

North Texas Municipal Water District



2014-2015 Comprehensive Annual Financial Report

**For Fiscal Year Ended:
September 30, 2015**

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**AS PREPARED BY THE
NTMWD ACCOUNTING DEPARTMENT**

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**NORTH TEXAS MUNICIPAL WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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INTRODUCTORY SECTION

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NORTH TEXAS MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS

| | | |
|----------------------|----------------|--------------|
| Joe Joplin | President | McKinney |
| Terry Sam Anderson | Vice-President | Mesquite |
| Robert Thurmond, Jr. | Secretary | Wylie |
| Don Cates | | Forney |
| Joe Farmer | | Allen |
| Marvin Fuller | | Wylie |
| Don Gordon | | Garland |
| Darrell Grooms | | Forney |
| Wayne May | | Farmersville |
| James Kerr | | Allen |
| Bill Lofland | | Rockwall |
| Jack May | | Garland |
| Charles McKissick | | McKinney |
| Jim Mellody | | Royse City |
| John Murphy | | Richardson |
| Patrick Nicklen | | Princeton |
| Larry Parks | | Rockwall |
| Richard Peasley | | Frisco |
| Bobby Robinson | | Mesquite |
| Richard Sheehan | | Princeton |
| Lynn Shuyler | | Frisco |
| Shep Stahel | | Plano |
| John Sweeden | | Richardson |
| Darwin Whiteside | | Royse City |
| Phil Dyer | | Plano |

* * * * *

Thomas W. Kula
Executive Director/General Manager

NORTH TEXAS MUNICIPAL WATER DISTRICT

ORGANIZATIONAL STRUCTURE

| | |
|--|------------------|
| Executive Director/General Manager | Thomas W. Kula |
| Deputy Director (Engineering & CIP) | Joe Stankiewicz |
| Assistant Deputy Director – CIP | R. J. Muraski |
| Assistant Deputy Director – Engineering | Cesar Baptista |
| Deputy Director (Operations & Maintenance) | Mike Rickman |
| Assistant Deputy Director – Solid Waste | Jeff Mayfield |
| Assistant Deputy Director – Wastewater | Jenna Covington |
| Assistant Deputy Director – Water | Billy George |
| Environmental Services Officer | Elizabeth Turner |
| Information Technology Officer | Jim Shirley |
| Maintenance Officer | Dave Patton |
| Deputy Director (Finance & Personnel) | Judd Sanderson |
| Accounting Manager | Teresa Wigington |
| Finance Manager | Erik Felthous |
| Human Resources Manager | John Montgomery |
| Records Manager | Kelly O'Brian |



NORTH TEXAS MUNICIPAL WATER DISTRICT

Regional Service Through Unity

January 18, 2016

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

State law requires that the North Texas Municipal Water District (the “District”) 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, 2015.

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 Weaver & Tidwell 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, 2015 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, 2015, 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 1.6 million citizens living in north Texas. The District currently serves a 2,200 square-mile service area located in nine 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 continue to experience 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.

Long-term financial planning. The District maintains 20-Year Water Rate Projections for the Water System and 10-Year Cost Projections for the Wastewater, Interceptor and Solid Waste Systems that are updated annually. The objective of these projections is to provide sufficient resources to fund needed capital projects, cover operations and maintenance expenses, and manage debt incurred from bond sales.

The April 2015 Water System rate projection includes funding for \$3.3 billion of capital projects to be developed over the next twenty year period. To fund these projects the projection assumes that the District will issue \$1.7 billion of revenue bonds between 2016 and 2020 for several projects including the Lower Bois D'Arc Creek Reservoir Project. Also, between 2028 and 2032, it is assumed that the District will issue \$1.1 billion of bonds for additional system improvements including funds for the development of a Sulphur River Basin Water Supply Project.

The April 2015 water rate projections indicate that at least a \$1.90 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 March 2015 Wastewater System cost projection reflects several major improvement projects including the Rowlett Creek Wastewater Treatment Plant Peak Flow Management Project for 2016, 2017 and 2019, the Wilson Creek Wastewater Treatment Plant Advanced Treatment Project for 2016, and the expansion of the Wilson Creek Wastewater Treatment Plant from 56 mgd to 64 mgd by 2019. These projects will require the issuance of \$297 million of revenue bonds over the next four years.

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, 2014. This was the twenty fifth 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 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,


Thomas W. Kula
Executive Director/General Manager


Judd R. Sanderson, CPA
Deputy Director of Finance and Personnel

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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, 2014

A handwritten signature in black ink that reads "Jeffrey P. Eman". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Eman" on the bottom line.

Executive Director/CEO

The North Texas Municipal Water District (NTMWD)

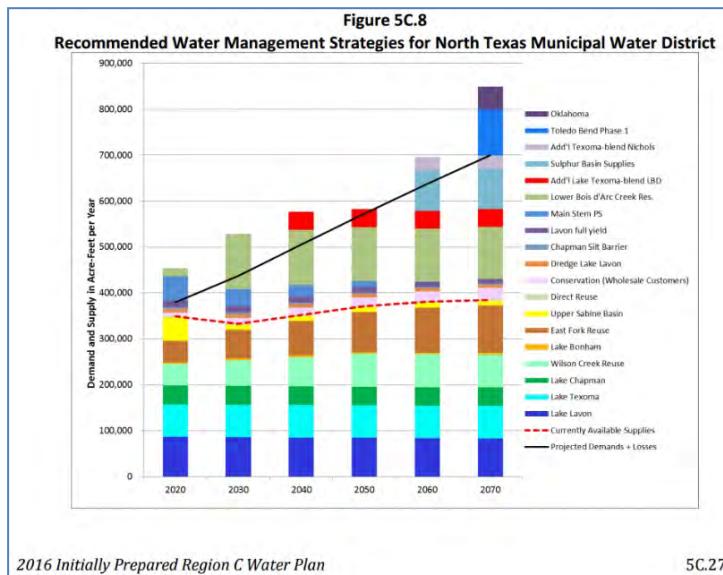
The North Texas Municipal Water District (NTMWD) is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article XVI, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of the 1951, 52nd Legislature of Texas, Regular Session, as amended. The NTMWD was created for 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 and other customers located in north central Texas. The essential services of regional water treatment and delivery, wastewater treatment, and solid waste disposal services enable residential and commercial growth within the communities served.

The NTMWD currently serves a 2,200 square-mile area located in nine counties, including all the territory of its Member Cities, viz.: Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie. The NTMWD Administrative Office is located at 501 East Brown Street, Wylie, Texas. A 25-member Board of Directors governs the NTMWD. Two Directors represent each Member City with a population of 5,000 or more, while one Director represents each Member City with a population less than 5,000. Governing bodies of the respective Member City appoint members of the Board of Directors for two-year terms.

Water System

As a regional wholesale provider of potable water, North Texas Municipal Water District (NTMWD) is committed to meeting the current and future water supply needs of its Member Cities and Customers. Water rates are set at cost, no profits are included, and no taxes are collected.

The population served by the NTMWD currently stands at over 1.6 million people and is expected to more than double by 2070 to 3.7 million residing inside the NTMWD service area, according to the initially prepared state water plan. NTMWD has identified additional raw water supplies to meet the future water demands over the planning period. These identified water management strategies are included in the 2016 Initially Prepared Region C Water Plan (<http://www.regioncwater.org>). For NTMWD, the top two additional water supply sources that will help meet the projected water needs through 2040 are the Trinity Main Stem Pump Station and the Lower Bois d'Arc Creek Reservoir project. Other identified water supply strategies vary from a diversity of sources including: conservation and reuse, connecting to existing water supplies, and/or new reservoirs.



NTMWD obtains its raw water supplies from Lavon Lake, Lake Texoma, Jim Chapman Lake, Lake Tawakoni, the Upper Sabine Basin, Lake Bonham and reuse of treated wastewater effluent from its Wilson Creek Regional Wastewater Treatment Plant, and the East Fork Raw Water Supply Project.

During the 2011 to 2015 North Texas drought, NTMWD was unable to use 28% of available water supply due to the presence of an invasive species, the zebra mussel, in Lake Texoma. NTMWD was able to continuously supply water throughout the extended drought despite the loss of this major water source by implementing a multi-faceted response plan.

First, regional water consumption was reduced through strong cooperation with NTMWD

Member Cities and Customers who successfully implemented the water resource management strategies included in their Drought Contingency and Water Emergency Response Plans. Second, NTMWD and its Member Cities sought legislative relief from the Lacy Act which culminated in the passage of the North Texas Zebra Mussel Barrier Act of 2012. Third, the NTMWD implemented in earnest the construction of the Lake Texoma Outfall to Wylie Water Treatment Plant (WTP) Raw Water Pipeline in order to deliver Lake Texoma water directly to the Wylie Water Treatment Plant allowing any present zebra mussels to be eradicated during the treatment process. Finally, in May 2013, NTMWD began temporarily purchasing additional raw water, up to 60 million gallons per day, from Dallas Water Utilities for a 3-year term. Reservoir levels began to slowly recover in 2014, and the Texoma pipeline project was placed into service during the summer of 2014, restoring NTMWD supply at a critical time during drought. The reservoirs finally filled to full conservation pool levels in 2015, a year when several rainfall records for Texas were exceeded. In May 2015, NTMWD was able to end drought plan restrictions and transition into the NTMWD Water Conservation Plan (February 2014), allowing consumers to irrigate their lawns up to twice per week if needed.

Increasing the awareness of water conservation and water use efficiency as a water supply is vital for supplying water needs both today and in the future. Research results indicate the more knowledgeable consumers are regarding their source water, supplies, and water use habits, the more inclined they are to make wise water use behavior changes.

Since 2006, NTMWD has committed in excess of \$17.4 million to implement WaterIQ: Know Your Water, the statewide public awareness and water conservation program, and Water4Otter to facilitate and increase water efficient behaviors. In the fall of 2014, NTMWD launched Water4Otter, a youth water awareness campaign.

Water4Otter's campaign objective is to increase the conversation of water and water conservation in the home. Students at 50 schools received a Water4Otter presentation and students were provided clings with water saving tips to take home and engage a conversation of water with their parents. At the completion of the fall 2014 Water4Otter presentations, research was conducted to determine the success of the newly launched campaign. Research indicated that 78% of students that viewed a Water4Otter presentation had at least one water-related conversation with their parents. Research also indicated that 78% of the students participated in the use of the clings at their homes. The 2015 Water IQ campaign continued to elevate the need to reduce water use due to the ongoing drought and water supply issues that NTMWD faced. The key messaging highlighted the use of WaterMyYard.org. Through the continued success of the Water IQ program combined with the Member City and Customer's conservation strategies and drought response strategies, water consumption was reduced by an estimated 300-400 million gallons per day during the peak summer months of 2014.

During the 2014-2015 Water Year (August 2014 – July 2015) NTMWD treated and delivered 80 billion gallons of water, a decrease in delivery of 4% as compared to 83.6 billion gallons delivered during the 2013-2014 Water Year, with Member Cities utilizing 83% of the total supply delivered and the remaining 17% being utilized by the NTMWD Customers.

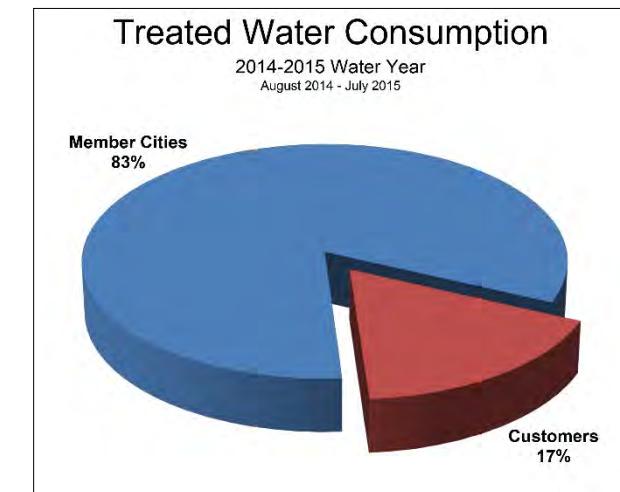
As of September 30, 2015, construction contracts for the Water System totaled over \$616 million. Major projects included: the Lake Texoma Outfall to Wylie Water Treatment Plant (WTP) Raw Water Pipeline; Wylie WTPs I, II, III, and IV Ozonation; Trinity Main Stem Pump Station and Raw Water Pipeline; Wylie WTP II Clearwell and Disinfection Improvements; the NTMWD Administrative Building Structural Repairs, Building Renovations, and Building Addition, Tasks 2 and 3; the Wylie WTP Finished Water Reservoir and Flow Metering Improvements; the North McKinney Pipeline, Phases I and II; and the Lake Tawakoni WTP.

Enhancement to the water treatment process at the Wylie WTP include ozonation. With the ozonation project completed and fully operational in 2014, NTMWD now operates the largest ozonated water treatment plant in the United States.



North Texas Municipal Water District Wylie Water Treatment Plant ozone generators. Eleven ozone generators are used to produce up to 3,900 pounds each per day of ozone as the primary disinfectant in the water treatment process.

Raw Water Pump Station No. 3 Expansion; Lake Lavon Raw Water Pump Station Intake Channel Improvements; and the Lake Chapman Pump Station Electrical Improvements.



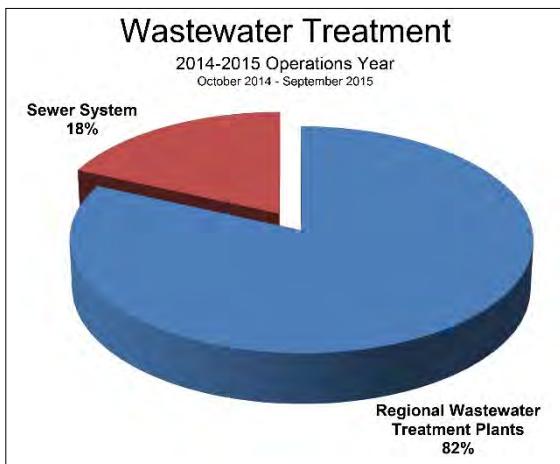
Construction projects at the Wylie WTPs included: Wylie WTP East Gate Improvements and Complex Chemical System Improvements Phases 1A and 1B; Wylie WTP I Conversion to Biologically Active Filtration (BAF), improvements to existing drain, and 2.5 MGD and 3.0 MGD Reservoir Roof Improvements; Wylie WTP II improvements to Basins 3 and 4; Wylie WTP III Filter and Underdrain Improvements, conversion to BAF, and lagoon improvements; Wylie WTP III Variable Frequency Drives for Washwater Pumps; High Service Pump Station No. 1-1 Electrical Improvements; and High Service Pump Stations 2-2 and 2-3 electrical and mechanical improvements. Many of the projects are multi-year projects.

Pump Station projects included: Farmersville Pump Station No. 2; Modifications to the Lake Texoma Pump Station; Shiloh Pump Station Improvements;

Additional construction projects included: North McKinney Pipeline Phases I and II; South Delivery Point Improvements, Priority No. 2; 42-inch and 24-inch Waterline Relocation along Stacy Road (FM 2786) from SH 5 (Greenville Drive) to FM 1378 (Country Club Road); Rockwall No. 2 Flow Meter Improvements; Chapman Lake Water Access Task B (dredging); Sludge Lagoon Improvements at Lake Tawakoni WTP and Bonham WTP; 121 Site Facility Water Transmission Pipeline Relocation at SH 121; 20" and 60" North Section of FM 2514 and FM 1378; Wylie to Farmersville 36" Pipeline; Plano No. 4 Delivery Point Metering Station Upgrade; Supervisory Control and Data Acquisition (SCADA) System upgrades and operations; the Water System Maintenance Facilities South Region, Phase 1; and the Environmental Building HVAC System Repairs.

Wastewater System

The NTMWD provides wastewater conveyance and treatment services to protect public health and the environment. The U.S. Environmental Protection Agency and the Texas Commission on Environmental Quality establish the water quality standards for wastewater discharges to protect the environment of the receiving waterways. The treated wastewater, known as effluent, is discharged into local waterways where it is used again to supply drinking water, irrigate golf courses, and sustain aquatic life.



NTMWD owns and operates four regional treatment facilities that provide secondary and/or tertiary level treatment services. In addition to the regional facilities, NTMWD operates an additional ten smaller treatment plants that are included in NTMWD's Sewer System.

NTMWD's Regional Wastewater System and Sewer System treated over 39 billion gallons of wastewater during the 2014-2015 Operations Year (October 2014 - September 2015). Of the total wastewater treated, 82% received treatment at one of the four regional wastewater treatment plants, while the remaining 18% received treatment through NTMWD's Sewer System.

As of September 30, 2015, construction contracts for the Wastewater System totaled over \$70 million.

Improvement projects at the South Mesquite Regional Wastewater Treatment Plants (RWWT) include: Electrical Improvements; Aeration System Improvements, Phase 1; Solids Building Odor Control Improvements; Operations Building Improvements; and the Screenings Handling Improvements. At the Wilson Creek RWWT improvement projects include: Filter Improvements; Solids Management Optimization and Control Improvements; Electrical Improvements, Phase 1A Control Improvements; and Improvements to Plant II Odor Control.

Improvement projects for Lift Stations include: the Upper White Rock Creek Lift Station and Parallel Force Main improvements; and the Forney Mustang Creek Lift Station and Interceptor System; Upper Rowlett Creek and Upper Cottonwood Lift Station and Parallel Force Main improvements; Richardson Spring Creek Lift Station improvements; and the Renner Road Lift Station Control improvements.

Projects within the interceptor systems include: the McKinney-Prosper Interceptor and Indian Creek Trunk Sewer improvements; Prairie Creek Relief Sewer Control Structure Flow Metering improvements; the Cottonwood Creek Outfall Sewer improvements; the Cottonwood Creek Outfall Sewer Aerial Crossing replacement; the Wilson Creek Gravity improvements, Phase I; the ASAP Interceptor improvements, Section 2 and 3; the Upper East Fork Interceptor System Manhole improvements; the Upper East Fork Interceptor System Dublin Road Relift Station improvements; the Upper East Fork Interceptor



South Mesquite Creek
Regional Wastewater Treatment Plant

System Indian Creek/Preston Road Force Main Surge improvements; the North McKinney Interceptor improvements, Phase 1; Beck Branch Interceptor improvements, Phase 1; and the Wilson Creek Interceptor improvements, Phase 2.

Additional projects included placement of emergency generators in the Upper East Fork Interceptor at the McKinney Lift Station, the Wilson Creek Lift Station, Plano Spring Creek No.2 Lift Station, Preston Road Lift Station, Beck Branch Lift Station and Prairie Creek Lift Station.

Solid Waste System

Businesses, industries, and residents in all communities generate municipal solid waste. The most environmentally sound management of municipal solid waste disposal is achieved by source reduction and reuse then recycling and composting, followed by disposal in municipal solid waste landfills. Municipal solid waste landfills are engineered facilities that are located, designed, operated, and monitored to ensure compliance with the Texas Commission on Environmental Quality and U.S. Environmental Protection Agency regulations.

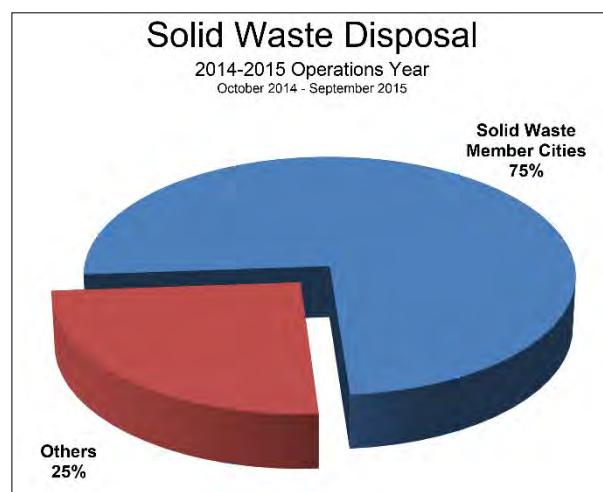
NTMWD provides Solid Waste disposal services for five Solid Waste Member Cities and the residents of Collin County and surrounding area. The NTMWD Solid Waste Member Cities are the Cities of Allen, Frisco, McKinney, Plano, and Richardson.

NTMWD owns and operates the 121 Regional Disposal Facility (121 RDF). The 121 RDF is anticipated to meet the solid waste needs of the area served for at least 33 years. The life of the 121 RDF can be extended with increased recycling efforts and waste reduction practices. The 121 RDF is a component of the North Central Texas Council of Governments Solid Waste Master Plan. In addition to the 121 RDF, NTMWD operates three Transfer Stations (TS), including the Custer Road TS, Lookout Drive TS, and Parkway TS that all serve as collection sites for the commercial and household municipal waste collected within the Solid Waste Member Cities. At each of the transfer stations, the municipal waste is loaded onto transfer trailers for transport by NTMWD vehicles to the 121 RDF for safe and proper disposal.

NTMWD provides Citizen Convenience Centers so residents residing in the Solid Waste Member Cities (Allen, Frisco, McKinney, Plano, and Richardson) can transport and dispose of household waste up to two times per month for no charge. The Citizen Convenience Centers are located at each of the three transfer stations and at the 121 RDF. NTMWD also provides a collection site for used motor oil and used oil filters at each of the Citizen Convenience Centers.



121 RDF Fleet Maintenance Weld Shop



During the 2014-2015 Operations Year (October 2014 - September 2015), NTMWD safely disposed of over 877,000 tons of municipal solid waste. The NTMWD Solid Waste Member Cities accounted for 75% of the tonnage disposed; outside customers, including private haulers, contributed the remaining 25%.

To promote waste minimization and to prevent illegal disposal of solid waste materials, Collin County has contracted with the NTMWD to conduct once-a-month no charge disposal for Collin County residents. In addition to offering the opportunity for disposal of eligible waste, the free day allows Collin County residents to drop off recyclable material such as plastics, paper, aluminum, glass, and tires.

As of September 30, 2015, construction contracts for the Solid Waste System had all been completed. 2015 Solid Waste construction projects included: the Custer Road Transfer Station Tipping Floor improvements; and the construction of the 121 RDF Fleet Maintenance Weld Shop.

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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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the North Texas Municipal Water District (the District), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 each major fund of the North Texas Municipal Water District as of September 30, 2015, 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 Matter

As discussed in Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as of September 30, 2015. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the District's Retirement Plan and Other Postemployment Benefits Plan on pages 4-9 and 48-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Texas Municipal Water District's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Sewer System Supplemental 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

North Texas Municipal Water District

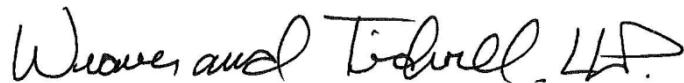
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the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Sewer System Supplemental 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 18, 2016, on our consideration of the 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 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 North Texas Municipal Water District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 18, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

As management of the North Texas Municipal Water 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, 2015.

Financial Highlights

- Total assets at the end of the year were approximately \$3.0 billion and exceeded liabilities by approximately \$1.08 billion.
- The District's total net position increased by approximately \$62 million, or 6 percent.
- During the year the District's operating revenues increased by approximately \$28 million, or 9 percent, and operating expenses increased by approximately \$2 million, or 1 percent.
- Construction of the Wylie Water Treatment Plant Ozonation Project, the Lower Bois D'Arc Creek Reservoir Project, the Wylie Water Reservoir Project, the Lake Texoma to Wylie Pipeline Project and the Administration Building Project led the way in capital expenditures totaling \$165 million.
- The District issued \$440 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 are intended to serve as an introduction to the District's basic financial statements which are comprised of fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements. The financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two 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 Revenues, Expenses and Changes in Net Position* 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 *Statement of Cash Flows* presents cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the year presented.

Enterprise Funds. 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 categorized as enterprise funds. The District reports five major enterprise funds: Water, Regional Wastewater, Sewer, Solid Waste and Interceptor.

The basic enterprise fund financial statements can be found on pages 10 through 17 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 18 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 48 of this report.

Financial Analysis

As noted earlier, net position may serve over time 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 \$1,084,270,528 at the close of the most recent fiscal year.

North Texas Municipal Water District's Net Position

| | As of September 30 | | Increase/ (Decrease) | Percent Change |
|---|--------------------|------------------|-------------------------|-------------------|
| | 2015 | 2014 | | |
| ASSETS: | | | | |
| Current and other assets | \$ 667,541,124 | \$ 528,828,173 | \$ 138,712,951 | 26.2 % |
| Capital assets—net | 2,355,048,633 | 2,267,375,583 | 87,673,050 | 3.9 |
| Total assets | 3,022,589,757 | 2,796,203,756 | 226,386,001 | 8.1 |
| Total deferred outflows of resources | 26,665,685 | 17,780,784 | 8,884,901 | 50.0 |
| Total assets and deferred outflows of resources | 3,049,255,442 | 2,813,984,540 | 235,270,902 | 8.4 |
| LIABILITIES: | | | | |
| Current and other liabilities | 156,712,119 | 145,915,282 | 10,796,837 | 7.4 |
| Long-term liabilities outstanding | 1,804,438,409 | 1,645,605,881 | 158,832,528 | 9.7 |
| Total liabilities | 1,961,150,528 | 1,791,521,163 | 169,629,365 | 9.5 |
| Total deferred inflows of resources | 3,834,386 | - | 3,834,386 | 100.0 |
| Total liabilities and deferred inflows of resources | 1,964,984,914 | 1,791,521,163 | 173,463,751 | 9.7 |
| NET POSITION: | | | | |
| Net investment in capital assets | 864,338,873 | 794,854,341 | 69,484,532 | 8.7 |
| Restricted | 142,275,759 | 138,270,902 | 4,004,857 | 2.9 |
| Unrestricted | 77,655,896 | 89,338,134 | (11,682,238) | (13.1) |
| Total net position | \$ 1,084,270,528 | \$ 1,022,463,377 | \$ 61,807,151 | 6.0 % |

The largest portion of the District's net position (80 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 (13 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 (7 percent) and may be used to meet the District's ongoing obligations.

The increase in net position of \$61,807,151, or 6.0%, during the current fiscal year indicates an improved financial position. This includes a prior year restatement of \$25,024,184 related to the implementation of Government Accounting Standards Board Statement No. 68 and No. 71.

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. The primary sources of the increase in net position of \$61,807,151 were operating income of \$129,926,432 offset by interest expense of \$49,531,332 and a change in reporting of \$25,024,184. This change in reporting is due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions, which required the District to recognize a net pension liability of \$20,658,405. Since the District previously reported the net pension asset, the current year change in reporting resulted in a \$25,024,184 adjustment. Note 9 provides detail on the retirement plan.

North Texas Municipal Water District's Changes in Net Position

| | Year Ended September 30 | | Increase (Decrease) | Percent Change |
|---|-------------------------|-------------------------|------------------------|-------------------|
| | 2015 | 2014 | | |
| Operating Revenues: | | | | |
| Water sales | \$ 215,871,181 | \$ 197,954,585 | \$ 17,916,596 | 9.1 % |
| Wastewater service fees | 93,754,382 | 86,758,613 | 6,995,769 | 8.1 |
| Solid waste service fees | 27,603,397 | 23,460,042 | 4,143,355 | 17.7 |
| Other operating revenues | 1,284,498 | 2,398,304 | (1,113,806) | (46.4) |
| Total Operating Revenues | 338,513,458 | 310,571,544 | 27,941,914 | 9.0 |
| Operating Expenses: | | | | |
| Personnel | 53,098,135 | 53,252,470 | (154,335) | (0.3) |
| Operating Supplies: | | | | |
| Chemicals | 25,325,219 | 24,178,928 | 1,146,291 | 4.7 |
| Other supplies | 10,964,239 | 10,823,295 | 140,944 | 1.3 |
| Operating Services: | | | | |
| Electric power | 23,997,861 | 26,628,105 | (2,630,244) | (9.9) |
| Wholesale water purchases | 6,909,337 | 11,249,696 | (4,340,359) | (38.6) |
| Other services | 37,783,612 | 31,292,449 | 6,491,163 | 20.7 |
| Depreciation and amortization | 50,508,623 | 49,215,691 | 1,292,932 | 2.6 |
| Total Operating Expenses | 208,587,026 | 206,640,634 | 1,946,392 | 0.9 |
| Operating Income | 129,926,432 | 103,930,910 | 25,995,522 | 25.0 |
| Investment Income | | | | |
| | 2,034,940 | 842,516 | 1,192,424 | 141.5 |
| Miscellaneous Revenue (Expense) | 325,064 | 2,351,148 | (2,026,084) | (86.2) |
| Grant Income | 62,233 | - | 62,233 | NA |
| Federal Program Revenues | 4,013,998 | 4,397,287 | (383,289) | (8.7) |
| Gain (Loss) on Sale of Capital Assets | - | (1,171,457) | 1,171,457 | 100.0 |
| Interest Expense | (49,531,332) | (53,416,490) | 3,885,158 | (7.3) |
| Net Nonoperating Expense | (43,095,097) | (46,996,996) | 3,901,899 | (8.3) |
| Change in Net Position | 86,831,335 | 56,933,914 | 29,897,421 | 52.5 |
| Net Position, Beginning of Year (As Previously Stated) | 1,022,463,377 | 965,529,463 | 56,933,914 | 5.9 |
| Change in Reporting | (25,024,184) | - | (25,024,184) | |
| Net Position, Beginning of Year | 997,439,193 | 965,529,463 | 31,909,730 | 3.3 |
| Net Position, End of Year | \$ 1,084,270,528 | \$ 1,022,463,377 | \$ 61,807,151 | 6.0% |

Total operating revenues for the District for the years ended September 30, 2015 and 2014 were \$338,513,458 and \$310,571,544, respectively. The \$27,941,914 increase in total operating revenues was primarily due to a 10% increase in the water rate, a 9% increase in wastewater charges, and a 20% increase in solid waste service fees to fund capital projects and operating costs. Other operating revenues decreased 46.4% due to reduced miscellaneous operating revenues.

