$ 61,138,690		\$ 61,138,690
Insurance Premiums	-	15,360,629	15,360,629
Other operating revenues	119,463	-	119,463
Total operating revenues	61,258,153	15,360,629	76,618,782
OPERATING EXPENSES:			
Personnel	45,499,719	-	45,499,719
Claims Paid	-	13,181,157	13,181,157
Administrative Charges	-	2,026,068	2,026,068
Operating Supplies:			
Other supplies	5,587,059	-	5,587,059
Operating Services:			
Electric power	140,036	-	140,036
Other services	2,942,168	-	2,942,168
Depreciation	2,719,455	-	2,719,455
Total operating expenses	56,888,437	15,207,225	72,095,662
OPERATING INCOME (LOSS)	4,369,716	153,404	4,523,120
NONOPERATING REVENUES (EXPENSES):			
Investment income	14,473	-	14,473
Miscellaneous revenue	-	16,957	16,957
Gain (loss) on sale of capital assets	40,221	-	40,221
Total nonoperating revenues (expenses)	54,694	16,957	71,651
Income (loss) before contributions and transfers	4,424,410	170,361	4,594,771
Transfers In	28,742,372	-	28,742,372
Transfers Out	(15,975,438)	-	(15,975,438)
	12,766,934	-	12,766,934
CHANGE IN NET POSITION	17,191,344	170,361	17,361,705
NET POSITION AT OCTOBER 1, 2019	-	(37,670)	(37,670)
NET POSITION AT SEPTEMBER 30, 2020	\$ 17,191,344	\$ 132,691	\$ 17,324,035

INTERNAL SERVICE FUNDS

NORTH TEXAS MUNICIPAL WATER DISTRICT

COMBINING STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2020

	Support Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ -	\$ -	\$ -
Cash received from other funds	56,973,084	-	56,973,084
Cash received from (paid to) others	3,400,318	-	3,400,318
Cash paid to suppliers for goods and services	(22,134,757)	128,751	(22,006,006)
Cash paid for employee services	(27,748,656)	-	(27,748,656)
Cash paid to other funds	(2,622,697)	-	(2,622,697)
Net cash provided by (used for) operating activities	7,867,292	128,751	7,996,043
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds	-	-	-
Cash paid for capital assets	(1,858,554)	-	(1,858,554)
Net cash provided by (used for) capital and related financing activities	(1,858,554)	-	(1,858,554)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	14,473	-	14,473
Net cash provided by (used for) investing activities	14,473	-	14,473
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,023,211	128,751	6,151,962
CASH AND CASH EQUIVALENTS—Beginning of year	-	1,889,551	1,889,551
CASH AND CASH EQUIVALENTS—End of year	\$ 6,023,211	\$ 2,018,302	\$ 8,041,513
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION			
Unrestricted cash and cash equivalents	\$ 6,023,211	\$ 2,018,302	8,041,513
Restricted cash and cash equivalents	-	-	-
	\$ 6,023,211	\$ 2,018,302	\$ 8,041,513
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 4,369,716	\$ 153,404	\$ 4,523,120
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	2,719,455	-	2,719,455
Change in operating assets and liabilities:			
Accounts receivable and deferred billings	(6,571,091)	(682)	(6,571,773)
Prepaid expenses	(784,810)	-	(784,810)
Pension related deferred outflows of resources	5,137,471	-	5,137,471
OPEB related deferred outflows of resources	(221,943)	-	(221,943)
Net pension liability	(4,845,093)	-	(4,845,093)
Pension related deferred inflows of resources	251,871	-	251,871
OPEB related deferred inflows of resources	158,004	-	158,004
Net OPEB liability	285,447	-	285,447
Due to/from other funds	(809,830)	-	(809,830)
Accounts payable, accrued liabilities, and developers' deposits	9,409,411	(23,971)	9,385,440
Accrued vacation and accrued sick	(1,231,316)	-	(1,231,316)
Total adjustments	3,497,576	(24,653)	3,472,923
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,867,292	\$ 128,751	\$ 7,996,043
NONCASH TRANSACTION DISCLOSURES			
Change in actuarial value of net pension liability	\$ 4,845,093	\$ -	\$ 4,845,093
Transfers from other funds	28,933,345	-	28,933,345
Transfers to other funds	(15,975,438)	-	(15,975,438)

STATISTICAL

SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This part of the North Texas Municipal Water District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health. This information has not been audited by the independent auditor.

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Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

SCHEDULE - 1
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net investment in capital assets	\$ 655,040,848	\$ 687,317,597	\$ 747,192,747
Restricted for debt service	102,802,273	129,622,913	134,554,194
Unrestricted	108,197,769	102,807,227	83,782,522
Total	<u>\$ 866,040,890</u>	<u>\$ 919,747,737</u>	<u>\$ 965,529,463</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net investment in capital assets	\$ 794,854,341	\$ 864,338,873	\$ 942,119,408
Restricted for debt service	138,297,302	142,275,759	141,312,557
Unrestricted	89,311,734	77,655,896	126,729,695
Total	<u>\$ 1,022,463,377</u>	<u>\$ 1,084,270,528</u>	<u>\$ 1,210,161,660</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net investment in capital assets	\$ 1,055,668,099	\$ 1,077,370,618	\$ 1,206,866,459
Restricted for debt service	147,826,838	192,006,392	221,897,098
Unrestricted	130,713,207	182,514,170	190,419,144
Total	<u>\$ 1,334,208,144</u>	<u>\$ 1,451,891,180</u>	<u>\$ 1,619,182,701</u>
	<u>2020</u>		
Net investment in capital assets	\$ 1,309,031,458		
Restricted for debt service	242,546,402		
Unrestricted	198,229,568		
Total	<u>\$ 1,749,807,428</u>		

