

North Texas Municipal Water District



2015 - 2016 Comprehensive Annual Financial Report

**For Fiscal Year Ended:
September 30, 2016**

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

**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, 2016**

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INTRODUCTORY SECTION

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NORTH TEXAS MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS

Terry Sam Anderson	President	Mesquite
Robert Thurmond, Jr.	Vice President	Wylie
John Sweeden	Secretary	Richardson
Don Cates		Forney
Phil Dyer		Plano
Joe Farmer		Allen
William Forbus		Royse City
Marvin Fuller		Wylie
Bill Glass		Princeton
Don Gordon		Garland
James Hogan		Plano
Joe Joplin		McKinney
James Kerr		Allen
Bill Lofland		Rockwall
Michael Lopez		Forney
Jack May		Garland
Wayne May		Farmersville
Charles McKissick		McKinney
Jim Mellody		Royse City
John Murphy		Richardson
Larry Parks		Rockwall
Richard Peasley		Frisco
Bobby Robinson		Mesquite
Richard Sheehan		Princeton
Lynn Shuyler		Frisco

* * * * *

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
Chief Information Officer	Jim Shirley
Maintenance Officer	Dave Patton
Deputy Director (Finance & Personnel)	Judd Sanderson
Assistant Deputy Director – Finance & Personnel	Rodney Rhoades
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 16, 2017

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, 2016.

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, 2016 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, 2016, 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 ten counties adjacent to the north and east boundaries of Dallas, Texas, and comprises all of the territory of its 13 member cities (Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City and Wylie).

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

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

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

Factors Affecting Financial Condition

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

Local Economy. The District's cities 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, 10-Year Cost Projections for the Solid Waste System, and 10-Year Cost Projections for the Wastewater and Interceptor 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, manage debt incurred from bond sales, and to notify the member cities of projected future cost changes.

The February 2016 Water System rate projection includes funding for \$3.2 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 \$1.6 billion of revenue bonds between 2017 and 2021 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 February 2016 water rate projections indicate that at least a \$1.70 per 1,000 gallons rate adjustment may be required to fund future expenditures over the next ten year period. Should projected expenditures increase or decrease significantly or should the development of expected projects be accelerated or rescheduled, the water rate will be adjusted accordingly.

The May 2016 Wastewater System cost projection reflects several major improvement projects including the Rowlett Creek Wastewater Treatment Plant Peak Flow Management Project for 2016, 2018 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 \$199 million of revenue bonds over the next three 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, 2015. This was the twenty sixth 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



Rodney D. Rhoades
Assistant Deputy Director – Finance & 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, 2015

Executive Director/CEO

Water System

For 60 years, NTMWD has delivered dependable, high-quality water to North Texans. We manage a large and complex system that serves 1.6 million people living in a service area of 2,200 square miles across 10 counties – an area twice the size of Rhode Island. The availability of water has enabled these communities to prosper.

Water Fast Facts:

- Capacity to treat 807 million MGD
- 97.3 billion gallons of treated water delivered per year
- \$351+ million in water system construction contracts
- Reuse more than 14 billion gallons annually.

Based in the Upper Trinity Water Basin, we transport water from four lakes and a man-made wetlands reuse project to one of six water treatment plants. The Wylie campus houses our original treatment plant, and three other treatment facilities with the capacity to treat up to 770 MGD. Two other treatment facilities, located at Lake Tawakoni and in the City of Bonham, bring the total regional system capacity to 807 MGD. NTMWD operates one of the largest treatment facilities with ozone disinfection in the country, one of the best treatment processes used.

National news on lead contamination in Flint, Michigan, and questions about Chromium 6 and other contaminants in public water systems have raised concerns about the safety of north Texas water. In 2016, we opened the doors of our facilities and laboratory to media and public officials to show them how our water is tested rigorously for these constituents and others. We routinely perform a range of water quality tests before, during and after the treatment process to ensure the water is high quality and safe to drink. Our state-certified laboratory monitors and tests an average of 685 samples every day or 250,000 annually. We meet or exceed regulatory, health and aesthetic standards set by the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA). NTMWD water quality reports are posted monthly on its website.

Primary Sources of Water:

Lavon Lake
Jim Chapman Lake
Lake Texoma
Lake Tawakoni
Lake Bonham
East Fork Water Supply / Reuse Project

Communities Served:*

Member Cities

City of Allen
City of Farmersville
City of Forney
City of Frisco
City of Garland
City of McKinney
City of Mesquite
City of Plano
City of Princeton
City of Richardson
City of Rockwall
City of Royse City
City of Wylie



Water System Customers

Ables Springs Special Utility District
Bear Creek Special Utility District
Caddo Basin Special Utility District
Cash Special Utility District
City of Bonham
City of Fate
City of Josephine
City of Kaufman
City of Lucas
City of Melissa
City of Murphy
City of Parker
City of Rowlett
City of Sachse
City of Terrell
College Mound Special Utility District
Copeville Special Utility District

East Fork Special Utility District
Forney Lake Water Supply Corporation
Gastonia-Scurry Special Utility District
Greater Texoma Utility Authority
Kaufman Four-One (Crandall)
Milligan Water Supply Corporation
Mt. Zion Water Supply Corporation
Nevada Special Utility District
North Collin Water Supply Corporation
Rose Hill Special Utility District
Seis Lagos Utility District
Town of Fairview
Town of Little Elm
Town of Prosper
Town of Sunnyvale
Wylie N.E. Special Utility District

**Does not include communities indirectly served by NTMWD member cities or customers.*

Critical Supply Projects

The population of the area the District serves is projected to double to 3.7 million by 2070. In order to ensure there is a dependable water supply, the District advanced two critical water projects in 2016.

The **Trinity River Main Stem Pump Station and Pipeline project** will allow us to expand our water reuse supplies. The proposed pump station will allow us to pump nearly 100 million gallons per day (MGD) from the Trinity River through 17 miles of 72-inch-diameter pipeline to the wetlands for natural treatment. To make this project possible, NTMWD is contracting with the Trinity River Authority to purchase 50 MGD of treated effluent flows in the main stem of the Trinity River.



Pipe Delivered to Main Stem Pump Station Project Construction Site

Once construction is complete in 2018, the Main Stem Pump Station and Pipeline will divert river water to the East Fork Reuse Project, commonly known as the “wetlands,” which will use natural filtration to further cleanse the raw water. As the water passes through 1,840 acres of wetlands, the aquatic plants and sunlight help purify the water – a natural process that removes about 95 percent of the sediment, 80 percent of the nitrogen and 65 percent of the phosphorus. The cleansed water from the wetlands will then be piped 40 miles through an existing pipeline to the north end of Lavon Lake and blended with our other raw water sources. In the fall of 2016, final permits were received, which allowed construction to begin. The project cost is estimated at \$120 million.

The proposed **Lower Bois d'Arc Creek Reservoir (LBCR) project** in Fannin County will be a critical new water source to meet future needs. The LBCR will provide access to an additional 123,000 acre-feet of water annually for our region. Once approved, this will be the first new reservoir constructed in Texas in nearly 30 years. The District has invested more than \$130 million through FY 2016 to plan and permit the project over the past two decades.

The District has already secured the State Water Rights Permit and is seeking the federal 404 Clean Water Act Permit necessary to begin construction of the reservoir. NTMWD planned for the lake to be online in 2020 to help serve the expected population growth. However, the EPA and the U.S. Army Corps of Engineers (USACE) have requested additional analysis of the potential environmental impacts, a request that has resulted in a two-year delay to the project. NTMWD officials continue to work closely with federal and state agencies to expedite permitting. Bi-partisan legislative efforts are underway to help move this project forward and avoid further delays. The total cost is estimated at approximately \$1.2 billion (2016 dollars).

Construction of the reservoir will provide economic stimulus and jobs for the region. Fannin County specifically is anticipated to see a boost in taxable real estate values by an estimated \$316 million. Additionally, recreational amenities provided by the reservoir could generate \$166 million of annual economic activity per year in Fannin County through activities such as fishing and boating, as well as new industrial and commercial opportunities.*

NTMWD is partnering with Fannin County on a public process to establish development guidelines and potential recreational amenities for areas surrounding the reservoir once it is completed. Fannin County adopted this comprehensive plan in October 2016.

**Based on 2015 updated independent analysis by T. Clower and B. Weinstein*

Leader in Reuse and Conservation

According to the 2017 State Water Plan, water conservation and reuse will account for a quarter of future supplies in North Texas through 2070.

Reusing water reduces our reliance on acquiring new water sources, extends existing supplies and provides a drought-resistant water resource. With the largest water reuse program in Texas, NTMWD diverts and treats more than 14 billion gallons annually. Our East Fork Reuse Project is a man-made wetland area covering nearly 2,000 acres with about 1.6 million aquatic plants that naturally purify the water. The largest man-made wetland in the country, the East Fork Reuse Project essentially acts as a large-scale recycling project, diverting treated wastewater (effluent) flows from the East Fork of the Trinity River and filtering it naturally before it is returned to blend with other water supplies for future treatment and use.



As our region endured several years of prolonged drought, the public's efforts to conserve water became critical to stretch our existing supplies. During that time, NTMWD has reduced the amount of water it delivers by an estimated 400 MGD per day during peak summer months. We delivered up to 15 percent less water annually thanks to the reduction in water use by customers in the communities we serve, despite a growing population.

As a statewide leader in water conservation education, NTMWD invests in campaigns that educate consumers and businesses on where their source water comes from and how they can help conserve and use water more efficiently. Our research shows that the more knowledgeable consumers are about their water source, supplies and water use habits, the more inclined they are to make changes in their water use. That's why NTMWD has invested \$17 million in water education since 2006. Conservation is important to sustain water supplies and help consumers manage water bills. NTMWD's water education efforts focus on three key programs: WaterIQ, Water My Yard, and Water4Otter.



The first statewide public awareness conservation program in Texas, **WaterIQ*** provides easy water-saving tips, resources and information. In 2016, the North Texas Water IQ campaign made more than 32 million impressions through events and advertising.

More than 50 percent of landscape water is wasted due to overwatering, inefficient watering or broken or poorly maintained sprinkler systems. **Water My Yard** is an online tool that informs North Texans how much to water their landscapes.

In 2016, we increased Water My Yard subscribers by 46 percent, and partnered with other regional water providers to develop regional landscaping water use tools.

Aimed at grade-school students, **Water4Otter** features Otis the Otter, which connects the water we drink to the water needed to support wildlife and the environment for students in area schools. In 2016, we were able to reach 6,720 students in 44 school performances.

**Water IQ is a licensed service mark of the Texas Water Development Board*

Protecting Source Water Quality

The Texas State Soil and Water Conservation Board provided a grant that has allowed the District to begin developing a watershed protection plan (WPP) to protect and improve the source water in its watershed. This voluntary, non-regulatory approach allows us to identify and address water quality issues at the source. By addressing source water quality issues, such as bacteria, nutrients and other pollutants, we can potentially prevent the need to implement more costly treatment processes.

The NTMWD Watershed Management program kicked-off development of a **Watershed Protection Plan for Lavon Lake** in September 2016. About 80 stakeholders – including regional and county representatives, local Soil and Water Conservation District members, business and industry representatives, area landowners and residents, and state and federal agency personnel – attended public meetings held in Wylie and McKinney.

NTMWD also partnered with Texas A&M AgriLife to hold a free Texas Watershed Steward program workshop in McKinney. Workshop participants learned about water quality best management practices and how watershed planning can be used to protect water sources.

Celebrating 60 Years of Water Delivery

Sixty years ago, we celebrated a monumental achievement for our region – the first delivery of water from our original water treatment plant in Wylie. We honored that milestone in 2016 with an open house for our member cities and customers.

Our cities and customers were well represented by the mayors, city managers, council members, public works directors, board directors and staff who came to celebrate with us. Visitors viewed displays to learn more about all that’s involved in delivering safe, reliable water.



The NTMWD Water Treatment Plant treated the first surface water to flow to the cities in November 1956.

Wastewater System

NTMWD provides wholesale wastewater services to 24 communities and 1 million residents of North Texas. These critical services protect human health, protect and enhance the water environment, and support economic development. Regional service allows communities to share costs and avoid building and maintaining separate facilities, providing cost efficiencies.

The NTMWD wastewater system consists of more than 250 miles of large-diameter pipelines, 25 lift stations and 14 wastewater treatment plants. These facilities convey and treat approximately 152 MGD of wastewater. A portion of this treated water (effluent) can then be used to blend with drinking water sources, as well as for irrigation and to sustain aquatic life.

Wastewater Fast Facts:

- 42.95 billion gallons of wastewater
- 250+ miles of large-diameter wastewater pipelines
- \$158+ million in wastewater constructions contracts
- Operate 14 wastewater treatment facilities

Communities Served:

Wastewater System Members

Allen
Forney
Frisco
Heath
McKinney
Mesquite
Plano
Princeton
Prosper
Richardson
Rockwall
Seagoville

Wastewater System Customers

Anna
Fairview
Lucas
Melissa
Parker

Sewer System Participants

Farmersville
Fate
Frisco
Lavon
Murphy
Rockwall
Royse City
Seis Lagos Utility District
Wylie

Regional Plan to Increase Reliability

In 2016, NTMWD initiated a regional wastewater workgroup by partnering with 12 members to develop a comprehensive plan using an industry approach called capacity, management, operations and maintenance (CMOM). The **CMOM program** streamlines and integrates regional and city system plans, projects and operations — ultimately saving NTMWD communities money by ensuring continued regulatory compliance and a more reliable system.



Wastewater Treatment Plants: Improvements and Expansion

Two of our wastewater treatment facilities began receiving a major upgrade this year. Most recently, the **Wilson Creek Regional Wastewater Treatment Plant (WWTP)** began construction on a new headworks building, a structure that removes sticks, stones, grit and sand from wastewater. The new building will enable us to take in an additional 32 MGD of wastewater and remove even more pollutants from the wastewater stream. Both projects are expected to be completed by early 2019.

Stewart Creek West WWTP expansion construction began late in 2015 to better serve the City of Frisco. The expansion will double the plant's existing capacity to 10 MGD and allow the plant to divert flows to the Panther Creek WWTP as needed. NTMWD also enhanced system reliability by installing emergency generators at 8 of its lift stations to ensure that the lift stations and pumps can still operate in the event of a power outage.



Expansion of the Stewart Creek West Wastewater Treatment Plant in Frisco, Texas

Solid Waste System

Collin County municipalities rely on NTMWD to operate transfer station collection sites and a regional disposal facility to manage their waste. NTMWD designed its solid waste system to dispose of waste safely and reliably while protecting the environment and water quality. Our solid waste landfill is located, designed, operated and monitored in compliance with the TCEQ's and the EPA's regulations. Twice a month, solid waste member city residents can drop off certain types of waste — including used motor oil and used oil filters — at one of our Citizen Convenience Centers.

Lookout Drive Transfer Station

In 2016, NTMWD began construction of the new \$12.9 million **Lookout Drive Transfer Station** in Richardson to increase operating efficiency and meet future service demands. The new facility is progressing on schedule and is expected to be operational by the end of May 2017.

Our solid waste system processed nearly 8 percent more waste in FY 2016 than the previous year — accepting a total of about 950,000 tons of solid waste. The only Member City that didn't show an increase was the City of McKinney, which actually delivered less tonnage than the previous year due in part to an increase in commercial recycling efforts. While some of the solid waste could be reduced through more aggressive recycling messages, the majority of the increase is a reflection of the growth of our cities.

Composting Services

In April 2016, NTMWD executed a 10-year contract with the City of Plano for composting services. Since 2003, NTMWD has partnered with the City of Plano on a composting program to turn yard waste into reusable compost. In FY 2016, 51,553 tons of yard waste were diverted from the regional landfill to the composting facility. The compost is sold through local vendors at our **Custer Road Transfer Station** in Plano and at our landfill in Melissa. An added benefit of using compost in landscapes is that it enhances soils' ability to absorb water, which helps save water.