Total operating expenses for the District for the years ended September 30, 2015 and 2014 were \$208,587,026 and \$206,640,634, respectively. Several key factors account for the \$1,946,392 increase in total operating expenses including increased other services expenses of \$6.5 million primarily as a result of expensing debt issuance costs associated with the refunding of outstanding bonds totaling \$4.1 million, increased maintenance costs of \$1.3 million and an increase in depreciation of \$1.3 million. These increases were offset by decreases in power costs of \$2.6 million and decreased water purchases of \$4.3 million.

Net non-operating expense decreased by \$3,901,899 primarily due to less interest expense. The change in reporting is the direct result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions, which required the recording of the District's net pension liability.

Capital Asset and Debt Administration

Capital Assets

The District's capital assets as of September 30, 2015, amounted to \$2,355,048,633 (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 4%.

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

- Development of the Lower Bois D'Arc Creek Reservoir Project continued; construction in progress at the end of the fiscal year totaled \$117,549,377.
- Construction of the Wylie Water Treatment Plant Ozonation Project continued; construction in progress at the end of the fiscal year totaled \$139,876,685.
- Construction of the Lake Texoma to Wylie Water Treatment Plant Raw Water Pipeline Project continued; construction in progress at the end of the fiscal year totaled \$330,319,031.
- Capitalized improvements at the South Mesquite Regional Wastewater Treatment Plant including the expansion of the plant, electrical improvements and the operations building totaling \$6,733,393.
- Completed construction of the Forney Mustang Creek Interceptor System totaling \$8,564,343.

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

| | As of September 30 | | Increase (Decrease) | Percent Change |
|--|---------------------------|-------------------------|--------------------------------|---------------------------|
| | 2015 | 2014 | | |
| Land | \$ 69,129,011 | \$ 66,429,095 | \$ 2,699,916 | 4.1 % |
| Easements | 47,759,846 | 45,923,851 | 1,835,995 | 4.0 % |
| Land improvements | 3,532,175 | 3,811,107 | (278,932) | (7.3) |
| Water treatment, storage and transmission facilities | 670,329,096 | 670,521,006 | (191,910) | (0.0) |
| Wastewater treatment and disposal facilities | 465,361,577 | 449,270,072 | 16,091,505 | 3.6 |
| Solid waste transfer and disposal facilities | 33,543,714 | 33,776,828 | (233,114) | (0.7) |
| Reservoir facilities and water rights | 287,558,416 | 292,772,543 | (5,214,127) | (1.8) |
| Buildings | 26,353,801 | 22,320,394 | 4,033,407 | 18.1 |
| Automobiles and trucks | 2,573,516 | 2,693,473 | (119,957) | (4.5) |
| Office furniture and fixtures | 221,541 | 256,251 | (34,710) | (13.5) |
| Other equipment | 20,029,771 | 14,159,352 | 5,870,419 | 41.5 |
| Construction in progress | 728,656,169 | 665,441,611 | 63,214,558 | 9.5 |
| Total | \$ 2,355,048,633 | \$ 2,267,375,583 | \$ 87,673,050 | 3.9 % |

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 \$1,719,386,205. Of this amount 71% is reflected in the Water System and 11% is reflected in the Regional Wastewater System.

North Texas Municipal Water District's Outstanding Debt

| | As of September 30 | | Increase (Decrease) | Percent Change |
|-----------------------------------|-------------------------|-------------------------|------------------------|-------------------|
| | 2015 | 2014 | | |
| U.S. government contracts payable | \$ 32,456,205 | \$ 33,819,003 | \$ (1,362,798) | (4.0)% |
| Revenue bonds | <u>1,686,930,000</u> | <u>1,580,030,000</u> | <u>106,900,000</u> | <u>6.8</u> |
| Total | <u>\$ 1,719,386,205</u> | <u>\$ 1,613,849,003</u> | <u>\$ 105,537,202</u> | <u>6.5 %</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 \$28,269,338 in the Water System, \$1,449,913 in the Wastewater System, \$4,140,592 in the Sewer System and \$2,036,568 in the Interceptor System.

The District's revenue bonds have been rated as follows:

| | Moody's | S&P |
|--------------------|---------|-----|
| Water System | Aa2 | AAA |
| Wastewater System | Aa2 | AAA |
| Solid Waste System | Aa3 | 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. As a result of the continued growth in the District's service area, the need for the development of raw water resources and capital expenditures to fund system expansions and improvements continues to increase. Such growth has been considered in developing the District's budget for the 2015 fiscal year.

The 2016 Water System budget provides funding for debt service for \$419 million of bonds to be issued for the construction of the Trinity River Main Stem Pump Station, the construction of the Lower Bois D' Arc Creek Reservoir Dam and other system improvements. In order to fund these debt service requirements and the additional operations and maintenance costs, the budget requires a \$.23 per 1,000 gallons rate adjustment. Additional rate adjustments can be expected in the future as the District continues to develop additional raw water supplies and construct treatment and transmission system improvements to meet system demands.

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 Director of Finance, P.O. Box 2408, Wylie, Texas 75098.

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BASIC FINANCIAL STATEMENTS

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

| ASSETS | Water System | Regional Wastewater System |
|--|-------------------------|----------------------------------|
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 43,382,041 | \$ 4,514,553 |
| Investments | 54,082,991 | - |
| Accounts receivable | 19,121,480 | 891,499 |
| Due from other funds | 170,442 | 74,982 |
| Prepaid expenses | 2,738,175 | 337,447 |
| Unbilled receivables | 247,209 | - |
| Total unrestricted assets | 119,742,338 | 5,818,481 |
| Restricted assets: | | |
| Cash and cash equivalents | 97,981,796 | 43,092,435 |
| Investments | 224,702,719 | 47,223,413 |
| Contracts receivable | 26,400 | - |
| Interest receivable | 200,984 | 10,125 |
| Due from other funds | 105,015 | - |
| Unbilled receivables | - | - |
| Total restricted assets | 323,016,914 | 90,325,973 |
| TOTAL CURRENT ASSETS | 442,759,252 | 96,144,454 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | 56,208,646 | 1,739,328 |
| Easements | 32,853,007 | - |
| Construction-in-progress | 683,625,679 | 15,248,036 |
| Total nondepreciable assets | 772,687,332 | 16,987,364 |
| Depreciable: | | |
| Land improvements | 3,712,838 | 1,321,303 |
| Water treatment, storage, and transmission facilities | 910,311,729 | - |
| Wastewater treatment and disposal facilities | - | 273,678,409 |
| Solid waste transfer and disposal facilities | - | - |
| Reservoir facilities and water rights | 368,260,136 | - |
| Buildings | 12,898,435 | 2,047,667 |
| Automobiles and trucks | 4,427,370 | 1,708,385 |
| Office furniture and fixtures | 421,772 | 101,610 |
| Other equipment | 15,721,778 | 8,099,702 |
| Total depreciable assets | 1,315,754,058 | 286,957,076 |
| Less accumulated depreciation | (359,976,956) | (92,002,048) |
| Net capital assets | 1,728,464,434 | 211,942,392 |
| Accrued OPEB asset | 281,426 | 73,144 |
| TOTAL LONG-TERM ASSETS | 1,728,745,860 | 212,015,536 |
| TOTAL ASSETS | 2,171,505,112 | 308,159,990 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | 18,427,869 | 1,500,210 |
| Deferred pension outflow | 1,691,734 | 480,626 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 20,119,603 | 1,980,836 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 2,191,624,715 | \$ 310,140,826 |

The notes to the basic financial statements are
an integral part of this statement.

| Sewer System | Solid Waste System | Interceptor System | Total Enterprise Funds |
|-----------------------|---------------------------|---------------------------|-------------------------------|
| \$ 4,044,565 | \$ 3,041,158 | \$ 1,763,476 | \$ 56,745,793 |
| - | - | - | 54,082,991 |
| 692,904 | 634,880 | 597,131 | 21,937,894 |
| 36,366 | 266,577 | 11,576 | 559,943 |
| 241,721 | 200,057 | 116,165 | 3,633,565 |
| 123,706 | 333,116 | - | 704,031 |
| <u>5,139,262</u> | <u>4,475,788</u> | <u>2,488,348</u> | <u>137,664,217</u> |
| 11,376,476 | 9,972,679 | 31,101,312 | 193,524,698 |
| 10,913,071 | 3,404,640 | 44,185,252 | 330,429,095 |
| - | - | - | 26,400 |
| 17,913 | 92 | 13,326 | 242,440 |
| - | - | - | 105,015 |
| - | 5,099,313 | - | 5,099,313 |
| <u>22,307,460</u> | <u>18,476,724</u> | <u>75,299,890</u> | <u>529,426,961</u> |
| <u>27,446,722</u> | <u>22,952,512</u> | <u>77,788,238</u> | <u>667,091,178</u> |
| 469,515 | 10,711,522 | - | 69,129,011 |
| 4,072,113 | - | 10,834,726 | 47,759,846 |
| 3,136,591 | 721,528 | 25,924,335 | 728,656,169 |
| <u>7,678,219</u> | <u>11,433,050</u> | <u>36,759,061</u> | <u>845,545,026</u> |
| 417,138 | 2,517,715 | - | 7,968,994 |
| 29,946,174 | - | - | 940,257,903 |
| 159,496,235 | - | 203,620,240 | 636,794,884 |
| - | 66,426,512 | - | 66,426,512 |
| - | - | - | 368,260,136 |
| 9,698 | 21,616,663 | - | 36,572,463 |
| 310,387 | 5,534,681 | 280,948 | 12,261,771 |
| - | - | - | 523,382 |
| <u>1,954,221</u> | <u>18,033,609</u> | <u>2,711,916</u> | <u>46,521,226</u> |
| <u>192,133,853</u> | <u>114,129,180</u> | <u>206,613,104</u> | <u>2,115,587,271</u> |
| <u>(49,477,060)</u> | <u>(56,394,663)</u> | <u>(48,232,937)</u> | <u>(606,083,664)</u> |
| <u>150,335,012</u> | <u>69,167,567</u> | <u>195,139,228</u> | <u>2,355,048,633</u> |
| <u>28,679</u> | <u>60,656</u> | <u>6,041</u> | <u>449,946</u> |
| <u>150,363,691</u> | <u>69,228,223</u> | <u>195,145,269</u> | <u>2,355,498,579</u> |
| <u>177,810,413</u> | <u>92,180,735</u> | <u>272,933,507</u> | <u>3,022,589,757</u> |
| 2,026,542 | 1,032,108 | 885,049 | 23,871,778 |
| 181,111 | 386,553 | 53,883 | 2,793,907 |
| 2,207,653 | 1,418,661 | 938,932 | 26,665,685 |
| <u>\$ 180,018,066</u> | <u>\$ 93,599,396</u> | <u>\$ 273,872,439</u> | <u>\$ 3,049,255,442</u> |

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

| LIABILITIES | Water System | Regional Wastewater System |
|--|-----------------------|----------------------------|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ 16,990,972 | \$ 2,863,249 |
| Due to other funds | 85,295 | 263,198 |
| Customers' advance payments | 9,831 | 3,003,929 |
| Accrued interest payable on U.S. government contracts | 856,063 | - |
| Current portion of U.S. government contracts | 1,406,824 | - |
| Total payable from unrestricted assets | 19,348,985 | 6,130,376 |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | 13,403,408 | 2,854,257 |
| Due to other funds | 53,947 | 14,525 |
| Accrued landfill closure and post-closure care cost | - | - |
| Accrued interest payable on revenue bonds | 4,767,037 | 1,988,131 |
| Current portion of revenue bonds | 41,205,000 | 11,665,000 |
| Total payable from restricted assets | 59,429,392 | 16,521,913 |
| TOTAL CURRENT LIABILITIES | 78,778,377 | 22,652,289 |
| LONG-TERM LIABILITIES: | | |
| Accrued landfill closure costs | - | - |
| Accrued vacation—less current portion | 903,711 | 226,622 |
| Accrued sick—less current portion | 1,283,097 | 289,072 |
| Net pension liability | 12,508,883 | 3,553,788 |
| Deferred compensation | 377,500 | - |
| Long-term debt—less current portion | 1,290,403,499 | 181,415,624 |
| TOTAL LONG-TERM LIABILITIES | 1,305,476,690 | 185,485,106 |
| TOTAL LIABILITIES | 1,384,255,067 | 208,137,395 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | 2,321,763 | 659,615 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 2,321,763 | 659,615 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 1,386,576,830 | 208,797,010 |
| NET POSITION: | | |
| Net investment in capital assets | 632,201,993 | 88,254,194 |
| Restricted for debt service | 88,333,822 | 17,491,516 |
| Unrestricted | 84,512,070 | (4,401,894) |
| TOTAL NET POSITION | \$ 805,047,885 | \$ 101,343,816 |

The notes to the basic financial statements are
an integral part of this statement.

| Sewer System | Solid Waste System | Interceptor System | Total Enterprise Funds |
|----------------------|---------------------------|---------------------------|-------------------------------|
| \$ 1,166,522 | \$ 2,057,968 | \$ 1,143,482 | \$ 24,222,193 |
| 149,073 | 7,952 | 54,425 | 559,943 |
| 3,035,307 | 640,623 | 712,090 | 7,401,780 |
| - | - | - | 856,063 |
| - | - | - | 1,406,824 |
| 4,350,902 | 2,706,543 | 1,909,997 | 34,446,803 |
| 5,606,571 | 3,937,244 | 7,161,190 | 32,962,670 |
| - | - | 36,543 | 105,015 |
| - | 4,540,845 | - | 4,540,845 |
| 1,614,092 | 122,665 | 2,639,861 | 11,131,786 |
| 9,320,000 | 2,880,000 | 8,455,000 | 73,525,000 |
| 16,540,663 | 11,480,754 | 18,292,594 | 122,265,316 |
| 20,891,565 | 14,187,297 | 20,202,591 | 156,712,119 |
| - | 558,468 | - | 558,468 |
| 117,920 | 193,678 | 15,173 | 1,457,104 |
| 112,493 | 539,862 | 5,407 | 2,229,931 |
| 1,339,126 | 2,858,234 | 398,374 | 20,658,405 |
| - | - | - | 377,500 |
| 113,245,445 | 32,796,469 | 161,295,964 | 1,779,157,001 |
| 114,814,984 | 36,946,711 | 161,714,918 | 1,804,438,409 |
| 135,706,549 | 51,134,008 | 181,917,509 | 1,961,150,528 |
| 248,554 | 530,514 | 73,940 | 3,834,386 |
| 248,554 | 530,514 | 73,940 | 3,834,386 |
| 135,955,103 | 51,664,522 | 181,991,449 | 1,964,984,914 |
| 26,950,518 | 39,967,924 | 76,964,244 | 864,338,873 |
| 17,942,391 | 3,944,257 | 14,563,773 | 142,275,759 |
| (829,946) | (1,977,307) | 352,973 | 77,655,896 |
| \$ 44,062,963 | \$ 41,934,874 | \$ 91,880,990 | \$ 1,084,270,528 |

(Concluded)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015

| | Water System | Regional Wastewater System |
|--|------------------------------|---|
| OPERATING REVENUES: | | |
| Water sales | \$ 215,871,181 | \$ - |
| Wastewater service fees | - | 45,161,269 |
| Solid waste service fees | - | - |
| Other operating revenues | <u>275,049</u> | <u>49,829</u> |
| Total operating revenues | <u><u>216,146,230</u></u> | <u><u>45,211,098</u></u> |
| OPERATING EXPENSES: | | |
| Personnel | 31,606,156 | 8,818,219 |
| Operating Supplies: | | |
| Chemicals | 17,725,803 | 4,642,731 |
| Other supplies | 3,872,644 | 2,272,635 |
| Operating Services: | | |
| Electric power | 17,280,685 | 3,254,943 |
| Wholesale water purchases | 6,909,337 | - |
| Other services | 12,712,999 | 9,629,951 |
| Depreciation | <u>30,442,841</u> | <u>7,394,744</u> |
| Total operating expenses | <u><u>120,550,465</u></u> | <u><u>36,013,223</u></u> |
| OPERATING INCOME | <u><u>95,595,765</u></u> | <u><u>9,197,875</u></u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 1,396,948 | 195,295 |
| Miscellaneous revenue (expense) | 325,064 | - |
| Grant income | 62,233 | - |
| Federal program revenues | 4,013,998 | - |
| Interest expense | <u>(33,365,638)</u> | <u>(5,665,182)</u> |
| Total nonoperating revenues (expenses) | <u><u>(27,567,395)</u></u> | <u><u>(5,469,887)</u></u> |
| CHANGE IN NET POSITION | <u><u>68,028,370</u></u> | <u><u>3,727,988</u></u> |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | <u><u>752,557,960</u></u> | <u><u>101,752,306</u></u> |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | <u><u>(15,538,445)</u></u> | <u><u>(4,136,478)</u></u> |
| NET POSITION AT OCTOBER 1, 2014 | <u><u>737,019,515</u></u> | <u><u>97,615,828</u></u> |
| NET POSITION AT SEPTEMBER 30, 2015 | <u><u>\$ 805,047,885</u></u> | <u><u>\$ 101,343,816</u></u> |

The notes to the basic financial statements are
an integral part of this statement.

| Sewer System | Solid Waste System | Interceptor System | Total Enterprise Funds |
|----------------------|---------------------------|---------------------------|-------------------------------|
| \$ - | \$ - | \$ - | \$ 215,871,181 |
| 27,067,050 | - | 21,526,063 | 93,754,382 |
| - | 27,603,397 | - | 27,603,397 |
| 411,830 | 529,742 | 18,048 | 1,284,498 |
| 27,478,880 | 28,133,139 | 21,544,111 | 338,513,458 |
| 3,286,602 | 8,662,352 | 724,806 | 53,098,135 |
| 1,346,420 | 35,842 | 1,574,423 | 25,325,219 |
| 743,086 | 3,762,957 | 312,917 | 10,964,239 |
| 1,751,332 | 158,420 | 1,552,481 | 23,997,861 |
| - | - | - | 6,909,337 |
| 5,703,371 | 6,099,273 | 3,638,018 | 37,783,612 |
| 5,089,300 | 3,042,212 | 4,539,526 | 50,508,623 |
| 17,920,111 | 21,761,056 | 12,342,171 | 208,587,026 |
| 9,558,769 | 6,372,083 | 9,201,940 | 129,926,432 |
| 144,422 | 60,037 | 238,238 | 2,034,940 |
| - | - | - | 325,064 |
| - | - | - | 62,233 |
| - | - | - | 4,013,998 |
| (4,399,064) | (1,556,364) | (4,545,084) | (49,531,332) |
| (4,254,642) | (1,496,327) | (4,306,846) | (43,095,097) |
| 5,304,127 | 4,875,756 | 4,895,094 | 86,831,335 |
| 40,317,532 | 40,386,000 | 87,449,579 | 1,022,463,377 |
| (1,558,696) | (3,326,882) | (463,683) | (25,024,184) |
| 38,758,836 | 37,059,118 | 86,985,896 | 997,439,193 |
| \$ 44,062,963 | \$ 41,934,874 | \$ 91,880,990 | \$ 1,084,270,528 |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015

| | Water System | Regional Wastewater System |
|---|-------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 230,079,045 | \$ 47,025,242 |
| Cash received from other funds | 7,079,178 | 371,896 |
| Cash received from others | 2,044,721 | 36,195 |
| Cash paid to suppliers for goods and services | (92,365,934) | (17,244,950) |
| Cash paid for employee services | (23,215,676) | (6,180,713) |
| Cash paid to other funds | (33,549) | (6,021,340) |
| Net cash provided by operating activities | <u>123,587,785</u> | <u>17,986,330</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | 140,148,334 | 54,928,480 |
| Cash paid for capital assets | (85,801,557) | (11,597,144) |
| Interest paid on long-term debt | (55,392,673) | (6,030,444) |
| Interest paid on U.S. government contracts | (1,095,802) | - |
| Principal payments on long-term debt | (41,740,000) | (9,420,000) |
| Payments on U.S. government contracts | (1,362,798) | - |
| Payments for bond issue costs | (2,397,294) | (560,617) |
| Grant income | 62,233 | - |
| Federal Program Revenues | 4,013,998 | - |
| Net cash provided by (used for) capital and related financing activities | <u>(43,565,559)</u> | <u>27,320,275</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | 118,996,109 | 17,204,726 |
| Purchases of investments | (206,578,810) | (34,947,604) |
| Interest received | 585,206 | (45,506) |
| Net cash provided by (used for) investing activities | <u>(86,997,495)</u> | <u>(17,788,384)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(6,975,269)</u> | <u>27,518,221</u> |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>148,339,106</u> | <u>20,088,767</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 141,363,837</u> | <u>\$ 47,606,988</u> |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ 43,382,041 | \$ 4,514,553 |
| Restricted cash and cash equivalents | 97,981,796 | 43,092,435 |
| | <u>\$ 141,363,837</u> | <u>\$ 47,606,988</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 95,595,765 | \$ 9,197,875 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 30,442,841 | 7,394,744 |
| Change in current assets and liabilities: | | |
| Accounts receivable and unbilled receivable | (1,469,757) | 491,011 |
| Prepaid expenses | 183,504 | 64,377 |
| Net pension liability | (1,420,976) | (403,701) |
| Due to/from other funds | (12,506) | 81,823 |
| Accounts payable, accrued liabilities, and developers' deposits | 580,912 | (128,289) |
| Accrued vacation and accrued sick | 79,149 | 3,283 |
| Accrued OPEB | (400,978) | (106,112) |
| Landfill liability | - | - |
| Customers' advance payments | 9,831 | 1,391,319 |
| Total adjustments | <u>27,992,020</u> | <u>8,788,455</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 123,587,785</u> | <u>\$ 17,986,330</u> |
| NONCASH TRANSACTION DISCLOSURES | | |
| Change in landfill liability | \$ - | \$ - |
| Interest capitalized on construction | 12,807,125 | 217,600 |
| Amortization of bond-related items | (9,754,980) | (125,645) |
| Change in fair value of investments | (341,056) | (47,895) |
| Change in actuarial value of net pension liability | 1,420,976 | 403,701 |
| Refunding bonds issued | 181,285,000 | 13,945,000 |
| Refunding proceeds deposited in escrow | 212,191,922 | 16,028,752 |

The notes to the basic financial statements are
an integral part of this statement.

| Sewer System | Solid Waste System | Interceptor System | Total Enterprise Funds |
|-------------------------|---------------------------|---------------------------|-------------------------------|
| \$ 28,310,917 | \$ 23,938,174 | \$ 21,718,258 | \$ 351,071,636 |
| 95,877 | 2,881,172 | - | 10,428,123 |
| 53,473 | 77,889 | 19,191 | 2,231,469 |
| (8,389,659) | (11,280,654) | (6,154,612) | (135,435,809) |
| (2,343,117) | (6,498,517) | (539,264) | (38,777,287) |
| (2,698,714) | (1,030,269) | (644,250) | (10,428,122) |
| <u>15,028,777</u> | <u>8,087,795</u> | <u>14,399,323</u> | <u>179,090,010</u> |
| 1,331,188 | - | 32,696,854 | 229,104,856 |
| (65,165) | (4,339,280) | (19,696,257) | (121,499,403) |
| (5,213,140) | (1,582,250) | (5,588,913) | (73,807,420) |
| - | - | - | (1,095,802) |
| (9,205,000) | (2,775,000) | (7,815,000) | (70,955,000) |
| - | - | - | (1,362,798) |
| (658,930) | - | (490,160) | (4,107,001) |
| - | - | - | 62,233 |
| - | - | - | 4,013,998 |
| <u>(13,811,047)</u> | <u>(8,696,530)</u> | <u>(893,476)</u> | <u>(39,646,337)</u> |
| 6,776,056 | 8,323,428 | 43,672,033 | 194,972,352 |
| (5,914,331) | (3,400,598) | (38,149,121) | (288,990,464) |
| <u>127,458</u> | <u>50,175</u> | <u>(296,749)</u> | <u>420,584</u> |
| <u>989,183</u> | <u>4,973,005</u> | <u>5,226,163</u> | <u>(93,597,528)</u> |
| <u>2,206,913</u> | <u>4,364,270</u> | <u>18,732,010</u> | <u>45,846,145</u> |
| <u>13,214,128</u> | <u>8,649,567</u> | <u>14,132,778</u> | <u>204,424,346</u> |
| <u>\$ 15,421,041</u> | <u>\$ 13,013,837</u> | <u>\$ 32,864,788</u> | <u>\$ 250,270,491</u> |
| \$ 4,044,565 | \$ 3,041,158 | \$ 1,763,476 | \$ 56,745,793 |
| <u>11,376,476</u> | <u>9,972,679</u> | <u>31,101,312</u> | <u>193,524,698</u> |
| <u>\$ 15,421,041</u> | <u>\$ 13,013,837</u> | <u>\$ 32,864,788</u> | <u>\$ 250,270,491</u> |
| <u>\$ 9,558,769</u> | <u>\$ 6,372,083</u> | <u>\$ 9,201,940</u> | <u>\$ 129,926,432</u> |
| 5,089,300 | 3,042,212 | 4,539,526 | 50,508,623 |
| (703,228) | 412,725 | 14,225 | (1,255,024) |
| 5,923 | 3,019 | (19,905) | 236,918 |
| (152,123) | (324,687) | (45,252) | (2,346,739) |
| 7,855 | (45,713) | (37,263) | (5,804) |
| 35,487 | 260,128 | 340,313 | 1,088,551 |
| 33,779 | (88,806) | 12,732 | 40,137 |
| (40,872) | (89,031) | (8,239) | (645,232) |
| - | 262,143 | - | 262,143 |
| <u>1,193,887</u> | <u>(1,716,278)</u> | <u>401,246</u> | <u>1,280,005</u> |
| <u>5,470,008</u> | <u>1,715,712</u> | <u>5,197,383</u> | <u>49,163,578</u> |
| <u>\$ 15,028,777</u> | <u>\$ 8,087,795</u> | <u>\$ 14,399,323</u> | <u>\$ 179,090,010</u> |
| \$ - | \$ 262,143 | \$ - | \$ 262,143 |
| 958 | 42,385 | 356,545 | 13,424,613 |
| (613,350) | 25,688 | (1,109,431) | (11,577,718) |
| (39,546) | (17,275) | (56,976) | (502,748) |
| 152,123 | 324,687 | 45,252 | 2,346,739 |
| 32,540,000 | - | 11,910,000 | 239,680,000 |
| 35,953,025 | - | 14,571,163 | 278,744,862 |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The North Texas Municipal Water District (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.

Measurement Focus, Basis of Accounting and Financial Presentation

Measurement Focus

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 users, primarily for the sale and treatment of water and wastewater. 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.

Basis of Presentation

The District presents its financial statements in accordance with GASB Statement 34 guidance for governments engaged in business type activities. Accordingly, the basic financial statements and Required Supplementary Information (RSI) of the District consist of MD&A, Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, Notes to the Financial Statements, and Trend Information for the Retirement and Other Post-Employment Benefits Plan.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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

Funds

The Water Fund 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 Funds own and operate wastewater treatment and disposal systems consisting of facilities to receive, treat and dispose of wastewater. The Solid Waste Fund owns and operates landfill sites and solid waste transfer stations.

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 71% 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 not directly related to the systems' operations are reported as non-operating expenses.

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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

All of the District's investments are carried at fair value. Fair values are determined based on quoted market prices. Investments in U.S. government securities are guaranteed or insured by the U.S. government.

Accounts Receivable

Management considers accounts receivable to be fully collectible as of September 30, 2015; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2015, member cities Allen, Garland, McKinney, Mesquite, Plano, Richardson, Rockwall, and Royse City accounted for approximately 73% 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.

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 assets are stated at their estimated fair values on the date donated.

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

Interest related to the construction of major projects is capitalized. During the fiscal year ended September 30, 2015, \$13,424,613 of interest expense was capitalized.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

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. At September 30, 2015, a liability of \$2,890,178 for unused vacation and \$3,684,069 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, 2015 is as follows:

| | <u>Beginning Liability</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Liability</u> | <u>Amount due within one year</u> |
|----------|----------------------------|------------------|-------------------|-------------------------|-----------------------------------|
| Vacation | \$ 2,801,117 | \$ 2,160,744 | \$ 2,071,683 | \$ 2,890,178 | \$ 1,433,074 |
| Sick | 3,920,483 | 564,401 | 800,815 | 3,684,069 | 1,454,138 |

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.

Budgets and Budgetary Accounting

The District is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses compared to budget expenses are not included.

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.

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

The District has evaluated all events or transactions that occurred after September 30, 2015 up through January 18, 2016, the date the financial statements were available to be issued. During this period the following subsequent events required disclosure:

The District issued \$18,310,000 of Series 2015, Regional Solid Waste Disposal System Revenue bonds on December 22, 2015 and \$65,845,000 of Series 2015, Stewart Creek West Regional Wastewater System Contract Revenue bonds on October 28, 2015.