Source: Statement of Net Position for the NTMWD

SCHEDULE - 2
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues / (Expenses)	Change in Net Position	Prior Period Adjustment
2011	\$ 247,247,717	\$ 168,185,081	\$ 79,062,636	\$ (40,559,881)	\$ 38,502,755	\$ -
2012	266,482,345	172,604,883	93,877,462	(40,170,615)	53,706,847	-
2013	294,318,335	185,544,056	108,774,279	(49,877,698)	58,896,581	(13,114,855) (a)
2014	310,571,544	206,640,634	103,930,910	(46,996,996)	56,933,914	-
2015	338,513,458	208,587,026	129,926,432	(43,095,097)	86,831,335	(25,024,184) (b)
2016	398,068,222	224,688,538	173,379,684	(47,488,552)	125,891,132	-
2017	439,923,445	253,691,088	186,232,357	(57,091,638)	129,140,719	(5,094,235) (c)
2018	484,209,991	264,672,663	219,537,328	(101,854,292)	117,683,036	-
2019	516,892,284	289,482,162	227,410,122	(60,118,601)	167,291,521	-
2020	616,687,602	394,966,412	221,721,190	(86,900,548)	134,820,642	(4,195,915) (d)

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

As a result of the implementation of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", the presentation of bond issuance costs was eliminated from the Statement of Net Position. As such, a restatement adjustment was necessary to adjust beginning net position to reflect the elimination of bond issuances costs, by fund, as of the (a) beginning of the fiscal year.

As a result of the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions — and Amendment of GASB Statement No. 27" and GASB statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", an adjustment for a change in accounting principle was made to record the District's net pension (b) liability as of September 30, 2015.

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", an adjustment for a change in accounting principle was made to record the District's net OPEB (c) liability as of October 1, 2016.

In accordance with GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", equipment and facilities should be fully depreciated by the date a landfill stops accepting waste. The District made a correction of an error to prior periods to account for the cost of projects and equipment incorrectly capitalized then (d) depreciated over several years.

SCHEDULE - 3
TOTAL REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	(2)		Investment Income	(1)		Total
				Internal Service Funds			Miscellaneous		
2011	\$ 148,712,453	\$ 73,550,031	\$ 23,526,336	\$	-\$	2,039,519	\$ 6,734,417	\$	254,562,756
2012	161,588,387	78,762,862	24,257,060		-	1,864,517	9,411,393		275,884,219
2013	184,641,152	83,357,407	24,553,966		-	1,261,442	6,686,736		300,500,703
2014	197,954,585	86,758,613	23,460,042		-	842,516	9,471,508		318,487,264
2015	215,871,181	93,754,382	27,603,397		-	2,034,940	5,685,793		344,949,693
2016	252,591,522	113,132,055	30,760,383		-	3,059,347	6,465,868		406,009,175
2017	282,595,391	120,803,096	34,206,532		-	7,981,554	6,576,178		452,162,751
2018	316,133,827	131,381,838	34,592,091		-	20,129,032	17,500,389		519,737,177
2019	335,832,842	143,817,640	34,242,029		-	52,093,577	7,639,127		573,625,215
2020	351,608,930	149,364,600	34,789,150	76,499,319		29,796,188	7,330,721		649,388,908

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

(1) Miscellaneous revenues includes federal grant program revenues and other operating and nonoperating revenue.

(2) The Internal Service Funds revenues are intragovernmental.

SCHEDULE - 4
TOTAL EXPENSES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Operating and Maintenance Expenses	Interest Expense	Depreciation	Amortization	Miscellaneous	Total
2011	\$ 127,804,481	\$ 47,874,920	\$ 39,262,832	\$ 1,117,768	\$ -	\$ 216,060,001
2012	129,796,674	49,572,489	41,661,976	1,146,233	-	222,177,372
2013	140,151,618	56,060,066	45,392,438	-	-	241,604,122
2014	157,424,943	53,416,490	49,215,691	-	1,496,226	261,553,350
2015	158,078,403	49,531,332	50,508,623	-	-	258,118,358
2016	171,021,459	54,997,252	54,099,332	-	-	280,118,043
2017	190,104,395	68,257,962	63,586,693	-	1,072,982	323,022,032
2018	197,014,560	90,004,570	67,658,103	-	47,376,908	402,054,141
2019	219,392,564	116,746,379	70,089,598	-	105,153	406,333,694
2020	320,017,085	119,601,854	74,949,327	-	-	514,568,266

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

SCHEDULE - 5
TOTAL REVENUES BY SYSTEM (UNAUDITED)
LAST TEN FISCAL YEARS

Year	(1)						Total
	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	
2011	\$ 155,773,667	\$ 38,475,101	\$ 18,866,637	\$ 24,196,146	\$ 17,251,205	\$ -	254,562,756
2012	170,969,532	37,966,678	23,759,739	25,089,308	18,098,962	-	275,884,219
2013	189,952,267	41,092,579	25,238,821	25,893,780	18,323,256	-	300,500,703
2014	205,567,790	43,985,499	24,534,984	25,009,414	19,389,577	-	318,487,264
2015	221,944,473	45,406,393	27,623,302	28,193,176	21,782,349	-	344,949,693
2016	258,967,069	55,054,270	34,653,940	32,223,631	25,110,265	-	406,009,175
2017	292,601,342	59,123,075	35,907,347	35,340,336	29,190,651	-	452,162,751
2018	334,990,069	67,068,949	36,349,062	46,792,834	34,536,263	-	519,737,177
2019	382,738,816	73,888,631	42,592,552	37,226,358	37,178,858	-	573,625,215
2020	379,221,159	75,933,178	40,117,161	37,289,568	40,137,409	76,690,433	649,388,908

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

(1) The Internal Service Funds revenues are intragovernmental.