Solid Waste Fast Facts:

- 950,000+ tons of municipal solid waste disposed in 2016
- 3,650 tons of solid waste disposed per day at the 121 Regional Disposal Facility (landfill)
- 49,782 tons of yard waste composted annually
- 4 regional and citizen convenience centers



Construction of the Lookout Drive Transfer Station in Richardson, Texas



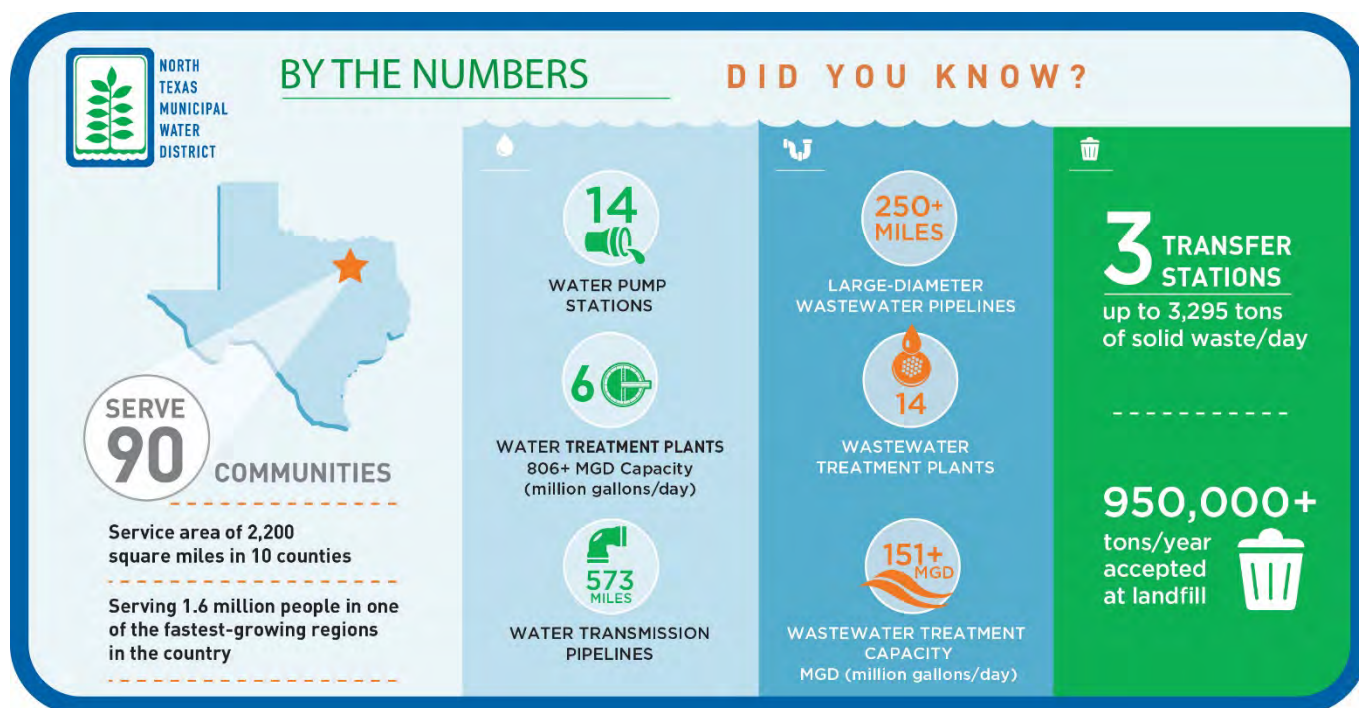
City of Plano's composting area

Gas Harvesting Project

In the summer of 2016, NTMWD added 23 new gas wells to the **121 Regional Disposal Facility (landfill)** in Melissa, bringing a total of 89 gas wells on the site. The wells allow the District to harvest the gas produced by the decomposition of solid waste within the landfill – typically methane gas – to help control odor. The majority of the gas is currently burned away in candlestick flares, but we are working with Morrow Renewables on a gas-to-energy production project. This new project, scheduled to start in 2017, will allow us to capture and clean the gas and convert it to natural gas, which will help generate revenue and offset the operating costs of our solid waste system.

Communities Served:

City of Allen
City of Frisco
City of McKinney
City of Plano
City of Richardson
Collin County and surrounding area



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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, 2016, 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, 2016, 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.

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 51-52 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

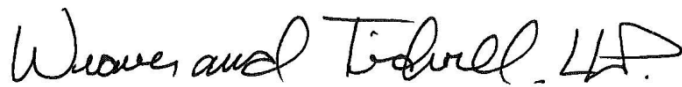
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Texas Municipal Water District's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required 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 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 16, 2017, 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.

A handwritten signature in black ink that reads "Weaver and Tidwell, L.L.P." with a stylized flourish at the end.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 16, 2017

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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, 2016.

Financial Highlights

- Total assets at the end of the year were approximately \$3.2 billion and exceeded liabilities by approximately \$1.21 billion.
- The District's total net position increased by approximately \$126 million, or 12 percent.
- During the year the District's operating revenues increased by approximately \$60 million, or 18 percent, and operating expenses increased by approximately \$16 million, or 8 percent.
- Construction of the Wylie Water Treatment Plant Ozonation Project, the Lower Bois D'Arc Creek Reservoir Project, and the Lake Texoma to Wylie Pipeline Project led the way in capital expenditures totaling \$244 million.
- The District issued \$238 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 51 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 \$1,210,161,660 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
	2016	2015		
ASSETS:				
Current and other assets	\$ 733,122,854	\$ 667,541,124	\$ 65,581,730	9.8 %
Capital assets—net	2,510,962,344	2,355,048,633	155,913,711	6.6
Total assets	3,244,085,198	3,022,589,757	221,495,441	7.3
Total deferred outflows of resources	41,081,323	26,665,685	14,415,638	54.1
Total assets and deferred outflows of resources	3,285,166,521	3,049,255,442	235,911,079	7.7
LIABILITIES:				
Current and other liabilities	173,894,028	156,712,119	17,181,909	11.0
Long-term liabilities outstanding	1,891,046,277	1,804,438,409	86,607,868	4.8
Total liabilities	2,064,940,305	1,961,150,528	103,789,777	5.3
Total deferred inflows of resources	10,064,556	3,834,386	6,230,170	100.0
Total liabilities and deferred inflows of resources	2,075,004,861	1,964,984,914	110,019,947	5.6
NET POSITION:				
Net investment in capital assets	942,119,408	864,338,873	77,780,535	9.0
Restricted	141,312,557	142,275,759	(963,202)	(0.7)
Unrestricted	126,729,695	77,655,896	49,073,799	63.2
Total net position	\$ 1,210,161,660	\$ 1,084,270,528	\$ 125,891,132	11.6 %

The largest portion of the District's net position (78 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 (12 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 (10 percent) and may be used to meet the District's ongoing obligations.

The increase in net position of \$125,891,132, or 11.6%, during the current fiscal year indicates an improved financial position.

While the Statement of Net Position provides the components of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information on the source of the change during the year. The primary sources of the increase in net position of \$125,891,132 were operating income of \$173,379,684 offset by interest expense of \$54,997,252.

North Texas Municipal Water District's Changes in Net Position

	Year Ended September 30		Increase	Percent
	2016	2015	(Decrease)	Change
Operating Revenues:				
Water sales	\$ 252,591,522	\$ 215,871,181	\$ 36,720,341	17.0 %
Wastewater service fees	113,132,055	93,754,382	19,377,673	20.7
Solid waste service fees	30,760,383	27,603,397	3,156,986	11.4
Other operating revenues	1,584,262	1,284,498	299,764	23.3
Total Operating Revenues	398,068,222	338,513,458	59,554,764	17.6
Operating Expenses:				
Personnel	65,389,176	53,098,135	12,291,041	23.1
Operating Supplies:				
Chemicals	28,283,012	25,325,219	2,957,793	11.7
Other supplies	14,560,209	10,964,239	3,595,970	32.8
Operating Services:				
Electric power	19,187,942	23,997,861	(4,809,919)	(20.0)
Wholesale water purchases	2,662,651	6,909,337	(4,246,686)	(61.5)
Other services	40,506,216	37,783,612	2,722,604	7.2
Depreciation and amortization	54,099,332	50,508,623	3,590,709	7.1
Total Operating Expenses	224,688,538	208,587,026	16,101,512	7.7
Operating Income	173,379,684	129,926,432	43,453,252	33.4
Investment Income	3,059,347	2,034,940	1,024,407	50.3
Miscellaneous Revenue (Expense)	(432,253)	325,064	(757,317)	(233.0)
Grant Income	-	62,233	(62,233)	(100.0)
Federal Program Revenues	4,005,982	4,013,998	(8,016)	(0.2)
Gain (Loss) on Sale of Capital Assets	875,624	-	875,624	100.0
Interest Expense	(54,997,252)	(49,531,332)	(5,465,920)	11.0
Net Nonoperating Expense	(47,488,552)	(43,095,097)	(4,393,455)	10.2
Change in Net Position	125,891,132	86,831,335	39,059,797	45.0
Net Position, Beginning of Year (As Previously Stated)	1,084,270,528	1,022,463,377	61,807,151	6.0
Change in Reporting	-	(25,024,184)	25,024,184	
Net Position, Beginning of Year	1,084,270,528	997,439,193	86,831,335	8.7
Net Position, End of Year	\$ 1,210,161,660	\$ 1,084,270,528	\$ 125,891,132	11.6%

Total operating revenues for the District for the years ended September 30, 2016 and 2015 were \$398,068,222 and \$338,513,458, respectively. The \$59,554,764 increase in total operating revenues was primarily due to an 11% increase in the member cities water rate, a 20% increase in wastewater charges, and an 11% increase in solid waste service fees to fund capital projects and operating costs. Other operating revenues increased 23.3% due to additional miscellaneous operating revenues, including Mastercard and miscellaneous rebates.

Total operating expenses for the District for the years ended September 30, 2016 and 2015 were \$224,688,538 and \$208,587,026, respectively. Several key factors account for the \$16,101,512 increase in total operating expenses including increased staffing levels (a total increase of 77 employees across all funds) resulting in increased personnel expenses of \$12.3 million, increased operating supplies and services expenses of \$9.3 million primarily as a result of increased chemical expenses, mechanical supplies and pipeline supplies, and an increase in depreciation of \$3.6 million. These increases were offset by decreases in power costs of \$4.9 million and decreased water purchases of \$4.2 million.

Net non-operating expense increased by \$4,393,455 primarily due to an increase in interest expense.

Capital Asset and Debt Administration

Capital Assets

The District's capital assets as of September 30, 2016, amounted to \$2,510,962,344 (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 6.6%.

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 \$80,912,942.
- Construction of the Wylie Water Treatment Plant Ozonation Project continued; construction in progress at the end of the fiscal year totaled \$143,007,506.
- Lake Texoma to Wylie Water Treatment Plant Raw Water Pipeline placed in service totaling \$330,494,153.
- Capitalized improvements at the South Mesquite Regional Wastewater Treatment Plant including the expansion of the plant, electrical improvements and the operations building totaling \$6,546,732. Phases of these improvements were capitalized during the fiscal year for a total of \$4,438,650.
- Lift station generators capitalized in the interceptor system for a total of \$7,849,728.

North Texas Municipal Water District's Capital Assets

(net of accumulated depreciation)

	As of September 30		Increase	Percent
	2016	2015	(Decrease)	Change
Land	\$ 71,771,379	\$ 69,129,011	\$ 2,642,368	3.8 %
Easements	58,131,259	47,759,846	10,371,413	21.7 %
Land improvements	3,257,883	3,532,175	(274,292)	(7.8)%
Water treatment, storage and transmission facilities	1,009,252,966	670,329,096	338,923,870	50.6
Wastewater treatment and disposal facilities	487,099,005	465,361,577	21,737,428	4.7
Solid waste transfer and disposal facilities	34,282,199	33,543,714	738,485	2.2
Reservoir facilities and water rights	288,385,014	287,558,416	826,598	0.3
Buildings	36,927,728	26,353,801	10,573,927	40.1
Automobiles and trucks	4,531,603	2,573,516	1,958,087	76.1
Office furniture and fixtures	679,314	221,541	457,773	206.6
Other equipment	22,027,970	20,029,771	1,998,199	10.0
Construction in progress	494,616,024	728,656,169	(234,040,145)	(32.1)
Total	<u>\$ 2,510,962,344</u>	<u>\$ 2,355,048,633</u>	<u>\$ 155,913,711</u>	<u>6.6 %</u>

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

Debt Administration

At the end of the current fiscal year, the District had total outstanding debt of \$1,787,809,381. Of this amount 66% is reflected in the Water System and 12% is reflected in the Regional Wastewater System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30		Increase (Decrease)	Percent Change
	2016	2015		
U.S. government contracts payable	\$ 31,049,381	\$ 32,456,205	\$ (1,406,824)	(4.3)%
Revenue bonds	1,756,760,000	1,686,930,000	69,830,000	4.1
Total	<u>\$ 1,787,809,381</u>	<u>\$ 1,719,386,205</u>	<u>\$ 68,423,176</u>	<u>4.0 %</u>

During the current fiscal year, the District refinanced a portion of the existing debt in order to take advantage of favorable interest rates. The result is expected to decrease future debt service payments by \$6,970,801 in the Wastewater System, \$2,441,896 in the Sewer System, \$484,888 in the Solid Waste System and \$5,254,880 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 2017 fiscal year.

The 2017 Water System budget provides funding for debt service for \$284 million of bonds to be issued for the construction of the Trinity River Main Stem Pump Station, the Wylie Water Treatment Plant 70 MGD expansion and other system improvements. In order to fund these debt service requirements and the additional operations and maintenance costs, the budget requires a \$.24 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 Accounting Manager, 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, 2016

	Water System	Regional Wastewater System
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 77,727,425	\$ 5,893,462
Investments	66,075,060	-
Accounts receivable	20,391,106	654,690
Due from other funds	1,198,537	34,929
Prepaid expenses	2,752,930	344,466
Unbilled receivable	254,252	269,853
Total unrestricted assets	168,399,310	7,197,400
Restricted assets:		
Cash and cash equivalents	89,785,998	68,306,682
Investments	147,327,878	70,246,452
Contracts receivable	26,400	-
Note receivable	367,715	-
Interest receivable	304,986	128,568
Due from other funds	118,339	-
Unbilled receivables	-	-
Total restricted assets	237,931,316	138,681,702
TOTAL CURRENT ASSETS	406,330,626	145,879,102
LONG-TERM ASSETS:		
Nondepreciable:		
Land	58,934,292	1,739,328
Easements	42,741,627	-
Construction-in-progress	407,202,758	17,629,407
Total nondepreciable assets	508,878,677	19,368,735
Depreciable:		
Land improvements	3,712,838	1,321,303
Water treatment, storage, and transmission facilities	1,272,448,065	-
Wastewater treatment and disposal facilities	-	283,067,665
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	376,541,066	-
Buildings	24,372,470	2,047,667
Automobiles and trucks	6,621,988	1,892,614
Office furniture and fixtures	934,659	101,610
Other equipment	16,822,407	9,608,947
Total depreciable assets	1,701,453,493	298,039,806
Less accumulated depreciation	(392,694,399)	(99,347,816)
Net capital assets	1,817,637,771	218,060,725
Accrued OPEB asset	663,140	165,181
TOTAL LONG-TERM ASSETS	1,818,300,911	218,225,906
TOTAL ASSETS	2,224,631,537	364,105,008
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	17,420,595	3,057,759
Deferred pension outflow	9,304,772	2,509,378
TOTAL DEFERRED OUTFLOWS OF RESOURCES	26,725,367	5,567,137
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,251,356,904	\$ 369,672,145

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

<u>Sewer System</u>	<u>Solid Waste System</u>	<u>Interceptor System</u>	<u>Total Enterprise Funds</u>
\$ 3,874,109	\$ 5,761,025	\$ 4,173,017	\$ 97,429,038
-	-	-	66,075,060
650,748	277,566	121,274	22,095,384
88,791	290,417	20,065	1,632,739
257,552	208,324	183,095	3,746,367
249,477	408,272	311,746	1,493,600
<u>5,120,677</u>	<u>6,945,604</u>	<u>4,809,197</u>	<u>192,472,188</u>
33,267,280	13,535,947	37,134,410	242,030,317
37,167,457	9,392,381	27,147,565	291,281,733
-	-	-	26,400
-	-	-	367,715
54,329	10,439	37,887	536,209
-	-	-	118,339
-	5,233,611	-	5,233,611
<u>70,489,066</u>	<u>28,172,378</u>	<u>64,319,862</u>	<u>539,594,324</u>
75,609,743	35,117,982	69,129,059	732,066,512
469,516	10,628,243	-	71,771,379
4,072,113	-	11,317,519	58,131,259
30,525,599	9,554,476	29,703,784	494,616,024
<u>35,067,228</u>	<u>20,182,719</u>	<u>41,021,303</u>	<u>624,518,662</u>
417,138	2,517,715	-	7,968,994
29,946,174	-	-	1,302,394,239
159,499,011	-	231,791,699	674,358,375
-	68,187,078	-	68,187,078
-	-	-	376,541,066
25,923	21,647,821	-	48,093,881
490,684	5,505,117	412,951	14,923,354
-	-	-	1,036,269
2,488,607	20,395,872	2,997,550	52,313,383
<u>192,867,537</u>	<u>118,253,603</u>	<u>235,202,200</u>	<u>2,545,816,639</u>
(54,769,293)	(59,423,831)	(53,137,618)	(659,372,957)
<u>173,165,472</u>	<u>79,012,491</u>	<u>223,085,885</u>	<u>2,510,962,344</u>
72,836	132,312	22,873	1,056,342
<u>173,238,308</u>	<u>79,144,803</u>	<u>223,108,758</u>	<u>2,512,018,686</u>
248,848,051	114,262,785	292,237,817	3,244,085,198
2,109,084	1,036,959	2,176,302	25,800,699
899,229	2,355,813	211,432	15,280,624
<u>3,008,313</u>	<u>3,392,772</u>	<u>2,387,734</u>	<u>41,081,323</u>
<u>\$ 251,856,364</u>	<u>\$ 117,655,557</u>	<u>\$ 294,625,551</u>	<u>\$ 3,285,166,521</u>