NOTE 2. RESTRICTED ASSETS

Restricted assets represent amounts reserved for:

- *Construction Funds*—Construction of facilities, restricted by purpose of the debt issuance.
- *Interest and Redemption (Sinking) Funds*—Current interest and principal of bonded indebtedness.
- *Reserve Funds*—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 Funds* – 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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

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:

| Fund | Cash and Cash Equivalents | Investments | Interest Receivable |
|-----------------------------------|---------------------------------|-----------------------|------------------------|
| Water: | | | |
| Construction Fund | \$ 52,476,862 | \$ 152,971,580 | \$ 48,812 |
| Interest and Redemption Fund | 19,880,090 | - | - |
| Reserve Fund | 1,409,413 | 71,731,139 | 152,172 |
| Contingency Fund | 23,194,220 | - | - |
| Reserve for Maintenance Fund | <u>1,021,211</u> | <u>-</u> | <u>-</u> |
| | <u>97,981,796</u> | <u>224,702,719</u> | <u>200,984</u> |
| Regional Wastewater: | | | |
| Construction Fund | 32,382,584 | 36,961,560 | 3,611 |
| Interest and Redemption Fund | 8,302,518 | - | - |
| Reserve Fund | 993,959 | 10,261,853 | 6,514 |
| Reserve for Maintenance Fund | <u>1,413,374</u> | <u>-</u> | <u>-</u> |
| | <u>43,092,435</u> | <u>47,223,413</u> | <u>10,125</u> |
| Sewer: | | | |
| Construction Fund | 1,832,777 | - | - |
| Interest and Redemption Fund | 6,393,414 | - | - |
| Reserve Fund | 2,232,085 | 10,913,071 | 17,913 |
| Reserve for Maintenance Fund | 870,691 | - | - |
| Reserve for Equipment Replacement | <u>47,509</u> | <u>-</u> | <u>-</u> |
| | <u>11,376,476</u> | <u>10,913,071</u> | <u>17,913</u> |
| Solid Waste: | | | |
| Construction Fund | 5,558,775 | - | - |
| Interest and Redemption Fund | 417,690 | - | - |
| Reserve Fund | 245,037 | 3,404,640 | 92 |
| Reserve for Maintenance Fund | 988,336 | - | - |
| Reserve for Equipment Replacement | <u>2,762,841</u> | <u>-</u> | <u>-</u> |
| | <u>9,972,679</u> | <u>3,404,640</u> | <u>92</u> |
| Interceptor: | | | |
| Construction Fund | 22,579,461 | 33,993,491 | 13,050 |
| Interest and Redemption Fund | 5,747,810 | - | - |
| Reserve Fund | 1,471,376 | 10,191,761 | 276 |
| Reserve for Maintenance Fund | <u>1,302,665</u> | <u>-</u> | <u>-</u> |
| | <u>31,101,312</u> | <u>44,185,252</u> | <u>13,326</u> |
| Total | <u>\$ 193,524,698</u> | <u>\$ 330,429,095</u> | <u>\$ 242,440</u> |

Unbilled receivables of \$5,099,313 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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE 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 cash and investment balances in these funds at the end of each accounting period.

A. Deposits

At September 30, 2015, the carrying amount of cash deposits was \$6,240,610 and total bank balance was \$14,753,634. During 2014-2015, 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, 2015, the District also holds 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, 2015, the District did not own any types of securities other than those permitted by statute.

The District invests in the Texas Local Government Investment Pool (TexPool) and the Local Government Investment Cooperative (LOGIC). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as a custodian of investments purchased with local investment funds. LOGIC is also a public funds investment pool with the same authority as TexPool. It has been organized and established pursuant to an Interlocal Agreement between participating government entities. The District has an undivided beneficial interest in the pool of assets held by these agencies. For both LOGIC and TexPool investments, the fair value of the District's position in the pool is the same as the value of the pool shares. These investments and deposits are fully insured by Federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Trust Company, the entity that created TexPool and in the name of LOGIC. 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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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 | Total |
|--|---------------------|----------------------------|-------------------|--------------------|--------------------|---------------------|
| Investment income: | | | | | | |
| Interest | \$ 1,738,004 | \$ 243,190 | \$ 183,968 | \$ 77,312 | \$ 295,214 | \$ 2,537,688 |
| Net changes in the fair value of investments | (341,056) | (47,895) | (39,546) | (17,275) | (56,976) | (502,748) |
| Investment income | <u>\$ 1,396,948</u> | <u>\$ 195,295</u> | <u>\$ 144,422</u> | <u>\$ 60,037</u> | <u>\$ 238,238</u> | <u>\$ 2,034,940</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.

C. Summary of Cash and Investments

The following is a summary of cash and investments at September 30, 2015:

| | Water System | Regional Wastewater System | Sewer System | Solid Waste System | Interceptor System | Total |
|---------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Unrestricted | | | | | | |
| Cash and cash equivalents | \$ 43,382,041 | \$ 4,514,553 | \$ 4,044,565 | \$ 3,041,158 | \$ 1,763,476 | \$ 56,745,793 |
| Investments | <u>54,082,991</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,082,991</u> |
| Total unrestricted | <u>97,465,032</u> | <u>4,514,553</u> | <u>4,044,565</u> | <u>3,041,158</u> | <u>1,763,476</u> | <u>110,828,784</u> |
| Restricted | | | | | | |
| Cash and cash equivalents | 97,981,796 | 43,092,435 | 11,376,476 | 9,972,679 | 31,101,312 | 193,524,698 |
| Investments | <u>224,702,719</u> | <u>47,223,413</u> | <u>10,913,071</u> | <u>3,404,640</u> | <u>44,185,252</u> | <u>330,429,095</u> |
| Total restricted | <u>322,684,515</u> | <u>90,315,848</u> | <u>22,289,547</u> | <u>13,377,319</u> | <u>75,286,564</u> | <u>523,953,793</u> |
| Total | <u><u>\$ 420,149,547</u></u> | <u><u>\$ 94,830,401</u></u> | <u><u>\$ 26,334,112</u></u> | <u><u>\$ 16,418,477</u></u> | <u><u>\$ 77,050,040</u></u> | <u><u>\$ 634,782,577</u></u> |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS – CONTINUED

At September 30, 2015, the District had the following deposits and investments:

| | Credit Quality Ratings | Fair Value | Weighted Average Maturity |
|--|------------------------|-----------------------|---------------------------|
| <u>Unrestricted Cash and Investments</u> | | | |
| Cash and cash equivalents: | | | |
| Deposits with a financial institution | Not Rated | \$ 6,240,469 | n/a |
| Cash on hand | Not Rated | 2,000 | n/a |
| TexPool | AAAm | 41,873,343 | 40 Days |
| LOGIC | AAAm | 8,629,981 | 33 Days |
| Total cash and cash equivalents | | <u>56,745,793</u> | |
| Investments—Securities of U.S. Government Agencies: | | | |
| FNMA - Fannie Mae Discount Note | P-1 | 7,979,841 | 320 Days |
| FRE - Freddie Mac Discount Note | P-1 | 7,989,920 | 198 Days |
| Treasury Note - US Treasuries | Aaa | 8,006,800 | 107 Days |
| FHLMC - Federal Home Loan Bank Mortgage Corp Agency Note | Aaa | 7,099,890 | 330 Days |
| FHLB - Federal Home Loan Bank Agency Note | Aaa | 23,006,540 | 252 Days |
| Total Securities of U.S. Government Agencies | | <u>54,082,991</u> | |
| Total Unrestricted Investments and Cash Equivalents | | <u>110,828,784</u> | |
| <u>Restricted Cash and Investments</u> | | | |
| Cash and Cash Equivalents | | | |
| Deposits with a financial institution | Not Rated | 141 | n/a |
| TexPool | AAAm | 78,694,240 | 48 Days |
| LOGIC | AAAm | 114,830,317 | 59 Days |
| Total cash and cash equivalents | | <u>193,524,698</u> | |
| Investments—Securities of U.S. Government Agencies: | | | |
| FRE - Freddie Mac Discount Note | P-1 | 67,953,200 | 135 Days |
| FHLB - Federal Home Loan Bank Discount Note | P-1 | 20,965,160 | 240 Days |
| FHLB - Federal Home Loan Bank Agency Note | Aaa | 121,422,720 | 308 Days |
| Treasury Note - US Treasuries | Aaa | 49,884,304 | 442 Days |
| FNMA - Fannie Mae Discount Note | P-1 | 20,947,080 | 320 Days |
| FHLMC - Federal Home Loan Mortgage Corp Agency Note | Aaa | 39,252,931 | 520 Days |
| FFCB - Federal Farm Credit Bank Agency Note | Aaa | 10,003,700 | 149 Days |
| Total Securities of U.S. Government Agencies | | <u>330,429,095</u> | |
| Total Restricted Investments and Cash Equivalents | | <u>523,953,793</u> | |
| Total Cash and Investments | | <u>\$ 634,782,577</u> | |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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.

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, 2015, investments other than external investment pools that represent 5% or more of the District's investments are as follows:

| Issue | Investment Type | Reported Amount |
|--------|-------------------------------|-----------------|
| FHLB | Federal agency notes | \$ 144,429,260 |
| FHLB | Federal agency discount notes | 20,965,160 |
| FNMA | Federal agency notes | 28,926,921 |
| FRE | Federal agency discount notes | 75,943,120 |
| FHLMC | Federal agency notes | 46,352,821 |
| FFCB | Federal agency notes | 10,003,700 |
| T-NOTE | T-Note | 57,891,104 |

The District held a total of \$384,512,086 in securities that equated to 60.6% 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, 2015, \$106,502,465 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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

| | Balance at October 1, 2014 | Additions and Transfers | Disposals and Transfers | Adjustments | Balance at September 30, 2015 |
|--|----------------------------------|----------------------------|----------------------------|------------------|-------------------------------------|
| Nondepreciable: | | | | | |
| Land | \$ 66,429,095 | \$ 2,699,916 | \$ - | \$ - | \$ 69,129,011 |
| Easements | 45,923,851 | 1,835,995 | - | - | 47,759,846 |
| Construction in progress | 665,441,611 | 135,300,377 | 72,085,819 | - | 728,656,169 |
| Total nondepreciable assets | 777,794,557 | 139,836,288 | 72,085,819 | - | 845,545,026 |
| Depreciable: | | | | | |
| Land improvements | 7,968,994 | - | - | - | 7,968,994 |
| Water treatment, storage and transmission facilities | 918,678,705 | 21,579,198 | - | - | 940,257,903 |
| Wastewater treatment and disposal facilities | 605,488,756 | 31,306,128 | - | - | 636,794,884 |
| Solid waste transfer and disposal facilities | 65,667,136 | 759,376 | - | - | 66,426,512 |
| Reservoir facilities and water rights | 366,121,044 | 2,139,092 | - | - | 368,260,136 |
| Buildings | 31,709,969 | 4,862,494 | - | - | 36,572,463 |
| Automobiles and trucks | 17,805,274 | 834,293 | 6,377,796 | - | 12,261,771 |
| Office furniture and fixtures | 508,624 | 14,758 | - | - | 523,382 |
| Other equipment | 31,076,297 | 15,300,149 | 30,220 | 175,000 | 46,521,226 |
| Total depreciable assets | 2,045,024,799 | 76,795,488 | 6,408,016 | 175,000 | 2,115,587,271 |
| Less accumulated depreciation on: | | | | | |
| Land improvements | (4,157,887) | (278,932) | - | - | (4,436,819) |
| Water treatment, storage and transmission facilities | (248,157,699) | (21,771,108) | - | - | (269,928,807) |
| Wastewater treatment and disposal facilities | (156,218,684) | (15,214,623) | - | - | (171,433,307) |
| Solid waste transfer and disposal facilities | (31,890,308) | (992,490) | - | - | (32,882,798) |
| Reservoir facilities and water rights | (73,348,501) | (7,353,219) | - | - | (80,701,720) |
| Buildings | (9,389,575) | (829,087) | - | - | (10,218,662) |
| Automobiles and trucks | (8,774,366) | (927,510) | (13,621) | - | (9,688,255) |
| Office furniture and fixtures | (252,373) | (49,468) | - | - | (301,841) |
| Other equipment | (23,254,380) | (3,092,186) | (30,111) | (175,000) | (26,491,455) |
| Total accumulated depreciation | (555,443,773) | (50,508,623) | (43,732) | (175,000) | (606,083,664) |
| Total depreciable assets—net | 1,489,581,026 | 26,286,865 | 6,364,284 | - | 1,509,503,607 |
| TOTAL CAPITAL ASSETS—Net | \$ 2,267,375,583 | \$ 166,123,153 | \$ 78,450,103 | \$ - | \$ 2,355,048,633 |

NOTE 5. INTERFUND BALANCES

At September 30, 2015, interfund balances consisted of the following:

| | Due From Other Funds | Due to Other Funds |
|----------------------------|-------------------------|-----------------------|
| Water System | \$ 275,457 | \$ 139,242 |
| Regional Wastewater System | 74,982 | 277,723 |
| Sewer System | 36,366 | 149,073 |
| Solid Waste System | 266,577 | 7,952 |
| Interceptor System | 11,576 | 90,968 |
| Total | \$ 664,958 | \$ 664,958 |

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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2015, deferred outflows of resources consisted of the following:

| | Balance at October 1, 2014 | Additions | Deletions | Balance at September 30, 2015 |
|--------------------------------|----------------------------------|----------------------|-----------------------|-------------------------------------|
| Water System: | | | | |
| Deferred loss on refunded debt | \$ 13,718,420 | \$ 5,716,723 | \$ (1,007,274) | \$ 18,427,869 |
| Deferred pension outflow | - | 1,691,734 | - | 1,691,734 |
| | <u>13,718,420</u> | <u>7,408,457</u> | <u>(1,007,274)</u> | <u>20,119,603</u> |
| Regional Wastewater: | | | | |
| Deferred loss on refunded debt | 1,001,149 | 757,312 | (258,251) | 1,500,210 |
| Deferred pension outflow | - | 480,626 | - | 480,626 |
| | <u>1,001,149</u> | <u>1,237,938</u> | <u>(258,251)</u> | <u>1,980,836</u> |
| Sewer System: | | | | |
| Deferred loss on refunded debt | 1,214,553 | 1,001,739 | (189,750) | 2,026,542 |
| Deferred pension outflow | - | 181,111 | - | 181,111 |
| | <u>1,214,553</u> | <u>1,182,850</u> | <u>(189,750)</u> | <u>2,207,653</u> |
| Solid Waste System: | | | | |
| Deferred loss on refunded debt | 1,161,122 | - | (129,014) | 1,032,108 |
| Deferred pension outflow | - | 386,553 | - | 386,553 |
| | <u>1,161,122</u> | <u>386,553</u> | <u>(129,014)</u> | <u>1,418,661</u> |
| Interceptor System: | | | | |
| Deferred loss on refunded debt | 685,540 | 252,770 | (53,261) | 885,049 |
| Deferred pension outflow | - | 53,883 | - | 53,883 |
| | <u>685,540</u> | <u>306,653</u> | <u>(53,261)</u> | <u>938,932</u> |
| Total | <u>\$ 17,780,784</u> | <u>\$ 10,522,451</u> | <u>\$ (1,637,550)</u> | <u>\$ 26,665,685</u> |

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2015, accounts payable and accrued liabilities consisted of the following:

| | Water System | Regional Wastewater System | Sewer System | Solid Waste System | Interceptor System | Total |
|--------------------------------------|----------------------|----------------------------------|---------------------|--------------------------|-----------------------|----------------------|
| Payable to vendors/contractors | \$ 25,970,484 | \$ 3,330,289 | \$ 5,544,220 | \$ 1,216,432 | \$ 7,016,939 | \$ 43,078,364 |
| Insurance claims liability | 1,229,805 | - | - | - | - | 1,229,805 |
| Payable to cities | - | 1,257,222 | 873,596 | 3,823,187 | 1,233,334 | 7,187,339 |
| Compensated absences | 1,708,660 | 652,455 | 177,017 | 332,231 | 16,850 | 2,887,213 |
| Accrued payroll and related benefits | 1,485,431 | 477,540 | 178,260 | 623,362 | 37,549 | 2,802,142 |
| Total | <u>\$ 30,394,380</u> | <u>\$ 5,717,506</u> | <u>\$ 6,773,093</u> | <u>\$ 5,995,212</u> | <u>\$ 8,304,672</u> | <u>\$ 57,184,863</u> |
| Payable from unrestricted assets | \$ 16,990,972 | \$ 2,863,249 | \$ 1,166,522 | \$ 2,057,968 | \$ 1,143,482 | \$ 24,222,193 |
| Payable from restricted assets | 13,403,408 | 2,854,257 | 5,606,571 | 3,937,244 | 7,161,190 | 32,962,670 |
| Total | <u>\$ 30,394,380</u> | <u>\$ 5,717,506</u> | <u>\$ 6,773,093</u> | <u>\$ 5,995,212</u> | <u>\$ 8,304,672</u> | <u>\$ 57,184,863</u> |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Long-term debt consists of the following at September 30, 2015:

| | Balance at October 1, 2014 | Issued | Retired or Refunded | Balance at September 30, 2015 | Amounts due Within One Year |
|---|----------------------------------|-----------------------|------------------------|-------------------------------------|-----------------------------------|
| Water System: | | | | | |
| Water revenue bonds 03/16-09/44, .644-6.010% | \$ 1,127,395,000 | \$ 302,125,000 | \$ 240,540,000 | \$ 1,188,980,000 | \$ 41,205,000 |
| U.S. govt contracts payable, 12/15-10/51, 3.225-3.253% | 33,819,003 | - | 1,362,798 | 32,456,205 | 1,406,824 |
| | <u>1,161,214,003</u> | <u>302,125,000</u> | <u>241,902,798</u> | <u>1,221,436,205</u> | <u>42,611,824</u> |
| Regional Wastewater: | | | | | |
| Wastewater revenue bonds, 12/15-06/45, 2.00-5.00% | 145,155,000 | 65,250,000 | 24,520,000 | 185,885,000 | 11,665,000 |
| Sewer System: | | | | | |
| Rockwall contract revenue bonds, 12/15-06/28, 5.00-5.75% | 2,635,000 | - | 250,000 | 2,385,000 | 270,000 |
| Mustang Creek Interceptor System revenue bonds, 12/15-06/42, 3.00-6.00% | 10,195,000 | - | 175,000 | 10,020,000 | 185,000 |
| Rockwall-Heath contract revenue bonds 12/15-06/25, 3.75-4.25% | 1,980,000 | - | 140,000 | 1,840,000 | 150,000 |
| Terrell contract revenue bonds 12/15-06/35, 2.00-5.00% | 10,735,000 | 10,465,000 | 10,835,000 | 10,365,000 | 365,000 |
| McKinney contract revenue bonds, 06/15, 5.0% | 140,000 | - | 140,000 | - | - |
| Plano contract revenue bonds, 12/15-06/18, 3.00-3.641% | 2,520,000 | - | 740,000 | 1,780,000 | 765,000 |
| Stewart Creek contract revenue bonds, 12/15-06/19, 1.580% | 2,505,000 | - | 480,000 | 2,025,000 | 490,000 |
| Little Elm contract revenue bonds, 12/15-06/23, 1.25-2.00% | 3,225,000 | - | 320,000 | 2,905,000 | 325,000 |
| Parker Creek Interceptor System, revenue bonds, 12/15-06/23, 4.750-5.125% | 1,565,000 | - | 145,000 | 1,420,000 | 150,000 |
| Sabine Creek Interceptor System revenue bonds, 12/15-6/23, 4.75-5.125% | 1,260,000 | - | 115,000 | 1,145,000 | 120,000 |
| Sabine Creek Wastewater System revenue bonds, 12/15-6/23, 2.00-3.00% | 5,355,000 | - | 450,000 | 4,905,000 | 525,000 |
| Muddy Creek Wastewater System revenue bonds 12/15-06/26, 3.00-5.00% | 15,435,000 | - | 1,270,000 | 14,165,000 | 1,315,000 |
| Muddy Creek Interceptor revenue bonds 12/15-06/24, 3.00-4.00% | 2,175,000 | 2,135,000 | 2,360,000 | 1,950,000 | 185,000 |
| Buffalo Creek Interceptor revenue bonds 12/15-06/27, 3.00-5.00% | 12,265,000 | - | 925,000 | 11,340,000 | 965,000 |
| Rockwall Water Pumping Facilities bonds 12/15-06/26, 4.50-4.75% | 1,530,000 | - | 100,000 | 1,430,000 | 100,000 |
| Panther Creek Wastewater System bonds 12/15-06/29, 3.00-5.00% | 41,520,000 | 19,940,000 | 24,105,000 | 37,355,000 | 2,515,000 |
| Lower East Fork Interceptor bonds 12/15-06/26, 4.00-4.50% | 13,465,000 | - | 855,000 | 12,610,000 | 895,000 |
| | <u>128,505,000</u> | <u>32,540,000</u> | <u>43,405,000</u> | <u>117,640,000</u> | <u>9,320,000</u> |
| Solid Waste System--revenue bonds, 03/16-09/28, 2.00-5.375% | 38,040,000 | - | 2,775,000 | 35,265,000 | 2,880,000 |
| Interceptor System--revenue bonds, 12/15-06/35, 3.00-6.25% | 140,935,000 | 40,280,000 | 22,055,000 | 159,160,000 | 8,455,000 |
| Total | \$ 1,613,849,003 | \$ 440,195,000 | \$ 334,657,798 | \$ 1,719,386,205 | \$ 74,931,824 |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT – CONTINUED

In the Statement of Net Position, the long-term liabilities include premiums net of discounts of \$111,579,118 in the Water System, \$7,195,624 in the Regional Wastewater System, \$4,925,445 in the Sewer System, \$411,469 in the Solid Waste System and \$10,590,964 in the Interceptor System.

Other long term debt activity for the year ended September 30, 2015, was as follows:

| | Balance at October 1, 2014 | Additions | Deletions | Balance at September 30, 2015 |
|---------------------|----------------------------------|----------------------|------------------------|-------------------------------------|
| Water System | | | | |
| Premiums | \$83,911,644 | \$ 46,104,926 | \$ (18,437,452) | 111,579,118 |
| | <u>83,911,644</u> | <u>46,104,926</u> | <u>(18,437,452)</u> | <u>111,579,118</u> |
| Regional Wastewater | | | | |
| Premiums | 2,604,345 | 5,146,615 | (555,336) | 7,195,624 |
| | <u>2,604,345</u> | <u>5,146,615</u> | <u>(555,336)</u> | <u>7,195,624</u> |
| Sewer System | | | | |
| Premiums | 2,546,612 | 3,673,436 | (1,159,973) | 5,060,075 |
| Discounts | (152,063) | - | 17,433 | (134,630) |
| | <u>2,394,549</u> | <u>3,673,436</u> | <u>(1,142,540)</u> | <u>4,925,445</u> |
| Solid Waste System | | | | |
| Premiums | 622,649 | - | (116,418) | 506,231 |
| Discounts | (107,854) | - | 13,092 | (94,762) |
| | <u>514,795</u> | <u>-</u> | <u>(103,326)</u> | <u>411,469</u> |
| Interceptor System | | | | |
| Premiums | 5,578,547 | 6,252,185 | (1,239,768) | 10,590,964 |
| | <u>5,578,547</u> | <u>6,252,185</u> | <u>(1,239,768)</u> | <u>10,590,964</u> |
| Total | \$ 95,003,880 | \$ 61,177,162 | \$ (21,478,422) | \$ 134,702,620 |

Revenue bonds outstanding at September 30, 2015, 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, Texas.
- *Murphy 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 Murphy, Texas and payments made to the District by the City of Murphy, Texas.
- *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, Texas.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT – CONTINUED

- *McKinney Contract Revenue Bonds*—Payments made to the District by the City of McKinney, Texas.
- *Plano Contract Revenue Bonds*— Payments made to the District by the City of Plano, Texas.
- *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, Texas.
- *Little Elm Contract Revenue Bonds*—Payments made to the District by the Town of Little Elm, Texas.
- *Parker Creek Interceptor System*—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, Texas.
- *Sabine Creek Interceptor System*—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, Texas.
- *Sabine Creek Wastewater System*—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 City of Fate and the City of Royse City, Texas.
- *Muddy Creek Wastewater System*—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, Texas.
- *Muddy Creek Interceptor System*—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, Texas.
- *Buffalo Creek Interceptor System*—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, Texas.
- *Rockwall/Heath Water Storage Facilities*—Payments to be made to the District by the Cities of Rockwall and Heath, Texas.
- *Terrell Water Transmission Facilities*—Payments to be made to the District by the City of Terrell, Texas.
- *Rockwall Water Pumping Facilities*—Payments to be made to the District by the City of Rockwall, Texas.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT – CONTINUED

- *Panther Creek Wastewater System*—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, Texas.
- *Lower East Fork Interceptor System*—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, Texas.
- *Mustang Creek Interceptor*—Payments to be made to the District by the City of Forney, Texas.
- *Solid Waste Revenue Bonds*—Assignment of the gross revenues to be derived from the operation of the District's Solid Waste System.
- *Interceptor 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.

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 \$120,840,000 in the Water System primarily for the Trinity Main Stem Project, \$51,305,000 in the Wastewater System primarily for system improvements, and \$28,370,000 in the Interceptor System primarily for improvements. The District also issued revenue refunding bonds in the amounts of \$181,285,000 in the Water System, \$13,945,000 in the Wastewater System \$32,540,000 in the Sewer System and \$11,910,000 in the Interceptor System.

During the year, the District issued revenue refunding bonds in the amounts of \$181,285,000 in the Water System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$212,191,922 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$28,269,338 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$18,669,200.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT – CONTINUED

During the year, the District issued revenue refunding bonds in the amounts of \$13,945,000 in the Wastewater System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$16,028,752 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$1,449,913 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$1,295,670.

During the year, the District issued revenue refunding bonds in the amounts of \$32,540,000 in the Sewer System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$35,953,025 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$4,140,592 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$3,287,467.

During the year, the District issued revenue refunding bonds in the amounts of \$11,910,000 in the Interceptor System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$14,571,163 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$2,036,568 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$2,079,323.

At September 30, 2015, defeased bonds outstanding totaled \$346,915,000.