SCHEDULE - 6
TOTAL EXPENSES BY SYSTEM (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
2011	\$ 131,111,892	\$ 32,066,017	\$ 20,190,437	\$ 21,740,087	\$ 10,951,568	\$ -	216,060,001
2012	134,466,963	31,584,482	21,232,537	22,384,482	12,508,908	-	222,177,372
2013	145,776,078	36,087,104	21,926,891	23,261,880	14,552,169	-	241,604,122
2014	161,004,668	40,719,243	22,049,092	22,730,220	15,050,127	-	261,553,350
2015	153,916,103	41,678,405	22,319,175	23,317,420	16,887,255	-	258,118,358
2016	159,971,880	48,772,951	26,235,649	26,015,728	19,121,835	-	280,118,043
2017	194,027,288	52,302,307	27,167,227	26,479,241	23,045,969	-	323,022,032
2018	262,230,765	57,337,579	27,793,605	29,508,245	25,183,947	-	402,054,141
2019	254,951,283	61,449,275	31,218,894	32,193,397	26,520,845	-	406,333,694
2020	273,033,568	71,813,915	34,362,778	33,731,552	29,530,791	72,095,662	514,568,266

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

SCHEDULE - 7
OPERATING REVENUES (UNAUDITED)
LAST TEN FISCAL YEARS

(1)						
Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	Internal Service Funds	Other Operating Revenues	Total
2011	\$ 148,712,453	\$ 73,550,031	\$ 23,526,336	\$ -	1,458,897	247,247,717
2012	161,588,387	78,762,862	24,257,060	-	1,874,036	266,482,345
2013	184,641,152	83,357,407	24,553,966	-	1,765,810	294,318,335
2014	197,954,585	86,758,613	23,460,042	-	2,398,304	310,571,544
2015	215,871,181	93,754,382	27,603,397	-	1,284,498	338,513,458
2016	252,591,522	113,132,055	30,760,383	-	1,584,262	398,068,222
2017	282,595,391	120,803,096	34,206,532	-	2,318,426	439,923,445
2018	316,133,827	131,381,838	34,592,091	-	2,102,235	484,209,991
2019	335,832,842	143,817,640	34,242,029	-	2,999,773	516,892,284
2020	351,608,930	149,364,600	34,789,150	76,499,319	4,425,603	616,687,602

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

(1) The Internal Service Funds revenues are intragovernmental.

SCHEDULE - 8
OPERATING EXPENSES (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Personnel and Insurance	Electric Power	Chemicals	Operating Supplies and Services	Depreciation and Amortization	Total
2011	\$ 44,509,650	\$ 29,454,026	\$ 22,741,133	\$ 31,099,672	\$ 40,380,600	\$ 168,185,081
2012	46,772,079	24,705,243	23,490,278	34,829,074	42,808,209	172,604,883
2013	48,000,657	28,667,812	23,398,387	40,084,762	45,392,438	185,544,056
2014	53,252,470	26,628,105	24,178,928	53,365,440	49,215,691	206,640,634
2015	53,098,135	23,997,861	25,325,219	55,657,188	50,508,623	208,587,026
2016	65,389,176	19,187,942	28,283,012	57,729,076	54,099,332	224,688,538
2017	70,226,647	19,894,130	27,629,538	72,354,080	63,586,693	253,691,088
2018	74,999,711	20,981,185	32,842,288	68,191,376	67,658,103	264,672,663
2019	86,314,412	18,042,370	38,265,482	76,770,300	70,089,598	289,482,162
2020	123,933,142	20,788,418	40,015,685	135,279,840	74,949,327	394,966,412

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

SCHEDULE - 9
NONOPERATING REVENUES AND EXPENSES (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Investment Income	Miscellaneous Revenue	Gain (Loss) on Sale of Capital Assets	Interest Expense	Contributions	Total
2011	\$ 2,039,519	\$ 5,275,520	\$ -	\$ (47,874,920)	\$ -	\$ (40,559,881)
2012	1,864,517	7,372,696	164,661	(49,572,489)	-	(40,170,615)
2013	1,261,442	4,740,486	180,440	(56,060,066)	-	(49,877,698)
2014	842,516	6,748,435	(1,171,457)	(53,416,490)	-	(46,996,996)
2015	2,034,940	4,401,295	-	(49,531,332)	-	(43,095,097)
2016	3,059,347	3,573,729	875,624	(54,997,252)	-	(47,488,552)
2017	7,981,554	2,910,296	274,474	(68,257,962)	-	(57,091,638)
2018	20,129,032	3,987,226	11,377,911	(90,004,570)	(47,343,891)*	(101,854,292)
2019	52,093,577	3,907,246	732,108	(116,746,379)	-	(60,013,448)
2020	29,796,188	2,818,704	86,414	(119,601,854)	-	(86,900,548)

Source: Statement of Revenues, Expenses and Changes in Net Position for the NTMWD

* The District made a contribution of \$47,343,891 to the Fannin County Electric Cooperative related to the electric power agreements for the construction of the Bois d'Arc Lake. The scope of the agreement included the relocation of electric utility facilities, temporary power for the Leonard Water Treatment Plant (WTP) and Bois d'Arc Lake dam site, permanent power supply to dam and raw water pump stations, including a new substation and the Leonard WTP and High Service Pump Station, and to relocate electric facilities due to construction and inundation of Bois d'Arc Lake.