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Water System	Regional Wastewater System
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 17,578,180	\$ 4,074,271
Due to other funds	48,603	295,028
Customers' advance payments	175,411	2,463,193
Accrued interest payable on U.S. government contracts	820,215	-
Current portion of U.S. government contracts	1,452,272	-
Total payable from unrestricted assets	20,074,681	6,832,492
Payable from restricted assets:		
Accounts payable and accrued liabilities	16,839,419	3,943,773
Due to other funds	61,216	4,472
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on revenue bonds	4,616,774	1,706,185
Current portion of note payable	-	-
Current portion of revenue bonds	42,225,000	12,370,000
Total payable from restricted assets	63,742,409	18,024,430
TOTAL CURRENT LIABILITIES	83,817,090	24,856,922
LONG-TERM LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	973,044	260,675
Accrued sick—less current portion	1,598,294	386,648
Net pension liability	17,233,385	4,812,791
Deferred compensation	347,500	-
Long-term debt—less current portion	1,236,720,811	230,267,702
TOTAL LONG-TERM LIABILITIES	1,256,873,034	235,727,816
TOTAL LIABILITIES	1,340,690,124	260,584,738
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	5,333,791	1,462,272
Deferred insurance proceeds	1,289,915	-
TOTAL DEFERRED INFLOWS OF RESOURCES	6,623,706	1,462,272
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,347,313,830	262,047,010
NET POSITION:		
Net investment in capital assets	688,869,056	93,371,653
Restricted for debt service	83,827,441	18,172,746
Unrestricted	131,346,577	(3,919,264)
TOTAL NET POSITION	\$ 904,043,074	\$ 107,625,135

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

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 2,050,718	\$ 2,971,248	\$ 1,341,632	\$ 28,016,049
1,187,589	15,005	99,254	1,645,479
1,520,317	1,119,830	1,107,408	6,386,159
-	-	-	820,215
-	-	-	1,452,272
<u>4,758,624</u>	<u>4,106,083</u>	<u>2,548,294</u>	<u>38,320,174</u>
6,427,033	6,470,690	6,781,536	40,462,451
-	-	39,911	105,599
-	4,630,382	-	4,630,382
2,300,040	161,173	1,898,535	10,682,707
367,715	-	-	367,715
11,780,000	3,385,000	9,565,000	79,325,000
<u>20,874,788</u>	<u>14,647,245</u>	<u>18,284,982</u>	<u>135,573,854</u>
<u>25,633,412</u>	<u>18,753,328</u>	<u>20,833,276</u>	<u>173,894,028</u>
-	603,229	-	603,229
142,204	232,023	37,134	1,645,080
89,067	660,287	46,763	2,781,059
1,784,780	4,080,318	496,146	28,407,420
-	-	-	347,500
171,192,976	43,873,961	175,206,539	1,857,261,989
<u>173,209,027</u>	<u>49,449,818</u>	<u>175,786,582</u>	<u>1,891,046,277</u>
<u>198,842,439</u>	<u>68,203,146</u>	<u>196,619,858</u>	<u>2,064,940,305</u>
532,671	1,309,634	136,273	8,774,641
-	-	-	1,289,915
<u>532,671</u>	<u>1,309,634</u>	<u>136,273</u>	<u>10,064,556</u>
<u>199,375,110</u>	<u>69,512,780</u>	<u>196,756,131</u>	<u>2,075,004,861</u>
32,099,035	45,306,722	82,472,942	942,119,408
22,084,376	3,793,390	13,434,604	141,312,557
(1,702,157)	(957,335)	1,961,874	126,729,695
<u>\$ 52,481,254</u>	<u>\$ 48,142,777</u>	<u>\$ 97,869,420</u>	<u>\$ 1,210,161,660</u>

(Concluded)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016

	<u>Water System</u>	<u>Regional Wastewater System</u>
OPERATING REVENUES:		
Water sales	\$ 252,591,522	\$ -
Wastewater service fees	-	54,467,985
Solid waste service fees	-	-
Other operating revenues	398,998	161,189
Total operating revenues	<u>252,990,520</u>	<u>54,629,174</u>
OPERATING EXPENSES:		
Personnel	39,180,330	10,369,874
Operating Supplies:		
Chemicals	19,864,912	4,849,607
Other supplies	5,404,587	3,386,731
Operating Services:		
Electric power	13,116,951	2,788,573
Wholesale water purchases	2,662,651	-
Other services	9,181,436	13,695,309
Depreciation	32,964,843	7,638,327
Total operating expenses	<u>122,375,710</u>	<u>42,728,421</u>
OPERATING INCOME	<u>130,614,810</u>	<u>11,900,753</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,927,950	382,606
Miscellaneous revenue (expense)	(432,253)	-
Federal program revenues	4,005,982	-
Gain on sale of capital assets	42,617	42,490
Interest expense	(37,163,917)	(6,044,530)
Total nonoperating revenues (expenses)	<u>(31,619,621)</u>	<u>(5,619,434)</u>
CHANGE IN NET POSITION	<u>98,995,189</u>	<u>6,281,319</u>
NET POSITION AT OCTOBER 1, 2015	<u>805,047,885</u>	<u>101,343,816</u>
NET POSITION AT SEPTEMBER 30, 2016	<u><u>\$ 904,043,074</u></u>	<u><u>\$ 107,625,135</u></u>

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

<u>Sewer System</u>	<u>Solid Waste System</u>	<u>Interceptor System</u>	<u>Total Enterprise Funds</u>
\$ -	\$ -	\$ -	\$ 252,591,522
33,836,506	-	24,827,564	113,132,055
-	30,760,383	-	30,760,383
439,650	544,807	39,618	1,584,262
<u>34,276,156</u>	<u>31,305,190</u>	<u>24,867,182</u>	<u>398,068,222</u>
4,326,192	10,012,400	1,500,380	65,389,176
1,629,436	38,001	1,901,056	28,283,012
1,562,491	3,639,030	567,370	14,560,209
1,640,508	178,732	1,463,178	19,187,942
-	-	-	2,662,651
6,607,078	7,246,658	3,775,735	40,506,216
5,292,843	3,278,897	4,924,422	54,099,332
<u>21,058,548</u>	<u>24,393,718</u>	<u>14,132,141</u>	<u>224,688,538</u>
<u>13,217,608</u>	<u>6,911,472</u>	<u>10,735,041</u>	<u>173,379,684</u>
375,981	135,948	236,862	3,059,347
-	-	-	(432,253)
-	-	-	4,005,982
1,803	782,493	6,221	875,624
(5,177,101)	(1,622,010)	(4,989,694)	(54,997,252)
<u>(4,799,317)</u>	<u>(703,569)</u>	<u>(4,746,611)</u>	<u>(47,488,552)</u>
<u>8,418,291</u>	<u>6,207,903</u>	<u>5,988,430</u>	<u>125,891,132</u>
<u>44,062,963</u>	<u>41,934,874</u>	<u>91,880,990</u>	<u>1,084,270,528</u>
<u>\$ 52,481,254</u>	<u>\$ 48,142,777</u>	<u>\$ 97,869,420</u>	<u>\$ 1,210,161,660</u>

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 258,221,100	\$ 53,756,437
Cash received from other funds	9,790,187	411,816
Cash received from (paid to) others	2,305,758	33,249
Cash paid to suppliers for goods and services	(77,508,689)	(19,279,869)
Cash paid for employee services	(27,176,986)	(7,156,183)
Cash paid to other funds	(28,881)	(7,567,107)
Net cash provided by operating activities	<u>165,602,489</u>	<u>20,198,343</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	60,962,368
Cash paid for capital assets	(109,578,332)	(12,366,444)
Interest paid on long-term debt	(57,204,448)	(6,911,960)
Interest paid on U.S. government contracts	(1,051,777)	-
Principal payments on long-term debt	(41,205,000)	(11,665,000)
Payments on U.S. government contracts	(1,406,824)	-
Payments for bond issue costs	-	(988,225)
Grant income	43,839	-
Federal Program Revenues	4,005,982	-
Interfund advance	(367,715)	-
Net cash provided by (used for) capital and related financing activities	<u>(206,764,275)</u>	<u>29,030,739</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	187,018,896	36,946,121
Purchases of investments	(122,084,790)	(60,044,259)
Interest received	2,377,266	462,212
Net cash provided by (used for) investing activities	<u>67,311,372</u>	<u>(22,635,926)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>26,149,586</u>	<u>26,593,156</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>141,363,837</u>	<u>47,606,988</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>\$ 167,513,423</u></u>	<u><u>\$ 74,200,144</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 77,727,425	\$ 5,893,462
Restricted cash and cash equivalents	89,785,998	68,306,682
	<u><u>\$ 167,513,423</u></u>	<u><u>\$ 74,200,144</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 130,614,810</u>	<u>\$ 11,900,753</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	32,964,843	7,638,327
Change in current assets and liabilities:		
Accounts receivable and unbilled receivable	(475,087)	(151,488)
Prepaid expenses	(14,755)	(7,019)
Net pension liability	123,492	32,908
Due to/from other funds	(1,062,612)	74,984
Accounts payable, accrued liabilities, and developers' deposits	3,283,402	1,211,022
Accrued vacation and accrued sick	384,530	131,629
Accrued OPEB	(381,714)	(92,037)
Landfill liability	-	-
Customers' advance payments	165,580	(540,736)
Total adjustments	<u>34,987,679</u>	<u>8,297,590</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 165,602,489</u></u>	<u><u>\$ 20,198,343</u></u>
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	\$ -	\$ -
Gain (loss) on disposal of capital assets	2,600	-
Interest capitalized on construction	12,907,512	275,869
Amortization of bond-related items	(8,998,143)	(309,614)
Change in fair value of investments	204,817	61,752
Change in actuarial value of net pension liability	(123,492)	(32,908)
Refunding bonds issued	-	42,225,000
Refunding proceeds deposited in escrow	-	49,989,498

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

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 32,870,732	\$ 29,015,861	\$ 25,333,269	\$ 399,197,399
-	2,678,007	106,933	12,986,943
34,919	1,143,076	16,408	3,533,410
(12,156,845)	(12,578,125)	(7,148,985)	(128,672,513)
(3,058,605)	(6,803,378)	(992,402)	(45,187,554)
(3,229,591)	(1,506,771)	(888,027)	(13,220,377)
<u>14,460,610</u>	<u>11,948,670</u>	<u>16,427,196</u>	<u>228,637,308</u>
75,541,285	15,546,722	23,574,083	175,624,458
(22,712,953)	(9,711,988)	(32,450,638)	(186,820,355)
(6,054,862)	(1,812,660)	(7,485,371)	(79,469,301)
-	-	-	(1,051,777)
(12,740,000)	(3,535,000)	(8,455,000)	(77,600,000)
-	-	-	(1,406,824)
(1,265,885)	(313,519)	(446,159)	(3,013,788)
-	-	-	43,839
-	-	-	4,005,982
367,715	-	-	-
<u>33,135,300</u>	<u>173,555</u>	<u>(25,263,085)</u>	<u>(169,687,766)</u>
15,015,036	-	31,987,890	270,967,943
(41,326,883)	(5,996,801)	(15,014,900)	(244,467,633)
436,285	157,711	305,538	3,739,012
<u>(25,875,562)</u>	<u>(5,839,090)</u>	<u>17,278,528</u>	<u>30,239,322</u>
21,720,348	6,283,135	8,442,639	89,188,864
<u>15,421,041</u>	<u>13,013,837</u>	<u>32,864,788</u>	<u>250,270,491</u>
<u>\$ 37,141,389</u>	<u>\$ 19,296,972</u>	<u>\$ 41,307,427</u>	<u>\$ 339,459,355</u>
\$ 3,874,109	\$ 5,761,025	\$ 4,173,017	\$ 97,429,038
33,267,280	13,535,947	37,134,410	242,030,317
<u>\$ 37,141,389</u>	<u>\$ 19,296,972</u>	<u>\$ 41,307,427</u>	<u>\$ 339,459,355</u>
<u>\$ 13,217,608</u>	<u>\$ 6,911,472</u>	<u>\$ 10,735,041</u>	<u>\$ 173,379,684</u>
5,292,843	3,278,897	4,924,422	54,099,332
(113,193)	137,513	139,550	(462,705)
(15,831)	(8,267)	(66,930)	(112,802)
11,649	31,944	2,556	202,549
986,091	(16,787)	52,604	34,280
(3,360,268)	913,279	198,150	2,245,585
858	158,770	63,317	739,104
(44,157)	(71,656)	(16,832)	(606,396)
-	134,298	-	134,298
(1,514,990)	479,207	395,318	(1,015,621)
<u>1,243,002</u>	<u>5,037,198</u>	<u>5,692,155</u>	<u>55,257,624</u>
<u>\$ 14,460,610</u>	<u>\$ 11,948,670</u>	<u>\$ 16,427,196</u>	<u>\$ 228,637,308</u>
\$ -	\$ 134,298	\$ -	\$ 134,298
-	62,132	-	64,732
353,298	99,097	810,750	14,446,526
(1,210,411)	(130,061)	(943,602)	(11,591,831)
14,853	2,167	33,494	317,083
(11,649)	(31,944)	(2,556)	(202,549)
16,390,000	4,245,000	17,630,000	80,490,000
17,844,849	4,916,112	23,293,495	96,043,954

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 70% 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 reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. 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, 2016; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2016, member cities Allen, Garland, McKinney, Mesquite, Plano, Richardson, Rockwall, and Royse City accounted for approximately 70% 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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capitalized Interest

Interest related to the construction of major projects is capitalized. During the fiscal year ended September 30, 2016, \$14,446,526 of interest expense was capitalized.

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, 2016, a liability of \$3,439,070 for unused vacation and \$4,326,036 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, 2016 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	\$ 2,890,178	\$ 3,220,524	\$ 2,671,632	\$ 3,439,070	\$ 1,793,990
Sick	3,684,069	1,831,620	1,189,653	4,326,036	1,544,977

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Subsequent Events

The District has evaluated all events or transactions that occurred after September 30, 2016 up through January 16, 2016, the date the financial statements were available to be issued. During this period, the following subsequent events required disclosure:

The District issued \$330,560,000 of Series 2016, Regional Water System Revenue Refunding and Improvement bonds on November 30, 2016, \$11,120,000 of Series 2016, Sabine Creek Regional Wastewater System Revenue Refunding and Improvement bonds on November 30, 2016, and \$19,050,000 of Regional Solid Waste Revenue Refunding bonds on December 22, 2016.