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, 2015, the amount of the unamortized deferred amount on refundings is \$23,871,778.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT – CONTINUED

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

| | Water Fund | | | Regional Wastewater Fund | | |
|-----------|-------------------------|-----------------------|-------------------------|--------------------------|----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2016 | \$ 41,205,000 | \$ 57,204,448 | \$ 98,409,448 | \$ 11,665,000 | \$ 6,911,960 | \$ 18,576,960 |
| 2017 | 42,225,000 | 55,401,293 | 97,626,293 | 11,030,000 | 7,408,026 | 18,438,026 |
| 2018 | 44,100,000 | 53,473,992 | 97,573,992 | 11,560,000 | 6,915,926 | 18,475,926 |
| 2019 | 47,055,000 | 51,537,679 | 98,592,679 | 10,650,000 | 6,416,126 | 17,066,126 |
| 2020 | 49,055,000 | 49,417,989 | 98,472,989 | 11,120,000 | 5,942,076 | 17,062,076 |
| 2021-2025 | 260,380,000 | 210,316,017 | 470,696,017 | 51,475,000 | 22,446,411 | 73,921,411 |
| 2026-2030 | 292,460,000 | 143,844,506 | 436,304,506 | 39,665,000 | 11,775,605 | 51,440,605 |
| 2031-2035 | 273,105,000 | 73,671,791 | 346,776,791 | 14,330,000 | 6,159,444 | 20,489,444 |
| 2036-2040 | 113,125,000 | 21,330,190 | 134,455,190 | 10,710,000 | 4,062,800 | 14,772,800 |
| 2041-2045 | 26,270,000 | 2,691,000 | 28,961,000 | 13,680,000 | 1,695,000 | 15,375,000 |
| | <u>\$ 1,188,980,000</u> | <u>\$ 718,888,905</u> | <u>\$ 1,907,868,905</u> | <u>\$ 185,885,000</u> | <u>\$ 79,733,374</u> | <u>\$ 265,618,374</u> |

| | Sewer Fund | | | Solid Waste Fund | | |
|-----------|-----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2016 | \$ 9,320,000 | \$ 4,842,271 | \$ 14,162,271 | \$ 2,880,000 | \$ 1,471,988 | \$ 4,351,988 |
| 2017 | 9,465,000 | 4,524,607 | 13,989,607 | 2,960,000 | 1,383,581 | 4,343,581 |
| 2018 | 9,220,000 | 4,200,594 | 13,420,594 | 3,065,000 | 1,272,069 | 4,337,069 |
| 2019 | 9,355,000 | 3,865,616 | 13,220,616 | 3,195,000 | 1,132,319 | 4,327,319 |
| 2020 | 9,235,000 | 3,490,011 | 12,725,011 | 3,305,000 | 1,017,594 | 4,322,594 |
| 2021-2025 | 45,770,000 | 11,190,958 | 56,960,958 | 14,505,000 | 3,093,650 | 17,598,650 |
| 2026-2030 | 15,860,000 | 3,229,304 | 19,089,304 | 5,355,000 | 542,044 | 5,897,044 |
| 2031-2035 | 5,460,000 | 1,381,088 | 6,841,088 | - | - | - |
| 2036-2040 | 2,685,000 | 527,900 | 3,212,900 | - | - | - |
| 2041-2045 | 1,270,000 | 69,600 | 1,339,600 | - | - | - |
| | <u>\$ 117,640,000</u> | <u>\$ 37,321,949</u> | <u>\$ 154,961,949</u> | <u>\$ 35,265,000</u> | <u>\$ 9,913,245</u> | <u>\$ 45,178,245</u> |

| | Interceptor Fund | | | Total All Funds | | |
|-----------|-----------------------|----------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2016 | \$ 8,455,000 | \$ 7,485,372 | \$ 15,940,372 | 73,525,000 | \$ 77,916,039 | \$ 151,441,039 |
| 2017 | 9,235,000 | 6,690,411 | 15,925,411 | 74,915,000 | 75,407,918 | 150,322,918 |
| 2018 | 9,665,000 | 6,240,574 | 15,905,574 | 77,610,000 | 72,103,155 | 149,713,155 |
| 2019 | 9,035,000 | 5,746,136 | 14,781,136 | 79,290,000 | 68,697,876 | 147,987,876 |
| 2020 | 9,430,000 | 5,312,911 | 14,742,911 | 82,145,000 | 65,180,581 | 147,325,581 |
| 2021-2025 | 52,770,000 | 19,123,931 | 71,893,931 | 424,900,000 | 266,170,967 | 691,070,967 |
| 2026-2030 | 44,450,000 | 7,436,463 | 51,886,463 | 397,790,000 | 166,827,922 | 564,617,922 |
| 2031-2035 | 16,120,000 | 1,336,275 | 17,456,275 | 309,015,000 | 82,548,598 | 391,563,598 |
| 2036-2040 | - | - | - | 126,520,000 | 25,920,890 | 152,440,890 |
| 2041-2045 | - | - | - | 41,220,000 | 4,455,600 | 45,675,600 |
| | <u>\$ 159,160,000</u> | <u>\$ 59,372,073</u> | <u>\$ 218,532,073</u> | <u>\$ 1,686,930,000</u> | <u>\$ 905,229,546</u> | <u>\$ 2,592,159,546</u> |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT – CONTINUED

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

| | Water Fund | | |
|-----------|----------------------------|----------------------------|----------------------------|
| | Principal | Interest | Total |
| 2016 | \$ 1,406,824 | \$ 1,051,777 | \$ 2,458,601 |
| 2017 | 1,452,271 | 1,006,330 | 2,458,601 |
| 2018 | 1,499,186 | 959,414 | 2,458,600 |
| 2019 | 1,547,617 | 910,983 | 2,458,600 |
| 2020 | 1,597,613 | 860,988 | 2,458,601 |
| 2021-2025 | 8,796,393 | 3,496,610 | 12,293,003 |
| 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 |
| | <hr/> <u>\$ 32,456,205</u> | <hr/> <u>\$ 15,653,811</u> | <hr/> <u>\$ 48,110,016</u> |

NOTE 9. 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. All employees who have two years of continuous service and have reached 21 years of age are eligible to participate in the Plan.

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 earnings plus 1% of earnings in excess of covered compensation while an active member.
- *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.
- *Late Retirement (after normal retirement date)*—The benefit accrued to the late retirement date.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN – CONTINUED

Benefits Provided – continued

- *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, 2015, the participants comprised the following:

| | |
|--------------------------------|-----|
| Active participants | 479 |
| Terminated vested participants | 57 |
| Disabled Participants | 3 |
| Retired participants | 84 |
| Beneficiaries | 12 |
| <hr/> | |
| Total number of participants | 635 |
| <hr/> | |

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 above. The unfunded actuarial accrued liability is amortized over a closed period of 30 years. Employees make no contributions to the Plan.

For the plan years ended December 31, 2014, 2013, and 2012, the District made contributions of \$5,595,000, \$4,945,000, and \$5,022,000, respectively which represent 21.0%, 19.1% and 20.4%, respectively of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2015, 2014, and 2013.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN – CONTINUED

Actuarial Assumptions

| | January 1, 2014 | January 1, 2015 |
|--------------------------------------|--|--|
| Valuation date | January 1, 2014 | January 1, 2015 |
| Measurement date | December 31, 2013 | December 31, 2014 |
| Inflation | 2.50% | 2.50% |
| Salary increases including inflation | 4.00% | 4.00% |
| Mortality | IRS Stutory Static tables for 2014 based on RP-2000 tables projected to anticipate greater future longevity, with separate rates for non-annuitants and annuitants | IRS Stutory Static tables for 2014 based on RP-2000 tables projected to anticipate greater future longevity, with separate rates for non-annuitants and annuitants |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Discount Rate

| | December 31, 2013 | December 31, 2014 |
|---|-------------------|-------------------|
| 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.

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9. RETIREMENT PLAN – CONTINUED

Discount Rate – 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, 2014.

| Asset Class | Target Allocation* | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|--|--------------------|---|--|
| Cash | 3.38% | 0.50% | 0.49% |
| Core Fixed Income | 22.87% | 2.20% | 1.95% |
| Core Bonds | 0.00% | 1.87% | 1.61% |
| Short-Term Bonds | 0.00% | 1.05% | 0.98% |
| Intermediate-Term Bonds | 0.00% | 1.62% | 1.46% |
| Long-Term Bonds | 0.00% | 2.99% | 2.34% |
| Mortgages | 0.00% | 2.85% | 2.54% |
| High Yield Bonds | 0.00% | 4.49% | 3.90% |
| Non-US Fixed Income | 0.00% | 1.32% | 0.73% |
| Inflation-Indexed Bonds | 0.00% | 0.96% | 0.88% |
| Broad US Equities | 73.75% | 6.12% | 4.49% |
| Large Cap US Equities | 0.00% | 5.86% | 4.39% |
| Mid Cap US Equities | 0.00% | 6.63% | 4.49% |
| Small Cap US Equities | 0.00% | 7.64% | 4.63% |
| Developed Foreign Equities | 0.00% | 6.29% | 4.39% |
| Emerging Market Equities | 0.00% | 8.94% | 4.88% |
| Private Equity | 0.00% | 9.15% | 5.37% |
| Hedge Funds / Absolute Return | 0.00% | 3.37% | 2.93% |
| Real Estate (Property) | 0.00% | 4.43% | 3.66% |
| Real Estate (REITS) | 0.00% | 5.59% | 3.90% |
| Commodities | 0.00% | 4.57% | 2.93% |
| Long Credit Bonds | 0.00% | 3.74% | 3.17% |
| Assumed Inflation - Mean | | 2.52% | 2.52% |
| Assumed Inflation - Standard Deviation | | 2.00% | 2.00% |
| Portfolio Real Mean Return | | 5.26% | 4.36% |
| Portfolio Nominal Mean Return | | 7.58% | 6.64% |
| Portfolio Standard Deviation | | 14.46% | 14.46% |
| Long-Term Expected Rate of Return | | | 8.00% |

* As outlined in the Plan's investment policy dated December 15, 2005.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN – CONTINUED

Discount Rate – continued

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 | \$ 93,860,228 | \$ 82,486,111 | \$ 72,970,868 | |
| Fiduciary net position | 61,827,706 | 61,827,706 | 61,827,706 | |
| Net pension liability | 32,032,522 | 20,658,405 | 11,143,162 | |

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the District recognized pension expense of \$3,347,264. The breakdown of the components of pension expense are as follows:

| Pension Expense | January 1, 2015 to December 31, 2015 |
|---|---|
| Service cost | \$ 2,165,706 |
| Interest on total pension liability | 6,386,555 |
| Effect of plan changes | - |
| Administrative expenses | 180,449 |
| Member contributions | - |
| Expected investment income (net of expense) | (4,514,101) |
| Recognition of deferred inflows/outflows of resources | |
| Recognition of economic/demographic gains or losses | (1,036,320) |
| Recognition of assumptions changes or inputs | - |
| Recognition of investment gains or losses | 164,975 |
| Pension expense | \$ 3,347,264 |

At September 30, 2015, 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 | \$ (3,834,386) | - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings | - | 659,899 |
| Contributions made subsequent to measurement date | - | 2,134,008 |
| Total | \$ (3,834,386) | \$ 2,793,907 |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN – CONTINUED

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – continued

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31 | |
|---------------------------|-----------------------|
| 2015 | \$ 1,262,662 |
| 2016 | (871,346) |
| 2017 | (871,346) |
| 2018 | (560,449) |
| | <u>\$ (1,040,479)</u> |

Net Pension Liability

| | | Increase (Decrease) | |
|--|-----------------------------------|-------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Position (b) | Net Pension Liability (a) - (b) |
| Balances as of December 31, 2013 | \$ 80,859,318 | \$ 54,778,690 | \$ 26,080,628 |
| Changes for the year: | | | |
| Service cost | 2,165,706 | | 2,165,706 |
| Interest on total pension liability | 6,386,555 | | 6,386,555 |
| Effect of plan changes | - | | - |
| Effect of economic/demographic gains or losses | (4,870,706) | | (4,870,706) |
| Effect of assumptions changes or inputs | - | | - |
| Benefit payments | (2,054,762) | (2,054,762) | - |
| Employer contributions | | 5,595,000 | (5,595,000) |
| Member contributions | | - | - |
| Net investment income | | 3,689,227 | (3,689,227) |
| Administrative expenses | | (180,449) | 180,449 |
| Balances as of December 31, 2014 | \$ 82,486,111 | \$ 61,827,706 | \$ 20,658,405 |
| | | December 31, 2013 | December 31, 2014 |
| Total pension liability | \$ 80,859,318 | \$ 82,486,111 | |
| Fiduciary net position | 54,778,690 | 61,827,706 | |
| Net pension liability | 26,080,628 | 20,658,405 | |
| Fiduciary net position as a % of total pension liability | 67.75% | 74.96% | |
| Covered payroll | 25,929,444 | 26,654,832 | |
| Net pension liability as a % of covered payroll | 100.58% | 77.50% | |

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 below. 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.

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN – CONTINUED

Pension plan fiduciary net position

| | December 31, 2013 | December 31, 2014 |
|---|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,549,090 | \$ 2,090,755 |
| Receivables and prepaid expenses | - | - |
| Investments: | | |
| Fixed income | 12,776,311 | 14,140,493 |
| Stocks | <u>40,453,289</u> | <u>45,596,458</u> |
| Total investments | <u>53,229,600</u> | <u>59,736,951</u> |
| Total assets | <u>54,778,690</u> | <u>61,827,706</u> |
| Liabilities | | |
| Total liabilities | - | - |
| Net position restricted for pensions | \$ 54,778,690 | \$ 61,827,706 |

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. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Original Amount | Date Established | Original Recognition Period | Amount Recognized in 12/31/2014 Expense | Balance of Deferred Inflows 12/31/2014 | Balance of Deferred Outflows 12/31/2014 |
|---|--------------------|---------------------|-----------------------------------|--|---|--|
| Investment (gains) or losses | \$ 824,874 | 12/31/2014 | | 5.0 | \$ 164,975 | \$ - |
| Economic/demographic (gains) or losses | (4,870,706) | 12/31/2014 | | 4.7 | (1,036,320) | (3,834,386) |

In addition to this retirement plan, the District provides health and dental care benefits for certain retirees and their spouses up to age 65. The District pays 100 percent of the health and dental care premiums for participants currently eligible for benefits.

For the year ended September 30, 2015, the District recorded OPEB expense of \$1,275,000, related to these benefits, of which \$778,585 was allocated to the Water System, \$210,250 was allocated to the Wastewater System, \$78,130 was allocated to the Sewer System, \$192,750 was allocated to the Solid Waste System, \$15,285 was allocated to the Interceptor System. See Note 13 for additional disclosure information related to the District's post employment benefits.

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

Remaining commitments under water, wastewater, and interceptor construction contracts as of September 30, 2015 were \$59,559,764, \$4,425,040, and \$30,552,238 respectively.

Contingencies

The District is party to an arrangement with the City of Irving involving the construction of various infrastructure projects including a pump station, pipeline, a building and other facilities, a portion of which benefit the District. A substantial amount of work on the construction of these projects, estimated to be approximately \$5,000,000, took place as of September 30, 2013. As of the date of these financial statements, there is no contractual arrangement outlining the District's share of these costs, and the parties have not come to agreement on the amount of costs which will ultimately be the District's responsibility. As the amount of final settlement cannot be reasonably estimated, these costs have not been accrued in the financial statements.

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, 2015.

NOTE 11. 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 balance sheet date. At September 30, 2015, a liability of \$5,099,313 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 |
|---------------------|------------|------------|------------------|
| \$ 4,837,170 | \$ 262,143 | \$ - | \$ 5,099,313 |

The \$5,099,313 reported as landfill closure and postclosure care liability at September 30, 2015, includes \$201,951 for Transfer Stations, \$1,445,274 for the Maxwell Creek Landfill, \$2,693,992 for the McKinney Landfill and \$758,096 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 10.6% 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 \$6,414,052 for the 121 Regional Disposal Facility as the remaining estimated capacity is filled.

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11. CLOSURE AND POSTCLOSURE CARE COSTS – CONTINUED

These amounts are based on what it would cost to perform all closure and postclosure care at September 30, 2015. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 33 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.

NOTE 12. 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 \$5,000 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, 2015 and 2014 were:

| Fiscal Year | Liability Beginning of Year | Claims | | Liability End of Year |
|-------------|-----------------------------|----------------------------------|-----------------------------|-----------------------|
| | | Incurred and Change in Estimates | Current Year Claim Payments | |
| 2014 | \$ 1,031,090 | \$ 7,339,650 | \$ 7,351,895 | \$ 1,018,845 |
| 2015 | 1,018,845 | 9,196,111 | 8,985,151 | 1,229,805 |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides other postemployment benefits (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.

Funding Policy

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's annual OPEB cost, percentage of annual OPEB costs contributed to its plan and net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|--------------|
| Annual required contribution | \$ 602,729 | \$ 734,169 | \$ 1,209,731 |
| Interest on prior year Net OPEB obligation | 15,623 | 57,563 | 116,718 |
| Adjustment to annual required contribution | (17,501) | (63,914) | (168,746) |
| Annual OPEB cost | 600,851 | 727,818 | 1,157,703 |
| Contributions made | 1,246,083 | 1,252,058 | 3,356,135 |
| Increase (decrease) in net OPEB obligation | (645,232) | (524,240) | (2,198,432) |
| Net OPEB obligation - beginning of year | 195,286 | 719,526 | 2,917,958 |
| Net OPEB (asset) obligation - end of year | (449,946) | 195,286 | 719,526 |
| Percentage of annual OPEB costs contributed | 207% | 172% | 290% |

Funded Status and Funding Progress

The funded status of other postemployment benefits as of October 1, 2015, the date of the latest actuarial valuation, was as follows:

| | |
|--|---------------------|
| Actuarial accrued liability (AAL) | \$ 8,125,924 |
| Actuarial value of plan assets | 4,641,528 |
| Unfunded actuarial accrued liability | <u>\$ 3,484,396</u> |
| | |
| Funded ratio (actuarial value of plan asset/AAL) | 57.1% |
| Covered Payroll | 26,654,832 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 13.07% |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions

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, mortality, and the healthcare cost trend. The unfunded actuarial accrued liability is being amortized assuming 30 level annual payments on a closed basis. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014, actuarial valuation, the entry age actuarial cost method was used. The key actuarial assumptions include: (a) Benefit liabilities as of October 1, 2014, (b) Discount rate of valuing liabilities of 8% per annum, compounded annually, (c) 60% of active members are assumed to elect coverage for a spouse upon retirement, (d) 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, and (e) Inflation rate set at a sliding scale of medical inflation from a 5.7% rate in 2015 to 6.9% by 2027.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. PRIOR YEAR RESTATEMENT

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 has been made to record the District's net pension liability as of September 30, 2015.

| | Water System | Regional Wastewater System | Sewer System | Solid Waste System | Interceptor System | Total Enterprise Funds |
|--|-----------------------|----------------------------|----------------------|----------------------|----------------------|------------------------|
| September 30, 2014 net position (as previously stated) | \$ 752,557,960 | \$ 101,752,306 | \$ 40,317,532 | \$ 40,386,000 | \$ 87,449,579 | \$ 1,022,463,377 |
| Implementation of GASB 68 | (15,538,445) | (4,136,478) | (1,558,696) | (3,326,882) | (463,683) | (25,024,184) |
| September 30, 2014 net position (as restated) | <u>\$ 737,019,515</u> | <u>\$ 97,615,828</u> | <u>\$ 38,758,836</u> | <u>\$ 37,059,118</u> | <u>\$ 86,985,896</u> | <u>\$ 997,439,193</u> |

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REQUIRED SUPPLEMENTAL INFORMATION

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)

| | 2014 | 2013 | 2012 | Fiscal Year Ending December 31, | | | | | | |
|--|----------|----------|----------|---------------------------------|----------|----------|----------|----------|----------|----------|
| | | | | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | |
| Total Pension Liability | | | | | | | | | | |
| Service cost | \$2,166 | \$2,005 | | | | | | | | |
| Interest on total pension liability | 6,387 | 5,854 | | | | | | | | |
| Effect of plan changes | 0 | N/A | | | | | | | | |
| Effect of economic/demographic gains or (losses) | (4,871) | 1,527 | | | | | | | | |
| Effect of assumptions changes or inputs | 0 | 154 | | | | | | | | |
| Benefit payments | (2,055) | (1,700) | | | | | | | | |
| Net change in total pension liability | 1,627 | N/A | | | | | | | | |
| Total pension liability, beginning | 80,860 | 73,020 | 55,436 | 47,048 | 39,331 | 34,596 | 30,059 | 26,041 | 22,809 | 19,480 |
| Total pension liability, ending (a) | 82,487 | 80,860 | 73,020 | 55,436 | 47,048 | 39,331 | 34,596 | 30,059 | 26,041 | 22,809 |
| Fiduciary Net Position | | | | | | | | | | |
| Employer contributions | \$5,595 | \$4,945 | | | | | | | | |
| Member contributions | 0 | N/A | | | | | | | | |
| Investment income net of investment expenses | 3,689 | 7,436 | | | | | | | | |
| Benefit payments | (2,055) | (1,700) | | | | | | | | |
| Administrative expenses | (180) | (159) | | | | | | | | |
| Net change in fiduciary net position | 7,049 | 10,522 | | | | | | | | |
| Fiduciary net position, beginning | 54,779 | 44,257 | 35,949 | 32,430 | 27,146 | 19,735 | 25,072 | 21,866 | 17,252 | 15,161 |
| Fiduciary net position, ending (b) | 61,828 | 54,779 | 44,257 | 35,949 | 32,430 | 27,146 | 19,735 | 25,072 | 21,866 | 17,252 |
| Net pension liability, ending = (a) - (b) | 20,659 | 26,081 | 28,763 | 19,487 | 14,618 | 12,185 | 14,861 | 4,987 | 4,175 | 5,557 |
| Fiduciary net position as a % of total pension liability | 74.95% | 67.75% | 60.61% | 64.85% | 68.93% | 69.02% | 57.04% | 83.41% | 83.97% | 75.64% |
| Covered payroll | \$26,655 | \$25,929 | \$24,859 | \$24,256 | \$23,572 | \$22,514 | \$20,010 | \$18,036 | \$15,283 | \$13,954 |
| Net pension liability as a % of covered payroll | 77.51% | 100.59% | 115.70% | 80.34% | 62.02% | 54.12% | 74.27% | 27.65% | 27.31% | 39.82% |

North Texas Municipal Employee Retirement System
Schedule of Employer Contributions

| Plan Year December 31 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|--------------------------|---|------------------------------------|--|--------------------|--|
| 2005 | \$ 1,505,730 | \$ 1,505,902 | \$ (172) | \$ 13,954,127 | 10.79% |
| 2006 | 1,808,035 | 1,982,950 | (174,915) | 15,283,344 | 12.97% |
| 2007 | 1,846,575 | 1,981,000 | (134,425) | 18,035,938 | 10.98% |
| 2008 | 2,156,712 | 2,206,525 | (49,813) | 20,009,776 | 11.03% |
| 2009 | 3,332,543 | 3,351,291 | (18,748) | 22,514,217 | 14.89% |
| 2010 | 3,290,731 | 3,345,000 | (54,269) | 23,571,504 | 14.19% |
| 2011 | 3,841,410 | 3,925,000 | (83,590) | 24,256,075 | 16.18% |
| 2012 | 4,555,190 | 5,022,000 | (466,810) | 24,859,093 | 20.20% |
| 2013 | 4,504,291 | 4,945,000 | (440,709) | 25,929,444 | 19.07% |
| 2014 | 4,385,987 | 5,595,000 | (1,209,013) | 26,654,832 | 20.99% |

North Texas Municipal Employee Other Postemployment Benefits Plan

| Actuarial Valuation Date, October 1, | Schedule of Funding Progress | | | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio |
|---|-------------------------------------|------------|--------------|--|-------------------------|
| | (1) | (2) | (3) | | |
| 2007 | \$ - | 4.00% | \$ 4,050,859 | \$ 4,050,859 | 0.0% |
| 2008 | | - 4.00% | 5,277,469 | 5,277,469 | 0.0% |
| 2009 | | - 4.00% | 6,722,277 | 6,722,277 | 0.0% |
| 2010 | | - 4.00% | 7,324,430 | 7,324,430 | 0.0% |
| 2011 | | - 4.00% | 9,801,016 | 9,801,016 | 0.0% |
| 2012 | | - 4.00% | 10,670,501 | 10,670,501 | 0.0% |
| 2013 | 3,070,768 | 8.00% | 7,279,057 | 4,208,289 | 42.2% |
| 2014 | 4,204,220 | 8.00% | 7,132,628 | 2,928,408 | 58.9% |
| 2015 | 4,641,528 | 7.50% | 8,125,924 | 3,484,396 | 57.1% |

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SEWER SYSTEM SUPPLEMENTAL SCHEDULES

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

| ASSETS | Little Elm Water Transmission Facilities | Plano Water Transmission Facilities |
|--|--|---|
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 3,256 | \$ 4,019 |
| Accounts receivable | - | - |
| Due from other funds | - | - |
| Prepaid expenses | - | - |
| Unbilled receivable | - | - |
| Total unrestricted assets | 3,256 | 4,019 |
| Restricted assets: | | |
| Cash and cash equivalents | 187,796 | 461,309 |
| Investments | 395,066 | 526,754 |
| Interest and accounts receivable | 1,972 | 2,629 |
| Total restricted assets | 584,834 | 990,692 |
| TOTAL CURRENT ASSETS | 588,090 | 994,711 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | - | - |
| Easements | 1,148,574 | - |
| Construction-in-progress | - | - |
| Total nondepreciable assets | 1,148,574 | - |
| Depreciable: | | |
| Land improvements | - | - |
| Water treatment, storage, and transmission facilities | 4,140,774 | 9,233,771 |
| Wastewater treatment and disposal facilities | - | - |
| Buildings | - | - |
| Automobiles and trucks | - | - |
| Other equipment | - | - |
| Total depreciable assets | 4,140,774 | 9,233,771 |
| Less accumulated depreciation | (819,528) | (3,466,395) |
| Net capital assets | 4,469,820 | 5,767,376 |
| Accrued OPEB asset | - | - |
| TOTAL LONG-TERM ASSETS | 4,469,820 | 5,767,376 |
| TOTAL ASSETS | 5,057,910 | 6,762,087 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | 109,202 | - |
| Deferred pension outflow | - | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 109,202 | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 5,167,112 | \$ 6,762,087 |

| Kaufman 4-1 Water Distribution Facilities | Rockwall-Heath Water Storage Facilities |
|--|--|
| \$ 6,214 | \$ 3 |
| 5,423 | 1,057 |
| 5,423 | - |
| 49 | - |
| - | - |
| 17,109 | 1,060 |
| 54,143 | 84,512 |
| - | 222,858 |
| - | 1,112 |
| 54,143 | 308,482 |
| 71,252 | 309,542 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | 2,600,259 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | 2,600,259 |
| - | (429,042) |
| - | 2,171,217 |
| - | - |
| - | 2,171,217 |
| 71,252 | 2,480,759 |
| - | - |
| - | - |
| - | - |
| \$ 71,252 | \$ 2,480,759 |

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

| | Terrell Water Transmission Facilities | Rockwall Water Pump Station Facilities |
|--|--|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ (844) | \$ 2 |
| Accounts receivable | 844 | - |
| Due from other funds | - | - |
| Prepaid expenses | - | - |
| Unbilled receivable | - | - |
| Total unrestricted assets | - | 2 |
| Restricted assets: | | |
| Cash and cash equivalents | 315,804 | 64,197 |
| Investments | 709,093 | 162,078 |
| Interest and accounts receivable | 3,539 | 809 |
| Total restricted assets | 1,028,436 | 227,084 |
| TOTAL CURRENT ASSETS | 1,028,436 | 227,086 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | - | - |
| Easements | - | - |
| Construction-in-progress | - | - |
| Total nondepreciable assets | - | - |
| Depreciable: | | |
| Land improvements | - | - |
| Water treatment, storage, and transmission facilities | 12,039,133 | 1,932,237 |
| Wastewater treatment and disposal facilities | - | - |
| Buildings | - | - |
| Automobiles and trucks | - | - |
| Other equipment | - | - |
| Total depreciable assets | 12,039,133 | 1,932,237 |
| Less accumulated depreciation | (2,307,500) | (386,452) |
| Net capital assets | 9,731,633 | 1,545,785 |
| Accrued OPEB asset | - | - |
| TOTAL LONG-TERM ASSETS | 9,731,633 | 1,545,785 |
| TOTAL ASSETS | 10,760,069 | 1,772,871 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | 144,738 | - |
| Deferred pension outflow | - | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 144,738 | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 10,904,807 | \$ 1,772,871 |

| Murphy WWTP/ Interceptor | Wylie WWTP | South Rockwall (Buffalo Creek) WWTP | North Rockwall (Squabble Creek) WWTP |
|--------------------------------|-------------------|---|--|
| \$ 3,154 | \$ 12,093 | \$ 224,580 | \$ 93,047 |
| - | - | - | - |
| - | 162 | 3 | 54 |
| - | 132 | 6,495 | 5,866 |
| - | - | 953 | - |
| <u>3,154</u> | <u>12,387</u> | <u>232,031</u> | <u>98,967</u> |
| 8,806 | 23,525 | 250,602 | 66,512 |
| - | - | 243,118 | - |
| - | - | 1,213 | - |
| <u>8,806</u> | <u>23,525</u> | <u>494,933</u> | <u>66,512</u> |
| 11,960 | 35,912 | 726,964 | 165,479 |
| 33,017 | - | 60,724 | - |
| - | - | 243,045 | - |
| - | - | - | - |
| <u>33,017</u> | <u>-</u> | <u>303,769</u> | <u>-</u> |
| 75,144 | 2,149,480 | 8,214,580 | 1,576,459 |
| - | - | - | - |
| - | 3,366 | 20,051 | 20,051 |
| - | 53,402 | 117,903 | 253,272 |
| <u>75,144</u> | <u>2,206,248</u> | <u>8,352,534</u> | <u>1,849,782</u> |
| (75,144) | (1,934,255) | (5,104,830) | (1,326,379) |
| <u>33,017</u> | <u>271,993</u> | <u>3,551,473</u> | <u>523,403</u> |
| - | 46 | 1,527 | 796 |
| <u>33,017</u> | <u>272,039</u> | <u>3,553,000</u> | <u>524,199</u> |
| <u>44,977</u> | <u>307,951</u> | <u>4,279,964</u> | <u>689,678</u> |
| - | 230 | 7,643 | 3,988 |
| - | 230 | 7,643 | 3,988 |
| <u>\$ 44,977</u> | <u>\$ 308,181</u> | <u>\$ 4,287,607</u> | <u>\$ 693,666</u> |