SCHEDULE - 10**NET ADDITIONS TO CAPITAL ASSETS EXCLUDING CONSTRUCTION IN PROGRESS (UNAUDITED)
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
2011	\$ 37,945,874	\$ 3,504,095	\$ 23,018,671	\$ 4,503,898	\$ 30,415,197	\$ -	\$ 99,387,735
2012	97,175,728	900,820	610,798	1,708,150	17,550,394	-	117,945,890
2013	103,316,959	90,768,086	320,947	5,979,869	30,382,947	-	230,768,808
2014	25,269,744	7,857,071	(2,207,403)	1,450,082	2,557,388	-	34,926,882
2015	31,937,890	10,403,531	9,796,189	6,712,023	16,248,750	-	75,098,383
2016	398,312,927	11,077,703	721,164	4,078,101	29,053,254	-	443,243,149
2017	216,005,065	12,546,239	2,741,961	21,919,663	13,117,830	-	266,330,758
2018	57,840,911	4,140,754	990,455	16,333,754	12,822,617	-	92,128,491
2019	64,289,910	5,479,971	549,488	15,261,193	1,001,671	-	86,582,233
2020	50,185,768	62,929,670	11,551,067	10,449,405	12,458,564	47,678,006	195,252,480

Source: Based on information provided in the schedule of capital assets in Note 4.

SCHEDULE - 11

WATER PRODUCED AND CONSUMED, WASTEWATER TREATED AND SOLID WASTE DISPOSED (UNAUDITED) LAST TEN YEARS

Water Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Percent Unbilled	Water Rates (per 1,000 gallons)	
					Members	Customer
2011	104,965,486,000	102,097,794,000	2,867,692,000	2.7%	\$ 1.37	\$ 1.42
2012	98,209,915,613	96,846,812,000	1,363,103,613	1.4%	\$ 1.49	\$ 1.54
2013	98,031,722,000	93,366,805,000	4,664,917,000	4.8%	\$ 1.70	\$ 1.75
2014	88,512,901,000	83,633,749,000	4,879,152,000	5.5%	\$ 1.87	\$ 1.92
2015	83,288,227,957	80,027,915,000	3,260,312,957	3.9%	\$ 2.06	\$ 2.11
2016	100,282,548,000	97,345,239,000	2,937,309,000	2.9%	\$ 2.29	\$ 2.34
2017	97,942,133,000	95,123,951,000	2,818,182,000	2.9%	\$ 2.53	\$ 2.58
2018	106,625,709,000	103,273,501,000	3,352,208,000	3.1%	\$ 2.78	\$ 2.83
2019	95,027,289,000	92,691,956,000	2,335,333,000	2.5%	\$ 2.92	\$ 2.97
2020	108,773,163,000	106,274,528,000	2,498,635,000	2.3%	\$ 2.99	\$ 3.04

Note: Water production and consumption is based on the NTMWD Water Year (August 1 through July 31).

Fiscal Year	Gallons of Wastewater Treated	Tons of Solid Waste Disposed
2011	30,875,376,000	751,787
2012	32,789,293,000	722,813
2013	32,919,670,000	786,441
2014	32,546,937,000	835,224
2015	39,364,325,000	877,072
2016	42,949,703,000	950,220
2017	37,569,619,000	1,009,236
2018	40,299,162,000	985,521
2019	47,223,091,000	1,010,166
2020	43,637,993,000	947,925

Source: Based on information provided in the NTMWD Operations Report.

Note: Wastewater treated and solid waste disposed is based on the NTMWD Fiscal Year (October 1 through September 30).

SCHEDULE - 12
HISTORIC SERVICE USE (UNAUDITED)
LAST TEN YEARS

	2010-2011	2011-2012	2012-2013	2013-2014
WATER CONSUMPTION				
(GALLONS IN THOUSANDS):				
Member cities	85,966,816	81,019,601	78,407,137	69,155,408
Customer cities	16,126,637	15,822,993	14,956,602	14,475,125
Individual meters	4,341	4,218	3,066	3,216
Total	<u>102,097,794</u>	<u>96,846,812</u>	<u>93,366,805</u>	<u>83,633,749</u>
Total rainfall (in inches)	<u>31.18</u>	<u>35.16</u>	<u>29.17</u>	<u>29.1</u>
WASTEWATER VOLUME				
TREATED (GALLONS IN THOUSANDS):				
Regional system	24,721,535	26,347,832	26,734,851	26,468,520
Small plant system	6,153,841	6,441,461	6,184,819	6,078,417
Total	<u>30,875,376</u>	<u>32,789,293</u>	<u>32,919,670</u>	<u>32,546,937</u>
SOLID WASTE VOLUME				
(IN TONS):				
Transfer stations	471,825	459,167	475,072	495,756
Landfill	279,962	263,646	311,369	339,468
Total	<u>751,787</u>	<u>722,813</u>	<u>786,441</u>	<u>835,224</u>

Source: Based on information provided in NTMWD Operations Report.

Note: Data for water consumption is based on the NTMWD water year (August 1 through July 31). Data for wastewater volume treated and solid waste volume is reported on the NTMWD fiscal year (October 1 through September 30).