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	\$ 55,735,616	\$ 74,074,110	\$ 152,755
Interest and Redemption Fund	14,715,795	-	-
Reserve Fund	290,433	73,253,768	152,231
Contingency Fund	18,934,611	-	-
Reserve for Maintenance Fund	109,543	-	-
	<u>89,785,998</u>	<u>147,327,878</u>	<u>304,986</u>
Regional Wastewater:			
Construction Fund	57,170,082	60,025,999	122,053
Interest and Redemption Fund	8,519,783	-	-
Reserve Fund	1,098,935	10,220,453	6,515
Reserve for Maintenance Fund	1,517,882	-	-
	<u>68,306,682</u>	<u>70,246,452</u>	<u>128,568</u>
Sewer:			
Construction Fund	23,152,433	22,009,940	33,668
Interest and Redemption Fund	7,009,310	-	-
Reserve Fund	2,163,260	15,157,517	20,661
Reserve for Maintenance Fund	894,623	-	-
Reserve for Equipment Replacement	47,654	-	-
	<u>33,267,280</u>	<u>37,167,457</u>	<u>54,329</u>
Solid Waste:			
Construction Fund	8,565,858	6,003,931	10,346
Interest and Redemption Fund	555,734	-	-
Reserve Fund	477	3,388,450	93
Reserve for Maintenance Fund	1,041,451	-	-
Reserve for Equipment Replacement	3,372,427	-	-
	<u>13,535,947</u>	<u>9,392,381</u>	<u>10,439</u>
Interceptor:			
Construction Fund	28,450,170	19,009,270	37,664
Interest and Redemption Fund	6,773,837	-	-
Reserve Fund	603,759	8,138,295	223
Reserve for Maintenance Fund	1,306,644	-	-
	<u>37,134,410</u>	<u>27,147,565</u>	<u>37,887</u>
Total	<u>\$ 242,030,317</u>	<u>\$ 291,281,733</u>	<u>\$ 536,209</u>

Unbilled receivables of \$5,233,611 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, 2016, the carrying amount of cash deposits was \$5,237,326 and total bank balance was \$9,808,928. During 2015-2016, 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, 2016, 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, 2016, 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

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

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

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

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

		Fair Value Measurements Using					
	September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	
<i>Investments not Subject to Fair Value:</i>							
Investment Pools:							
Texpool	\$ 60,568,110	\$ -	\$ -	\$ -	8.76%	42	
LOGIC	273,651,919	-	-	-	39.57%	39	
<i>Investments by Fair Value Level:</i>							
U.S. Government Agency Securities:							
Federal Home Loan Bank	93,131,620	-	93,131,620	-	13.47%	254	
Federal Home Loan Mortgage Corp.	68,488,723	-	68,488,723	-	9.90%	191	
U.S. Treasury Note	195,736,450	195,736,450	-	-	28.30%	221	
Total Value	\$ 691,576,822	\$ 195,736,450	\$ 161,620,343	\$ -			
Portfolio Weighted Average Maturity						135	

Investment Pools are exempt for fair value reporting.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

U.S. Treasury Notes classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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, 2016, 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	\$ 93,131,620
FHLMC	Federal agency notes	68,488,723
T-NOTE	T-Note	195,736,450

The District held a total of \$357,356,793 in securities that equated to 51.3% 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, 2016, \$83,995,440 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 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	\$ 2,132,767	\$ 444,358	\$ 390,834	\$ 138,115	\$ 270,356	\$ 3,376,430
Net changes in the fair value of investments	(204,817)	(61,752)	(14,853)	(2,167)	(33,494)	(317,083)
Investment income	<u>\$ 1,927,950</u>	<u>\$ 382,606</u>	<u>\$ 375,981</u>	<u>\$ 135,948</u>	<u>\$ 236,862</u>	<u>\$ 3,059,347</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, 2016:

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
Unrestricted						
Cash and cash equivalents	\$ 77,727,425	\$ 5,893,462	\$ 3,874,109	\$ 5,761,025	\$ 4,173,017	\$ 97,429,038
Investments	<u>66,075,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,075,060</u>
Total unrestricted	<u>143,802,485</u>	<u>5,893,462</u>	<u>3,874,109</u>	<u>5,761,025</u>	<u>4,173,017</u>	<u>163,504,098</u>
Restricted						
Cash and cash equivalents	89,785,998	68,306,682	33,267,280	13,535,947	37,134,410	242,030,317
Investments	<u>147,327,878</u>	<u>70,246,452</u>	<u>37,167,457</u>	<u>9,392,381</u>	<u>27,147,565</u>	<u>291,281,733</u>
Total restricted	<u>237,113,876</u>	<u>138,553,134</u>	<u>70,434,737</u>	<u>22,928,328</u>	<u>64,281,975</u>	<u>533,312,050</u>
Total	<u>\$ 380,916,361</u>	<u>\$ 144,446,596</u>	<u>\$ 74,308,846</u>	<u>\$ 28,689,353</u>	<u>\$ 68,454,992</u>	<u>\$ 696,816,148</u>

Note: Capital Improvement Funds in the amount of \$101,263,859 in the Water System, \$633,292 in the Regional Wastewater System, \$135,846 in the Sewer System, \$2,613,287 in the Solid Waste System, and \$2,163,996 in the Interceptor System are included in Unrestricted Cash and Investments. Please refer to Note 11 for commitments under construction contracts.

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

NOTE 3. CASH AND INVESTMENTS – CONTINUED

At September 30, 2016, 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	\$ 5,237,264	n/a
Cash on hand	Not Rated	2,000	n/a
TexPool	AAAm	25,734,375	42 Days
LOGIC	AAAm	66,455,399	39 Days
Total cash and cash equivalents		<u>97,429,038</u>	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	41,019,850	183 Days
FHLMC - Federal Home Loan Bank Mortgage Corp Agency Note	Aaa	13,044,580	250 Days
FHLB - Federal Home Loan Bank Agency Note	Aaa	12,010,630	313 Days
Total Securities of U.S. Government Agencies		<u>66,075,060</u>	
Total Unrestricted Investments and Cash Equivalents		<u>163,504,098</u>	
<u>Restricted Cash and Investments</u>			
Cash and Cash Equivalents			
Deposits with a financial institution	Not Rated	62	n/a
TexPool	AAAm	34,833,735	42 Days
LOGIC	AAAm	207,196,520	39 Days
Total cash and cash equivalents		<u>242,030,317</u>	
Investments—Securities of U.S. Government Agencies:			
FHLB - Federal Home Loan Bank Agency Note	Aaa	81,120,990	245 Days
Treasury Note - US Treasuries	Aaa	154,716,600	231 Days
FHLMC - Federal Home Loan Mortgage Corp Agency Note	Aaa	55,444,143	177 Days
Total Securities of U.S. Government Agencies		<u>291,281,733</u>	
Total Restricted Investments and Cash Equivalents		<u>533,312,050</u>	
Total Cash and Investments		<u>\$ 696,816,148</u>	

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, 2015	Additions and Transfers	Disposals and Transfers	Adjustments	Balance at September 30, 2016
Nondepreciable:					
Land	\$ 69,129,011	\$ 2,791,318	\$ 148,950	\$ -	\$ 71,771,379
Easements	47,759,846	10,371,413	-	-	58,131,259
Construction in progress	728,656,169	201,956,925	435,997,070	-	494,616,024
Total nondepreciable assets	845,545,026	215,119,656	436,146,020	-	624,518,662
Depreciable:					
Land improvements	7,968,994	-	-	-	7,968,994
Water treatment, storage and transmission facilities	940,257,903	362,136,336	-	-	1,302,394,239
Wastewater treatment and disposal facilities	636,794,884	37,563,491	-	-	674,358,375
Solid waste transfer and disposal facilities	66,426,512	1,760,566	-	-	68,187,078
Reservoir facilities and water rights	368,260,136	8,280,930	-	-	376,541,066
Buildings	36,572,463	11,521,418	-	-	48,093,881
Automobiles and trucks	12,261,771	3,101,175	439,592	-	14,923,354
Office furniture and fixtures	523,382	512,887	-	-	1,036,269
Other equipment	46,521,226	6,216,070	423,913	-	52,313,383
Total depreciable assets	2,115,587,271	431,092,873	863,505	-	2,545,816,639
Less accumulated depreciation on:					
Land improvements	(4,436,819)	(274,292)	-	-	(4,711,111)
Water treatment, storage and transmission facilities	(269,928,807)	(23,212,466)	-	-	(293,141,273)
Wastewater treatment and disposal facilities	(171,433,307)	(15,826,063)	-	-	(187,259,370)
Solid waste transfer and disposal facilities	(32,882,798)	(1,022,081)	-	-	(33,904,879)
Reservoir facilities and water rights	(80,701,720)	(7,454,332)	-	-	(88,156,052)
Buildings	(10,218,662)	(947,491)	-	-	(11,166,153)
Automobiles and trucks	(9,688,255)	(1,143,088)	(439,592)	-	(10,391,751)
Office furniture and fixtures	(301,841)	(55,114)	-	-	(356,955)
Other equipment	(26,491,455)	(4,164,405)	(370,447)	-	(30,285,413)
Total accumulated depreciation	(606,083,664)	(54,099,332)	(810,039)	-	(659,372,957)
Total depreciable assets—net	1,509,503,607	376,993,541	53,466	-	1,886,443,682
TOTAL CAPITAL ASSETS—Net	<u>\$ 2,355,048,633</u>	<u>\$ 592,113,197</u>	<u>\$ 436,199,486</u>	<u>\$ -</u>	<u>\$ 2,510,962,344</u>

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

NOTE 5. INTERFUND BALANCES

At September 30, 2016, interfund balances consisted of the following:

	Due From Other Funds	Due to Other Funds
Water System	\$ 1,316,876	\$ 109,819
Regional Wastewater System	34,929	299,500
Sewer System	88,791	1,187,589
Solid Waste System	290,417	15,005
Interceptor System	20,065	139,165
Total	<u>\$ 1,751,078</u>	<u>\$ 1,751,078</u>

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

The Regional Water System temporarily advanced \$367,715 to the Sabine Creek WWTP for capital improvement costs, plus interest of \$7,508. As of September 30, 2016 this temporary advance is reported as a note receivable/payable. The Sabine Creek WWTP reimbursed the Regional Water System in October 2016.

NOTE 6. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2016, deferred outflows of resources consisted of the following:

	Balance at October 1, 2015	Additions	Deletions	Balance at September 30, 2016
Water System:				
Deferred loss on refunded debt	\$ 18,427,869	\$ -	\$ (1,007,274)	\$ 17,420,595
Deferred pension outflow	1,691,734	7,613,038	-	9,304,772
	<u>20,119,603</u>	<u>7,613,038</u>	<u>(1,007,274)</u>	<u>26,725,367</u>
Regional Wastewater:				
Deferred loss on refunded debt	1,500,210	1,884,709	(327,160)	3,057,759
Deferred pension outflow	480,626	2,028,752	-	2,509,378
	<u>1,980,836</u>	<u>3,913,461</u>	<u>(327,160)</u>	<u>5,567,137</u>
Sewer System:				
Deferred loss on refunded debt	2,026,542	308,536	(225,994)	2,109,084
Deferred pension outflow	181,111	718,118	-	899,229
	<u>2,207,653</u>	<u>1,026,654</u>	<u>(225,994)</u>	<u>3,008,313</u>
Solid Waste System:				
Deferred loss on refunded debt	1,032,108	143,989	(139,138)	1,036,959
Deferred pension outflow	386,553	1,969,260	-	2,355,813
	<u>1,418,661</u>	<u>2,113,249</u>	<u>(139,138)</u>	<u>3,392,772</u>
Interceptor System:				
Deferred loss on refunded debt	885,049	1,471,068	(179,815)	2,176,302
Deferred pension outflow	53,883	157,549	-	211,432
	<u>938,932</u>	<u>1,628,617</u>	<u>(179,815)</u>	<u>2,387,734</u>
Total	<u>\$ 26,665,685</u>	<u>\$ 16,295,019</u>	<u>\$ (1,879,381)</u>	<u>\$ 41,081,323</u>

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

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2016, 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	\$ 28,854,032	\$ 5,298,485	\$ 6,892,727	\$ 3,734,121	\$ 6,709,777	\$ 51,489,142
Insurance claims liability	1,584,241	-	-	-	-	1,584,241
Payable to cities	-	1,517,882	1,033,501	4,413,878	1,306,644	8,271,905
Compensated absences	1,992,545	583,469	288,486	437,519	36,948	3,338,967
Accrued payroll and related benefits	1,986,781	618,208	263,037	856,420	69,799	3,794,245
Total	<u>\$ 34,417,599</u>	<u>\$ 8,018,044</u>	<u>\$ 8,477,751</u>	<u>\$ 9,441,938</u>	<u>\$ 8,123,168</u>	<u>\$ 68,478,500</u>
Payable from unrestricted assets	\$ 17,578,180	\$ 4,074,271	\$ 2,050,718	\$ 2,971,248	\$ 1,341,632	\$ 28,016,049
Payable from restricted assets	16,839,419	3,943,773	6,427,033	6,470,690	6,781,536	40,462,451
Total	<u>\$ 34,417,599</u>	<u>\$ 8,018,044</u>	<u>\$ 8,477,751</u>	<u>\$ 9,441,938</u>	<u>\$ 8,123,168</u>	<u>\$ 68,478,500</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, 2016:

	Balance at October 1, 2015	Issued	Retired or Refunded	Balance at September 30, 2016	Amounts due Within One Year
Water System:					
Water revenue bonds					
03/16-09/44, .444-6.123%	\$ 1,188,980,000	\$ -	\$ 41,205,000	\$ 1,147,775,000	\$ 42,225,000
U.S. govt contracts payable, 12/15-10/51, 3.225-3.253%	32,456,205	-	1,406,824	31,049,381	1,452,272
	<u>1,221,436,205</u>	<u>-</u>	<u>42,611,824</u>	<u>1,178,824,381</u>	<u>43,677,272</u>
Regional Wastewater:					
Wastewater revenue bonds, 12/15-06/45, 2.00-5.00%	185,885,000	95,075,000	58,605,000	222,355,000	12,370,000
Sewer System:					
Rockwall contract revenue bonds, 12/15-06/28, 5.00-5.75%	2,385,000	-	270,000	2,115,000	130,000
Mustang Creek Interceptor System revenue bonds, 12/15-06/42, 3.00-6.00%	10,020,000	-	185,000	9,835,000	190,000
Rockwall-Heath contract revenue bonds 12/15-06/25, 3.75-4.25%	1,840,000	-	150,000	1,690,000	155,000
Terrell contract revenue bonds 12/15-06/35, 2.00-5.00%	10,365,000	-	365,000	10,000,000	375,000
McKinney contract revenue bonds, 06/15, 5.0%	-	-	-	-	-
Plano contract revenue bonds, 12/15-06/18, 3.00-3.641%	1,780,000	-	765,000	1,015,000	800,000
Stewart Creek contract revenue bonds, 12/15-06/35, 1.580-5.00%	2,025,000	65,845,000	3,790,000	64,080,000	2,695,000
Little Elm contract revenue bonds, 12/15-06/23, 1.25-2.00%	2,905,000	-	325,000	2,580,000	335,000
Parker Creek Interceptor System, revenue bonds, 12/15-06/23, 4.750-5.125%	1,420,000	-	150,000	1,270,000	155,000
Sabine Creek Interceptor System revenue bonds, 12/15-6/23, 4.75-5.125%	1,145,000	-	120,000	1,025,000	125,000
Sabine Creek Wastewater System revenue bonds, 12/15-6/23, 2.00-3.00%	4,905,000	-	525,000	4,380,000	580,000
Muddy Creek Wastewater System revenue bonds 12/15-06/26, 3.00-5.00%	14,165,000	5,645,000	7,125,000	12,685,000	1,385,000
Muddy Creek Interceptor revenue bonds 12/15-06/24, 3.00-4.00%	1,950,000	-	185,000	1,765,000	190,000
Buffalo Creek Interceptor revenue bonds 12/15-06/27, 3.00-5.00%	11,340,000	-	965,000	10,375,000	1,010,000
Rockwall Water Pumping Facilities bonds 12/15-06/26, 4.50-4.75%	1,430,000	-	100,000	1,330,000	105,000
Panther Creek Wastewater System bonds 12/15-06/29, 3.00-5.00%	37,355,000	-	2,515,000	34,840,000	2,515,000
Lower East Fork Interceptor bonds 12/15-06/26, 3.00-5.00%	12,610,000	10,745,000	12,675,000	10,680,000	895,000
Parker Creek Parallel Interceptor bonds 12/15-06/36, 2.00-3.00%	-	3,045,000	-	3,045,000	140,000
	<u>117,640,000</u>	<u>85,280,000</u>	<u>30,210,000</u>	<u>172,710,000</u>	<u>11,780,000</u>
Solid Waste System--revenue bonds, 03/16-09/28, 2.00-5.375%	35,265,000	18,310,000	8,260,000	45,315,000	3,385,000
Interceptor System--revenue bonds, 12/15-06/35, 3.00-6.25%	159,160,000	39,470,000	30,025,000	168,605,000	9,565,000
Total	<u>\$ 1,719,386,205</u>	<u>\$ 238,135,000</u>	<u>\$ 169,711,824</u>	<u>\$ 1,787,809,381</u>	<u>\$ 80,777,272</u>

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 \$101,573,702 in the Water System, \$20,282,702 in the Regional Wastewater System, \$10,262,976 in the Sewer System, \$1,943,961 in the Solid Waste System and \$16,166,539 in the Interceptor System.

Other long term debt activity for the year ended September 30, 2016, was as follows:

	Balance at October 1, 2015	Additions	Deletions	Balance at September 30, 2016
Water System				
Premiums	\$ 111,579,118	\$ -	\$ (10,005,416)	\$ 101,573,702
	<u>111,579,118</u>	<u>-</u>	<u>(10,005,416)</u>	<u>101,573,702</u>
Regional Wastewater				
Premiums	7,195,624	14,888,641	(1,801,563)	20,282,702
	<u>7,195,624</u>	<u>14,888,641</u>	<u>(1,801,563)</u>	<u>20,282,702</u>
Sewer System				
Premiums	5,060,075	6,840,249	(1,519,290)	10,381,034
Discounts	(134,630)	-	16,572	(118,058)
	<u>4,925,445</u>	<u>6,840,249</u>	<u>(1,502,718)</u>	<u>10,262,976</u>
Solid Waste System				
Premiums	506,231	1,848,813	(328,712)	2,026,332
Discounts	(94,762)	-	12,391	(82,371)
	<u>411,469</u>	<u>1,848,813</u>	<u>(316,321)</u>	<u>1,943,961</u>
Interceptor System				
Premiums	10,590,964	6,951,419	(1,375,844)	16,166,539
	<u>10,590,964</u>	<u>6,951,419</u>	<u>(1,375,844)</u>	<u>16,166,539</u>
Total	\$ 134,702,620	\$ 30,529,122	\$ (15,001,862)	\$ 150,229,880
	<u><u>\$ 134,702,620</u></u>	<u><u>\$ 30,529,122</u></u>	<u><u>\$ (15,001,862)</u></u>	<u><u>\$ 150,229,880</u></u>

Revenue bonds outstanding at September 30, 2016, 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.