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| ASSETS | Panther Creek WWTP | Sabine Creek WWTP |
|--|-------------------------------|------------------------------|
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 253,326 | \$ 146,954 |
| Accounts receivable | - 4,219 | 438,820 3 |
| Due from other funds | 86,268 | 2,994 |
| Prepaid expenses | 18,146 | - |
| Unbilled receivable | | |
| Total unrestricted assets | 361,959 | 588,771 |
| Restricted assets: | | |
| Cash and cash equivalents | 1,657,456 | 589,733 |
| Investments | 3,583,720 | 698,963 |
| Interest and accounts receivable | 1,565 | 3,488 |
| Total restricted assets | 5,242,741 | 1,292,184 |
| TOTAL CURRENT ASSETS | 5,604,700 | 1,880,955 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | - 19,042 | 375,774 - |
| Easements | 24,978 | - |
| Construction-in-progress | | |
| Total nondepreciable assets | 44,020 | 375,774 |
| Depreciable: | | |
| Land improvements | - - | - - |
| Water treatment, storage, and transmission facilities | - - | - - |
| Wastewater treatment and disposal facilities | 51,820,475 | 7,803,906 |
| Buildings | - - | - - |
| Automobiles and trucks | 64,100 | 20,051 |
| Other equipment | 41,615 | 305,981 |
| Total depreciable assets | 51,926,190 | 8,129,938 |
| Less accumulated depreciation | (7,835,935) | (2,035,755) |
| Net capital assets | 44,134,275 | 6,469,957 |
| Accrued OPEB asset | 7,515 | 995 |
| TOTAL LONG-TERM ASSETS | 44,141,790 | 6,470,952 |
| TOTAL ASSETS | 49,746,490 | 8,351,907 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | 810,962 | 177,052 |
| Deferred pension outflow | 41,928 | 4,987 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 852,890 | 182,039 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 50,599,380 | \$ 8,533,946 |

| Stewart Creek WWTP | | Muddy Creek WWTP | | Seis Lagos WWTP | | Royse City WWTP | |
|-----------------------|-----------|----------------------|---------|--------------------|--------|--------------------|---------|
| \$ | 2,410,555 | \$ | 219,438 | \$ | 26,309 | \$ | 14,941 |
| - | | 114,272 | | - | | | |
| 249 | | 4,111 | | 26 | | | 126 |
| 43,455 | | 32,238 | | 1,428 | | | 77 |
| - | | 85,134 | | - | | | |
| <u>2,454,259</u> | | <u>455,193</u> | | <u>27,763</u> | | <u>15,144</u> | |
| 3,246,024 | | 898,035 | | 7,210 | | | 9,909 |
| - | | 1,408,904 | | - | | | - |
| - | | 894 | | - | | | - |
| <u>3,246,024</u> | | <u>2,307,833</u> | | <u>7,210</u> | | <u>9,909</u> | |
| 5,700,283 | | 2,763,026 | | 34,973 | | | 25,053 |
| - | | - | | - | | | - |
| - | | 9,421 | | - | | | - |
| <u>3,101,613</u> | | <u>-</u> | | <u>-</u> | | <u>-</u> | |
| <u>3,101,613</u> | | <u>9,421</u> | | <u>-</u> | | <u>-</u> | |
| - | | 417,138 | | - | | | - |
| - | | - | | - | | | - |
| 6,896,732 | | 28,265,888 | | - | | | - |
| 9,698 | | - | | - | | | - |
| 45,368 | | 32,494 | | 20,051 | | | - |
| 481,181 | | 34,669 | | 21,366 | | | 7,324 |
| <u>7,432,979</u> | | <u>28,750,189</u> | | <u>41,417</u> | | <u>7,324</u> | |
| (3,533,241) | | (8,297,833) | | (32,089) | | | (7,324) |
| <u>7,001,351</u> | | <u>20,461,777</u> | | <u>9,328</u> | | <u>-</u> | |
| 3,084 | | 8,006 | | 331 | | | 46 |
| 7,004,435 | | 20,469,783 | | 9,659 | | | 46 |
| <u>12,704,718</u> | | <u>23,232,809</u> | | <u>44,632</u> | | <u>25,099</u> | |
| 10,970 | | 300,025 | | - | | | - |
| <u>27,007</u> | | <u>49,764</u> | | <u>1,660</u> | | <u>230</u> | |
| 37,977 | | 349,789 | | 1,660 | | | 230 |
| <u>\$ 12,742,695</u> | | <u>\$ 23,582,598</u> | | <u>\$ 46,292</u> | | <u>\$ 25,329</u> | |

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| ASSETS | Farmersville WWTP | Frisco Cottonwood Creek WWTP |
|--|----------------------|------------------------------------|
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 17,882 | \$ 24,256 |
| Accounts receivable | - | - |
| Due from other funds | 128 | 24 |
| Prepaid expenses | 3,857 | 451 |
| Unbilled receivable | 10,995 | - |
| Total unrestricted assets | 32,862 | 24,731 |
| Restricted assets: | | |
| Cash and cash equivalents | 17,694 | 11,440 |
| Investments | - | - |
| Interest and accounts receivable | - | - |
| Total restricted assets | 17,694 | 11,440 |
| TOTAL CURRENT ASSETS | 50,556 | 36,171 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | - | - |
| Easements | - | - |
| Construction-in-progress | - | - |
| Total nondepreciable assets | - | - |
| Depreciable: | | |
| Land improvements | - | - |
| Water treatment, storage, and transmission facilities | - | - |
| Wastewater treatment and disposal facilities | - | - |
| Buildings | - | - |
| Automobiles and trucks | 20,051 | - |
| Other equipment | 399,655 | - |
| Total depreciable assets | 419,706 | - |
| Less accumulated depreciation | (404,693) | - |
| Net capital assets | 15,013 | - |
| Accrued OPEB asset | 497 | 584 |
| TOTAL LONG-TERM ASSETS | 15,510 | 584 |
| TOTAL ASSETS | 66,066 | 36,755 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | - | - |
| Deferred pension outflow | 2,493 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 2,493 | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 68,559 | \$ 36,755 |

| <u>Lavon WWTP</u> | <u>Crandall WWTP</u> | <u>Forney Interceptor</u> | <u>Lower East Fork Interceptor</u> |
|-----------------------|--------------------------|-------------------------------|--|
| \$ 659 | \$ 585 | \$ (9,392) | \$ (9,775) |
| 4,140 | - | 35,003 | 27,012 |
| 26 | - | 545 | 369 |
| 1,428 | - | 19,646 | 12,945 |
| 243 | - | 7,420 | 376 |
| <u>6,496</u> | <u>585</u> | <u>53,222</u> | <u>30,927</u> |
| 3,503 | - | 19,467 | 681,715 |
| - | - | - | 1,334,660 |
| - | - | - | 36 |
| <u>3,503</u> | <u>-</u> | <u>19,467</u> | <u>2,016,411</u> |
| <u>9,999</u> | <u>585</u> | <u>72,689</u> | <u>2,047,338</u> |
| - | - | - | - |
| - | - | 48,877 | 193,687 |
| - | - | - | - |
| <u>-</u> | <u>-</u> | <u>48,877</u> | <u>193,687</u> |
| - | - | - | - |
| - | - | - | - |
| - | - | 1,856,524 | 15,137,968 |
| - | - | - | - |
| 20,051 | - | - | - |
| 30,102 | - | 189,025 | - |
| <u>50,153</u> | <u>-</u> | <u>2,045,549</u> | <u>15,137,968</u> |
| <u>(18,491)</u> | <u>-</u> | <u>(1,174,664)</u> | <u>(2,194,975)</u> |
| <u>31,662</u> | <u>-</u> | <u>919,762</u> | <u>13,136,680</u> |
| <u>331</u> | <u>-</u> | <u>182</u> | <u>186</u> |
| <u>31,993</u> | <u>-</u> | <u>919,944</u> | <u>13,136,866</u> |
| <u>41,992</u> | <u>585</u> | <u>992,633</u> | <u>15,184,204</u> |
| 1,660 | - | 935 | 935 |
| <u>1,660</u> | <u>-</u> | <u>935</u> | <u>935</u> |
| <u>\$ 43,652</u> | <u>\$ 585</u> | <u>\$ 993,568</u> | <u>\$ 15,185,139</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| ASSETS | Muddy Creek Interceptor | Parker Creek Interceptor |
|--|------------------------------------|-------------------------------------|
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 18,606 | \$ 17,670 |
| Accounts receivable | - | (15,212) |
| Due from other funds | - | - |
| Prepaid expenses | 8,282 | - |
| Unbilled receivable | - | - |
| Total unrestricted assets | 26,888 | 2,458 |
| Restricted assets: | | |
| Cash and cash equivalents | 141,492 | 98,314 |
| Investments | 238,727 | 205,487 |
| Interest and accounts receivable | 6 | 6 |
| Total restricted assets | 380,225 | 303,807 |
| TOTAL CURRENT ASSETS | 407,113 | 306,265 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | - | - |
| Easements | 49,232 | 104,204 |
| Construction-in-progress | - | - |
| Total nondepreciable assets | 49,232 | 104,204 |
| Depreciable: | | |
| Land improvements | - | - |
| Water treatment, storage, and transmission facilities | - | - |
| Wastewater treatment and disposal facilities | 3,411,083 | 2,465,984 |
| Buildings | - | - |
| Automobiles and trucks | - | - |
| Other equipment | - | - |
| Total depreciable assets | 3,411,083 | 2,465,984 |
| Less accumulated depreciation | (1,069,613) | (427,438) |
| Net capital assets | 2,390,702 | 2,142,750 |
| Accrued OPEB asset | - | - |
| TOTAL LONG-TERM ASSETS | 2,390,702 | 2,142,750 |
| TOTAL ASSETS | 2,797,815 | 2,449,015 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | (13,552) | - |
| Deferred pension outflow | - | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | (13,552) | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 2,784,263 | \$ 2,449,015 |

| Sabine Creek Interceptor | Buffalo Creek Interceptor | McKinney Interceptor | Mustang Creek Interceptor |
|-------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| \$ (16,270) | \$ 50,520 | \$ 1,475 | \$ 1,298 |
| 16,772 | 75,483 | - | - |
| - | - | - | - |
| - | 9,189 | - | - |
| - | 439 | - | - |
| <u>502</u> | <u>135,631</u> | <u>1,475</u> | <u>1,298</u> |
| 68,987 | 861,820 | 5,979 | 1,364,232 |
| 177,283 | 1,006,360 | - | - |
| <u>5</u> | <u>639</u> | <u>-</u> | <u>-</u> |
| <u>246,275</u> | <u>1,868,819</u> | <u>5,979</u> | <u>1,364,232</u> |
| <u>246,777</u> | <u>2,004,450</u> | <u>7,454</u> | <u>1,365,530</u> |
| 70,341 | 1,253,590 | 16,150 | 915,950 |
| - | - | - | 10,000 |
| <u>70,341</u> | <u>1,253,590</u> | <u>16,150</u> | <u>925,950</u> |
| - | - | - | - |
| - | - | - | - |
| 1,697,812 | 18,008,418 | 1,551,439 | 8,564,343 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>1,697,812</u> | <u>18,008,418</u> | <u>1,551,439</u> | <u>8,564,343</u> |
| <u>(271,653)</u> | <u>(5,243,579)</u> | <u>(1,006,603)</u> | <u>(14,274)</u> |
| <u>1,496,500</u> | <u>14,018,429</u> | <u>560,986</u> | <u>9,476,019</u> |
| - | 183 | - | - |
| <u>1,496,500</u> | <u>14,018,612</u> | <u>560,986</u> | <u>9,476,019</u> |
| <u>1,743,277</u> | <u>16,023,062</u> | <u>568,440</u> | <u>10,841,549</u> |
| - | 487,145 | - | - |
| - | 935 | - | - |
| - | 488,080 | - | - |
| <u>\$ 1,743,277</u> | <u>\$ 16,511,142</u> | <u>\$ 568,440</u> | <u>\$ 10,841,549</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| ASSETS | Small Plants Clearing | Dewatering Operations |
|--|----------------------------------|----------------------------------|
| CURRENT ASSETS: | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 399,450 | \$ 18,248 |
| Accounts receivable | - | - |
| Due from other funds | 20,898 | - |
| Prepaid expenses | 526 | - |
| Unbilled receivable | - | - |
| Total unrestricted assets | 420,874 | 18,248 |
| Restricted assets: | | |
| Cash and cash equivalents | - | 176,260 |
| Investments | - | - |
| Interest and accounts receivable | - | - |
| Total restricted assets | - | 176,260 |
| TOTAL CURRENT ASSETS | 420,874 | 194,508 |
| LONG-TERM ASSETS: | | |
| Nondepreciable: | | |
| Land | - | - |
| Easements | - | - |
| Construction-in-progress | - | - |
| Total nondepreciable assets | - | - |
| Depreciable: | | |
| Land improvements | - | - |
| Water treatment, storage, and transmission facilities | - | - |
| Wastewater treatment and disposal facilities | - | - |
| Buildings | - | - |
| Automobiles and trucks | - | - |
| Other equipment | - | - |
| Total depreciable assets | - | - |
| Less accumulated depreciation | - | - |
| Net capital assets | - | - |
| Accrued OPEB asset | - | - |
| TOTAL LONG-TERM ASSETS | - | - |
| TOTAL ASSETS | 420,874 | 194,508 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding | - | - |
| Deferred pension outflow | - | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 420,874 | \$ 194,508 |

| Wastewater Pretreatment Program | Total Sewer System |
|--|-------------------------------|
| \$ 112,306 | \$ 4,044,565 |
| (10,710) | 692,904 |
| - | 36,366 |
| 6,395 | 241,721 |
| - | 123,706 |
| <u>107,991</u> | <u>5,139,262</u> |
| - | 11,376,476 |
| - | 10,913,071 |
| - | <u>17,913</u> |
| - | <u>22,307,460</u> |
| <u>107,991</u> | <u>27,446,722</u> |
| - | 469,515 |
| - | 4,072,113 |
| - | <u>3,136,591</u> |
| <u>-</u> | <u>7,678,219</u> |
| - | 417,138 |
| - | 29,946,174 |
| - | 159,496,235 |
| - | 9,698 |
| 44,753 | 310,387 |
| <u>18,726</u> | <u>1,954,221</u> |
| <u>63,479</u> | <u>192,133,853</u> |
| <u>(59,375)</u> | <u>(49,477,060)</u> |
| <u>4,104</u> | <u>150,335,012</u> |
| <u>4,370</u> | <u>28,679</u> |
| <u>8,474</u> | <u>150,363,691</u> |
| <u>116,465</u> | <u>177,810,413</u> |
| - | 2,026,542 |
| <u>36,716</u> | <u>181,111</u> |
| <u>36,716</u> | <u>2,207,653</u> |
| <u>\$ 153,181</u> | <u>\$ 180,018,066</u> |

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| LIABILITIES | Little Elm Water Transmission Facilities | Plano Water Transmission Facilities |
|--|---|--|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ - | \$ 1 |
| Due to other funds | - - | 11,000 |
| Customers' advance payments | 3,256 | 4,019 |
| Total payable from unrestricted assets | 3,256 | 15,020 |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | 41,308 | 75,255 |
| Due to other funds | - - | - |
| Accrued interest payable on revenue bonds | 17,133 | 19,867 |
| Current portion of revenue bonds | 325,000 | 765,000 |
| Total payable from restricted assets | 383,441 | 860,122 |
| TOTAL CURRENT LIABILITIES | 386,697 | 875,142 |
| LONG-TERM LIABILITIES: | | |
| Accrued vacation—less current portion | - - | - |
| Accrued sick—less current portion | - - | - |
| Net pension liability | - - | - |
| Long-term debt—less current portion | 2,606,533 | 1,029,619 |
| TOTAL LONG-TERM LIABILITIES | 2,606,533 | 1,029,619 |
| TOTAL LIABILITIES | 2,993,230 | 1,904,761 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | - - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - - | - - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 2,993,230 | 1,904,761 |
| NET POSITION: | | |
| Net investment in capital assets | 1,647,489 | 3,972,757 |
| Restricted for debt service | 526,393 | 895,570 |
| Unrestricted | - - | (11,001) |
| TOTAL NET POSITION | \$ 2,173,882 | \$ 4,857,326 |

| Kaufman 4-1 Water Distribution Facilities | Rockwall-Heath Water Storage Facilities |
|--|--|
| \$ 5,866 | \$ 1,059 |
| 817 | - |
| <u>10,426</u> | <u>-</u> |
| <u>17,109</u> | <u>1,059</u> |
| 34,143 | - |
| - | - |
| - | 24,872 |
| - | <u>150,000</u> |
| <u>34,143</u> | <u>174,872</u> |
| <u>51,252</u> | <u>175,931</u> |
| - | - |
| - | - |
| - | - |
| - | 1,690,000 |
| <u>-</u> | <u>1,690,000</u> |
| <u>51,252</u> | <u>1,865,931</u> |
| - | - |
| - | - |
| <u>51,252</u> | <u>1,865,931</u> |
| - | 331,217 |
| - | 283,610 |
| <u>20,000</u> | <u>1</u> |
| <u>\$ 20,000</u> | <u>\$ 614,828</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| LIABILITIES | Terrell Water Transmission Facilities | Rockwall Water Pump Station Facilities |
|--|---|--|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ - | \$ - |
| Due to other funds | - - | - - |
| Customers' advance payments | - - | 2 |
| Total payable from unrestricted assets | <hr/> - - | <hr/> 2 |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | - - | - - |
| Due to other funds | - - | - - |
| Accrued interest payable on revenue bonds | 119,194 | 21,665 |
| Current portion of revenue bonds | <hr/> 365,000 | <hr/> 100,000 |
| Total payable from restricted assets | <hr/> 484,194 | <hr/> 121,665 |
| TOTAL CURRENT LIABILITIES | <hr/> 484,194 | <hr/> 121,667 |
| LONG-TERM LIABILITIES: | | |
| Accrued vacation—less current portion | - - | - - |
| Accrued sick—less current portion | - - | - - |
| Net pension liability | - - | - - |
| Long-term debt—less current portion | <hr/> 10,341,179 | <hr/> 1,338,133 |
| TOTAL LONG-TERM LIABILITIES | <hr/> 10,341,179 | <hr/> 1,338,133 |
| TOTAL LIABILITIES | <hr/> 10,825,373 | <hr/> 1,459,800 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | - - | - - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <hr/> - - | <hr/> - - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <hr/> 10,825,373 | <hr/> 1,459,800 |
| NET POSITION: | | |
| Net investment in capital assets | (829,808) | 107,652 |
| Restricted for debt service | 909,242 | 205,419 |
| Unrestricted | - - | - - |
| TOTAL NET POSITION | <hr/> \$ 79,434 | <hr/> \$ 313,071 |

| Murphy WWTP/ Interceptor | Wylie WWTP | South Rockwall (Buffalo Creek) WWTP | North Rockwall (Squabble Creek) WWTP |
|---|-----------------------|--|---|
| \$ 7 | \$ 881 | \$ 60,721 | \$ 47,871 |
| 340 | 22 | 9,468 | 5,158 |
| <u>2,606</u> | <u>11,683</u> | <u>138,629</u> | <u>51,966</u> |
| <u>2,953</u> | <u>12,586</u> | <u>208,818</u> | <u>104,995</u> |
| 8,807 | 23,525 | 35,002 | 66,512 |
| - | - | - | - |
| - | - | 44,309 | - |
| - | - | <u>270,000</u> | - |
| <u>8,807</u> | <u>23,525</u> | <u>349,311</u> | <u>66,512</u> |
| <u>11,760</u> | <u>36,111</u> | <u>558,129</u> | <u>171,507</u> |
| - | 173 | 5,781 | 3,016 |
| - | 25 | 834 | 435 |
| - | 1,695 | 56,511 | 29,460 |
| - | - | <u>2,089,836</u> | - |
| <u>-</u> | <u>1,893</u> | <u>2,152,962</u> | <u>32,911</u> |
| <u>11,760</u> | <u>38,004</u> | <u>2,711,091</u> | <u>204,418</u> |
| <u>-</u> | <u>314</u> | <u>10,489</u> | <u>5,468</u> |
| <u>-</u> | <u>314</u> | <u>10,489</u> | <u>5,468</u> |
| <u>11,760</u> | <u>38,318</u> | <u>2,721,580</u> | <u>209,886</u> |
| 33,017 | 271,993 | 1,191,637 | 523,403 |
| - | - | 445,622 | - |
| <u>200</u> | <u>(2,130)</u> | <u>(71,232)</u> | <u>(39,623)</u> |
| <u>\$ 33,217</u> | <u>\$ 269,863</u> | <u>\$ 1,566,027</u> | <u>\$ 483,780</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| LIABILITIES | Panther Creek WWTP | Sabine Creek WWTP |
|--|-----------------------|----------------------|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ 281,264 | \$ 80,582 |
| Due to other funds | 31,879 | 23,669 |
| Customers' advance payments | <u>57,122</u> | <u>61,879</u> |
| Total payable from unrestricted assets | <u>370,265</u> | <u>166,130</u> |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | 16,052 | 790,269 |
| Due to other funds | - | - |
| Accrued interest payable on revenue bonds | 580,429 | 41,350 |
| Current portion of revenue bonds | <u>2,515,000</u> | <u>525,000</u> |
| Total payable from restricted assets | <u>3,111,481</u> | <u>1,356,619</u> |
| TOTAL CURRENT LIABILITIES | <u>3,481,746</u> | <u>1,522,749</u> |
| LONG-TERM LIABILITIES: | | |
| Accrued vacation—less current portion | 26,073 | 3,771 |
| Accrued sick—less current portion | 37,850 | 544 |
| Net pension liability | 310,020 | 36,870 |
| Long-term debt—less current portion | <u>37,510,532</u> | <u>4,445,972</u> |
| TOTAL LONG-TERM LIABILITIES | <u>37,884,475</u> | <u>4,487,157</u> |
| TOTAL LIABILITIES | <u>41,366,221</u> | <u>6,009,906</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | <u>57,543</u> | <u>6,844</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>57,543</u> | <u>6,844</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>41,423,764</u> | <u>6,016,750</u> |
| NET POSITION: | | |
| Net investment in capital assets | 5,054,942 | 1,237,225 |
| Restricted for debt service | 4,511,023 | 899,376 |
| Unrestricted | <u>(390,349)</u> | <u>380,595</u> |
| TOTAL NET POSITION | <u>\$ 9,175,616</u> | <u>\$ 2,517,196</u> |

| Stewart Creek WWTP | Muddy Creek WWTP | Seis Lagos WWTP | Royse City WWTP |
|-------------------------------|-----------------------------|----------------------------|----------------------------|
| \$ 160,792 | \$ 285,492 | \$ 8,335 | \$ 1,187 |
| 24,681 | 21,654 | 2,500 | 58 |
| <u>2,306,930</u> | <u>126,287</u> | <u>18,462</u> | <u>14,101</u> |
| <u>2,492,403</u> | <u>433,433</u> | <u>29,297</u> | <u>15,346</u> |
| 4,027,937 | 17,813 | 7,210 | 9,909 |
| - | - | - | - |
| 10,665 | 198,855 | - | - |
| <u>490,000</u> | <u>1,315,000</u> | <u>-</u> | <u>-</u> |
| <u>4,528,602</u> | <u>1,531,668</u> | <u>7,210</u> | <u>9,909</u> |
| <u>7,021,005</u> | <u>1,965,101</u> | <u>36,507</u> | <u>25,255</u> |
| 14,863 | 35,688 | 1,257 | 173 |
| 1,257 | 70,889 | 181 | 25 |
| 199,668 | 367,971 | 12,280 | 1,695 |
| <u>1,535,000</u> | <u>13,424,430</u> | <u>-</u> | <u>-</u> |
| <u>1,750,788</u> | <u>13,898,978</u> | <u>13,718</u> | <u>1,893</u> |
| <u>8,771,793</u> | <u>15,864,079</u> | <u>50,225</u> | <u>27,148</u> |
| 37,060 | 68,299 | 2,279 | 314 |
| 37,060 | 68,299 | 2,279 | 314 |
| <u>8,808,853</u> | <u>15,932,378</u> | <u>52,504</u> | <u>27,462</u> |
| 1,890,984 | 6,022,372 | 9,328 | - |
| 2,303,759 | 2,091,165 | - | - |
| (260,901) | (463,317) | (15,540) | (2,133) |
| <u>\$ 3,933,842</u> | <u>\$ 7,650,220</u> | <u>\$ (6,212)</u> | <u>\$ (2,133)</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| LIABILITIES | Farmersville WWTP | Frisco Cottonwood Creek WWTP |
|--|----------------------|------------------------------------|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ 32,295 | \$ 4,728 |
| Due to other funds | 4,719 | 82 |
| Customers' advance payments | <u>4,873</u> | <u>20,504</u> |
| Total payable from unrestricted assets | 41,887 | 25,314 |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | 17,694 | 11,440 |
| Due to other funds | - | - |
| Accrued interest payable on revenue bonds | - | - |
| Current portion of revenue bonds | <u>-</u> | <u>-</u> |
| Total payable from restricted assets | 17,694 | 11,440 |
| TOTAL CURRENT LIABILITIES | 59,581 | 36,754 |
| LONG-TERM LIABILITIES: | | |
| Accrued vacation—less current portion | 1,885 | - |
| Accrued sick—less current portion | 272 | - |
| Net pension liability | 18,433 | - |
| Long-term debt—less current portion | <u>-</u> | <u>-</u> |
| TOTAL LONG-TERM LIABILITIES | 20,590 | - |
| TOTAL LIABILITIES | 80,171 | 36,754 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | <u>3,421</u> | <u>-</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 3,421 | - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 83,592 | 36,754 |
| NET POSITION: | | |
| Net investment in capital assets | 15,013 | - |
| Restricted for debt service | - | - |
| Unrestricted | <u>(30,046)</u> | <u>1</u> |
| TOTAL NET POSITION | \$ (15,033) | \$ 1 |

| Lavon WWTP | Crandall WWTP | Forney Interceptor | Lower East Fork Interceptor |
|-----------------------|--------------------------|-------------------------------|--|
| \$ 5,443 | \$ 102 | \$ 47,536 | \$ 28,300 |
| 2,585 | - | 4,825 | 2,754 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 8,028 | 102 | 52,361 | 31,054 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 3,503 | - | 19,467 | 21,887 |
| - | - | - | - |
| - | - | - | 179,712 |
| - | - | - | 895,000 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 3,503 | - | 19,467 | 1,096,599 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 11,531 | 102 | 71,828 | 1,127,653 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 1,257 | - | 1,503 | 1,503 |
| 181 | - | - | - |
| 12,280 | - | 6,916 | 6,916 |
| - | - | - | 11,756,655 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 13,718 | - | 8,419 | 11,765,074 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 25,249 | 102 | 80,247 | 12,892,727 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 2,279 | - | 1,284 | 1,284 |
| 2,279 | - | 1,284 | 1,284 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 27,528 | 102 | 81,531 | 12,894,011 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 31,662 | - | 919,762 | 485,025 |
| - | - | - | 1,814,812 |
| (15,538) | 483 | (7,725) | (8,709) |
| <hr/> | <hr/> | <hr/> | <hr/> |
| \$ 16,124 | \$ 483 | \$ 912,037 | \$ 2,291,128 |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| LIABILITIES | <u>Muddy Creek Interceptor</u> | <u>Parker Creek Interceptor</u> |
|--|------------------------------------|-------------------------------------|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ 16,735 | \$ 1,591 |
| Due to other funds | - | 147 |
| Customers' advance payments | <u>10,153</u> | <u>722</u> |
| Total payable from unrestricted assets | <u>26,888</u> | <u>2,460</u> |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | 22,297 | 3,002 |
| Due to other funds | - | - |
| Accrued interest payable on revenue bonds | 20,250 | 23,805 |
| Current portion of revenue bonds | <u>185,000</u> | <u>150,000</u> |
| Total payable from restricted assets | <u>227,547</u> | <u>176,807</u> |
| TOTAL CURRENT LIABILITIES | <u>254,435</u> | <u>179,267</u> |
| LONG-TERM LIABILITIES: | | |
| Accrued vacation—less current portion | - | - |
| Accrued sick—less current portion | - | - |
| Net pension liability | - | - |
| Long-term debt—less current portion | <u>1,861,096</u> | <u>1,270,000</u> |
| TOTAL LONG-TERM LIABILITIES | <u>1,861,096</u> | <u>1,270,000</u> |
| TOTAL LIABILITIES | <u>2,115,531</u> | <u>1,449,267</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>2,115,531</u> | <u>1,449,267</u> |
| NET POSITION: | | |
| Net investment in capital assets | 331,054 | 722,750 |
| Restricted for debt service | 337,678 | 277,000 |
| Unrestricted | - | <u>(2)</u> |
| TOTAL NET POSITION | <u>\$ 668,732</u> | <u>\$ 999,748</u> |

| Sabine Creek Interceptor | Buffalo Creek Interceptor | McKinney Interceptor | Mustang Creek Interceptor |
|-------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| \$ - | \$ 26,686 | \$ 44 | \$ 513 |
| 500 | 1,068 | 390 | - |
| - | <u>107,953</u> | <u>1,040</u> | <u>785</u> |
| <u>500</u> | <u>135,707</u> | <u>1,474</u> | <u>1,298</u> |
| 5,126 | 152,022 | 5,126 | 15,002 |
| - | - | - | - |
| 19,199 | 165,431 | - | 127,356 |
| 120,000 | <u>965,000</u> | <u>-</u> | <u>185,000</u> |
| <u>144,325</u> | <u>1,282,453</u> | <u>5,126</u> | <u>327,358</u> |
| <u>144,825</u> | <u>1,418,160</u> | <u>6,600</u> | <u>328,656</u> |
| - | 1,548 | - | - |
| - | - | - | - |
| - | 6,916 | - | - |
| <u>1,025,000</u> | <u>11,150,662</u> | <u>-</u> | <u>10,170,798</u> |
| <u>1,025,000</u> | <u>11,159,126</u> | <u>-</u> | <u>10,170,798</u> |
| <u>1,169,825</u> | <u>12,577,286</u> | <u>6,600</u> | <u>10,499,454</u> |
| - | 1,284 | - | - |
| - | 1,284 | - | - |
| <u>1,169,825</u> | <u>12,578,570</u> | <u>6,600</u> | <u>10,499,454</u> |
| 351,500 | 2,389,912 | 560,986 | (325,458) |
| 221,950 | 1,551,366 | 853 | 667,553 |
| 2 | (8,706) | 1 | - |
| <u>\$ 573,452</u> | <u>\$ 3,932,572</u> | <u>\$ 561,840</u> | <u>\$ 342,095</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