2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
66,632,698	80,685,320	78,723,004	84,799,369	76,329,794	86,454,720
13,390,178	16,655,941	16,398,007	18,471,203	16,359,329	19,816,491
5,039	3,978	2,940	2,929	2,833	3,317
80,027,915	97,345,239	95,123,951	103,273,501	92,691,956	106,274,528
44.54	53.71	32.33	45.76	61.34	39.43
32,164,465	34,983,736	30,525,105	32,790,044	38,584,105	35,464,757
7,199,860	7,965,967	7,044,514	7,509,118	8,638,986	8,173,236
39,364,325	42,949,703	37,569,619	40,299,162	47,223,091	43,637,993
533,545	566,601	586,098	598,793	610,732	608,566
343,527	383,619	423,138	386,728	399,434	339,359
877,072	950,220	1,009,236	985,521	1,010,166	947,925

SCHEDULE - 13**NUMBER OF WATER, WASTEWATER AND SOLID WASTE CUSTOMERS (UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year	Member Cities	Water Customer Cities	Total Cities	Wastewater Member Cities	Solid Waste Member Cities
2011	13	32	45	12	5
2012	13	32	45	12	5
2013	13	33	46	12	5
2014	13	33	46	12	5
2015	13	33	46	12	5
2016	13	34 (1)	47	12	5
2017	13	34	47	12	5
2018	13	34	47	12	5
2019	13	34	47	13 (2)	5
2020	13	34	47	13	5

Source: Based on information provided in the NTMWD Operations Report.

(1) BHPWSC became a direct customer of NTMWD in April 2016. BHPWSC had previously received service from NTMWD as a customer of the City of Royse City.

(2) The City of Melissa became a Wastewater Member City of NTMWD in April 2019.

SCHEDULE - 14
WATER RATES (UNAUDITED)
LAST TEN FISCAL YEARS

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Rates (per 1,000 gallons)											
Member Cities	\$	1.37	\$ 1.49	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29	\$ 2.53	\$ 2.78	\$ 2.92	2.99
Customer Cities	\$	1.42	\$ 1.54	\$ 1.75	\$ 1.92	\$ 2.11	\$ 2.34	\$ 2.58	\$ 2.83	\$ 2.97	3.04

Source: Based on information provided in the NTMWD Budget Resolution.

SCHEDULE - 15
LARGEST CUSTOMERS (UNAUDITED)
CURRENT AND TEN YEARS AGO

Customer	Fiscal Year 2010					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 11,115,026	8.61%	\$ 9,506,714	12.47%	\$ 2,801,378	12.10%
Garland	16,295,908	12.62%	-	0.00%	-	0.00%
McKinney	11,784,048	9.13%	12,443,049	16.32%	4,567,110	19.72%
Mesquite	9,893,049	7.66%	5,883,059	7.72%	-	0.00%
Plano	31,062,699	24.06%	23,304,603	30.57%	7,291,338	31.49%
Richardson	12,418,507	9.62%	4,667,049	6.12%	3,626,889	15.66%
Subtotal	92,569,237	71.70%	55,804,474	73.20%	18,286,715	78.97%
Other Customers	36,510,434	28.30%	20,426,404	26.80%	4,867,404	21.03%
Grand Total	\$ 129,079,671	100.00%	\$ 76,230,878	100.00%	\$ 23,154,119	100.00%

Customer	Fiscal Year 2020					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 33,256,061	9.45%	\$ 21,681,806	14.52%	\$ 4,355,568	12.52%
Garland	40,180,065	11.42%	-	0.00%	-	0.00%
McKinney	35,501,950	10.09%	21,680,932	14.52%	5,583,969	16.05%
Mesquite	23,714,821	6.74%	10,613,991	7.11%	-	0.00%
Plano	77,339,586	21.99%	35,386,603	23.69%	8,338,024	23.97%
Richardson	32,018,401	9.10%	12,776,795	8.55%	3,818,116	10.98%
Subtotal	242,010,884	68.80%	102,140,127	68.38%	22,095,677	63.51%
Other Customers	109,762,620	31.20%	47,224,473	31.62%	12,693,473	36.49%
Grand Total	\$ 351,773,504	100.00%	\$ 149,364,600	100.00%	\$ 34,789,150	100.00%

Source: Based on information provided in the NTMWD Operations Report.

SCHEDULE - 16 OUTSTANDING DEBT BY TYPE (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds ⁽¹⁾	U.S Government Notes	Capital Leases	Total	District Population	Per Capita Debt
2011	\$ 1,296,431,816	\$ 37,656,812	\$ -	\$ 1,334,088,628	791,470	1,686
2012	1,693,890,969	36,417,993	-	1,730,308,962	834,642	2,073
2013	1,649,854,821	35,139,154	-	1,684,993,975	854,778	1,971
2014	1,675,033,880	33,819,003	-	1,708,852,883	885,241	1,930
2015	1,821,632,620	32,456,205	-	1,854,088,825	914,127	2,028
2016	1,906,989,880	31,049,381	-	1,938,039,261	939,585	2,063
2017	2,231,875,720	29,597,110	-	2,261,472,830	969,603	2,332
2018	3,104,202,887	28,097,923	-	3,132,300,810	1,005,146	3,116
2019	4,121,054,853	25,002,689	-	4,146,057,542	1,034,730	4,007
2020	4,281,282,596	24,952,694	-	4,306,235,290	n/a (2)	n/a

Source: Notes to the Basic Financial Statements for the North Texas Municipal Water District.

Note: The District provides service to portions of Collin, Hunt, Rockwall, Dallas, Kaufman, Ellis, Rains, Fannin, Grayson, and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

(1) Presented net of original issuance discounts and premiums

(2) The District was unable to obtain the 2019 Per Capita Debt and the 2020 District Population and Per Capita Debt information at the time of publication of this report.