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

NOTE 8. LONG-TERM DEBT – CONTINUED

- *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.
- *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.

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

NOTE 8. LONG-TERM DEBT – CONTINUED

- *Rockwall Water Pumping Facilities*—Payments to be made to the District by the City of Rockwall, Texas.
- *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 \$52,850,000 in the Wastewater System primarily for the Rowlett Creek and Mesquite Wastewater Treatment Plants, \$68,890,000 in the Sewer System primarily for the expansion of the Stewart Creek Wastewater Treatment Plant, \$14,065,000 in the Solid Waste System primarily for system improvements and \$21,840,000 in the Interceptor System primarily for improvements. The District also issued revenue refunding bonds in the amounts of \$42,225,000 in the Wastewater System, \$16,390,000 in the Sewer System, \$4,245,000 in the Solid Waste System and \$17,630,000 in the Interceptor System.

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 amount of \$42,225,000 in the Wastewater System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$49,989,498 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 \$6,970,801 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$6,311,881 .

During the year, the District issued revenue refunding bonds in the amount of \$16,390,000 in the Sewer System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$17,844,849 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 \$2,441,896 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$2,181,586.

During the year, the District issued revenue refunding bonds in the amount of \$4,245,000 in the Solid Waste System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$4,916,112 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 \$484,888 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$425,661 .

During the year, the District issued revenue refunding bonds in the amount of \$17,630,000 in the Interceptor System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$23,293,495 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 \$5,254,880 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$4,705,344.

At September 30, 2016, defeased bonds outstanding totaled \$86,025,000.

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, 2016, the amount of the unamortized deferred amount on refundings is \$25,800,699.

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
2017	42,225,000	55,401,293	\$ 97,626,293	12,370,000	8,006,541	\$ 20,376,541
2018	44,100,000	53,473,992	97,573,992	12,085,000	8,837,954	20,922,954
2019	47,055,000	51,537,679	98,592,679	11,220,000	8,289,704	19,509,704
2020	49,055,000	49,417,989	98,472,989	11,720,000	7,787,154	19,507,154
2021	50,315,000	47,060,474	97,375,474	12,225,000	7,262,104	19,487,104
2022-2026	265,375,000	197,524,104	462,899,104	53,795,000	28,597,664	82,392,664
2027-2031	302,660,000	130,076,424	432,736,424	40,190,000	17,316,606	57,506,606
2032-2036	237,655,000	60,297,618	297,952,618	21,420,000	10,918,082	32,338,082
2037-2041	89,160,000	15,254,683	104,414,683	22,470,000	6,783,000	29,253,000
2042-2046	20,175,000	1,640,201	21,815,201	24,860,000	2,408,850	27,268,850
	<u>\$ 1,147,775,000</u>	<u>\$ 661,684,457</u>	<u>\$ 1,809,459,457</u>	<u>\$ 222,355,000</u>	<u>\$ 106,207,658</u>	<u>\$ 328,562,658</u>

	Sewer Fund			Solid Waste Fund		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 11,780,000	\$ 6,950,581	\$ 18,730,581	\$ 3,385,000	\$ 1,934,081	\$ 5,319,081
2018	11,570,000	6,575,439	18,145,439	3,495,000	1,798,431	5,293,431
2019	11,765,000	6,136,401	17,901,401	3,645,000	1,634,181	5,279,181
2020	11,720,000	5,640,779	17,360,779	3,775,000	1,493,806	5,268,806
2021	12,220,000	5,199,570	17,419,570	3,910,000	1,332,531	5,242,531
2022-2026	57,665,000	17,762,948	75,427,948	16,130,000	4,280,844	20,410,844
2027-2031	28,545,000	8,260,456	36,805,456	7,215,000	1,260,287	8,475,287
2032-2036	23,975,000	3,017,013	26,992,013	3,760,000	318,982	4,078,982
2037-2041	2,820,000	432,481	3,252,481	-	-	-
2042-2046	650,000	23,563	673,563	-	-	-
	<u>\$ 172,710,000</u>	<u>\$ 59,999,230</u>	<u>\$ 232,709,230</u>	<u>\$ 45,315,000</u>	<u>\$ 14,053,144</u>	<u>\$ 59,368,144</u>

	Interceptor Fund			Total All Funds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 9,565,000	\$ 6,883,192	\$ 16,448,192	\$ 79,325,000	\$ 79,175,689	\$ 158,500,689
2018	10,040,000	6,995,255	17,035,255	81,290,000	77,681,071	158,971,071
2019	9,075,000	6,487,693	15,562,693	82,760,000	74,085,658	156,845,658
2020	9,490,000	6,039,705	15,529,705	85,760,000	70,379,433	156,139,433
2021	9,930,000	5,540,455	15,470,455	88,600,000	66,395,134	154,995,134
2022-2026	53,380,000	19,936,400	73,316,400	446,345,000	268,101,960	714,446,960
2027-2031	41,770,000	8,647,825	50,417,825	420,380,000	165,561,598	585,941,598
2032-2036	15,050,000	2,967,282	18,017,282	301,860,000	77,518,977	379,378,977
2037-2041	4,650,000	1,286,300	5,936,300	119,100,000	23,756,464	142,856,464
2042-2046	5,655,000	522,150	6,177,150	51,340,000	4,594,764	55,934,764
	<u>\$ 168,605,000</u>	<u>\$ 65,306,257</u>	<u>\$ 233,911,257</u>	<u>\$ 1,756,760,000</u>	<u>\$ 907,250,747</u>	<u>\$ 2,664,010,747</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
2017	\$ 1,452,272	\$ 1,006,330	\$ 2,458,602
2018	1,499,185	959,414	2,458,599
2019	1,547,617	910,983	2,458,600
2020	1,597,613	860,987	2,458,600
2021	1,649,224	809,377	2,458,601
2022-2026	8,151,572	3,212,443	11,364,015
2027-2031	2,738,179	2,248,554	4,986,733
2032-2036	2,457,051	1,864,351	4,321,402
2037-2041	2,883,550	1,437,851	4,321,401
2042-2046	3,384,082	937,319	4,321,401
2047-2051	3,689,036	354,425	4,043,461
	<u>\$ 31,049,381</u>	<u>\$ 14,602,034</u>	<u>\$ 45,651,415</u>

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2016, deferred inflows of resources consisted of the following:

	Balance at October 1, 2015	Additions	Deletions	Balance at September 30, 2016
Water System:				
Deferred inflow of resources	\$ -	\$ 1,289,915	\$ -	\$ 1,289,915
Deferred pension inflow	<u>2,321,763</u>	<u>3,012,028</u>	<u>-</u>	<u>5,333,791</u>
	<u>2,321,763</u>	<u>4,301,943</u>	<u>-</u>	<u>6,623,706</u>
Regional Wastewater:				
Deferred pension inflow	<u>659,615</u>	<u>802,657</u>	<u>-</u>	<u>1,462,272</u>
	<u>659,615</u>	<u>802,657</u>	<u>-</u>	<u>1,462,272</u>
Sewer System:				
Deferred pension inflow	<u>248,554</u>	<u>284,117</u>	<u>-</u>	<u>532,671</u>
	<u>248,554</u>	<u>284,117</u>	<u>-</u>	<u>532,671</u>
Solid Waste System:				
Deferred pension inflow	<u>530,514</u>	<u>779,120</u>	<u>-</u>	<u>1,309,634</u>
	<u>530,514</u>	<u>779,120</u>	<u>-</u>	<u>1,309,634</u>
Interceptor System:				
Deferred pension inflow	<u>73,940</u>	<u>62,333</u>	<u>-</u>	<u>136,273</u>
	<u>73,940</u>	<u>62,333</u>	<u>-</u>	<u>136,273</u>
Total	<u>\$ 3,834,386</u>	<u>\$ 6,230,170</u>	<u>\$ -</u>	<u>\$ 10,064,556</u>

In addition to the deferred pension inflow, the Water Fund has an additional deferred inflow that represents an acquisition of net position that applies to a future period. The \$1,289,915 represents the unspent portion of the advance funds the District received from the insurance company for the hail damage repairs during the fiscal year.

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

NOTE 10. RETIREMENT PLAN

Plan Description

The District provides a Retirement Plan for Employees of North Texas Municipal Water District (the Plan), a single employer defined benefit pension plan, for all of its eligible full-time employees through an AETNA Life Insurance Company group pension defined benefit fund contract. The Plan is administered by the District's Executive Director/General Manager. The Plan does not issue separate financial statements. 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.
- *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, 2016, the participants comprised the following:

Active participants	510
Terminated vested participants	59
Disabled Participants	4
Retired participants	99
Beneficiaries	14
Total number of participants	<u>686</u>

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

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

NOTE 10. RETIREMENT PLAN – CONTINUED

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, 2015, 2014, and 2013, the District made contributions of \$4,999,000, \$5,595,000, and \$4,945,000, respectively which represent 16.6%, 21.0% and 19.1%, respectively of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2016, 2015, and 2014.

Actuarial Assumptions

Valuation date	January 1, 2015	January 1, 2016
Measurement date	December 31, 2014	December 31, 2015
Inflation	2.50%	2.25%
Salary increases including inflation	4.00%	4.00%
Mortality	IRS Statutory Static tables for 2014 based on RP-2000 tables projected to anticipate greater future longevity, with separate rates for non-annuitants and annuitants	SOA RP-2014 adjusted to 2006 mortality tables (blue collar) and MP 2015 mortality improvement scales
Actuarial cost method	Entry Age Normal	Entry Age Normal

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

NOTE 10. RETIREMENT PLAN – CONTINUED

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, 2014	December 31, 2015
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.

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, 2015.

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BAML 3-Mon Tbill	1.00%	3.04%	3.02%
Long Bonds	Barclays LT Gvt/Credit	7.00%	5.65%	5.19%
Short Bonds	Barclays 1-3 Yr Gvt/Credit	6.00%	3.94%	3.90%
Long Gvt Bonds	Barclays Long Gvt	6.00%	4.78%	4.14%
Large Caps	S&P 500	20.00%	7.62%	6.40%
Small Caps	Russell 2000	30.00%	8.55%	6.65%
Large Growth	Russell 1000 Growth	10.00%	8.14%	6.65%
Large Value	Russell 1000 Value	10.00%	7.28%	6.10%
Mid Cap Growth	Russell MidCap Growth	10.00%	8.82%	6.55%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			2.00%	2.00%
Portfolio Real Mean Return			5.15%	4.11%
Portfolio Nominal Mean Return			7.46%	6.51%
Portfolio Standard Deviation			14.59%	14.59%
Long-Term Expected Rate of Return				8.00%

* Aligned with the Plan's investment policy guidelines dated December 15, 2005.

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

Note 10. RETIREMENT PLAN – 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	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
Total pension liability	\$ 104,764,129	\$ 91,084,923	\$ 79,865,139
Fiduciary net position	62,677,503	62,677,503	62,677,503
Net pension liability	42,086,626	28,407,420	17,157,636

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

For the year ended September 30, 2016, the District recognized pension expense of \$5,444,549. The breakdown of the components of pension expense are as follows:

	October 1, 2015 to September 30, 2016
Pension Expense	
Service cost	\$ 3,058,399
Interest on total pension liability	6,614,146
Effect of plan changes	-
Administrative expenses	195,240
Member contributions	-
Expected investment income (net of expense)	(5,032,004)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	92,309
Recognition of assumptions changes or inputs	(922,311)
Recognition of investment gains or losses	1,438,770
Pension expense	\$ 5,444,549

At September 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (2,798,066)	\$ 7,313,518
Changes of assumptions	(5,976,575)	-
Net difference between projected and actual earnings	-	5,590,102
Contributions made subsequent to measurement date	-	2,377,004
Total	\$ (8,774,641)	\$ 15,280,624

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

NOTE 10. 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, including contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31	
2016	\$ 2,985,222
2017	608,217
2018	919,112
2019	1,479,562
2020	205,768
Thereafter	308,102
	<u>\$ 6,505,983</u>

Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2015	\$ 82,486,111	\$ 61,827,706	\$ 20,658,405
Changes for the year:			
Service cost	3,058,399		3,058,399
Interest on total pension liability	6,614,146		6,614,146
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	8,442,147		8,442,147
Effect of assumptions changes or inputs	(6,898,886)		(6,898,886)
Benefit payments	(2,616,994)	(2,616,994)	-
Employer contributions		4,999,000	(4,999,000)
Member contributions		-	-
Net investment income		(1,336,969)	1,336,969
Administrative expenses		(195,240)	195,240
Balances as of September 30, 2016	\$ 91,084,923	\$ 62,677,503	\$ 28,407,420

	December 31, 2014	December 31, 2015
Total pension liability	\$ 82,486,111	\$ 91,084,923
Fiduciary net position	61,827,706	62,677,503
Net pension liability	20,658,405	28,407,420
Fiduciary net position as a % of total pension liability	74.96%	68.81%
Covered payroll	26,654,832	30,084,911
Net pension liability as a % of covered payroll	77.50%	94.42%

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

NOTE 10. RETIREMENT PLAN – CONTINUED

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.

Pension plan fiduciary net position

	December 31, 2014	December 31, 2015
Assets		
Cash and cash equivalents	\$ 2,090,755	\$ 1,858,179
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	14,140,493	22,457,649
Stocks	45,596,458	38,361,675
Total investments	59,736,951	60,819,324
Total assets	61,827,706	62,677,503
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	\$ 61,827,706	\$ 62,677,503

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 9/30/2016 Expense	Balance of Deferred Inflows 9/30/2016	Balance of Deferred Outflows 9/30/2016
Investment (gains) or losses	\$ 6,368,973	9/30/2016	5.0	\$ 1,273,795	\$ -	\$ 5,095,178
	824,874	9/30/2015	5.0	164,975	-	494,924
		Total		\$ 1,438,770	\$ -	\$ 5,590,102
Economic/demographic (gains) or losses	8,442,147	9/30/2016	7.5	\$ 1,128,629	\$ -	\$ 7,313,518
	(4,870,706)	9/30/2015	4.7	(1,036,320)	(2,798,066)	-
		Total		\$ 92,309	\$ (2,798,066)	\$ 7,313,518
Assumptions (gains) or losses	(6,898,886)	9/30/2016	7.5	\$ (922,311)	\$ (5,976,575)	\$ -
	-	9/30/2015	0.0	-	-	-
		Total		\$ (922,311)	\$ (5,976,575)	\$ -

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

NOTE 10. RETIREMENT PLAN – CONTINUED

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, 2016, the District recorded OPEB expense of \$1,275,000, related to these benefits, of which \$748,950 was allocated to the Water System, \$216,015 was allocated to the Wastewater System, \$73,705 was allocated to the Sewer System, \$218,780 was allocated to the Solid Waste System, \$17,550 was allocated to the Interceptor System. See Note 14 for additional disclosure information related to the District's post-employment benefits.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Commitments

Remaining commitments of construction funds as of September 30, 2016 were as follows:

Payable from:	Regional Water System	Regional Wastewater System	Sewer System	Regional Solid Waste System	Interceptor System	Total Commitments
Unrestricted:						
Capital Improvement Funds	\$ 58,070,463	\$ -	\$ 14,843	\$ -	\$ 1,507,481	\$ 59,592,787
Restricted:						
Bond Funds	125,751,267	56,030,605	52,313,176	12,137,598	22,737,723	268,970,369
Total Commitments	\$ 183,821,730	\$ 56,030,605	\$ 52,328,019	\$ 12,137,598	\$ 24,245,204	\$ 328,563,156

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, 2016.

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

NOTE 12. CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the District to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the District accrues a portion of these estimated closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. At September 30, 2016, a liability of \$5,233,611 for landfill closure and postclosure care costs has been accrued in the Solid Waste System Fund in the accompanying statement of net position.

<u>Beginning Liability</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Liability</u>
\$ 5,099,313	\$ 134,298	\$ -	\$ 5,233,611

The \$5,233,611 reported as landfill closure and postclosure care liability at September 30, 2016, includes \$203,970 for Transfer Stations, \$1,459,727 for the Maxwell Creek Landfill, \$2,720,932 for the McKinney Landfill and \$848,982 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 11.7% 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 \$6,394,888 for the 121 Regional Disposal Facility as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care at September 30, 2016. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 32 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 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased for fire and extended coverage for the buildings, plants, structures and contents with a \$25,000 deductible per occurrence. Commercial insurance is also provided under a commercial floater policy, which covers the heavy off-road equipment with a \$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.

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

NOTE 13. RISK MANAGEMENT – CONTINUED

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, 2016 and 2015 were:

<u>Fiscal Year</u>	<u>Liability Beginning of Year</u>	<u>Claims Incurred and Change in Estimates</u>	<u>Current Year Claim Payments</u>	<u>Liability End of Year</u>
2015	\$ 1,018,845	\$ 9,196,111	\$ 8,985,151	\$ 1,229,805
2016	1,229,805	10,319,499	9,965,063	\$ 1,584,241

NOTE 14. 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 2016 and the two preceding years were as follows:

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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, 2016, actuarial valuation, the unit credit actuarial cost method was used. The key actuarial assumptions include: (a) Benefit liabilities as of October 1, 2016, (b) Discount rate for valuing liabilities of 7.5% 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 5.4% rate in 2016 to 6.7% by 2034.