| LIABILITIES | <u>Small Plants Clearing</u> | <u>Dewatering Operations</u> |
|--|----------------------------------|----------------------------------|
| CURRENT LIABILITIES: | | |
| Payable from unrestricted assets: | | |
| Accounts payable and accrued liabilities | \$ 986 | \$ - |
| Due to other funds | 565 | - |
| Customers' advance payments | - | - |
| | <u>1,551</u> | <u>-</u> |
| Total payable from unrestricted assets | <u>1,551</u> | <u>-</u> |
| Payable from restricted assets: | | |
| Accounts payable and accrued liabilities | - | 176,263 |
| Accrued interest payable on revenue bonds | - | - |
| Current portion of revenue bonds | - | - |
| | <u>-</u> | <u>176,263</u> |
| Total payable from restricted assets | <u>-</u> | <u>176,263</u> |
| TOTAL CURRENT LIABILITIES | <u>1,551</u> | <u>176,263</u> |
| LONG-TERM LIABILITIES: | | |
| Accrued vacation—less current portion | - | - |
| Accrued sick—less current portion | - | - |
| Net pension liability | - | - |
| Long-term debt—less current portion | - | - |
| | <u>-</u> | <u>-</u> |
| TOTAL LONG-TERM LIABILITIES | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>1,551</u> | <u>176,263</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred pension inflow | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>1,551</u> | <u>176,263</u> |
| NET POSITION: | | |
| Net investment in capital assets | - | - |
| Restricted for debt service | - | - |
| Unrestricted | 419,323 | 18,245 |
| TOTAL NET POSITION | <u>\$ 419,323</u> | <u>\$ 18,245</u> |

| Wastewater Pretreatment Program | Total Sewer System |
|--|-------------------------------|
| \$ 67,505 | \$ 1,166,522 |
| 192 | 149,073 |
| 81,909 | <u>3,035,307</u> |
| <u>149,606</u> | <u>4,350,902</u> |
| - | 5,606,571 |
| - | 1,614,092 |
| - | <u>9,320,000</u> |
| <u>-</u> | <u>16,540,663</u> |
| <u>149,606</u> | <u>20,891,565</u> |
| 19,429 | 117,920 |
| - | 112,493 |
| 271,495 | 1,339,126 |
| - | <u>113,245,445</u> |
| <u>290,924</u> | <u>114,814,984</u> |
| <u>440,530</u> | <u>135,706,549</u> |
| 50,392 | 248,554 |
| 50,392 | 248,554 |
| <u>490,922</u> | <u>135,955,103</u> |
| 4,104 | 26,950,518 |
| - | 17,942,391 |
| (341,845) | (829,946) |
| <u>\$ (337,741)</u> | <u>\$ 44,062,963</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

| | Little Elm Water Transmission Facilities | Plano Water Transmission Facilities |
|--|---|--|
| OPERATING REVENUES: | | |
| Wastewater service fees | \$ 366,419 | \$ 823,886 |
| Other operating revenues | - | - |
| Total operating revenues | 366,419 | 823,886 |
| OPERATING EXPENSES: | | |
| Personnel | - | - |
| Operating Supplies: | | |
| Chemicals | - | - |
| Other supplies | - | - |
| Operating Services: | | |
| Electric power | - | - |
| Other services | 4,431 | 4,906 |
| Depreciation | 103,519 | 231,466 |
| Total operating expenses | 107,950 | 236,372 |
| OPERATING INCOME (LOSS) | 258,469 | 587,514 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 3,472 | 4,829 |
| Gain (loss) on sale of capital assets | - | - |
| Interest expense | (60,857) | (60,928) |
| Total nonoperating revenues (expenses) | (57,385) | (56,099) |
| CHANGE IN NET POSITION | 201,084 | 531,415 |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | 1,972,798 | 4,325,911 |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | - | - |
| NET POSITION AT OCTOBER 1, 2014 | 1,972,798 | 4,325,911 |
| NET POSITION AT SEPTEMBER 30, 2015 | \$ 2,173,882 | \$ 4,857,326 |

| Kaufman 4-1 Water Distribution Facilities | Rockwall-Heath Water Storage Facilities |
|--|--|
| \$ 52,123 | \$ 226,467 |
| <u>118</u> | <u>-</u> |
| <u><u>52,241</u></u> | <u><u>226,467</u></u> |
| - | - |
| - | - |
| 5,310 | - |
| 34,287 | - |
| (7,353) | 5,571 |
| <u>-</u> | <u>52,005</u> |
| <u><u>32,244</u></u> | <u><u>57,576</u></u> |
| <u><u>19,997</u></u> | <u><u>168,891</u></u> |
| 3 | 1,969 |
| <u>-</u> | <u>-</u> |
| <u><u>-</u></u> | <u><u>(78,815)</u></u> |
| <u><u>3</u></u> | <u><u>(76,846)</u></u> |
| 20,000 | 92,045 |
| <u><u>20,000</u></u> | <u><u>522,783</u></u> |
| <u>-</u> | <u>-</u> |
| <u><u>-</u></u> | <u><u>522,783</u></u> |
| <u><u>\$ 20,000</u></u> | <u><u>\$ 614,828</u></u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

| | Terrell Water Transmission Facilities | Rockwall Water Pump Station Facilities |
|--|---|--|
| OPERATING REVENUES: | | |
| Wastewater service fees | \$ 798,344 | \$ 172,758 |
| Other operating revenues | - | - |
| Total operating revenues | 798,344 | 172,758 |
| OPERATING EXPENSES: | | |
| Personnel | - | - |
| Operating Supplies: | | |
| Chemicals | - | - |
| Other supplies | - | - |
| Operating Services: | | |
| Electric power | - | - |
| Other services | 328,491 | 4,511 |
| Depreciation | 300,978 | 48,306 |
| Total operating expenses | 629,469 | 52,817 |
| OPERATING INCOME (LOSS) | 168,875 | 119,941 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 6,287 | 1,431 |
| Gain (loss) on sale of capital assets | - | - |
| Interest expense | (322,140) | (66,822) |
| Total nonoperating revenues (expenses) | (315,853) | (65,391) |
| CHANGE IN NET POSITION | (146,978) | 54,550 |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | 226,412 | 258,521 |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | | |
| NET POSITION AT OCTOBER 1, 2014 | 226,412 | 258,521 |
| NET POSITION AT SEPTEMBER 30, 2015 | \$ 79,434 | \$ 313,071 |

| Murphy WWTP/ Interceptor | Wylie WWTP | South Rockwall (Buffalo Creek) WWTP | North Rockwall (Squabble Creek) WWTP |
|--------------------------------|-----------------------|---|--|
| \$ 6,454 | \$ 24,521 | \$ 1,239,649 | \$ 384,801 |
| 1 | - | 23,050 | 881 |
| <u>6,455</u> | <u>24,521</u> | <u>1,262,699</u> | <u>385,682</u> |
| - | 5,449 | 182,145 | 94,961 |
| 31 | 56 | 32,572 33,017 | 85,391 29,714 |
| 269 | 582 | 204,700 | 46,505 |
| 6,157 | 18,598 | 465,573 | 126,832 |
| - | <u>78,474</u> | <u>177,858</u> | <u>42,822</u> |
| <u>6,457</u> | <u>103,159</u> | <u>1,095,865</u> | <u>426,225</u> |
| (2) | (78,638) | 166,834 | (40,543) |
| 2 | 3 | 2,410 | 80 |
| - | - | (144,575) | - |
| 2 | 3 | (142,165) | 80 |
| - | (78,635) | 24,669 | (40,463) |
| 33,217 | 350,470 | 1,607,134 | 558,532 |
| - | (1,972) | (65,776) | (34,289) |
| 33,217 | 348,498 | 1,541,358 | 524,243 |
| <u>\$ 33,217</u> | <u>\$ 269,863</u> | <u>\$ 1,566,027</u> | <u>\$ 483,780</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

| | Panther Creek WWTP | Sabine Creek WWTP |
|--|-------------------------------|------------------------------|
| OPERATING REVENUES: | | |
| Wastewater service fees | \$ 7,140,095 | \$ 1,247,285 |
| Other operating revenues | <u>13,321</u> | <u>3,066</u> |
| Total operating revenues | <u><u>7,153,416</u></u> | <u><u>1,250,351</u></u> |
| OPERATING EXPENSES: | | |
| Personnel | 864,456 | 118,772 |
| Operating Supplies: | | |
| Chemicals | 474,326 | 17,415 |
| Other supplies | <u>173,391</u> | <u>59,708</u> |
| Operating Services: | | |
| Electric power | 462,284 | 138,463 |
| Other services | <u>1,543,002</u> | <u>239,337</u> |
| Depreciation | <u>1,305,082</u> | <u>267,986</u> |
| Total operating expenses | <u><u>4,822,541</u></u> | <u><u>841,681</u></u> |
| OPERATING INCOME (LOSS) | <u><u>2,330,875</u></u> | <u><u>408,670</u></u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 50,678 | 6,291 |
| Gain (loss) on sale of capital assets | - | - |
| Interest expense | <u>(1,439,183)</u> | <u>(136,734)</u> |
| Total nonoperating revenues (expenses) | <u><u>(1,388,505)</u></u> | <u><u>(130,443)</u></u> |
| CHANGE IN NET POSITION | <u><u>942,370</u></u> | <u><u>278,227</u></u> |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | <u><u>8,594,098</u></u> | <u><u>2,281,883</u></u> |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | <u><u>(360,852)</u></u> | <u><u>(42,914)</u></u> |
| NET POSITION AT OCTOBER 1, 2014 | <u><u>8,233,246</u></u> | <u><u>2,238,969</u></u> |
| NET POSITION AT SEPTEMBER 30, 2015 | <u><u>\$ 9,175,616</u></u> | <u><u>\$ 2,517,196</u></u> |

| Stewart Creek WWTP | Muddy Creek WWTP | Seis Lagos WWTP | Royse City WWTP |
|-------------------------------|-----------------------------|----------------------------|----------------------------|
| \$ 3,881,017 | \$ 4,712,277 | \$ 137,785 | \$ 11,290 |
| 23,365 | 345,181 | 144 | 4 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 3,904,382 | 5,057,458 | 137,929 | 11,294 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 398,226 | 906,159 | 39,536 | 5,451 |
| 334,391 | 184,257 | 3,220 | - |
| 108,917 | 192,187 | 22,936 | 265 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 314,804 | 338,817 | 13,213 | 452 |
| 604,938 | 1,589,984 | 55,086 | 5,293 |
| 260,979 | 961,455 | 2,674 | - |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 2,022,255 | 4,172,859 | 136,665 | 11,461 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 1,882,127 | 884,599 | 1,264 | (167) |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 3,312 | 19,779 | 53 | 6 |
| - | - | - | - |
| (39,794) | (524,542) | - | - |
| <hr/> | <hr/> | <hr/> | <hr/> |
| (36,482) | (504,763) | 53 | 6 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 1,845,645 | 379,836 | 1,317 | (161) |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 2,320,602 | 7,698,691 | 6,765 | |
| <hr/> | <hr/> | <hr/> | <hr/> |
| (232,405) | (428,307) | (14,294) | (1,972) |
| <hr/> | <hr/> | <hr/> | <hr/> |
| 2,088,197 | 7,270,384 | (7,529) | (1,972) |
| <hr/> | <hr/> | <hr/> | <hr/> |
| \$ 3,933,842 | \$ 7,650,220 | \$ (6,212) | \$ (2,133) |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

| | Farmersville WWTP | Frisco Cottonwood Creek WWTP |
|--|------------------------------|---|
| OPERATING REVENUES: | | |
| Wastewater service fees | \$ 236,460 | \$ 118,286 |
| Other operating revenues | 248 | 51 |
| Total operating revenues | <u>236,708</u> | <u>118,337</u> |
| OPERATING EXPENSES: | | |
| Personnel | 59,305 | 44,059 |
| Operating Supplies: | | |
| Chemicals | 13,485 | 4,043 |
| Other supplies | 21,269 | 6,377 |
| Operating Services: | | |
| Electric power | 48,906 | 26,455 |
| Other services | 90,397 | 37,415 |
| Depreciation | 3,748 | - |
| Total operating expenses | <u>237,110</u> | <u>118,349</u> |
| OPERATING INCOME (LOSS) | <u>(402)</u> | <u>(12)</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 59 | 13 |
| Gain (loss) on sale of capital assets | - | - |
| Interest expense | - | - |
| Total nonoperating revenues (expenses) | <u>59</u> | <u>13</u> |
| CHANGE IN NET POSITION | <u>(343)</u> | <u>1</u> |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | <u>6,766</u> | <u></u> |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | <u>(21,456)</u> | <u>-</u> |
| NET POSITION AT OCTOBER 1, 2014 | <u>(14,690)</u> | <u></u> |
| NET POSITION AT SEPTEMBER 30, 2015 | <u><u>\$ (15,033)</u></u> | <u><u>\$ 1</u></u> |

| Lavon WWTP | Crandall WWTP | Forney Interceptor | Lower East Fork Interceptor |
|-----------------------|--------------------------|-------------------------------|--|
| \$ 147,612 | \$ - | \$ 227,701 | \$ 1,630,959 |
| 167 | - | 626 | 624 |
| <u>147,779</u> | <u>-</u> | <u>228,327</u> | <u>1,631,583</u> |
| 39,534 | - | 21,856 | 22,354 |
| 2,769 | - | 59,534 | 57,260 |
| 31,251 | - | 17,780 | 4,064 |
| - | - | 39,984 | 36,712 |
| 65,041 | - | 89,851 | 84,905 |
| 5,563 | - | 67,513 | 302,760 |
| <u>144,158</u> | <u>-</u> | <u>296,518</u> | <u>508,055</u> |
| 3,621 | - | (68,191) | <u>1,123,528</u> |
| 47 | - | 21 | 19,305 |
| - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(555,061)</u> |
| <u>47</u> | <u>-</u> | <u>21</u> | <u>(535,756)</u> |
| 3,668 | - | (68,170) | 587,772 |
| <u>26,750</u> | <u>483</u> | <u>988,258</u> | <u>1,711,407</u> |
| <u>(14,294)</u> | <u>-</u> | <u>(8,051)</u> | <u>(8,051)</u> |
| <u>12,456</u> | <u>483</u> | <u>980,207</u> | <u>1,703,356</u> |
| <u>\$ 16,124</u> | <u>\$ 483</u> | <u>\$ 912,037</u> | <u>\$ 2,291,128</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

| | Muddy Creek Interceptor | Parker Creek Interceptor |
|--|------------------------------------|-------------------------------------|
| OPERATING REVENUES: | | |
| Wastewater service fees | \$ 299,184 | \$ 229,853 |
| Other operating revenues | <u>318</u> | - |
| Total operating revenues | <u>299,502</u> | <u>229,853</u> |
| OPERATING EXPENSES: | | |
| Personnel | - | - |
| Operating Supplies: | | |
| Chemicals | 25,805 | - |
| Other supplies | 217 | 1,575 |
| Operating Services: | | |
| Electric power | - | 252 |
| Other services | 115,711 | 6,034 |
| Depreciation | <u>111,943</u> | <u>49,320</u> |
| Total operating expenses | <u>253,676</u> | <u>57,181</u> |
| OPERATING INCOME (LOSS) | <u>45,826</u> | <u>172,672</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 3,556 | 2,970 |
| Gain (loss) on sale of capital assets | - | - |
| Interest expense | <u>(45,650)</u> | <u>(75,886)</u> |
| Total nonoperating revenues (expenses) | <u>(42,094)</u> | <u>(72,916)</u> |
| CHANGE IN NET POSITION | 3,732 | 99,756 |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | <u>665,000</u> | <u>899,992</u> |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | - | - |
| NET POSITION AT OCTOBER 1, 2014 | <u>665,000</u> | <u>899,992</u> |
| NET POSITION AT SEPTEMBER 30, 2015 | <u>\$ 668,732</u> | <u>\$ 999,748</u> |

| Sabine Creek Interceptor | Buffalo Creek Interceptor | McKinney Interceptor | Mustang Creek Interceptor |
|-------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| \$ 184,098 | \$ 1,575,392 | \$ 5,370 | \$ 575,825 |
| 7 | 520 | 7 | - |
| <u>184,105</u> | <u>1,575,912</u> | <u>5,377</u> | <u>575,825</u> |
| - | 21,982 | - | - |
| - 1,473 | 51,932 4,841 | - - | - - |
| - 5,135 | 44,359 53,503 | 288 5,090 | - 8,841 |
| <u>33,956</u> | <u>610,271</u> | <u>54,941</u> | <u>14,274</u> |
| <u>40,564</u> | <u>786,888</u> | <u>60,319</u> | <u>23,115</u> |
| <u>143,541</u> | <u>789,024</u> | <u>(54,942)</u> | <u>552,710</u> |
| 2,550 | 14,008 | 43 | 1,173 |
| <u>(61,142)</u> | <u>(413,447)</u> | <u>(4,667)</u> | <u>(368,821)</u> |
| <u>(58,592)</u> | <u>(399,439)</u> | <u>(4,624)</u> | <u>(367,648)</u> |
| 84,949 | 389,585 | (59,566) | 185,062 |
| <u>488,503</u> | <u>3,551,038</u> | <u>621,406</u> | <u>157,033</u> |
| - | <u>(8,051)</u> | - | - |
| <u>488,503</u> | <u>3,542,987</u> | <u>621,406</u> | <u>157,033</u> |
| <u>\$ 573,452</u> | <u>\$ 3,932,572</u> | <u>\$ 561,840</u> | <u>\$ 342,095</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

| | <u>Small Plants Clearing</u> | <u>Dewatering Operations</u> |
|--|----------------------------------|----------------------------------|
| OPERATING REVENUES: | | |
| Wastewater service fees | \$ - | \$ - |
| Other operating revenues | - - | - - |
| Total operating revenues | - - | - - |
| OPERATING EXPENSES: | | |
| Personnel | - - | - - |
| Operating Supplies: | | |
| Chemicals | 20 | - - |
| Other supplies | (20) | - - |
| Operating Services: | | |
| Electric power | - - | - - |
| Other services | - - | - - |
| Depreciation | - - | - - |
| Total operating expenses | - - | - - |
| OPERATING INCOME (LOSS) | - - | - - |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | - - | - - |
| Interest expense | - - | - - |
| Total nonoperating revenues (expenses) | - - | - - |
| CHANGE IN NET POSITION | - - | - - |
| NET POSITION AT OCTOBER 1, 2014 (As Previously Stated) | <u>419,323</u> | <u>18,245</u> |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE | - - | - - |
| NET POSITION AT OCTOBER 1, 2014 | <u>419,323</u> | <u>18,245</u> |
| NET POSITION AT SEPTEMBER 30, 2015 | <u>\$ 419,323</u> | <u>\$ 18,245</u> |

| Wastewater Pretreatment Program | Total Sewer System |
|--|-------------------------------|
| \$ 611,139 | \$ 27,067,050 |
| <u>131</u> | <u>411,830</u> |
| <u>611,270</u> | <u>27,478,880</u> |
| 462,357 | 3,286,602 |
| - | 1,346,420 |
| 28,727 | 743,086 |
| - | 1,751,332 |
| 146,091 | 5,703,371 |
| <u>1,407</u> | <u>5,089,300</u> |
| <u>638,582</u> | <u>17,920,111</u> |
| <u>(27,312)</u> | <u>9,558,769</u> |
| 72 | 144,422 |
| - | <u>(4,399,064)</u> |
| <u>72</u> | <u>(4,254,642)</u> |
| (27,240) | 5,304,127 |
| <u>5,511</u> | <u>40,317,532</u> |
| <u>(316,012)</u> | <u>(1,558,696)</u> |
| <u>(310,501)</u> | <u>38,758,836</u> |
| <u>\$ (337,741)</u> | <u>\$ 44,062,963</u> |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

| | Little Elm Water Transmission Facilities | Plano Water Transmission Facilities |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 353,802 | \$ 823,917 |
| Cash received from other funds | - | - |
| Cash received from (paid to) others | (6,029) | (53,068) |
| Cash paid to suppliers for goods and services | (170) | (703) |
| Cash paid for employee services | (170) | (225) |
| Cash paid to other funds | (170) | (225) |
| Net cash provided by (used for) operating activities | <u>347,603</u> | <u>769,921</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | - | - |
| Cash paid for capital assets | - | - |
| Interest paid | (54,600) | (79,950) |
| Principal payments on long-term debt and capital leases | (320,000) | (740,000) |
| Payments for bond issue costs | - | - |
| Net cash provided by (used for) capital and related financing activities | <u>(374,600)</u> | <u>(819,950)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | 239,117 | 629,308 |
| Purchases of investments | (396,745) | (528,993) |
| Interest received | 5,125 | 6,981 |
| Net cash provided by (used for) investing activities | <u>(152,503)</u> | <u>107,296</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(179,500)</u> | <u>57,267</u> |
| CASH AND CASH EQUIVALENTS—Beginning of year | 370,552 | 408,061 |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 191,052</u> | <u>\$ 465,328</u> |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ 3,256 | \$ 4,019 |
| Restricted cash and cash equivalents | 187,796 | 461,309 |
| | <u>\$ 191,052</u> | <u>\$ 465,328</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 258,469 | \$ 587,514 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 103,519 | 231,466 |
| Change in current assets and liabilities: | | |
| Accounts receivable and deferred billings | (1,768) | (2,091) |
| Prepaid expenses | - | - |
| Net pension liability | - | - |
| Due to/from other funds | - | (47,000) |
| Accounts payable, accrued liabilities, and developers' deposits | - | 1 |
| Accrued vacation and Accrued sick | - | - |
| Accrued OPEB | - | - |
| Customers' advance payments | (12,617) | 31 |
| Total adjustments | <u>89,134</u> | <u>182,407</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 347,603</u> | <u>\$ 769,921</u> |
| NONCASH TRANSACTION DISCLOSURES | | |
| Interest capitalized on construction | - | - |
| Amortization of bond-related items | 7,324 | (12,239) |
| Change in fair value of investments | (957) | (1,234) |
| Change in actuarial value of net pension liability | - | - |
| Refunding bonds issued | - | - |
| Refunding proceeds deposited in escrow | - | - |

| Royse City Water Transmission Facilities | Kaufman 4-1 Water Distribution Facilities | Rockwall-Heath Water Storage Facilities |
|---|--|---|
| \$ 2,500 | \$ 65,403 | \$ 225,857 |
| - 119 | (43,684) | (5,428) |
| _____ (15,059) | _____ | _____ |
| <u>2,500</u> | <u>6,779</u> | <u>220,429</u> |
| | | |
| | (20,000) | |
| - (80,916) | | |
| - (140,000) | | |
| _____ - (20,000) | _____ | <u>(220,916)</u> |
| | | |
| - - 229,046 | | |
| - - (223,805) | | |
| _____ - 32 | _____ | <u>2,938</u> |
| | | |
| - 32 | | 8,179 |
| 2,500 (13,189) | | 7,692 |
| _____ (2,500) 73,546 | _____ | <u>76,823</u> |
| <u>\$ -</u> | <u>\$ 60,357</u> | <u>\$ 84,515</u> |
| | | |
| \$ - 6,214 | | \$ 3 |
| - 54,143 | | 84,512 |
| <u>\$ -</u> | <u>\$ 60,357</u> | <u>\$ 84,515</u> |
| | | |
| <u>\$ -</u> | <u>\$ 19,997</u> | <u>\$ 168,891</u> |
| | | |
| - - 52,005 | | |
| 2,500 8,277 | | (1,526) |
| - (1) | | - |
| - - | | - |
| - (8,659) | | - |
| - (23,261) | | 1,059 |
| - - | | - |
| - - | | - |
| - 10,426 | | - |
| _____ 2,500 (13,218) | _____ | <u>51,538</u> |
| <u>\$ 2,500</u> | <u>\$ 6,779</u> | <u>\$ 220,429</u> |
| | | |
| - - - | | |
| - - - | | |
| - - - | | (496) |
| - - - | | - |
| - - - | | - |
| - - - | | - |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

| | Terrell Water Transmission Facilities | Rockwall Water Pump Station Facilities |
|---|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 797,504 | \$ 173,204 |
| Cash received from other funds | - | - |
| Cash received from (paid to) others | (331,330) | (5,184) |
| Cash paid to suppliers for goods and services | - | - |
| Cash paid for employee services | - | - |
| Cash paid to other funds | - | - |
| Net cash provided by (used for) operating activities | <u>466,174</u> | <u>168,020</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | 484,442 | - |
| Cash paid for capital assets | - | - |
| Interest paid | (391,827) | (69,746) |
| Principal payments on long-term debt and capital leases | (400,000) | (100,000) |
| Payments for bond issue costs | (238,777) | - |
| Net cash provided by (used for) capital and related financing activities | <u>(546,162)</u> | <u>(169,746)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | 819,163 | 159,032 |
| Purchases of investments | (712,106) | (162,767) |
| Interest received | 9,376 | 2,134 |
| Net cash provided by (used for) investing activities | <u>116,433</u> | <u>(1,601)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 36,445 | (3,327) |
| CASH AND CASH EQUIVALENTS—Beginning of year | 278,515 | 67,526 |
| CASH AND CASH EQUIVALENTS—End of year | \$ 314,960 | \$ 64,199 |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ (844) | \$ 2 |
| Restricted cash and cash equivalents | 315,804 | 64,197 |
| | <u>\$ 314,960</u> | <u>\$ 64,199</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 168,875 | \$ 119,941 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 300,978 | 48,306 |
| Change in current assets and liabilities: | | |
| Accounts receivable and deferred billings | (3,674) | (229) |
| Prepaid expenses | - | - |
| Net pension liability | - | - |
| Due to/from other funds | - | - |
| Accounts payable, accrued liabilities, and developers' deposits | (5) | - |
| Accrued vacation and Accrued sick | - | - |
| Accrued OPEB | - | - |
| Customers' advance payments | - | 2 |
| Total adjustments | <u>297,299</u> | <u>48,079</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 466,174 | \$ 168,020 |
| NONCASH TRANSACTION DISCLOSURES | | |
| Gain (loss) on disposal of capital assets | - | - |
| Interest capitalized on construction | - | - |
| Amortization of bond-related items | (24,056) | (1,340) |
| Change in fair value of investments | (1,553) | (363) |
| Change in actuarial value of net pension liability | - | - |
| Refunding bonds issued | 10,465,000 | - |
| Refunding proceeds deposited in escrow | 10,674,268 | - |

| Murphy | | South Rockwall | | North Rockwall | |
|-------------|-------------|-----------------|------------|------------------|-------------|
| WWTP/ | Wylie | (Buffalo Creek) | | (Squabble Creek) | |
| Interceptor | WWTP | WWTP | | WWTP | |
| \$ | 5,052 | \$ | 35,355 | \$ | 1,275,071 |
| 1 | 3 | | 23,026 | | 843 |
| (5,281) | (18,885) | | (595,468) | | (202,107) |
| | (3,783) | | (126,347) | | (65,918) |
| | (816) | | (180,590) | | (140,574) |
| | (2,472) | | | | |
| | (1,044) | | 395,692 | | (18,767) |
| | | | | | |
| 5,000 | - | | 29,839 | | (2,614) |
| - | | | (145,276) | | |
| - | | | (250,000) | | |
| | | | | | |
| 5,000 | - | | (365,437) | | (2,614) |
| | | | | | |
| | | | 388,077 | | - |
| | | | (244,151) | | |
| 4 | 16 | | 3,478 | | 115 |
| | | | | | |
| 4 | 16 | | 147,404 | | 115 |
| | | | | | |
| 3,960 | 10,234 | | 177,659 | | (21,266) |
| | | | | | |
| 8,000 | 25,384 | | 297,523 | | 180,825 |
| | | | | | |
| \$ 11,960 | \$ 35,618 | | \$ 475,182 | | \$ 159,559 |
| | | | | | |
| \$ 3,154 | \$ 12,093 | | \$ 224,580 | | \$ 93,047 |
| 8,806 | 23,525 | | 250,602 | | 66,512 |
| | | | | | |
| \$ 11,960 | \$ 35,618 | | \$ 475,182 | | \$ 159,559 |
| | | | | | |
| | | | | | |
| \$ (2) | \$ (78,638) | | \$ 166,834 | | \$ (40,543) |
| | | | | | |
| | | | | | |
| - | 78,474 | | 177,858 | | 42,822 |
| | | | | | |
| - | 370 | | 5,719 | | 6,173 |
| - | (29) | | (1,020) | | (1,172) |
| - | (193) | | (6,419) | | (3,347) |
| 340 | (164) | | 945 | | (43,210) |
| 20 | (53) | | 23,553 | | 22,755 |
| - | 50 | | 1,586 | | 849 |
| - | (62) | | (2,049) | | (1,069) |
| | | | | | |
| (1,402) | 10,463 | | 28,685 | | (2,025) |
| | | | | | |
| (1,042) | 88,856 | | 228,858 | | 21,776 |
| | | | | | |
| \$ (1,044) | \$ 10,218 | | \$ 395,692 | | \$ (18,767) |
| | | | | | |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