SCHEDULE - 17
REVENUE COVERAGE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	{a} Total Revenues	Less: Operating Expenses (excluding depreciation)	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Adjustment {b}	Interest Paid	
2011	\$ 254,562,756	\$ 127,804,481	\$ 126,758,275	\$ 83,806,133		\$61,388,483	1.17
2012	275,884,219	129,796,674	146,087,545	49,873,819	-	61,388,483	1.31
2013	300,500,703	140,151,618	160,349,085	62,918,838	-	79,055,732	1.13
2014	318,487,264	157,424,943	161,062,321	63,480,151	-	71,448,310	1.19
2015	344,949,693	158,078,403	186,871,290	72,317,798	-	74,903,222	1.27
2016	406,009,175	170,589,206	235,419,969	79,006,824	-	80,521,078	1.48
2017	452,162,751	190,104,395	262,058,356	91,572,271	-	87,754,800	1.46
2018	519,737,177	197,014,560	322,722,617	98,764,187	-	103,020,601	1.60
2019	573,625,215	219,497,717	354,127,498	131,907,616	-	130,553,352	1.35
2020	649,388,908	320,017,085	329,371,823	138,667,612	-	135,083,270	1.20

Source: Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows for the NTMWD

Note: The District currently does not maintain any debt covenants requiring a coverage ratio of greater than 1.00.

{a} Amount represents operating revenue plus nonoperating revenues, excluding interest expense and loss on disposal of capital assets.

{b} Advance payment of debt.

SCHEDULE - 18
DEMOGRAPHIC STATISTICS (UNAUDITED)
LAST TEN CALENDAR YEARS

Calendar Year	District Population	Personal Income (thousand dollars)	Per Capita Personal Income	Unemployment Rate
2010	786,250	\$ 29,648,689	\$ 37,709	7.3%
2011	791,470	30,214,869	38,176	7.3%
2012	834,642	30,941,848	37,072	4.5%
2013	854,778	32,401,215	37,906	5.2%
2014	885,241	34,148,172	38,575	5.5%
2015	914,127	36,154,637	39,551	3.7%
2016	939,585	38,686,473	41,174	3.7%
2017	969,603	41,933,391	43,248	3.6%
2018	1,005,146	44,135,961	43,910	3.6%
2019	1,034,730 (1)	45,772,316 (1)	44,236 (1)	4.0% (1)

Source: Years 2010 - 2011 were based on information provided by North Central Texas Council of Governments. Years 2012 - 2019 were based on information provided by the U.S. Census Bureau.

Note: The District provides service to portions of Collin, Hunt, Rockwall, Dallas, Kaufman, Ellis, Rains, Fannin, Grayson, and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

(1) The District was unable to obtain this information for calendar year 2020 at the time of publication of this report.

SCHEDULE - 19
PRINCIPAL EMPLOYERS (UNAUDITED)
PREVIOUS YEAR and TEN YEARS AGO

Employer	2019	
	Employees	Percentage of Total
State Farm Insurance Corporate Office	9,985	1.89%
Plano Independent School District	6,854	1.30%
Capital One	5,979	1.13%
AT &T	4,300	0.82%
DXC Technology	4,000	7.60%
Toyota of America	3,937	0.75%
Bank of America Home Loans	3,729	0.71%
blud Cross Blue Shield of Texas	3,100	0.59%
Ericsson	2,713	0.51%
Liberty Mutual Insurance	2,700	0.51%
Total	47,297	15.81%
Total Employed in the County	527,191	

Employer	2009	
	Employees	Percentage of Total
JC Penney	5,100	1.10%
EDS	5,000	1.08%
Bank of America (formerly Countrywide Home Loans)	4,646	1.00%
University of Texas at Dallas	2,830	0.61%
Perot Systems	2,697	0.58%
Raytheon	2,500	0.54%
Alcatel	2,023	0.44%
CHC Acquisition Corp	2,000	0.43%
T-Mobile	1,500	0.32%
Presbyterian Hospital	1,488	0.32%
Total	29,784	6.42%

Source: Years 2009 and 2019 are based on information provided by North Central Texas Council of Governments and Collin County; however, the District was unable to obtain this information for 2020 at the time of publication of this report.

Note: The District provides service to portions of Collin, Hunt, Rockwall, Dallas, Kaufman, Ellis, Rains, Fannin, Grayson, and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

SCHEDULE - 20

NUMBER OF EMPLOYEES BY FUNCTION (UNAUDITED)