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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)

	Fiscal Year Ending September 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$3,058	\$2,166	\$2,005							
Interest on total pension liability	6,614	6,387	5,854							
Effect of plan changes	0	0	N/A							
Effect of economic/demographic gains or (losses)	8,442	(4,871)	1,527							
Effect of assumptions changes or inputs	(6,899)	0	154							
Benefit payments	(2,617)	(2,055)	(1,700)							
Net change in total pension liability	8,598	1,627	N/A							
Total pension liability, beginning	82,487	80,860	73,020	55,436	47,048	39,331	34,596	30,059	26,041	22,809
Total pension liability, ending (a)	91,085	82,487	80,860	73,020	55,436	47,048	39,331	34,596	30,059	26,041
Fiduciary Net Position										
Employer contributions	\$4,999	\$5,595	\$4,945							
Member contributions	0	0	N/A							
Investment income net of investment expenses	(1,337)	3,689	7,436							
Benefit payments	(2,617)	(2,055)	(1,700)							
Administrative expenses	(195)	(180)	(159)							
Net change in fiduciary net position	850	7,049	10,522							
Fiduciary net position, beginning	61,828	54,779	44,257	35,949	32,430	27,146	19,735	25,072	21,866	17,252
Fiduciary net position, ending (b)	62,678	61,828	54,779	44,257	35,949	32,430	27,146	19,735	25,072	21,866
Net pension liability, ending = (a) - (b)	28,407	20,659	26,081	28,763	19,487	14,618	12,185	14,861	4,987	4,175
Fiduciary net position as a % of total pension liability	68.81%	74.96%	67.75%	60.61%	64.85%	68.93%	69.02%	57.04%	83.41%	83.97%
Covered payroll	\$30,085	\$26,655	\$25,929	\$24,859	\$24,256	\$23,572	\$22,514	\$20,010	\$18,036	\$15,283
Net pension liability as a % of covered payroll	94.42%	77.50%	100.59%	115.70%	80.34%	62.02%	54.12%	74.27%	27.65%	27.31%

North Texas Municipal Employee Retirement System

Schedule of Employer Contributions

Fiscal Year Ending 30-Sep	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2007	\$ 1,808,035	\$ 1,982,950	\$ (174,915)	\$ 15,283,344	12.97%
2008	1,846,575	1,981,000	(134,425)	18,035,938	10.98%
2009	2,156,712	2,206,525	(49,813)	20,009,776	11.03%
2010	3,332,543	3,351,291	(18,748)	22,514,217	14.89%
2011	3,290,731	3,345,000	(54,269)	23,571,504	14.19%
2012	3,841,410	3,925,000	(83,590)	24,256,075	16.18%
2013	4,555,190	5,022,000	(466,810)	24,859,093	20.20%
2014	4,504,291	4,945,000	(440,709)	25,929,444	19.07%
2015	4,385,987	5,595,000	(1,209,013)	26,654,832	20.99%
2016	4,599,642	4,999,000	(399,358)	30,084,911	16.62%

North Texas Municipal Employee Other Postemployment Benefits Plan

Schedule of Funding Progress

	(1)			(2)		(3)		(4)
Actuarial Valuation Date, October 1,	Actuarial Value of Plan Assets	Discount Rate		Actuarial Accrued Liability (AAL)		Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)		Funded Ratio (1) / (2)
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%
2016	5,668,969		7.50%		8,794,597		3,125,628	64.5%

NOTE: Actuarial Accrued Liability determined under the projected unit credit cost method.

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SEWER SYSTEM SUPPLEMENTAL SCHEDULES

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 3,057	\$ 4,086
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total unrestricted assets	3,057	4,086
Restricted assets:		
Cash and cash equivalents	192,440	376,730
Investments	390,913	521,217
Interest and accounts receivable	1,972	2,629
Total restricted assets	585,325	900,576
TOTAL CURRENT ASSETS	588,382	904,662
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	(923,047)	(3,697,862)
Net capital assets	4,366,301	5,535,909
Accrued OPEB asset	-	-
TOTAL LONG-TERM ASSETS	4,366,301	5,535,909
TOTAL ASSETS	4,954,683	6,440,571
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	95,558	-
Deferred pension outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	95,558	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,050,241	\$ 6,440,571

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities
\$ 12,243	\$ 1,100
11,323	-
-	-
75	-
-	-
23,641	1,100
54,308	88,120
-	220,515
-	1,112
54,308	309,747
77,949	310,847
-	-
-	-
-	-
-	-
-	-
-	-
-	2,600,259
-	-
-	-
-	-
-	-
-	2,600,259
-	(481,048)
-	2,119,211
-	-
-	2,119,211
77,949	2,430,058
-	-
-	-
-	-
\$ 77,949	\$ 2,430,058
	(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 119,340	\$ 28
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total unrestricted assets	119,340	28
Restricted assets:		
Cash and cash equivalents	313,605	66,967
Investments	701,637	160,374
Interest and accounts receivable	3,539	809
Total restricted assets	1,018,781	228,150
TOTAL CURRENT ASSETS	1,138,121	228,178
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	(2,608,479)	(434,758)
Net capital assets	9,430,654	1,497,479
Accrued OPEB asset	-	-
TOTAL LONG-TERM ASSETS	9,430,654	1,497,479
TOTAL ASSETS	10,568,775	1,725,657
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	137,502	-
Deferred pension outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	137,502	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,706,277	\$ 1,725,657

Murphy WWTP/ Interceptor	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP	North Rockwall (Squabble Creek) WWTP
\$ (1,996)	\$ 8,078	\$ 237,598	\$ 143,838
2,204	-	20,029	-
-	162	1,312	129
-	54	11,716	7,328
-	-	31,300	10,144
208	8,294	301,955	161,439
13,843	23,597	135,770	71,725
-	-	240,562	-
-	-	1,213	-
13,843	23,597	377,545	71,725
14,051	31,891	679,500	233,164
33,018	-	60,724	-
-	-	243,045	-
-	-	-	-
33,018	-	303,769	-
-	-	-	-
-	-	-	-
75,144	2,149,480	8,214,579	1,576,459
-	-	-	-
-	2,949	54,217	36,176
-	53,402	205,703	261,885
75,144	2,205,831	8,474,499	1,874,520
(75,144)	(2,011,108)	(5,284,044)	(1,369,260)
33,018	194,723	3,494,224	505,260
-	83	2,826	1,440
33,018	194,806	3,497,050	506,700
47,069	226,697	4,176,550	739,864
-	-	-	-
-	1,349	44,541	23,224
-	1,349	44,541	23,224
\$ 47,069	\$ 228,046	\$ 4,221,091	\$ 763,088

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

ASSETS	Panther Creek WWTP	Sabine Creek WWTP
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 599,840	\$ (22,485)
Accounts receivable	-	90,778
Due from other funds	71	46,424
Prepaid expenses	109,876	2,048
Unbilled receivable	59,126	12,970
Total unrestricted assets	768,913	129,735
Restricted assets:		
Cash and cash equivalents	1,516,908	563,544
Investments	3,568,420	691,614
Interest and accounts receivable	1,565	3,488
Total restricted assets	5,086,893	1,258,646
TOTAL CURRENT ASSETS	5,855,806	1,388,381
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	375,774
Easements	19,042	-
Construction-in-progress	25,937	1,069,792
Total nondepreciable assets	44,979	1,445,566
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	51,820,475	7,803,906
Buildings	-	-
Automobiles and trucks	99,805	42,190
Other equipment	170,241	343,461
Total depreciable assets	52,090,521	8,189,557
Less accumulated depreciation	(9,165,316)	(2,312,927)
Net capital assets	42,970,184	7,322,196
Accrued OPEB asset	21,112	1,977
TOTAL LONG-TERM ASSETS	42,991,296	7,324,173
TOTAL ASSETS	48,847,102	8,712,554
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	733,475	154,924
Deferred pension outflow	233,792	29,049
TOTAL DEFERRED OUTFLOWS OF RESOURCES	967,267	183,973
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 49,814,369	\$ 8,896,527

Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP
\$ 1,381,770	\$ 433,688	\$ 34,878	\$ 9,203
5,887	262,654	-	-
249	3,246	542	126
39,122	43,979	1,138	2
50,183	55,173	48	-
<u>1,477,211</u>	<u>798,740</u>	<u>36,606</u>	<u>9,331</u>
22,477,787	926,636	9,737	9,939
26,319,830	1,403,220	-	-
36,415	894	-	-
<u>48,834,032</u>	<u>2,330,750</u>	<u>9,737</u>	<u>9,939</u>
<u>50,311,243</u>	<u>3,129,490</u>	<u>46,343</u>	<u>19,270</u>
-	-	-	-
-	9,421	-	-
29,029,642	115,405	-	-
<u>29,029,642</u>	<u>124,826</u>	<u>-</u>	<u>-</u>
-	417,138	-	-
-	-	-	-
6,896,732	28,265,888	-	-
9,698	-	-	-
68,551	55,677	27,155	1,225
589,719	173,573	38,124	7,324
<u>7,564,700</u>	<u>28,912,276</u>	<u>65,279</u>	<u>8,549</u>
<u>(3,800,573)</u>	<u>(9,267,882)</u>	<u>(34,867)</u>	<u>(7,346)</u>
<u>32,793,769</u>	<u>19,769,220</u>	<u>30,412</u>	<u>1,203</u>
<u>10,200</u>	<u>20,678</u>	<u>634</u>	<u>83</u>
<u>32,803,969</u>	<u>19,789,898</u>	<u>31,046</u>	<u>1,286</u>
<u>83,115,212</u>	<u>22,919,388</u>	<u>77,389</u>	<u>20,556</u>
8,228	353,490	-	-
122,209	266,817	9,681	1,334
<u>130,437</u>	<u>620,307</u>	<u>9,681</u>	<u>1,334</u>
<u>\$ 83,245,649</u>	<u>\$ 23,539,695</u>	<u>\$ 87,070</u>	<u>\$ 21,890</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Farmersville WWTP	Frisco Cottonwood Creek WWTP
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 31,389	\$ 28,315
Accounts receivable	2,371	-
Due from other funds	485	24
Prepaid expenses	3,121	805
Unbilled receivable	241	-
Total unrestricted assets	37,607	29,144
Restricted assets:		
Cash and cash equivalents	19,752	12,477
Investments	-	-
Interest and accounts receivable	-	-
Total restricted assets	19,752	12,477
TOTAL CURRENT ASSETS	57,359	41,621
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	16,225	-
Automobiles and trucks	30,830	-
Other equipment	399,655	-
Total depreciable assets	446,710	-
Less accumulated depreciation	(408,086)	-
Net capital assets	38,624	-
Accrued OPEB asset	906	1,202
TOTAL LONG-TERM ASSETS	39,530	1,202
TOTAL ASSETS	96,889	42,823
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	14,518	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,518	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 111,407	\$ 42,823

<u>Lavon WWTP</u>	<u>Crandall WWTP</u>	<u>Forney Interceptor</u>	<u>Lower East Fork Interceptor</u>
\$ 21,855	\$ 586	\$ 7,072	\$ 106,245
5,696	-	-	-
1	-	145	745
958	-	9,252	4,019
-	-	-	30,292
<u>28,510</u>	<u>586</u>	<u>16,469</u>	<u>141,301</u>
4,516	-	21,530	545,310
-	-	-	1,328,313
-	-	-	36
<u>4,516</u>	<u>-</u>	<u>21,530</u>	<u>1,873,659</u>
<u>33,026</u>	<u>586</u>	<u>37,999</u>	<u>2,014,960</u>
-	-	-	-
-	-	48,877	193,687
-	-	-	-
<u>-</u>	<u>-</u>	<u>48,877</u>	<u>193,687</u>
-	-	-	-
-	-	-	-
-	-	1,856,524	15,137,967
-	-	-	-
27,156	-	-	-
37,769	-	189,025	-
<u>64,925</u>	<u>-</u>	<u>2,045,549</u>	<u>15,137,967</u>
<u>(24,287)</u>	<u>-</u>	<u>(1,239,822)</u>	<u>(2,497,735)</u>
<u>40,638</u>	<u>-</u>	<u>854,604</u>	<u>12,833,919</u>
<u>632</u>	<u>-</u>	<u>-</u>	<u>245</u>
<u>41,270</u>	<u>-</u>	<u>854,604</u>	<u>12,834,164</u>
<u>74,296</u>	<u>586</u>	<u>892,603</u>	<u>14,849,124</u>
-	-	-	204,934
<u>9,681</u>	<u>-</u>	<u>3,023</u>	<u>3,023</u>
<u>9,681</u>	<u>-</u>	<u>3,023</u>	<u>207,957</u>
<u>\$ 83,977</u>	<u>\$ 586</u>	<u>\$ 895,626</u>	<u>\$ 15,057,081</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	<u>Muddy Creek Interceptor</u>	<u>Parker Creek Interceptor</u>
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 30,650	\$ 7,696
Accounts receivable	-	9,580
Due from other funds	-	-
Prepaid expenses	5,741	-
Unbilled receivable	-	-
Total unrestricted assets	<u>36,391</u>	<u>17,276</u>
Restricted assets:		
Cash and cash equivalents	139,598	101,284
Investments	237,592	204,510
Interest and accounts receivable	7	6
Total restricted assets	<u>377,197</u>	<u>305,800</u>
TOTAL CURRENT ASSETS	<u>413,588</u>	<u>323,076</u>
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	49,232	104,204
Construction-in-progress	-	-
Total nondepreciable assets	<u>49,232</u>	<u>104,204</u>
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	<u>3,411,083</u>	<u>2,465,984</u>
Less accumulated depreciation	<u>(1,181,556)</u>	<u>(476,757)</u>
Net capital assets	<u>2,278,759</u>	<u>2,093,431</u>
Accrued OPEB asset	-	-
TOTAL LONG-TERM ASSETS	<u>2,278,759</u>	<u>2,093,431</u>
TOTAL ASSETS	<u>2,692,347</u>	<u>2,416,507</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	(12,040)	-
Deferred pension outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>(12,040)</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,680,307</u>	<u>\$ 2,416,507</u>

<u>Sabine Creek Interceptor</u>	<u>Buffalo Creek Interceptor</u>	<u>McKinney Interceptor</u>	<u>Mustang Creek Interceptor</u>
\$ 5,915	\$ 62,681	\$ 7,190	\$ 9,869
361	239,865	-	-
-	300	-	-
-	6,953	-	-
-	-	-	-
<u>6,276</u>	<u>309,799</u>	<u>7,190</u>	<u>9,869</u>
70,640	843,367	5,142	1,369,315
176,440	1,002,300	-	-
5	639	-	-
<u>247,085</u>	<u>1,846,306</u>	<u>5,142</u>	<u>1,369,315</u>
<u>253,361</u>	<u>2,156,105</u>	<u>12,332</u>	<u>1,379,184</u>
-	-	-	-
70,341	1,253,590	16,150	915,950
-	-	-	-
<u>70,341</u>	<u>1,253,590</u>	<u>16,150</u>	<u>915,950</u>
-	-	-	-
-	-	-	-
1,697,812	18,008,418	1,551,439	8,567,121
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,697,812</u>	<u>18,008,418</u>	<u>1,551,439</u>	<u>8,567,121</u>
<u>(305,609)</u>	<u>(5,853,850)</u>	<u>(1,061,545)</u>	<u>(185,603)</u>
<u>1,462,544</u>	<u>13,408,158</u>	<u>506,044</u>	<u>9,297,468</u>
-	-	-	-
<u>1,462,544</u>	<u>13,408,158</u>	<u>506,044</u>	<u>9,297,468</u>
<u>1,715,905</u>	<u>15,564,263</u>	<u>518,376</u>	<u>10,676,652</u>
-	433,013	-	-
-	3,023	-	-
-	436,036	-	-
<u>\$ 1,715,905</u>	<u>\$ 16,000,299</u>	<u>\$ 518,376</u>	<u>\$ 10,676,652</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ -	\$ 385,926
Accounts receivable	-	-
Due from other funds	-	34,830
Prepaid expenses	-	4,615
Unbilled receivable	-	-
Total unrestricted assets	-	425,371
Restricted assets:		
Cash and cash equivalents	3,115,895	-
Investments	-	-
Interest and accounts receivable	-	-
Total restricted assets	3,115,895	-
TOTAL CURRENT ASSETS	3,115,895	425,371
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	-	-
Construction-in-progress	284,823	-
Total nondepreciable assets	284,823	-
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	284,823	-
Accrued OPEB asset	-	-
TOTAL LONG-TERM ASSETS	284,823	-
TOTAL ASSETS	3,400,718	425,371
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,400,718	\$ 425,371