| | Panther Creek WWTP | Sabine Creek WWTP |
|---|-------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 7,203,760 | \$ 1,302,198 |
| Cash received from other funds | - | - |
| Cash received from (paid to) others | 13,386 | 3,021 |
| Cash paid to suppliers for goods and services | (2,298,042) | (1,081,011) |
| Cash paid for employee services | (592,451) | (82,415) |
| Cash paid to other funds | (685,876) | (206,048) |
| Net cash provided by (used for) operating activities | <u>3,640,777</u> | <u>(64,255)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | 663,177 | - |
| Cash paid for capital assets | (29,960) | 929,934 |
| Interest paid | (1,868,090) | (133,050) |
| Principal payments on long-term debt and capital leases | (2,515,000) | (450,000) |
| Payments for bond issue costs | (327,393) | - |
| Net cash provided by (used for) capital and related financing activities | <u>(4,077,266)</u> | <u>346,884</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | 1,227,329 | 689,137 |
| Purchases of investments | (1,167,069) | (701,933) |
| Interest received | 37,217 | 9,349 |
| Net cash provided by (used for) investing activities | <u>97,477</u> | <u>(3,447)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (339,012) | 279,182 |
| CASH AND CASH EQUIVALENTS—Beginning of year | 2,249,794 | 457,505 |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 1,910,782</u> | <u>\$ 736,687</u> |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ 253,326 | \$ 146,954 |
| Restricted cash and cash equivalents | 1,657,456 | 589,733 |
| | <u>\$ 1,910,782</u> | <u>\$ 736,687</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 2,330,875 | \$ 408,670 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 1,305,082 | 267,986 |
| Change in current assets and liabilities: | | |
| Accounts receivable and deferred billings | 74,119 | (730,580) |
| Prepaid expenses | 19,232 | (1,067) |
| Net pension liability | (35,217) | (4,187) |
| Due to/from other funds | (400) | (22,021) |
| Accounts payable, accrued liabilities, and developers' deposits | (12,686) | (25,292) |
| Accrued vacation and Accrued sick | 295 | 1,055 |
| Accrued OPEB | (10,565) | (1,336) |
| Customers' advance payments | (29,958) | 42,517 |
| Total adjustments | <u>1,309,902</u> | <u>(472,925)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 3,640,777</u> | <u>\$ (64,255)</u> |
| NONCASH TRANSACTION DISCLOSURES | | |
| Gain (loss) on disposal of capital assets | - | - |
| Interest capitalized on construction | 958 | - |
| Amortization of bond-related items | (349,734) | 6,684 |
| Change in fair value of investments | (14,424) | (1,563) |
| Change in actuarial value of net pension liability | 35,217 | 4,187 |
| Refunding bonds issued | 19,940,000 | - |
| Refunding proceeds deposited in escrow | 23,092,739 | - |

| Stewart Creek WWTP | Muddy Creek WWTP | Seis Lagos WWTP | Royse City WWTP |
|-------------------------------|-----------------------------|----------------------------|----------------------------|
| \$ 5,000,352 | \$ 4,663,531 | \$ 157,406 | \$ 24,242 |
| 9,411 | 256 | 87 | 4 |
| (1,042,690) | (1,608,150) | (61,906) | (6,021) |
| (297,367) | (669,674) | (27,468) | (3,783) |
| (423,085) | (639,864) | (44,075) | (1,396) |
| <u>3,246,621</u> | <u>1,746,099</u> | <u>24,044</u> | <u>13,046</u> |
| 9,500 | - | - | - |
| (867,060) | (11,368) | (2,661) | - |
| (39,580) | (631,100) | - | - |
| (480,000) | (1,270,000) | - | - |
| (9,500) | - | - | - |
| <u>(1,386,640)</u> | <u>(1,912,468)</u> | <u>(2,661)</u> | <u>-</u> |
| - | - | - | - |
| 3,361 | 14,851 | 54 | 10 |
| <u>3,361</u> | <u>14,851</u> | <u>54</u> | <u>10</u> |
| 1,863,342 | (151,518) | 21,437 | 13,056 |
| <u>3,793,237</u> | <u>1,268,991</u> | <u>12,082</u> | <u>11,794</u> |
| <u>\$ 5,656,579</u> | <u>\$ 1,117,473</u> | <u>\$ 33,519</u> | <u>\$ 24,850</u> |
| \$ 2,410,555 | \$ 219,438 | \$ 26,309 | \$ 14,941 |
| 3,246,024 | 898,035 | 7,210 | 9,909 |
| <u>\$ 5,656,579</u> | <u>\$ 1,117,473</u> | <u>\$ 33,519</u> | <u>\$ 24,850</u> |
| \$ 1,882,127 | \$ 884,599 | \$ 1,264 | \$ (167) |
| 260,979 | 961,455 | 2,674 | - |
| 44,643 | (31,354) | 2,492 | 370 |
| (14,373) | 16,678 | (245) | (28) |
| (22,682) | (41,801) | (1,395) | (193) |
| (6,483) | 2,154 | 543 | (44) |
| 10,676 | (8,625) | 1,762 | 542 |
| 8,887 | 6,951 | 361 | 50 |
| (4,550) | (11,631) | (445) | (62) |
| <u>1,087,397</u> | <u>(32,327)</u> | <u>17,033</u> | <u>12,578</u> |
| <u>1,364,494</u> | <u>861,500</u> | <u>22,780</u> | <u>13,213</u> |
| <u>\$ 3,246,621</u> | <u>\$ 1,746,099</u> | <u>\$ 24,044</u> | <u>\$ 13,046</u> |
| - | - | - | - |
| 2,743 | (95,046) | - | - |
| - | (4,805) | - | - |
| 22,682 | 41,801 | 1,395 | 193 |
| - | - | - | - |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

| | Farmersville WWTP | Frisco Cottonwood Creek WWTP |
|---|------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 223,677 | \$ 126,706 |
| Cash received from other funds | 190 | 51 |
| Cash received from (paid to) others | (114,963) | (91,306) |
| Cash paid to suppliers for goods and services | (41,205) | (27,332) |
| Cash paid for employee services | (69,107) | |
| Cash paid to other funds | | (27,332) |
| Net cash provided by (used for) operating activities | <u>(1,408)</u> | <u>8,119</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | (9,919) | 1,000 |
| Cash paid for capital assets | | |
| Interest paid | | |
| Principal payments on long-term debt and capital leases | | |
| Payments for bond issue costs | | |
| Net cash provided by (used for) capital and related financing activities | <u>(9,919)</u> | <u>1,000</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | - | |
| Purchases of investments | 69 | 19 |
| Interest received | | |
| Net cash provided by (used for) investing activities | <u>69</u> | <u>19</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(11,258)</u> | <u>9,138</u> |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>46,834</u> | <u>26,558</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u><u>\$ 35,576</u></u> | <u><u>\$ 35,696</u></u> |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ 17,882 | \$ 24,256 |
| Restricted cash and cash equivalents | <u>17,694</u> | <u>11,440</u> |
| | <u><u>\$ 35,576</u></u> | <u><u>\$ 35,696</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | <u>\$ (402)</u> | <u>\$ (12)</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 3,748 | - |
| Change in current assets and liabilities: | | |
| Accounts receivable and deferred billings | (7,570) | 816 |
| Prepaid expenses | (2,962) | (451) |
| Net pension liability | (2,095) | - |
| Due to/from other funds | (13,860) | 82 |
| Accounts payable, accrued liabilities, and developers' deposits | 25,688 | 445 |
| Accrued vacation and Accrued sick | 537 | - |
| Accrued OPEB | (667) | (816) |
| Customers' advance payments | <u>(3,825)</u> | <u>8,055</u> |
| Total adjustments | <u><u>(1,006)</u></u> | <u><u>8,131</u></u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ (1,408)</u></u> | <u><u>\$ 8,119</u></u> |
| NONCASH TRANSACTION DISCLOSURES | | |
| Gain (loss) on disposal of capital assets | - | - |
| Interest capitalized on construction | - | - |
| Amortization of bond-related items | - | - |
| Change in fair value of investments | - | - |
| Change in actuarial value of net pension liability | 2,095 | - |
| Refunding bonds issued | - | - |
| Refunding proceeds deposited in escrow | - | - |

| Lavon WWTP | Crandall WWTP | Forney Interceptor | Lower East Fork Interceptor |
|-----------------------|---------------------|------------------------|-----------------------------------|
| \$ 137,912 | \$ - | \$ 162,725 | \$ 1,606,235 |
| 109 | - | 690 | 655 |
| (63,982) | (520) | (158,477) | (142,014) |
| (27,465) | - | (16,281) | (16,281) |
| (49,444) | - | (21,921) | (38,824) |
| <u>(2,870)</u> | <u>(520)</u> | <u>(33,264)</u> | <u>1,409,771</u> |
| (9,398) | - | 2,000 | 2,000 |
| | | | (573,336) |
| | | | (855,000) |
| <u>(9,398)</u> | <u>-</u> | <u>2,000</u> | <u>(1,426,336)</u> |
| - | - | - | 1,332,959 |
| | | | (1,333,075) |
| <u>47</u> | <u>-</u> | <u>31</u> | <u>13,815</u> |
| <u>47</u> | <u>-</u> | <u>31</u> | <u>13,699</u> |
| <u>(12,221)</u> | <u>(520)</u> | <u>(31,233)</u> | <u>(2,866)</u> |
| <u>16,383</u> | <u>1,105</u> | <u>41,308</u> | <u>674,806</u> |
| <u>\$ 4,162</u> | <u>\$ 585</u> | <u>\$ 10,075</u> | <u>\$ 671,940</u> |
| \$ 659 | \$ 585 | \$ (9,392) | \$ (9,775) |
| <u>3,503</u> | <u>-</u> | <u>19,467</u> | <u>681,715</u> |
| <u>\$ 4,162</u> | <u>\$ 585</u> | <u>\$ 10,075</u> | <u>\$ 671,940</u> |
| <u>\$ 3,621</u> | <u>\$ -</u> | <u>\$ (68,191)</u> | <u>\$ 1,123,528</u> |
| 5,563 | - | 67,513 | 302,760 |
| (2,096) | - | (40,750) | (21,658) |
| (245) | - | (8,932) | (2,822) |
| (1,395) | - | (786) | (786) |
| (1,417) | - | 2,362 | (446) |
| 886 | (17) | 30,503 | 8,967 |
| 361 | - | 496 | 496 |
| (445) | - | (264) | (268) |
| <u>(7,703)</u> | <u>(503)</u> | <u>(15,215)</u> | <u>-</u> |
| <u>(6,491)</u> | <u>(520)</u> | <u>34,927</u> | <u>286,243</u> |
| <u>\$ (2,870)</u> | <u>\$ (520)</u> | <u>\$ (33,264)</u> | <u>\$ 1,409,771</u> |
| - | - | - | - |
| - | - | - | - |
| - | - | - | (6,875) |
| - | - | - | (6,938) |
| 1,395 | - | 786 | 786 |
| - | - | - | - |
| - | - | - | - |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

| | Muddy Creek Interceptor | Parker Creek Interceptor |
|---|------------------------------------|-------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 290,508 | \$ 245,227 |
| Cash received from other funds | 318 | 1,000 |
| Cash received from (paid to) others | (139,838) | (7,262) |
| Cash paid to suppliers for goods and services | 989 | (145,000) |
| Cash paid for employee services | (2,631) | (377) |
| Cash paid to other funds | 149,346 | 237,588 |
| Net cash provided by (used for) operating activities | <u>149,346</u> | <u>237,588</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | 174,069 | (78,122) |
| Cash paid for capital assets | 1,000 | (238,444) |
| Interest paid | (78,813) | 2,526 |
| Principal payments on long-term debt and capital leases | (185,000) | 2,123 |
| Payments for bond issue costs | (83,260) | 22,626 |
| Net cash provided by (used for) capital and related financing activities | <u>(173,004)</u> | <u>(222,122)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | 258,544 | 205,225 |
| Purchases of investments | (238,444) | (205,243) |
| Interest received | 2,526 | 2,123 |
| Net cash provided by (used for) investing activities | <u>22,626</u> | <u>2,105</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(1,032)</u> | <u>17,571</u> |
| CASH AND CASH EQUIVALENTS—Beginning of year | 161,130 | 98,413 |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 160,098</u> | <u>\$ 115,984</u> |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ 18,606 | \$ 17,670 |
| Restricted cash and cash equivalents | 141,492 | 98,314 |
| | <u>\$ 160,098</u> | <u>\$ 115,984</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 45,826 | \$ 172,672 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 111,943 | 49,320 |
| Change in current assets and liabilities: | | |
| Accounts receivable and deferred billings | 1 | 15,212 |
| Prepaid expenses | (172) | - |
| Net pension liability | - | - |
| Due to/from other funds | - | 147 |
| Accounts payable, accrued liabilities, and developers' deposits | 252 | 75 |
| Accrued vacation and Accrued sick | - | - |
| Accrued OPEB | - | - |
| Customers' advance payments | (8,504) | 162 |
| Total adjustments | <u>103,520</u> | <u>64,916</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 149,346</u> | <u>\$ 237,588</u> |
| NONCASH TRANSACTION DISCLOSURES | | |
| Gain (loss) on disposal of capital assets | - | - |
| Interest capitalized on construction | - | - |
| Amortization of bond-related items | (21,160) | - |
| Change in fair value of investments | (1,279) | (1,068) |
| Change in actuarial value of net pension liability | - | - |
| Refunding bonds issued | 2,135,000 | - |
| Refunding proceeds deposited in escrow | 2,186,019 | - |

| Sabine Creek Interceptor | Buffalo Creek Interceptor | McKinney Interceptor | Mustang Creek Interceptor |
|-------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| \$ 167,870 | \$ 1,584,219 | \$ 5,094 | \$ 577,184 |
| 1,297 | | 499 | |
| 8 | 628 | 7 | |
| (5,977) | (134,390) | (4,887) | (8,608) |
| (16,326) | | | |
| (1,422) | (20,784) | (599) | (5) |
| <u>161,776</u> | <u>1,413,347</u> | <u>114</u> | <u>568,571</u> |
| | | | |
| (62,914) | (526,252) | (7,000) | (101,205) |
| (115,000) | (925,000) | (140,000) | (392,568) |
| - | - | - | (175,000) |
| <u>(177,914)</u> | <u>(1,451,252)</u> | <u>(147,000)</u> | <u>(668,773)</u> |
| | | | |
| - | - | - | 599,119 |
| - | - | - | - |
| 1,798 | 10,556 | 44 | 1,226 |
| <u>1,798</u> | <u>10,556</u> | <u>44</u> | <u>600,345</u> |
| (14,340) | (27,349) | (146,842) | 500,143 |
| 67,057 | 939,689 | 154,296 | 865,387 |
| <u>\$ 52,717</u> | <u>\$ 912,340</u> | <u>\$ 7,454</u> | <u>\$ 1,365,530</u> |
| | | | |
| \$ (16,270) | \$ 50,520 | \$ 1,475 | \$ 1,298 |
| 68,987 | 861,820 | 5,979 | 1,364,232 |
| <u>\$ 52,717</u> | <u>\$ 912,340</u> | <u>\$ 7,454</u> | <u>\$ 1,365,530</u> |
| | | | |
| \$ 143,541 | \$ 789,024 | \$ (54,942) | \$ 552,710 |
| | | | |
| 33,956 | 610,271 | 54,941 | 14,274 |
| (16,230) | (68,108) | - | 1,087 |
| - | (1,042) | - | 89 |
| - | (786) | - | - |
| 500 | 481 | 390 | - |
| 9 | 5,147 | 1 | (374) |
| - | 541 | - | - |
| - | (265) | - | - |
| - | 78,084 | (276) | 785 |
| <u>18,235</u> | <u>624,323</u> | <u>55,056</u> | <u>15,861</u> |
| <u>\$ 161,776</u> | <u>\$ 1,413,347</u> | <u>\$ 114</u> | <u>\$ 568,571</u> |
| | | | |
| - | - | - | - |
| - | - | - | - |
| - | (102,819) | - | (20,248) |
| (1,092) | (3,432) | - | 162 |
| - | 786 | - | - |
| - | - | - | - |
| - | - | - | - |

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL SCHEDULES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

| | Small Plants Clearing | Dewatering Operations |
|---|----------------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 3,058 | - 91,023 |
| Cash received from other funds | 452 | 54 |
| Cash received from (paid to) others | 37,438 | 29,141 |
| Cash paid to suppliers for goods and services | 19,047 | (28,409) |
| Cash paid for employee services | (5,887) | - |
| Cash paid to other funds | 54,108 | 91,809 |
| Net cash provided by (used for) operating activities | 54,108 | 91,809 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds | 18,247 | - |
| Cash paid for capital assets | - | 18,247 |
| Interest paid | - | - |
| Principal payments on long-term debt and capital leases | - | - |
| Payments for bond issue costs | - | - |
| Net cash provided by (used for) capital and related financing activities | - | 18,247 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale and maturity of investments | - | - |
| Purchases of investments | - | - |
| Interest received | 92 | - |
| Net cash provided by (used for) investing activities | - | 92 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 54,108 | 110,148 |
| CASH AND CASH EQUIVALENTS—Beginning of year | 345,342 | 84,360 |
| CASH AND CASH EQUIVALENTS—End of year | \$ 399,450 | \$ 194,508 |
| RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION | | |
| Unrestricted cash and cash equivalents | \$ 399,450 | \$ 18,248 |
| Restricted cash and cash equivalents | - | 176,260 |
| | \$ 399,450 | \$ 194,508 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ - | \$ - |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | - | - |
| Change in current assets and liabilities: | | |
| Accounts receivable and unbilled receivable | - | 349 |
| Prepaid expenses | 2,069 | 4,706 |
| Net pension liability | - | - |
| Due to/from other funds | 52,587 | 91,023 |
| Accounts payable, accrued liabilities, and developers' deposits | (548) | (3,869) |
| Accrued vacation and Accrued sick | - | - |
| Accrued OPEB | - | (400) |
| Customers' advance payments | - | - |
| Total adjustments | 54,108 | 91,809 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 54,108 | \$ 91,809 |
| NONCASH TRANSACTION DISCLOSURES | | |
| Gain (loss) on disposal of capital assets | - | - |
| Interest capitalized on construction | - | - |
| Amortization of bond-related items | - | - |
| Change in fair value of investments | - | - |
| Change in actuarial value of net pension liability | - | - |
| Refunding bonds issued | - | - |
| Refunding proceeds deposited in escrow | - | - |

| Wastewater Pretreatment Program | Total Sewer System |
|--|-------------------------------|
|--|-------------------------------|

| | |
|----------------|-------------------|
| \$ 685,417 | \$ 28,310,917 |
| | 95,877 |
| 154 | 53,473 |
| (219,730) | (8,389,659) |
| (347,277) | (2,343,117) |
| (120,131) | (2,698,714) |
| <u>(1,567)</u> | <u>15,028,777</u> |

| | |
|----------|---------------------|
| - | 1,331,188 |
| | (65,165) |
| | (5,213,140) |
| | (9,205,000) |
| | (658,930) |
| <u>-</u> | <u>(13,811,047)</u> |

| | |
|-------------------|----------------------|
| - | 6,776,056 |
| | (5,914,331) |
| 71 | <u>127,458</u> |
| 71 | <u>989,183</u> |
| (1,496) | 2,206,913 |
| <u>113,802</u> | <u>13,214,128</u> |
| <u>\$ 112,306</u> | <u>\$ 15,421,041</u> |

| | |
|-------------------|----------------------|
| \$ 112,306 | 4,044,565 |
| - | 11,376,476 |
| <u>\$ 112,306</u> | <u>\$ 15,421,041</u> |

| | |
|--------------------|------------------|
| <u>\$ (27,312)</u> | <u>9,558,769</u> |
|--------------------|------------------|

| | |
|-------------------|----------------------|
| 1,407 | 5,089,300 |
| 62,278 | (703,228) |
| (2,290) | 5,923 |
| (30,841) | (152,123) |
| 5 | 7,855 |
| (22,124) | 35,487 |
| 11,264 | 33,779 |
| (5,978) | (40,872) |
| 12,024 | <u>1,193,887</u> |
| <u>25,745</u> | <u>5,470,008</u> |
| <u>\$ (1,567)</u> | <u>\$ 15,028,777</u> |

| | |
|--------|------------|
| - | - |
| - | 958 |
| - | (613,350) |
| - | (39,546) |
| 30,841 | 152,123 |
| - | 32,540,000 |
| - | 35,953,026 |

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STATISTICAL SECTION

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.

Contents

Schedule #s

Financial Trends

1 thru 9

These tables contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

10 thru 15

These tables contain information to help the reader assess the District's various revenue sources.

Debt Capacity

16 & 17

These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Economic and Demographic Information

18 thru 20

These tables offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

21 thru 23

These tables contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides.

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 1
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS

| | 2006 | 2007 | 2008 |
|----------------------------------|-------------------------|-----------------------|-------------------------|
| Net investment in capital assets | \$ 454,831,973 | \$ 521,050,336 | \$ 563,070,109 |
| Restricted for debt service | 60,987,506 | 67,639,424 | 84,276,605 |
| Unrestricted | 129,337,359 | 125,347,868 | 126,874,912 |
| Total | \$ 645,156,838 | \$ 714,037,628 | \$ 774,221,626 |
| | 2009 | 2010 | 2011 |
| Net investment in capital assets | \$ 600,921,714 | \$ 642,592,189 | \$ 655,040,848 |
| Restricted for debt service | 95,516,877 | 98,617,167 | 102,802,273 |
| Unrestricted | 104,395,902 | 86,328,779 | 108,197,769 |
| Total | \$ 800,834,493 | \$ 827,538,135 | \$ 866,040,890 |
| | 2012 | 2013 | 2014 |
| Net investment in capital assets | \$ 687,317,597 | \$ 747,192,747 | \$ 794,854,341 |
| Restricted for debt service | 129,622,913 | 134,554,194 | 138,297,302 |
| Unrestricted | 102,807,227 | 83,782,522 | 89,311,734 |
| Total | \$ 919,747,737 | \$ 965,529,463 | \$ 1,022,463,377 |
| | 2015 | | |
| Net investment in capital assets | \$ 864,338,873 | | |
| Restricted for debt service | 142,275,759 | | |
| Unrestricted | 77,655,896 | | |
| Total | \$ 1,084,270,528 | | |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
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 |
|--------------------|---------------------------|---------------------------|-------------------------|--|-------------------------------|--------------------------------|
| 2006 | \$ 168,857,045 | \$ 114,996,849 | \$ 53,860,196 | \$ (3,043,011) | \$ 50,817,185 | \$ - |
| 2007 | 180,723,392 | 112,404,186 | 68,319,206 | 561,584 | 68,880,790 | - |
| 2008 | 200,461,423 | 135,201,435 | 65,259,988 | (5,075,990) | 60,183,998 | - |
| 2009 | 220,001,152 | 174,371,455 | 45,629,697 | (19,016,830) | 26,612,867 | - |
| 2010 | 230,990,723 | 169,457,931 | 61,532,792 | (31,244,507) | 30,288,285 | (3,584,643) |
| 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) |
| 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) |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 3
TOTAL REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

| Year | Water Sales | Wastewater Service Fees | Solid Waste Service Fees | Investment Income | (1) Miscellaneous | Total |
|-------------|------------------------|--|---|------------------------------|------------------------------|----------------|
| 2006 | \$ 95,229,396 | \$ 54,537,238 | \$ 18,470,012 | \$ 15,575,375 | \$ 1,280,654 | \$ 185,092,675 |
| 2007 | 100,901,474 | 58,988,815 | 19,263,463 | 29,045,305 | 1,801,388 | 210,000,445 |
| 2008 | 110,771,168 | 65,714,584 | 22,435,070 | 12,266,911 | 1,909,808 | 213,097,541 |
| 2009 | 122,135,437 | 73,823,795 | 22,146,863 | 6,874,381 | 5,535,297 | 230,515,773 |
| 2010 | 129,079,671 | 77,238,181 | 23,154,120 | 1,626,312 | 5,966,568 | 237,064,852 |
| 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 |

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.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 4
TOTAL EXPENSES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

| Year | Operating and Maintenance Expenses | Interest Expense | Depreciation | Amortization | Miscellaneous | Total |
|------|------------------------------------|------------------|---------------|--------------|---------------|----------------|
| 2006 | \$ 94,186,532 | \$ 19,097,272 | \$ 20,383,272 | \$ 427,045 | \$ 180,804 | \$ 134,274,925 |
| 2007 | 89,407,742 | 28,707,108 | 22,429,175 | 567,269 | 8,361 | 141,119,655 |
| 2008 | 109,643,334 | 17,683,227 | 24,968,068 | 590,033 | 28,881 | 152,913,543 |
| 2009 | 139,032,903 | 29,525,984 | 34,678,755 | 659,797 | 5,467 | 203,902,906 |
| 2010 | 130,142,166 | 36,311,906 | 38,315,439 | 1,000,326 | 1,006,730 | 206,776,567 |
| 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 |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 5
TOTAL REVENUES BY SYSTEM (UNAUDITED)
LAST TEN FISCAL YEARS

| Year | Water System | Regional Wastewater System | Sewer System | Solid Waste System | Interceptor System | Total |
|-------------|---------------------|-----------------------------------|---------------------|---------------------------|---------------------------|----------------|
| 2006 | \$ 106,655,478 | \$ 27,729,125 | \$ 16,333,510 | \$ 19,916,781 | \$ 14,457,781 | \$ 185,092,675 |
| 2007 | 122,957,373 | 29,888,091 | 22,399,276 | 20,612,617 | 14,143,088 | 210,000,445 |
| 2008 | 119,482,896 | 33,263,176 | 21,650,281 | 23,441,552 | 15,259,636 | 213,097,541 |
| 2009 | 128,499,761 | 38,483,393 | 22,297,706 | 23,448,502 | 17,786,411 | 230,515,773 |
| 2010 | 134,628,838 | 38,459,665 | 20,417,285 | 23,982,504 | 19,576,560 | 237,064,852 |
| 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 |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 6
TOTAL EXPENSES BY SYSTEM (UNAUDITED)
LAST TEN FISCAL YEARS

| Year | Water System | Regional Wastewater System | Sewer System | Solid Waste System | Interceptor System | Total |
|-------------|---------------------|-----------------------------------|---------------------|---------------------------|---------------------------|----------------|
| 2006 | \$ 71,963,146 | \$ 26,038,670 | \$ 11,872,173 | \$ 16,097,589 | \$ 8,303,872 | \$ 134,275,450 |
| 2007 | 75,810,118 | 25,728,557 | 13,957,739 | 17,724,536 | 7,898,705 | 141,119,655 |
| 2008 | 79,896,481 | 27,860,710 | 16,290,315 | 20,611,697 | 8,254,340 | 152,913,543 |
| 2009 | 120,636,425 | 32,916,158 | 20,362,370 | 20,481,786 | 9,506,167 | 203,902,906 |
| 2010 | 122,239,215 | 32,413,410 | 20,568,052 | 20,826,161 | 10,729,729 | 206,776,567 |
| 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 |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 7
OPERATING REVENUES (UNAUDITED)
LAST TEN FISCAL YEARS

| Fiscal Year | Water Sales | Wastewater Service Fees | Solid Waste Service Fees | Other Operating Revenues | Total |
|--------------------|--------------------|--------------------------------|---------------------------------|---------------------------------|----------------|
| 2006 | \$ 95,229,396 | \$ 54,537,238 | \$ 18,470,012 | \$ 620,399 | \$ 168,857,045 |
| 2007 | 100,901,474 | 58,988,815 | 19,263,463 | 1,569,640 | 180,723,392 |
| 2008 | 110,771,168 | 65,714,584 | 22,435,070 | 1,540,601 | 200,461,423 |
| 2009 | 122,135,437 | 73,823,795 | 22,146,863 | 1,895,057 | 220,001,152 |
| 2010 | 129,079,671 | 77,238,181 | 23,154,120 | 1,518,751 | 230,990,723 |
| 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 |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 8
OPERATING EXPENSES (UNAUDITED)
LAST TEN FISCAL YEARS

| Fiscal Year | Personnel | Electric Power | Chemicals | Operating Supplies and Services | Depreciation and Amortization | Total |
|--------------------|------------------|-----------------------|------------------|--|--------------------------------------|----------------|
| 2006 | \$ 20,894,927 | \$ 29,319,772 | \$ 15,615,734 | \$ 28,356,099 | \$ 20,810,317 | \$ 114,996,849 |
| 2007 | 31,185,659 | 20,654,688 | 18,980,400 | 18,586,995 | 22,996,444 | 112,404,186 |
| 2008 | 35,174,646 | 25,504,019 | 21,266,391 | 27,698,278 | 25,558,101 | 135,201,435 |
| 2009 | 41,148,956 | 36,452,486 | 31,559,396 | 29,872,065 | 35,338,552 | 174,371,455 |
| 2010 | 43,373,126 | 31,396,882 | 26,431,408 | 28,940,750 | 39,315,765 | 169,457,931 |
| 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 |

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

Note: Prior to 2007 Personnel only included Salaries & Wages. Personnel was re-stated beginning in 2007 to include all personnel related items (insurance, taxes, social security, retirement).