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Support:										
General	29.0	29.0	31.0	31.0	30.0	8.0	11.0	11.0	11.0	12.0
Public Information	2.0	2.0	2.0	2.0	3.0	2.0	3.0	3.0	4.0	4.0
Engineering	40.0	43.0	44.0	50.0	62.0	74.0	77.0	82.0	87.0	91.9
Permitting						4.2	4.0	3.0	2.0	2.1
Control Systems										9.1
Facilities Service	40.5	43.5	46.5	48.5	55.0	61.0	61.0	60.5	61.5	64.5
Technical Service	55.5	56.5	58.5	80.5	85.0	91.0	92.0	91.5	101.5	95.5
Human Resources										11.5
Records										6.1
Safety								5.0	5.0	8.4
Accounting										15.5
Finance										10.5
Purchasing										4.0
Information Technology						20.4	24.0	24.0	18.0	19.2
Environmental Service	7.7	7.7	7.7	9.2	11.4	11.0	11.5	10.5	11.5	9.6
Laboratory	25.3	25.3	27.3	27.3	26.9	27.8	26.0	27.0	29.0	31.7
Regulatory Compliance						3.3	4.0	3.0	3.0	3.5
Administration	21.0	21.0	21.0	25.0	28.0	36.0	38.0	39.0	47.0	0.0
Total	221.0	228.0	238.0	273.5	301.3	338.7	351.5	359.5	380.5	398.9
Water:										
Plant Operations	47.0	66.0	78.0	64.0	66.0	77.0	79.0	80.0	85.0	83.0
Tawakoni Raw Water Pump St	10.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0
East Fork Raw Water Supply	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Bonham Water Treatment	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Bois d'Arc lake	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.0
Leonard WTP	NA	NA	NA	NA	NA	NA	NA	NA	NA	7.0
Transmission	NA	NA	NA	NA	NA	NA	NA	NA	NA	5.0
Total	75.0	95.0	107.0	93.0	95.0	107.0	109.0	110.0	115.0	127.0
Wastewater:										
Wilson Creek WWTP	52.8	55.8	55.8	56.1	56.4	58.8	59.0	59.0	62.0	66.0
Floyd Branch WWTP	6.3	6.3	6.3	6.4	6.5	7.5	8.0	8.0	7.0	7.0
Rowlett Creek WWTP	21.8	21.8	21.8	23.1	23.4	25.5	26.5	26.5	26.5	28.5
Mesquite WWTP	29.8	32.8	32.8	34.1	35.4	34.1	34.0	35.0	35.0	35.0
Panther Creek WWTP	12.1	12.1	12.1	12.1	12.6	17.8	17.8	17.8	17.8	17.8
Muddy Creek WWTP	12.1	12.1	12.1	12.1	12.1	18.4	18.9	18.9	19.4	19.4
Stewart Creek WWTP	6.1	6.1	6.1	6.1	6.6	10.6	11.5	18.5	18.5	19.5
Seagoville WWTP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Small WWTPs	5.5	5.5	5.5	5.5	7.5	7.0	9.0	9.0	9.5	10.5
Pretreatment	5.0	5.0	5.0	5.5	6.7	6.8	7.5	7.5	7.5	8.2
Dewatering	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Forney Interceptor							0.1	0.0	0.0	0.0
Lower East Fork Interceptor						0.1	0.1	0.0	0.0	0.0
Buffalo Creek Interceptor							0.1	0.0	0.0	0.0
Upper East Fork Interceptor	6.9	7.9	8.9	8.9	11.9	19.9	19.1	19.3	19.3	22.3

Total	160.0	167.0	168.0	171.6	178.7	206.3	211.5	219.5	222.5	234.2
Solid Waste:										
Transfer Station	50.8	48.8	47.8	47.3	46.3	46.4	47.0	50.0	54.0	57.0
Landfills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal Facility	39.3	40.3	39.3	36.8	32.8	33.9	34.7	34.7	34.7	34.7
Fleet Maintenance Shop	13.0	12.0	12.0	15.0	16.0	18.7	19.4	19.4	19.4	21.4
Total	103	101.0	99.0	99.0	95.0	99.0	101.0	104.0	108.0	113.0
Total Employees	559.0	591.0	612.0	637.0	670.0	751.0	773.0	793.0	826.0	873.0

Source: Based on information provided in the NTMWD Annual Budget.

SCHEDULE - 21 MISCELLANEOUS STATISTICAL DATA (UNAUDITED) YEAR ENDED SEPTEMBER 30, 2020

Authority created under Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session

Year of creation	1951
Domicile	Wylie, Texas
District population	1,800,000
District service area	2,200 square miles
Water Treatment Plant	420 acres
Rain received at Lavon Lake during fiscal year	40.38
Total employees	873

REGIONAL WATER SYSTEM

RAW WATER SUPPLY—SAFE YIELD:

Lavon Lake	102.6	MGD
Lake Texoma	82.8	
Jim Chapman Lake	44.6	
Lake Bonham	4.8	
Lake Tawakoni	45.7	
Wilson Creek Reuse	44.0	
East Fork Raw Water Supply	27.0	
Lake Ray Hubbard Pass Through	18.8	
Total	370.3	MGD

WATER TREATMENT PLANTS:

Wylie—WTP I	70.0	MGD
Wylie—WTP II	280.0	
Wylie—WTP III	280.0	
Wylie—WTP IV	140.0	
Bonham WTP	6.6	
Tawakoni WTP	30.0	
Total	806.6	MGD

TRANSMISSION PIPELINES:

12" to 24" diameter	145.35	Miles
30" to 54" diameter	162.80	
60" to 96" diameter	302.72	
Total	610.87	Miles

RAW WATER PUMP STATIONS:

Lake Lavon—3 sites:

Total water pumps	17	
Total raw water pumping capacity	940.0	MGD

Lake Texoma—1 site:

Total water pumps	4	
Total raw water pumping capacity	125.0	MGD

Jim Chapman Lake—1 site:

Total water pumps	3	
Total raw water pumping capacity	165.0	MGD

East Fork Raw Water Supply—2 sites:

Total water pumps	10	
Total raw water pumping capacity	270.0	MGD

Lake Tawakoni—2 sites:

Total water pumps	7	MGD
Total raw water pumping capacity	168.0	

Wylie Water Plant - Treated Water Pump Stations

Wylie Water Plant - Treated Water Pumping Capacity	7	
	953.5	MGD

TREATED WATER STORAGE RESERVOIRS:

NTMWD Treatment plant storage	42.0	Million gallons
NTMWD Transmission system storage	368.0	
	410.0	Million gallons

TOTAL CITY DELIVERY POINTS

82

WASTEWATER SYSTEM

Permitted
Capacity

REGIONAL SYSTEM:

Regional wastewater plants:

Floyd Branch RWWTP	*	4.750	MGD
South Mesquite RWWTP	*	33.000	
Rowlett Creek RWWTP	*	24.000	
Wilson Creek RWWTP	*	64.000	

SEWER SYSTEM:

City:

Farmersville	Farmersville No. 1 Plant	0.225	a
	Farmersville No. 2 Plant	0.530	a
	Panther Creek Plant	* 10.000	
	Stewart Creek West Plant	* 5.000	
Lavon	Bear Creek Plant	0.250	
Rockwall	North Rockwall Plant	* 1.200	
	South Rockwall Plant	* 2.250	
Royse City	Royse City Plant	0.500	b
Royse City and Fate	Sabine Creek Plant	* 3.000	
Seis Lagos MUD	Seis Lagos Plant	0.250	

Wylie and Murphy	Muddy Creek Plant	*	10.000	
Wylie	Wylie Plant	*	2.000	b
Total treatment capacity			<u>160.955</u>	MGD
Total number of plants			17	
Total number of plants in operation			13***	
a) Operates as a single plant				
b) Not in operation				
* Number of plants owned by NTMWD			11	
** Closed in September 2018				
*** Total number of plants in operation at September 30, 2020				

INTERCEPTOR SYSTEMS

	Pipeline Length	
Upper East Fork Interceptor System	165.78	Miles
Lakeside Interceptor (Rockwall)	4.34	
Muddy Creek Interceptor	4.16	
Forney Interceptor	7.27	
Sabine Creek Interceptor	3.16	
Parker Creek Interceptor	5.07	
Buffalo Creek Interceptor	16.28	
McKinney Interceptor System	3.11	
Mustang Creek Interceptor System	7.56	
Parker Creek Parallel Interceptor	1.5	
Lower East Fork Interceptor System	9.35	
Total	<u>227.58</u>	Miles

SOLID WASTE SYSTEM

	Permitted Capacity	
TRANSFER STATIONS (3):		
Lookout Drive Transfer Station	625	Tons/day
Parkway Transfer Station	770	
Custer Road Transfer Station	1,900	
Total transfer capacity	<u>3,295</u>	Tons/day
LANDFILLS (3):		
121 Regional Disposal Facility		
Permit Boundary	673	Acres
Landfillable	433	Acres
Permitted Airspace	135	M yd ³
Maxwell Creek Landfill*		
Permit Boundary	193	Acres
Landfillable	139	Acres
Permitted Airspace	6	M yd ³
McKinney Landfill**		
Permit Boundary	162	Acres
Landfillable	94	Acres
Permitted Airspace	13	M yd ³

* Closed in 2006.

**Ceased waste acceptance on December 31, 2008 and closed in 2014

(Concluded)

SCHEDULE - 22
OPERATING AND CAPITAL INDICATORS
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water:										
Size of Service Area (square miles)	1,985	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Water Supply (MGD)	369	369	370	370	370	370	370	370	370	370
Treatment Capacity (MGD)	777	807	807	807	807	807	807	807	807	807
Miles of Transmission Pipelines	487	518	518	566	573	573	576	576	576	611
Water Storage Capacity (MG)	400	400	403	403	410	410	410	410	410	410
City Delivery Points	78	78	77	77	77	82	82	82	82	82
Total Rainfall (Inches)	31	35	29	29	45	54	32	46	59	40
Annual Consumption (BG)	102	97	93	84	80	97	95	103	93	106
Wastewater:										
Miles of Interceptor Lines	226	243	243	250	250	251	252	223	225	228
Number of Treatment Plants	18	18	17	17	17	17	17	17	17	17
Treatment Capacity (MGD)	137	145	152	152	152	152	152	152	153	161
Annual Volume Treated (BG)	31	33	33	33	39	43	38	40	47	44
Solid Waste:										
Number of Transfer Stations	3	3	3	3	3	3	3	3	3	3
Number of Landfills	3	3	3	3	3	3	3	3	3	3
Annual Volume (thousand tons)	752	723	786	835	877	950	1,009	986	1,010	948

Source: Based on information provided in NTMWD Operation Report.

SCHEDULE - 23 INSURANCE IN FORCE (UNAUDITED) YEAR ENDED SEPTEMBER 30, 2020

Carrier	Policy No	Coverage	Policy Limits	Term	Approximate Annual Premium
Texas Water Conservation Association Risk Management Fund	7	Workers' compensation	Statutory	7-01-20 to 7-01-21	\$ 628,817
Texas Water Conservation Association Risk Management Fund	7	General liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-20 to 7-01-21	\$ 261,257
Texas Water Conservation Association Risk Management Fund	7	Automobile liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-20 to 7-01-21	\$ 168,769
Texas Water Conservation Association Risk Management Fund	7	Directors' and officers' liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-20 to 7-01-21	\$ 113,060
Texas Water Conservation Association Risk Management Fund	7	Automobile physical damage	Actual cash value	7-01-20 to 7-01-21	\$ 362,655
USI Insurance Services	IB016	Fire and extended coverage	\$663,272,225 scheduled property	12-31-19 to 12-31-20	\$ 826,725
Chubb & Son Insurance	6615026	Commercial floater	\$28,025,415 scheduled & \$1,110,000 unscheduled property	5-01-20 to 5-01-21	\$ 72,682
USI Insurance Services	105874034	Fidelity bond	\$1,000,000 per occurrence	1-01-20 to 1-01-21	\$ 9,526
Anco Insurance B/CS	04TO000109220	Pollution storage tanks	\$1,000,000 per occurrence \$1,000,000 annual aggregate	12-01-19 to 12-01-20	\$ 527

Source: Based on information provided in NTMWD Insurance Policies.

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