<u>Dewatering Operations</u>	<u>Wastewater Pretreatment Program</u>	<u>Total Sewer System</u>
\$ 18,300	\$ 186,154	\$ 3,874,109
-	-	650,748
-	-	88,791
-	6,750	257,552
-	-	249,477
<u>18,300</u>	<u>192,904</u>	<u>5,120,677</u>
176,798	-	33,267,280
-	-	37,167,457
-	-	54,329
<u>176,798</u>	<u>-</u>	<u>70,489,066</u>
<u>195,098</u>	<u>192,904</u>	<u>75,609,743</u>
-	-	469,516
-	-	4,072,113
-	-	30,525,599
<u>-</u>	<u>-</u>	<u>35,067,228</u>
-	-	417,138
-	-	29,946,174
-	-	159,499,011
-	-	25,923
-	44,753	490,684
-	18,726	2,488,607
-	63,479	192,867,537
<u>-</u>	<u>(60,782)</u>	<u>(54,769,293)</u>
<u>-</u>	<u>2,697</u>	<u>173,165,472</u>
<u>-</u>	<u>10,818</u>	<u>72,836</u>
<u>-</u>	<u>13,515</u>	<u>173,238,308</u>
<u>195,098</u>	<u>206,419</u>	<u>248,848,051</u>
-	-	2,109,084
-	133,965	899,229
-	133,965	3,008,313
<u>\$ 195,098</u>	<u>\$ 340,384</u>	<u>\$ 251,856,364</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ -	\$ -
Due to other funds	-	-
Customers' advance payments	3,057	4,086
Total payable from unrestricted assets	3,057	4,086
Payable from restricted assets:		
Accounts payable and accrued liabilities	41,434	75,485
Accrued interest payable on revenue bonds	15,780	12,216
Current portion of note payable	-	-
Current portion of revenue bonds	335,000	800,000
Total payable from restricted assets	392,214	887,701
TOTAL CURRENT LIABILITIES	395,271	891,787
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Long-term debt—less current portion	2,265,840	220,974
TOTAL LONG-TERM LIABILITIES	2,265,840	220,974
TOTAL LIABILITIES	2,661,111	1,112,761
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,661,111	1,112,761
NET POSITION:		
Net investment in capital assets	1,861,019	4,514,935
Restricted for debt service	528,111	812,875
Unrestricted	-	-
TOTAL NET POSITION	\$ 2,389,130	\$ 5,327,810

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities
\$ 2,853	\$ -
400	-
20,388	1,100
23,641	1,100
54,308	-
-	22,996
-	-
-	155,000
54,308	177,996
77,949	179,096
-	-
-	-
-	-
-	1,535,000
-	1,535,000
77,949	1,714,096
-	-
-	-
77,949	1,714,096
-	429,211
-	286,751
-	-
\$ -	\$ 715,962
	(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ -	\$ -
Due to other funds	-	-
Customers' advance payments	119,340	28
Total payable from unrestricted assets	119,340	28
Payable from restricted assets:		
Accounts payable and accrued liabilities	-	-
Accrued interest payable on revenue bonds	116,760	20,082
Current portion of note payable	-	-
Current portion of revenue bonds	375,000	105,000
Total payable from restricted assets	491,760	125,082
TOTAL CURRENT LIABILITIES	611,100	125,110
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Long-term debt—less current portion	9,937,068	1,231,881
TOTAL LONG-TERM LIABILITIES	9,937,068	1,231,881
TOTAL LIABILITIES	10,548,168	1,356,991
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	10,548,168	1,356,991
NET POSITION:		
Net investment in capital assets	(743,912)	160,598
Restricted for debt service	902,021	208,068
Unrestricted	-	-
TOTAL NET POSITION	\$ 158,109	\$ 368,666

<u>Murphy WWTP/ Interceptor</u>	<u>Wylie WWTP</u>	<u>South Rockwall (Buffalo Creek) WWTP</u>	<u>North Rockwall (Squabble Creek) WWTP</u>
\$ 8	\$ 1,470	\$ 162,450	\$ 67,508
-	383	28,106	9,355
-	7,956	135,937	90,918
<u>8</u>	<u>9,809</u>	<u>326,493</u>	<u>167,781</u>
13,844	23,597	40,116	71,725
-	-	39,712	-
-	-	-	-
-	-	130,000	-
<u>13,844</u>	<u>23,597</u>	<u>209,828</u>	<u>71,725</u>
<u>13,852</u>	<u>33,406</u>	<u>536,321</u>	<u>239,506</u>
-	144	5,997	3,132
-	-	215	126
-	2,389	79,410	41,399
-	-	1,963,085	-
<u>-</u>	<u>2,533</u>	<u>2,048,707</u>	<u>44,657</u>
<u>13,852</u>	<u>35,939</u>	<u>2,585,028</u>	<u>284,163</u>
-	757	25,087	13,079
-	757	25,087	13,079
<u>13,852</u>	<u>36,696</u>	<u>2,610,115</u>	<u>297,242</u>
33,018	194,723	1,401,139	505,260
-	-	297,717	-
199	(3,373)	(87,880)	(39,414)
<u>\$ 33,217</u>	<u>\$ 191,350</u>	<u>\$ 1,610,976</u>	<u>\$ 465,846</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

LIABILITIES	Panther Creek WWTP	Sabine Creek WWTP
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 565,080	\$ 96,996
Due to other funds	41,262	63,704
Customers' advance payments	52,913	45,423
Total payable from unrestricted assets	659,255	206,123
Payable from restricted assets:		
Accounts payable and accrued liabilities	26,120	794,835
Accrued interest payable on revenue bonds	546,938	37,850
Current portion of note payable	-	367,715
Current portion of revenue bonds	2,515,000	580,000
Total payable from restricted assets	3,088,058	1,780,400
TOTAL CURRENT LIABILITIES	3,747,313	1,986,523
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	45,328	4,526
Accrued sick—less current portion	14,308	215
Net pension liability	429,087	51,802
Long-term debt—less current portion	34,604,252	3,851,826
TOTAL LONG-TERM LIABILITIES	35,092,975	3,908,369
TOTAL LIABILITIES	38,840,288	5,894,892
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	133,452	16,364
TOTAL DEFERRED INFLOWS OF RESOURCES	133,452	16,364
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	38,973,740	5,911,256
NET POSITION:		
Net investment in capital assets	6,584,407	2,485,549
Restricted for debt service	4,513,835	1,080,651
Unrestricted	(257,613)	(580,929)
TOTAL NET POSITION	\$ 10,840,629	\$ 2,985,271

<u>Stewart Creek WWTP</u>	<u>Muddy Creek WWTP</u>	<u>Seis Lagos WWTP</u>	<u>Royse City WWTP</u>
\$ 296,165	\$ 528,071	\$ 10,773	\$ 1,311
983,024	18,812	3,894	383
<u>229,761</u>	<u>247,633</u>	<u>14,375</u>	<u>9,155</u>
<u>1,508,950</u>	<u>794,516</u>	<u>29,042</u>	<u>10,849</u>
4,418,621	17,867	9,737	9,939
849,130	156,783	-	-
-	-	-	-
<u>2,695,000</u>	<u>1,385,000</u>	<u>-</u>	<u>-</u>
<u>7,962,751</u>	<u>1,559,650</u>	<u>9,737</u>	<u>9,939</u>
<u>9,471,701</u>	<u>2,354,166</u>	<u>38,779</u>	<u>20,788</u>
28,380	38,024	1,299	144
517	73,686	-	-
258,750	502,670	17,257	2,380
<u>66,032,059</u>	<u>12,078,191</u>	<u>-</u>	<u>-</u>
<u>66,319,706</u>	<u>12,692,571</u>	<u>18,556</u>	<u>2,524</u>
<u>75,791,407</u>	<u>15,046,737</u>	<u>57,335</u>	<u>23,312</u>
<u>74,727</u>	<u>154,174</u>	<u>5,453</u>	<u>751</u>
74,727	154,174	5,453	751
<u>75,866,134</u>	<u>15,200,911</u>	<u>62,788</u>	<u>24,063</u>
1,401,027	6,659,519	30,412	1,203
6,265,085	2,156,099	-	-
<u>(286,597)</u>	<u>(476,834)</u>	<u>(6,130)</u>	<u>(3,376)</u>
<u>\$ 7,379,515</u>	<u>\$ 8,338,784</u>	<u>\$ 24,282</u>	<u>\$ (2,173)</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Farmersville WWTP	Frisco Cottonwood Creek WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 35,582	\$ 5,328
Due to other funds	5,853	404
Customers' advance payments	-	24,614
Total payable from unrestricted assets	41,435	30,346
Payable from restricted assets:		
Accounts payable and accrued liabilities	19,752	12,477
Accrued interest payable on revenue bonds	-	-
Current portion of note payable	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	19,752	12,477
TOTAL CURRENT LIABILITIES	61,187	42,823
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	1,897	-
Accrued sick—less current portion	-	-
Net pension liability	25,896	-
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	27,793	-
TOTAL LIABILITIES	88,980	42,823
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	8,178	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,178	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	97,158	42,823
NET POSITION:		
Net investment in capital assets	38,624	-
Restricted for debt service	-	-
Unrestricted	(24,375)	-
TOTAL NET POSITION	\$ 14,249	\$ -

Lavon WWTP	Crandall WWTP	Forney Interceptor	Lower East Fork Interceptor
\$ 12,895	\$ 101	\$ 14,486	\$ 66,526
8,066	-	1,134	3,609
-	-	1,310	72,856
20,961	101	16,930	142,991
4,516	-	21,530	23,958
-	-	-	145,992
-	-	-	-
-	-	-	895,000
4,516	-	21,530	1,064,950
25,477	101	38,460	1,207,941
1,281	-	-	-
-	-	-	-
17,258	-	8,212	8,212
-	-	-	10,894,894
18,539	-	8,212	10,903,106
44,016	101	46,672	12,111,047
5,452	-	2,110	2,110
5,452	-	2,110	2,110
49,468	101	48,782	12,113,157
40,638	-	854,604	1,248,959
-	-	-	1,703,709
(6,129)	485	(7,760)	(8,744)
<u>\$ 34,509</u>	<u>\$ 485</u>	<u>\$ 846,844</u>	<u>\$ 2,943,924</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

LIABILITIES	Muddy Creek Interceptor	Parker Creek Interceptor
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 6,257	\$ 13,063
Due to other funds	1,394	4,214
Customers' advance payments	28,740	-
Total payable from unrestricted assets	36,391	17,277
Payable from restricted assets:		
Accounts payable and accrued liabilities	22,366	4,013
Accrued interest payable on revenue bonds	18,400	21,430
Current portion of note payable	-	-
Current portion of revenue bonds	190,000	155,000
Total payable from restricted assets	230,766	180,443
TOTAL CURRENT LIABILITIES	267,157	197,720
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Long-term debt—less current portion	1,652,806	1,115,000
TOTAL LONG-TERM LIABILITIES	1,652,806	1,115,000
TOTAL LIABILITIES	1,919,963	1,312,720
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,919,963	1,312,720
NET POSITION:		
Net investment in capital assets	423,913	823,431
Restricted for debt service	336,431	280,357
Unrestricted	-	(1)
TOTAL NET POSITION	\$ 760,344	\$ 1,103,787

<u>Sabine Creek Interceptor</u>	<u>Buffalo Creek Interceptor</u>	<u>McKinney Interceptor</u>	<u>Mustang Creek Interceptor</u>
\$ -	\$ 67,950	\$ 43	\$ 553
251	6,503	-	1,760
<u>6,025</u>	<u>236,790</u>	<u>6,294</u>	<u>7,555</u>
<u>6,276</u>	<u>311,243</u>	<u>6,337</u>	<u>9,868</u>
5,142	152,487	5,142	10,026
17,299	155,016	-	123,656
-	-	-	-
<u>125,000</u>	<u>1,010,000</u>	<u>-</u>	<u>190,000</u>
<u>147,441</u>	<u>1,317,503</u>	<u>5,142</u>	<u>323,682</u>
<u>153,717</u>	<u>1,628,746</u>	<u>11,479</u>	<u>333,550</u>
-	-	-	-
-	-	-	-
-	8,212	-	-
<u>900,000</u>	<u>9,996,151</u>	<u>-</u>	<u>9,960,898</u>
<u>900,000</u>	<u>10,004,363</u>	<u>-</u>	<u>9,960,898</u>
<u>1,053,717</u>	<u>11,633,109</u>	<u>11,479</u>	<u>10,294,448</u>
-	2,110	-	-
-	2,110	-	-
<u>1,053,717</u>	<u>11,635,219</u>	<u>11,479</u>	<u>10,294,448</u>
437,544	2,835,020	506,044	(289,285)
224,644	1,538,803	-	671,488
-	(8,743)	853	1
<u>\$ 662,188</u>	<u>\$ 4,365,080</u>	<u>\$ 506,897</u>	<u>\$ 382,204</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2016**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ -	\$ 5,547
Due to other funds	-	501
Customers' advance payments	-	-
Total payable from unrestricted assets	-	6,048
Payable from restricted assets:		
Accounts payable and accrued liabilities	371,198	-
Accrued interest payable on revenue bonds	-	-
Current portion of note payable	-	-
Current portion of revenue bonds	140,000	-
Total payable from restricted assets	511,198	-
TOTAL CURRENT LIABILITIES	511,198	6,048
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Long-term debt—less current portion	2,953,051	-
TOTAL LONG-TERM LIABILITIES	2,953,051	-
TOTAL LIABILITIES	3,464,249	6,048
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,464,249	6,048
NET POSITION:		
Net investment in capital assets	(341,262)	-
Restricted for debt service	277,731	-
Unrestricted	-	419,323
TOTAL NET POSITION	\$ (63,531)	\$ 419,323

<u>Dewatering Operations</u>	<u>Wastewater Pretreatment Program</u>	<u>Total Sewer System</u>
\$ -	\$ 89,702	\$ 2,050,718
-	4,577	1,187,589
-	154,063	1,520,317
-	248,342	4,758,624
176,798	-	6,427,033
-	-	2,300,040
-	-	367,715
-	-	11,780,000
176,798	-	20,874,788
176,798	248,342	25,633,412
-	12,052	142,204
-	-	89,067
-	331,846	1,784,780
-	-	171,192,976
-	343,898	173,209,027
176,798	592,240	198,842,439
-	88,867	532,671
-	88,867	532,671
176,798	681,107	199,375,110
-	2,697	32,099,035
-	-	22,084,376
18,300	(343,420)	(1,702,157)
<u>\$ 18,300</u>	<u>\$ (340,723)</u>	<u>\$ 52,481,254</u>
		(Concluded)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ 378,913	\$ 745,234
Other operating revenues	-	-
Total operating revenues	378,913	745,234
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Other services	4,975	4,335
Depreciation	103,519	231,467
Total operating expenses	108,494	235,802
OPERATING INCOME (LOSS)	270,419	509,432
NONOPERATING REVENUES (EXPENSES):		
Investment income	2,827	4,356
Gain (loss) on sale of capital assets	-	-
Interest expense	(57,998)	(43,304)
Total nonoperating revenues (expenses)	(55,171)	(38,948)
CHANGE IN NET POSITION	215,248	470,484
NET POSITION AT OCTOBER 1, 2015	2,173,882	4,857,326
NET POSITION AT SEPTEMBER 30, 2016	\$ 2,389,130	\$ 5,327,810

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities
\$ 50,398	\$ 227,895
5	-
50,403	227,895
-	-
-	-
8,257	-
28,501	-
33,657	3,597
-	52,005
70,415	55,602
(20,012)	172,293
12	1,580
-	-
-	(72,739)
12	(71,159)
(20,000)	101,134
20,000	614,828
\$ -	\$ 715,962
	(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ 712,180	\$ 170,467
Other operating revenues	-	-
Total operating revenues	712,180	170,467
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Other services	4,494	5,554
Depreciation	300,978	48,306
Total operating expenses	305,472	53,860
OPERATING INCOME (LOSS)	406,708	116,607
NONOPERATING REVENUES (EXPENSES):		
Investment income	5,240	1,148
Gain (loss) on sale of capital assets	-	-
Interest expense	(333,273)	(62,160)
Total nonoperating revenues (expenses)	(328,033)	(61,012)
CHANGE IN NET POSITION	78,675	55,595
NET POSITION AT OCTOBER 1, 2015	79,434	313,071
NET POSITION AT SEPTEMBER 30, 2016	\$ 158,109	\$ 368,666

Murphy WWTP/ Interceptor	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP	North Rockwall (Squabble Creek) WWTP
\$ 11,515	\$ 35,797	\$ 1,301,680	\$ 513,717
33	1	20,690	1,171
11,548	35,798	1,322,370	514,888
-	5,072	176,858	90,313
-	-	38,303	85,426
11,959	925	132,695	112,807
326	580	175,795	43,590
(735)	29,485	444,362	156,671
-	78,496	181,129	44,797
11,550	114,558	1,149,142	533,604
(2)	(78,760)	173,228	(18,716)
2	22	3,038	519
-	225	263	263
-	-	(131,580)	-
2	247	(128,279)	782
-	(78,513)	44,949	(17,934)
33,217	269,863	1,566,027	483,780
\$ 33,217	\$ 191,350	\$ 1,610,976	\$ 465,846