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
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 | Total |
|--------------------|--------------------------|------------------------------|--|-------------------------|----------------|
| 2006 | \$ 15,575,375 | \$ 4,450 | \$ 475,001 | \$ (19,097,837) | \$ (3,043,011) |
| 2007 | 29,045,305 | 162,150 | 61,237 | (28,707,108) | 561,584 |
| 2008 | 12,266,911 | 360,509 | (20,183) | (17,683,227) | (5,075,990) |
| 2009 | 6,874,381 | 3,607,677 | 27,096 | (29,525,984) | (19,016,830) |
| 2010 | 1,626,312 | 4,395,324 | (954,237) | (36,311,906) | (31,244,507) |
| 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) |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 10
NET ADDITIONS TO CAPITAL ASSETS EXCLUDING CONSTRUCTION IN PROGRESS
(UNAUDITED)
LAST TEN FISCAL YEARS

| Year | Water System | Regional Wastewater System | Sewer System | Solid Waste System | Interceptor System | Total |
|-------------|---------------------|-----------------------------------|---------------------|---------------------------|---------------------------|---------------|
| 2006 | \$ 746,334 | \$ 646,637 | \$ 36,980,457 | \$ 2,192,358 | \$ 122,809 | \$ 40,688,595 |
| 2007 | 59,125,009 | 1,096,433 | 5,040,376 | 1,183,109 | 4,996,816 | 71,441,743 |
| 2008 | 217,271,666 | 915,563 | 53,426,921 | 9,861,935 | 26,790,287 | 308,266,372 |
| 2009 | 284,522,680 | 14,101,945 | 34,804,787 | 24,952,092 | 16,341,285 | 374,722,789 |
| 2010 | 59,428,177 | 787,189 | 904,541 | 4,048,279 | 2,739,993 | 67,908,179 |
| 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 |

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 11
WATER PRODUCED AND CONSUMED, WASTEWATER TREATED AND SOLID WASTE
DISPOSED (UNAUDITED)
LAST TEN FISCAL 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 |
| 2006 | 104,451,000,000 | 100,565,249,000 | 3,885,751,000 | 3.7% | \$ 0.97 | \$ 1.02 |
| 2007 | 80,288,000,000 | 77,502,272,000 | 2,785,728,000 | 3.5% | \$ 1.02 | \$ 1.07 |
| 2008 | 93,501,966,897 | 90,254,296,000 | 3,247,670,897 | 3.5% | \$ 1.08 | \$ 1.13 |
| 2009 | 96,036,110,124 | 93,224,065,000 | 2,812,045,124 | 2.9% | \$ 1.18 | \$ 1.23 |
| 2010 | 90,683,355,747 | 88,163,732,000 | 2,519,623,747 | 2.8% | \$ 1.25 | \$ 1.30 |
| 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 |

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 |
|-------------|-------------------------------|------------------------------|
| 2006 | 28,585,109,000 | 699,238 |
| 2007 | 34,164,515,000 | 791,773 |
| 2008 | 32,065,925,000 | 816,994 |
| 2009 | 31,348,246,000 | 750,018 |
| 2010 | 36,263,799,000 | 743,171 |
| 2011 | 30,875,276,000 | 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 |

Source: Based on information provided in NTMWD Operations Report.

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 12
HISTORIC SERVICE USE (UNAUDITED)
LAST TEN YEARS

| | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 |
|--|---------------------------|--------------------------|--------------------------|--------------------------|
| WATER CONSUMPTION (GALLONS IN THOUSANDS): | | | | |
| Member cities | 87,396,751 | 67,359,017 | 77,535,389 | 79,197,589 |
| Customer cities | 13,158,818 | 10,136,235 | 12,713,053 | 14,019,682 |
| Individual meters | <u>9,680</u> | <u>7,020</u> | <u>5,854</u> | <u>6,794</u> |
| Total | <u>100,565,249</u> | <u>77,502,272</u> | <u>90,254,296</u> | <u>93,224,065</u> |
| Total rainfall (in inches) | <u>18.46</u> | <u>54.10</u> | <u>34.89</u> | <u>39.02</u> |
| WASTEWATER VOLUME TREATED (GALLONS IN THOUSANDS): | | | | |
| Regional system | 23,565,864 | 27,602,153 | 26,159,510 | 25,254,348 |
| Small plant system | <u>5,019,245</u> | <u>6,562,362</u> | <u>5,906,415</u> | <u>6,093,898</u> |
| Total | <u>28,585,109</u> | <u>34,164,515</u> | <u>32,065,925</u> | <u>31,348,246</u> |
| SOLID WASTE VOLUME (IN TONS): | | | | |
| Transfer stations | 451,929 | 480,424 | 490,400 | 465,440 |
| Landfill | <u>247,309</u> | <u>311,349</u> | <u>326,594</u> | <u>284,578</u> |
| Total | <u>699,238</u> | <u>791,773</u> | <u>816,994</u> | <u>750,018</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).

| 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 |
|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| 74,574,835 | 85,966,816 | 81,019,601 | 78,407,137 | 69,155,408 | 66,632,698 |
| 13,583,041 | 16,126,637 | 15,822,993 | 14,956,602 | 14,477,895 | 13,390,178 |
| <u>5,856</u> | <u>4,341</u> | <u>4,218</u> | <u>3,066</u> | <u>3,216</u> | <u>5,039</u> |
| <u>88,163,732</u> | <u>102,097,794</u> | <u>96,846,812</u> | <u>93,366,805</u> | <u>83,636,519</u> | <u>80,027,915</u> |
| <u>41.45</u> | <u>31.18</u> | <u>35.16</u> | <u>29.17</u> | <u>29.08</u> | <u>44.54</u> |
| 29,189,205 | 24,721,535 | 26,347,832 | 26,734,851 | 26,468,520 | 32,164,465 |
| <u>7,074,594</u> | <u>6,153,841</u> | <u>6,441,461</u> | <u>6,184,819</u> | <u>6,078,417</u> | <u>7,199,860</u> |
| <u>36,263,799</u> | <u>30,875,376</u> | <u>32,789,293</u> | <u>32,919,670</u> | <u>32,546,937</u> | <u>39,364,325</u> |
| 473,322 | 471,825 | 459,167 | 475,072 | 495,756 | 533,545 |
| <u>269,849</u> | <u>279,962</u> | <u>263,646</u> | <u>311,369</u> | <u>339,468</u> | <u>343,527</u> |
| <u>743,171</u> | <u>751,787</u> | <u>722,813</u> | <u>786,441</u> | <u>835,224</u> | <u>877,072</u> |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 13
NUMBER OF WATER, WASTEWATER AND SOLID WASTE CUSTOMERS (UNAUDITED)
LAST TEN FISCAL YEARS

| Fiscal Year | Water | | | Wastewater Member Cities | Solid Waste Member Cities |
|--------------------|----------------------|------------------------|---------------------|---------------------------------|----------------------------------|
| | Member Cities | Customer Cities | Total Cities | | |
| 2006 | 13 | 29 | 42 | 10 | 5 |
| 2007 | 13 | 30 | 43 | 11 | 5 |
| 2008 | 13 | 31 | 44 | 12 | 5 |
| 2009 | 13 | 32 | 45 | 12 | 5 |
| 2010 | 13 | 32 | 45 | 12 | 5 |
| 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 |

Source: Based on information provided in NTMWD Operations Report.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 14
WATER RATES (UNAUDITED)
LAST TEN FISCAL YEARS

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Water Rates (per 1,000 gallons) | | | | | | | | | | |
| Member Cities | \$ 0.97 | \$ 1.02 | \$ 1.08 | \$ 1.18 | \$ 1.25 | \$ 1.37 | \$ 1.49 | \$ 1.70 | \$ 1.87 | \$ 2.06 |
| Customer Cities | \$ 1.02 | \$ 1.07 | \$ 1.13 | \$ 1.23 | \$ 1.30 | \$ 1.42 | \$ 1.54 | \$ 1.75 | \$ 1.92 | \$ 2.11 |

Source: Based on information provided in NTMWD Budget Resolution.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 15
LARGEST CUSTOMERS (UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO

| Customer | Fiscal Year 2006 | | | | | |
|--------------------|------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | Water Sales | | Wastewater Service Fees | | Solid Waste Service Fees | |
| | Amount | % | Amount | % | Amount | % |
| Frisco | \$ 6,612,525 | 6.94% | \$ 4,476,087 | 8.22% | \$ 2,054,437 | 11.12% |
| Garland | 13,264,459 | 13.93% | - | 0.00% | - | 0.00% |
| McKinney | 7,232,155 | 7.59% | 7,497,838 | 13.77% | 3,627,237 | 19.64% |
| Mesquite | 7,627,029 | 8.01% | 4,693,160 | 8.62% | - | 0.00% |
| Plano | 25,813,620 | 27.11% | 18,081,413 | 33.20% | 6,484,963 | 35.11% |
| Richardson | 10,465,811 | 10.99% | 3,852,775 | 7.07% | 3,202,401 | 17.34% |
| Subtotal | 71,015,599 | 74.57% | 38,601,273 | 70.87% | 15,369,038 | 83.21% |
| Other Customers | <u>24,213,797</u> | <u>25.43%</u> | <u>15,865,318</u> | <u>29.13%</u> | <u>3,100,974</u> | <u>16.79%</u> |
| Grand Total | <u>\$ 95,229,396</u> | <u>100.00%</u> | <u>\$ 54,466,591</u> | <u>100.00%</u> | <u>\$ 18,470,012</u> | <u>100.00%</u> |
| Fiscal Year 2015 | | | | | | |
| Customer | Water Sales | | Wastewater Service Fees | | Solid Waste Service Fees | |
| | Amount | % | Amount | % | Amount | % |
| | \$ 19,405,423 | 8.99% | \$ 14,058,454 | 14.82% | \$ 3,625,201 | 12.86% |
| Frisco | 25,901,319 | 12.00% | - | 0.00% | - | 0.00% |
| Garland | 20,322,537 | 9.41% | 13,572,020 | 14.31% | 5,001,834 | 17.74% |
| McKinney | 15,595,969 | 7.23% | 7,754,508 | 8.17% | - | 0.00% |
| Mesquite | 50,563,812 | 23.42% | 24,639,784 | 25.98% | 7,659,694 | 27.15% |
| Plano | 20,750,908 | 9.61% | 6,905,129 | 7.28% | 3,696,921 | 13.11% |
| Subtotal | 152,539,968 | 70.66% | 66,929,895 | 70.56% | 19,983,650 | 70.86% |
| Other Customers | <u>63,331,213</u> | <u>29.34%</u> | <u>27,928,986</u> | <u>29.44%</u> | <u>8,216,371</u> | <u>29.14%</u> |
| Grand Total | <u>\$ 215,871,181</u> | <u>100.00%</u> | <u>\$ 94,858,881</u> | <u>100.00%</u> | <u>\$ 28,200,021</u> | <u>100.00%</u> |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 16
OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

| Fiscal Year | Revenue Bonds | U.S. Government Notes | Capital Leases | Total | District Population | Per Capita Debt |
|-------------|----------------|-----------------------|----------------|----------------|---------------------|-----------------|
| 2006 | \$ 659,565,000 | \$ 43,293,094 | \$ 36,320 | \$ 702,894,414 | 690,500 | 1,018 |
| 2007 | 786,435,000 | 42,236,354 | - | 828,671,354 | 724,900 | 1,143 |
| 2008 | 950,630,000 | 41,145,477 | - | 991,775,477 | 748,500 | 1,325 |
| 2009 | 1,102,650,000 | 40,019,360 | - | 1,142,669,360 | 764,500 | 1,495 |
| 2010 | 1,181,140,000 | 75,497,946 | - | 1,256,637,946 | 786,250 | 1,598 |
| 2011 | 1,276,795,000 | 37,656,812 | - | 1,314,451,812 | 791,470 | 1,661 |
| 2012 | 1,617,810,000 | 36,417,993 | - | 1,654,227,993 | 834,642 | 1,982 |
| 2013 | 1,580,770,000 | 35,139,154 | - | 1,615,909,154 | 854,778 | 1,890 |
| 2014 | 1,580,030,000 | 33,819,003 | - | 1,613,849,003 | 885,241 | 1,823 |
| 2015 | 1,686,930,000 | 32,456,205 | - | 1,719,386,205 | n/a | 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, and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

The District was unable to obtain the 2015 "District Population" and the "Per Capita Debt" information at the time of publication of this report.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
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 | (b) Adjustment | Interest Paid | Total | |
| 2006 | \$ 185,092,675 | \$ 94,186,532 | \$ 90,906,143 | \$ 24,816,760 | \$ - | \$ 20,149,760 | \$ 44,966,520 | 2.02 |
| 2007 | 210,000,445 | 89,407,742 | 120,592,703 | 36,141,740 | - | 37,476,257 | 73,617,997 | 1.64 |
| 2008 | 213,097,541 | 109,643,334 | 103,454,207 | 32,840,877 | - | 38,357,048 | 71,197,925 | 1.45 |
| 2009 | 230,515,773 | 139,032,903 | 91,482,870 | 36,471,117 | - | 48,520,843 | 84,991,960 | 1.08 |
| 2010 | 237,064,852 | 130,142,166 | 106,922,686 | 46,021,961 | - | 56,034,581 | 102,056,542 | 1.05 |
| 2011 | 254,562,756 | 127,804,481 | 126,758,275 | 83,806,133 | (36,641,083) | 61,388,483 | 108,553,533 | 1.17 |
| 2012 | 275,884,219 | 129,796,674 | 146,087,545 | 49,873,819 | - | 61,388,483 | 111,262,302 | 1.31 |
| 2013 | 300,500,703 | 140,151,618 | 160,349,085 | 62,918,838 | - | 79,055,732 | 141,974,570 | 1.13 |
| 2014 | 318,487,264 | 157,424,943 | 161,062,321 | 63,480,151 | - | 71,448,310 | 134,928,461 | 1.19 |
| 2015 | 344,949,693 | 158,078,403 | 186,871,290 | 72,317,798 | - | 74,903,222 | 147,221,020 | 1.27 |

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

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

{b} Advance payment of debt.

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 18
DEMOGRAPHIC STATISTICS (UNAUDITED)
LAST TEN CALENDAR YEARS

| Calendar Year | District Population | Personal Income (thousand dollars) | Per Capita Personal Income | Unemployment Rate |
|----------------------|----------------------------|---|-----------------------------------|--------------------------|
| 2005 | 653,000 | \$ 23,155,318 | \$ 35,460 | 5.1% |
| 2006 | 690,500 | 24,788,079 | 35,899 | 5.6% |
| 2007 | 724,900 | 26,345,030 | 36,343 | 6.0% |
| 2008 | 748,500 | 27,539,359 | 36,793 | 6.4% |
| 2009 | 764,500 | 28,476,127 | 37,248 | 6.9% |
| 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% |

Source: Years 2005 - 2011 were based on information provided by North Central Texas Council of Governments.

Years 2012 - 2014 were based on information provided by the U.S. Census Bureau; however, the District was unable to obtain this information for 2015 at the time of publication of this report.

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 19
PRINCIPAL EMPLOYERS (UNAUDITED)
CURRENT YEAR AND EIGHT YEARS AGO

| Employer | 2014 | |
|--|------------------|--------------------------------|
| | Employees | Percentage of Total |
| HP Enterprise Svc Llc | 10,000 | 2.22% |
| Plano ISD | 6,538 | 1.45% |
| Nortel | 6,000 | 1.33% |
| Bank of America Home Loans-Corporate Dr. | 4,646 | 1.03% |
| AT&T | 4,300 | 0.95% |
| Toyota | 4,000 | 0.89% |
| JC Penny (Corporate HQ) | 3,800 | 0.84% |
| Capital One | 3,500 | 0.78% |
| University of Texas at Dallas | 3,500 | 0.78% |
| Blue Cross and Blue shield of Texas | 3,100 | 0.69% |
| Medical Center of Plano (HCA Inc) | 3,000 | 0.66% |
| GE Energy | 2,300 | 0.51% |
| Total | 54,684 | 12.11% |
| Total Employed in the County | 451,419 | |

| Employer | 2006 | |
|-------------------------------|------------------|--------------------------------|
| | Employees | Percentage of Total |
| Countrywide Home Loans | 4,402 | 1.13% |
| EDS | 4,310 | 1.11% |
| JC Penney | 4,300 | 1.10% |
| University of Texas at Dallas | 3,058 | 0.78% |
| Raytheon | 2,850 | 0.73% |
| Perot Systems | 2,732 | 0.70% |
| Raytheon Corp | 2,400 | 0.62% |
| Alcatel | 2,280 | 0.58% |
| AT&T Inc | 2,140 | 0.55% |
| Total | 28,472 | 7.30% |

Source: Years 2006 and 2014 are based on information provided by North Central Texas Council of Governments; however, the District was unable to obtain this information for 2015 at the time of publication of this report.

Note 1: The District provides service to portions of Collin, Hunt, Rockwall, Dallas, Kaufman, Ellis, Rains, Fannin, and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

Note 2: Data prior to 2006 is not available

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 20
NUMBER OF EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Water: | | | | | | | | | | |
| General | 10.0 | 13.0 | 14.0 | 18.0 | 18.0 | 29.0 | 29.0 | 31.0 | 31.0 | 30.0 |
| Public Information | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| Planning | 8.0 | 8.0 | 8.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Administration | 18.0 | 20.0 | 22.0 | 22.0 | 23.0 | 21.0 | 21.0 | 21.0 | 25.0 | 28.0 |
| Plant Operations | 28.0 | 29.0 | 34.0 | 40.0 | 45.0 | 47.0 | 66.0 | 78.0 | 64.0 | 66.0 |
| Tawakoni Raw Water Pump St | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 | 10.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| East Fork Raw Water Supply | 0.0 | 0.0 | 5.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Bonham Water Treatment | 0.0 | 0.0 | 8.0 | 10.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| Facilities Service | 27.0 | 29.0 | 31.0 | 40.0 | 40.5 | 40.5 | 43.5 | 46.5 | 48.5 | 55.0 |
| Technical Service | 45.0 | 46.0 | 50.0 | 53.0 | 56.5 | 55.5 | 56.5 | 58.5 | 80.5 | 85.0 |
| Laboratory | 16.0 | 18.0 | 23.3 | 24.3 | 25.3 | 25.3 | 25.3 | 27.3 | 27.3 | 26.9 |
| Engineering | 30.0 | 34.0 | 35.0 | 40.0 | 40.0 | 40.0 | 43.0 | 44.0 | 50.0 | 62.0 |
| Environmental Service | 5.0 | 5.0 | 4.5 | 5.5 | 5.7 | 7.7 | 7.7 | 7.7 | 9.2 | 11.4 |
| Total | 188.0 | 203.0 | 236.8 | 261.8 | 279.0 | 296.0 | 323.0 | 345.0 | 366.5 | 396.3 |
| Wastewater: | | | | | | | | | | |
| Willson Creek WWTP | 48.0 | 50.0 | 51.8 | 52.8 | 52.8 | 52.8 | 55.8 | 55.8 | 56.1 | 56.4 |
| Floyd Branch WWTP | 6.0 | 6.0 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.4 | 6.5 |
| Rowlett Creek WWTP | 21.0 | 21.0 | 20.8 | 21.8 | 21.8 | 21.8 | 21.8 | 21.8 | 23.1 | 23.4 |
| Mesquite WWTP | 22.5 | 24.5 | 27.8 | 29.8 | 29.8 | 29.8 | 32.8 | 32.8 | 34.1 | 35.4 |
| Panther Creek WWTP | 0.0 | 0.0 | 6.1 | 6.1 | 6.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.6 |
| Muddy Creek WWTP | 5.0 | 6.0 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 |
| Stewart Creek WWTP | 5.0 | 6.0 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.6 |
| Seagoville WWTP | 3.0 | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Small WWTPs | 6.5 | 6.5 | 6.5 | 6.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 7.5 |
| Pretreatment | 4.0 | 4.0 | 5.2 | 5.2 | 5.0 | 5.0 | 5.0 | 5.0 | 5.5 | 6.7 |
| Dewatering | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 0.0 |
| Upper East Fork Interceptor | 6.0 | 6.0 | 5.9 | 6.9 | 6.9 | 6.9 | 7.9 | 8.9 | 8.9 | 11.9 |
| Total | 129.0 | 135.0 | 150.2 | 155.2 | 154.0 | 160.0 | 167.0 | 168.0 | 171.6 | 178.7 |
| Solid Waste: | | | | | | | | | | |
| Transfer Station | 44.0 | 46.0 | 49.5 | 52.8 | 52.8 | 50.8 | 48.8 | 47.8 | 47.3 | 46.3 |
| Landfills | 35.0 | 36.0 | 8.3 | 8.3 | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposal Facility | 0.0 | 0.0 | 30.3 | 33.0 | 37.8 | 39.3 | 40.3 | 39.3 | 36.8 | 32.8 |
| Fleet Maintenance Shop | 10.0 | 11.0 | 11.0 | 13.0 | 13.0 | 13.0 | 12.0 | 12.0 | 15.0 | 16.0 |
| Total | 89.0 | 93.0 | 99.0 | 107.0 | 106.1 | 103.0 | 101.0 | 99.0 | 99.0 | 95.0 |
| Total Employees | 406 | 431 | 486 | 524 | 539 | 559 | 591 | 612 | 637 | 670 |

Source: Based on information provided in NTMWD Annual Budget.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

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

| | |
|--|--------------------|
| Year of creation | 1951 |
| Domicile | Wylie, Texas |
| District population | 1,600,000+ |
| District service area | 2,200 square miles |
| Water Treatment Plant | 420 acres |
| Rain received at Lavon Lake during fiscal year | 44.54 inches |
| Total employees | 670 |

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 | 115.6 | Miles |
| 30" to 54" diameter | 171.0 | |
| 60" to 96" diameter | 286.0 | |
| Total | 572.6 | Miles |

RAW WATER PUMP STATIONS:

| | | |
|----------------------------------|-----|-----|
| Lake Lavon—3 sites: | | |
| Total water pumps | 17 | |
| Total raw water pumping capacity | 940 | MGD |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

| | | | |
|--|--------------------------|----------------------------------|--------|
| Lake Texoma—1 site: | | | |
| Total water pumps | 4 | | |
| Total raw water pumping capacity | 125 | MGD | |
| Jim Chapman Lake—1 site: | | | |
| Total water pumps | 3 | | |
| Total raw water pumping capacity | 165 | MGD | |
| East Fork Raw Water Supply—2 sites: | | | |
| Total water pumps | 8 | | |
| Total raw water pumping capacity | 270 | MGD | |
| Lake Tawakoni—2 sites: | | | |
| Total water pumps | 7 | MGD | |
| Total raw water pumping capacity | 168 | | |
| Wylie Water Plant - Treated Water Pump Stations | 7 | | |
| Wylie Water Plant - Treated Water Pumping Capacity | 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 | 77 | | |
| WASTEWATER SYSTEM | | | |
| | | <u>Permitted Capacity</u> | |
| REGIONAL SYSTEM: | | | |
| Regional wastewater plants: | | | |
| Floyd Branch RWWTP | * | 4.750 | MGD |
| South Mesquite RWWTP | * | 33.000 | |
| Rowlett Creek RWWTP | * | 24.000 | |
| Wilson Creek RWWTP | * | 56.000 | |
| SEWER SYSTEM: | | | |
| City: | | | |
| Farmersville | Farmersville No. 1 Plant | 0.225 | |
| | Farmersville No. 2 Plant | 0.530 | |
| Frisco | Cottonwood Creek Plant | 0.300 | |
| | Panther Creek Plant | * | 10.000 |
| Lavon | Stewart Creek West Plant | * | 5.000 |
| | Bear Creek Plant | 0.250 | |
| Rockwall | North Rockwall Plant | * | 1.200 |
| | South Rockwall Plant | * | 2.250 |

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

| | | |
|------------------------------------|--------------------|------------------------|
| Royce City | Royse City Plant | 0.500 |
| Royce City and Fate | Sabine Creek Plant | * 1.500 |
| Seis Lagos MUD | Seis Lagos Plant | 0.250 |
| Wylie and Murphy | Muddy Creek Plant | * 10.000 |
| Wylie | Wylie Plant | * 2.000 |
| | | <hr/> |
| Total treatment capacity | | <u>151.755</u> MGD |
| Total number of plants | | 17 |
| *Number of plants owned by NTMWD | | 11 |
| INTERCEPTOR SYSTEMS | | |
| | | <u>Pipeline Length</u> |
| Upper East Fork Interceptor System | 193.6 | Miles |
| Lakeside Interceptor (Rockwall) | 4.3 | |
| Muddy Creek Interceptor | 4.1 | |
| Forney Interceptor | 14.4 | |
| Sabine Creek Interceptor | 3.2 | |
| Parker Creek Interceptor | 5.1 | |
| Buffalo Creek Interceptor | 16.2 | |
| Lower East Fork Interceptor System | 9.2 | |
| | <hr/> | |
| Total | <u>250.1</u> | Miles |

| | | |
|--------------------------------|--|---------------------------|
| TRANSFER STATIONS (3): | | <u>Permitted Capacity</u> |
| Lookout Drive Transfer Station | | 625 Tons/day |
| Parkway Transfer Station | | 770 |
| Custer Road Transfer Station | | <u>1,900</u> |
| 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 yd3 |
| Maxwell Creek Landfill* | | |
| Permit Boundary | 193 | Acres |
| Landfillable | 139 | Acres |
| Permitted Airspace | 6 | M yd3 |
| McKinney Landfill** | | |
| Permit Boundary | 169 | Acres |
| Landfillable | 94 | Acres |
| Permitted Airspace | 13 | M yd3 |

* Closed in 2006.

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

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 22
OPERATING AND CAPITAL INDICATORS (UNAUDITED)
LAST TEN FISCAL YEARS

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Water: | | | | | | | | | | |
| Size of Service Area (square miles) | | | | | | | | | | |
| 1,875 | 1,976 | 1,985 | 1,985 | 1,985 | 1,985 | 1,985 | 2,200 | 2,200 | 2,200 | 2,200 |
| Water Supply (MGD) | 276 | 276 | 298 | 333 | 369 | 369 | 369 | 370 | 370 | 370 |
| Treatment Capacity (MGD) | 630 | 630 | 777 | 777 | 777 | 777 | 807 | 807 | 807 | 807 |
| Miles of Transmission Pipelines | 395 | 408 | 482 | 482 | 482 | 487 | 518 | 518 | 566 | 573 |
| Water Storage Capacity (MG) | 385 | 387 | 443 | 314 | 400 | 400 | 400 | 403 | 403 | 410 |
| City Delivery Points | 63 | 59 | 59 | 78 | 78 | 78 | 78 | 77 | 77 | 77 |
| Total Rainfall (Inches) | 18 | 54 | 35 | 39 | 41 | 31 | 35 | 29 | 29 | 45 |
| Annual Consumption (BG) | 101 | 78 | 90 | 93 | 88 | 102 | 97 | 93 | 84 | 80 |
| Wastewater: | | | | | | | | | | |
| Miles of Interceptor Lines | 132 | 165 | 188 | 210 | 210 | 226 | 243 | 243 | 250 | 250 |
| Number of Treatment Plants | 18 | 18 | 16 | 18 | 18 | 18 | 18 | 17 | 17 | 17 |
| Treatment Capacity (MGD) | 122 | 122 | 121 | 132 | 132 | 137 | 145 | 152 | 152 | 152 |
| Annual Volume Treated (BG) | 29 | 34 | 32 | 31 | 36 | 31 | 33 | 33 | 33 | 39 |
| 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) | 699 | 792 | 817 | 750 | 743 | 752 | 723 | 786 | 835 | 877 |

Source: Based on information provided in NTMWD Operation Report.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 23
INSURANCE IN FORCE (UNAUDITED)

| Carrier | Policy No | Coverage | Policy Limits | Term | Approximate Annual Premium |
|---|-----------|---|--|----------------------|----------------------------|
| Texas Water Conservation Association Risk Management Fund | 7 | Workers' compensation | Statutory up to \$100,000 (each accident) | 7-01-15 to 7-01-16 | \$ 454,762 |
| Texas Water Conservation Association Risk Management Fund | 7 | General liability | \$10,000,000 per occurrence \$10,000,000 annual aggregate | 7-01-15 to 7-01-16 | \$ 131,424 |
| Texas Water Conservation Association Risk Management Fund | 7 | Automobile liability | \$10,000,000 per occurrence \$10,000,000 annual aggregate | 7-01-15 to 7-01-16 | \$ 156,085 |
| Texas Water Conservation Association Risk Management Fund | 7 | Directors' and officers' liability | \$10,000,000 per occurrence \$10,000,000 annual aggregate | 7-01-15 to 7-01-16 | \$ 98,295 |
| Texas Water Conservation Association Risk Management Fund | 7 | Automobile physical damage | Actual cash value | 7-01-15 to 7-01-16 | \$ 119,989 |
| USI | GN610 | Fire and extended coverage | \$378,168,144 scheduled property | 1-01-15 to 1-01-16 | \$ 234,046 |
| Chubb & Son Insurance | 6615026 | Commercial floater | \$24,669,649 scheduled & \$450,000 unscheduled property | 5-01-15 to 5-01-16 | \$ 71,428 |
| USI | 105874034 | Fidelity bond | \$1,000,000 per occurrence | 1-01-15 to 1-01-16 | \$ 6,807 |
| Anco Insurance B/CS | 04T061309 | General liability Environmental Insurance | \$6,300,000 per occurrence \$6,300,000 annual aggregate | 4-1-13 to 4-1-16 | \$ 11,802 |
| Anco Insurance B/CS | 04T061309 | General liability Pollution storage tanks | \$1,000,000 per occurrence \$1,000,000 annual aggregate | 12-01-14 to 12-01-15 | \$ 819 |

Source: Based on information provided in NTMWD Insurance Policies.