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	Panther Creek WWTP	Sabine Creek WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 8,258,803	\$ 1,654,679
Other operating revenues	<u>25,408</u>	<u>3,279</u>
Total operating revenues	<u>8,284,211</u>	<u>1,657,958</u>
OPERATING EXPENSES:		
Personnel	1,278,665	124,265
Operating Supplies:		
Chemicals	624,040	18,885
Other supplies	407,857	132,484
Operating Services:		
Electric power	423,659	156,819
Other services	1,204,011	358,449
Depreciation	<u>1,316,860</u>	<u>279,087</u>
Total operating expenses	<u>5,255,092</u>	<u>1,069,989</u>
OPERATING INCOME (LOSS)	<u>3,029,119</u>	<u>587,969</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	28,939	8,375
Gain (loss) on sale of capital assets	-	263
Interest expense	<u>(1,393,045)</u>	<u>(128,532)</u>
Total nonoperating revenues (expenses)	<u>(1,364,106)</u>	<u>(119,894)</u>
CHANGE IN NET POSITION	1,665,013	468,075
NET POSITION AT OCTOBER 1, 2015	<u>9,175,616</u>	<u>2,517,196</u>
NET POSITION AT SEPTEMBER 30, 2016	<u><u>\$ 10,840,629</u></u>	<u><u>\$ 2,985,271</u></u>

Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP
\$ 8,002,361	\$ 5,478,006	\$ 164,498	\$ 18,534
11,584	355,093	192	-
<u>8,013,945</u>	<u>5,833,099</u>	<u>164,690</u>	<u>18,534</u>
660,723	1,240,622	39,694	5,056
394,528	262,508	1,869	-
138,713	430,828	17,208	910
281,430	305,291	13,677	114
1,482,079	1,640,857	57,460	12,517
267,330	970,050	4,694	22
<u>3,224,803</u>	<u>4,850,156</u>	<u>134,602</u>	<u>18,619</u>
<u>4,789,142</u>	<u>982,943</u>	<u>30,088</u>	<u>(85)</u>
277,090	13,682	143	45
-	-	263	-
<u>(1,620,559)</u>	<u>(308,061)</u>	<u>-</u>	<u>-</u>
<u>(1,343,469)</u>	<u>(294,379)</u>	<u>406</u>	<u>45</u>
3,445,673	688,564	30,494	(40)
3,933,842	7,650,220	(6,212)	(2,133)
<u>\$ 7,379,515</u>	<u>\$ 8,338,784</u>	<u>\$ 24,282</u>	<u>\$ (2,173)</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	Farmersville WWTP	Frisco Cottonwood Creek WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 273,397	\$ 128,798
Other operating revenues	334	34
Total operating revenues	273,731	128,832
OPERATING EXPENSES:		
Personnel	57,111	44,382
Operating Supplies:		
Chemicals	10,174	3,577
Other supplies	36,453	7,349
Operating Services:		
Electric power	48,743	27,788
Other services	87,077	45,859
Depreciation	5,308	-
Total operating expenses	244,866	128,955
OPERATING INCOME (LOSS)	28,865	(123)
NONOPERATING REVENUES (EXPENSES):		
Investment income	154	122
Gain (loss) on sale of capital assets	263	-
Interest expense	-	-
Total nonoperating revenues (expenses)	417	122
CHANGE IN NET POSITION	29,282	(1)
NET POSITION AT OCTOBER 1, 2015	(15,033)	1
NET POSITION AT SEPTEMBER 30, 2016	\$ 14,249	\$ -

Lavon WWTP	Crandall WWTP	Forney Interceptor	Lower East Fork Interceptor
\$ 164,661	\$ -	\$ 168,772	\$ 1,592,232
177	-	826	775
164,838	-	169,598	1,593,007
39,495	-	(1,583)	8,639
1,714	-	61,207	77,223
18,059	-	15,132	7,601
-	-	45,091	33,632
79,860	-	49,852	411,534
7,711	-	65,157	302,760
146,839	-	234,856	841,389
17,999	-	(65,258)	751,618
123	2	65	9,227
263	-	-	-
-	-	-	(108,049)
386	2	65	(98,822)
18,385	2	(65,193)	652,796
16,124	483	912,037	2,291,128
<u>\$ 34,509</u>	<u>\$ 485</u>	<u>\$ 846,844</u>	<u>\$ 2,943,924</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Muddy Creek Interceptor</u>	<u>Parker Creek Interceptor</u>
OPERATING REVENUES:		
Wastewater service fees	\$ 277,589	\$ 256,895
Other operating revenues	<u>382</u>	<u>5</u>
Total operating revenues	<u>277,971</u>	<u>256,900</u>
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	24,794	-
Other supplies	555	14,156
Operating Services:		
Electric power	-	251
Other services	11,711	21,559
Depreciation	<u>111,943</u>	<u>49,320</u>
Total operating expenses	<u>149,003</u>	<u>85,286</u>
OPERATING INCOME (LOSS)	<u>128,968</u>	<u>171,614</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,742	1,465
Gain (loss) on sale of capital assets	-	-
Interest expense	<u>(39,098)</u>	<u>(69,040)</u>
Total nonoperating revenues (expenses)	<u>(37,356)</u>	<u>(67,575)</u>
CHANGE IN NET POSITION	91,612	104,039
NET POSITION AT OCTOBER 1, 2015	<u>668,732</u>	<u>999,748</u>
NET POSITION AT SEPTEMBER 30, 2016	<u><u>\$ 760,344</u></u>	<u><u>\$ 1,103,787</u></u>

<u>Sabine Creek Interceptor</u>	<u>Buffalo Creek Interceptor</u>	<u>McKinney Interceptor</u>	<u>Mustang Creek Interceptor</u>
\$ 183,530	\$ 1,665,789	\$ 751	\$ 579,075
-	462	8	-
<u>183,530</u>	<u>1,666,251</u>	<u>759</u>	<u>579,075</u>
-	(1,635)	-	-
-	25,180	-	-
38	21,858	-	-
-	54,906	315	-
6,271	136,401	462	14,189
<u>33,956</u>	<u>610,271</u>	<u>54,941</u>	<u>171,329</u>
<u>40,265</u>	<u>846,981</u>	<u>55,718</u>	<u>185,518</u>
<u>143,265</u>	<u>819,270</u>	<u>(54,959)</u>	<u>393,557</u>
1,166	8,737	16	5,021
-	-	-	-
<u>(55,695)</u>	<u>(395,499)</u>	<u>-</u>	<u>(358,469)</u>
<u>(54,529)</u>	<u>(386,762)</u>	<u>16</u>	<u>(353,448)</u>
88,736	432,508	(54,943)	40,109
<u>573,452</u>	<u>3,932,572</u>	<u>561,840</u>	<u>342,095</u>
<u>\$ 662,188</u>	<u>\$ 4,365,080</u>	<u>\$ 506,897</u>	<u>\$ 382,204</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Parker Creek Parallel WW Interceptor</u>	<u>Small Plants Clearing</u>
OPERATING REVENUES:		
Wastewater service fees	\$ 77,000	\$ -
Other operating revenues	-	-
Total operating revenues	<u>77,000</u>	<u>-</u>
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	8
Other supplies	-	(9)
Operating Services:		
Electric power	-	-
Other services	141,023	1
Depreciation	-	-
Total operating expenses	<u>141,023</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(64,023)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	492	-
Gain (loss) on sale of capital assets	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	<u>492</u>	<u>-</u>
CHANGE IN NET POSITION	(63,531)	-
NET POSITION AT OCTOBER 1, 2015	<u>-</u>	<u>419,323</u>
NET POSITION AT SEPTEMBER 30, 2016	<u>\$ (63,531)</u>	<u>\$ 419,323</u>

<u>Dewatering Operations</u>	<u>Wastewater Pretreatment Program</u>	<u>Total Sewer System</u>
\$ -	\$ 743,340	\$ 33,836,506
-	19,191	439,650
-	762,531	34,276,156
-	558,515	4,326,192
-	-	1,629,436
-	46,656	1,562,491
-	-	1,640,508
-	159,511	6,607,078
-	1,407	5,292,843
-	766,089	21,058,548
-	(3,558)	13,217,608
55	576	375,981
-	-	1,803
-	-	(5,177,101)
55	576	(4,799,317)
55	(2,982)	8,418,291
18,245	(337,741)	44,062,963
<u>\$ 18,300</u>	<u>\$ (340,723)</u>	<u>\$ 52,481,254</u>
(Concluded)		

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 378,714	\$ 745,302
Cash received from other funds		
Cash received from (paid to) others		
Cash paid to suppliers for goods and services	(4,258)	(15,338)
Cash paid for employee services		-
Cash paid to other funds	(715)	-
Net cash provided by (used for) operating activities	373,741	729,964
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	-
Interest paid	(51,400)	(59,600)
Principal payments on long-term debt and capital leases	(325,000)	(765,000)
Payments for bond issue costs	-	-
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	(376,400)	(824,600)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	7,104	10,124
Net cash provided by (used for) investing activities	7,104	10,124
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,445	(84,512)
CASH AND CASH EQUIVALENTS—Beginning of year	191,052	465,328
CASH AND CASH EQUIVALENTS—End of year	\$ 195,497	\$ 380,816
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 3,057	\$ 4,086
Restricted cash and cash equivalents	192,440	376,730
	\$ 195,497	\$ 380,816
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 270,419	\$ 509,432
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	103,519	231,467
Change in current assets and liabilities:		
Accounts receivable and deferred billings	-	-
Prepaid expenses	-	-
Net pension liability	-	-
Due to/from other funds	-	(11,000)
Accounts payable, accrued liabilities, and developers' deposits	2	(2)
Accrued vacation and Accrued sick	-	-
Accrued OPEB	-	-
Customers' advance payments	(199)	67
Total adjustments	103,322	220,532
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 373,741	\$ 729,964
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	-	-
Amortization of bond-related items	7,951	(8,645)
Change in fair value of investments	726	968
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities
\$ 64,885	\$ 230,052
5	
(66,536)	(4,308)
<u>(12,336)</u>	<u>(345)</u>
<u>(13,982)</u>	<u>225,399</u>
20,000	
	(74,616)
	(150,000)
<u>-</u>	<u>-</u>
<u>20,000</u>	<u>(224,616)</u>
-	-
176	3,922
<u>176</u>	<u>3,922</u>
6,194	4,705
<u>60,357</u>	<u>84,515</u>
<u>\$ 66,551</u>	<u>\$ 89,220</u>
\$ 12,243	\$ 1,100
54,308	88,120
<u>\$ 66,551</u>	<u>\$ 89,220</u>
<u>\$ (20,012)</u>	<u>\$ 172,293</u>
-	52,005
(5,900)	1,057
(26)	-
-	-
5,006	-
(3,012)	(1,056)
-	-
-	-
9,962	1,100
<u>6,030</u>	<u>53,106</u>
<u>\$ (13,982)</u>	<u>\$ 225,399</u>
-	-
-	-
-	-
-	409
-	-
-	-
-	-
	(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 832,364	\$ 170,493
Cash received from other funds		
Cash received from (paid to) others		
Cash paid to suppliers for goods and services	(4,156)	(5,231)
Cash paid for employee services		
Cash paid to other funds	(335)	(325)
Net cash provided by (used for) operating activities	<u>827,873</u>	<u>164,937</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	
Cash paid for capital assets	-	
Interest paid	(357,582)	(64,996)
Principal payments on long-term debt and capital leases	(365,000)	(100,000)
Payments for bond issue costs	-	
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	<u>(722,582)</u>	<u>(164,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	12,694	2,855
Net cash provided by (used for) investing activities	<u>12,694</u>	<u>2,855</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>117,985</u>	<u>2,796</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>314,960</u>	<u>64,199</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>\$ 432,945</u></u>	<u><u>\$ 66,995</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 119,340	\$ 28
Restricted cash and cash equivalents	313,605	66,967
	<u>\$ 432,945</u>	<u>\$ 66,995</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 406,708</u>	<u>\$ 116,607</u>
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	844	-
Prepaid expenses	-	-
Net pension liability	-	-
Due to/from other funds	-	-
Accounts payable, accrued liabilities, and developers' deposits	3	(2)
Accrued vacation and Accrued sick	-	-
Accrued OPEB	-	-
Customers' advance payments	119,340	26
Total adjustments	<u>421,165</u>	<u>48,330</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 827,873</u></u>	<u><u>\$ 164,937</u></u>
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	-	-
Amortization of bond-related items	(21,875)	(1,252)
Change in fair value of investments	1,303	298
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Murphy WWTP/ Interceptor	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP	North Rockwall (Squabble Creek) WWTP
\$ 86,708	\$ 32,212	\$ 1,261,221	\$ 539,194
34	1	516	1,028
(81,582)	(24,051)	(486,114)	(279,916)
(3,995)	(3,995)	(133,793)	(67,641)
(10,311)	(7,204)	(227,804)	(116,001)
(5,151)	(3,037)	414,026	76,664
5,000	(1,000)	(118,620)	(21,391)
-		(132,928)	
-		(270,000)	
-	-	-	-
5,000	(1,000)	(521,548)	(21,391)
-	-	-	-
-	-	-	-
38	94	5,708	731
38	94	5,708	731
(113)	(3,943)	(101,814)	56,004
11,960	35,618	475,182	159,559
\$ 11,847	\$ 31,675	\$ 373,368	\$ 215,563
\$ (1,996)	\$ 8,078	\$ 237,598	\$ 143,838
13,843	23,597	135,770	71,725
\$ 11,847	\$ 31,675	\$ 373,368	\$ 215,563
\$ (2)	\$ (78,760)	\$ 173,228	\$ (18,716)
-	78,496	181,129	44,797
(2,204)	(19)	(50,376)	(10,899)
-	78	(5,221)	(1,462)
-	18	599	312
(340)	361	17,329	4,122
1	607	101,732	20,395
-	(54)	(403)	(193)
-	(37)	(1,299)	(644)
(2,606)	(3,727)	(2,692)	38,952
(5,149)	75,723	240,798	95,380
\$ (5,151)	\$ (3,037)	\$ 414,026	\$ 76,664
-	-	-	-
-	-	-	-
-	-	3,249	-
-	-	447	-
-	(18)	(599)	(312)
-	-	-	-
-	-	-	-

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	Panther Creek WWTP	Sabine Creek WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 8,192,773	\$ 1,533,341
Cash received from other funds	-	-
Cash received from (paid to) others	15,150	3,138
Cash paid to suppliers for goods and services	(1,967,887)	(427,924)
Cash paid for employee services	(866,524)	(92,055)
Cash paid to other funds	(813,760)	(254,310)
Net cash provided by (used for) operating activities	<u>4,559,752</u>	<u>762,190</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	9,500
Cash paid for capital assets	(141,808)	(692,245)
Interest paid	(1,741,288)	(124,050)
Principal payments on long-term debt and capital leases	(2,515,000)	(525,000)
Payments for bond issue costs	-	(9,500)
Miscellaneous receipts	-	367,715
Net cash provided by (used for) capital and related financing activities	<u>(4,398,096)</u>	<u>(973,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	44,310	15,762
Net cash provided by (used for) investing activities	<u>44,310</u>	<u>15,762</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>205,966</u>	<u>(195,628)</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>1,910,782</u>	<u>736,687</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>\$ 2,116,748</u></u>	<u><u>\$ 541,059</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 599,840	\$ (22,485)
Restricted cash and cash equivalents	1,516,908	563,544
	<u><u>\$ 2,116,748</u></u>	<u><u>\$ 541,059</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 3,029,119</u>	<u>\$ 587,969</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,316,860	279,087
Change in current assets and liabilities:		
Accounts receivable and deferred billings	(40,983)	334,075
Prepaid expenses	(23,608)	946
Net pension liability	3,112	390
Due to/from other funds	13,531	(6,386)
Accounts payable, accrued liabilities, and developers' deposits	283,814	(416,879)
Accrued vacation and Accrued sick	(4,287)	426
Accrued OPEB	(13,597)	(982)
Customers' advance payments	(4,209)	(16,456)
Total adjustments	<u>1,530,633</u>	<u>174,221</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 4,559,752</u></u>	<u><u>\$ 762,190</u></u>
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	958	-
Amortization of bond-related items	(313,793)	7,982
Change in fair value of investments	12,491	1,284
Change in actuarial value of net pension liability	(3,112)	(390)
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP
\$ 6,805,558	\$ 5,474,769	\$ 160,068	\$ 13,730
-	-	-	-
11,231	488	52	-
(5,643,050)	(1,636,195)	(47,205)	(13,441)
(460,810)	(918,574)	(30,310)	(3,996)
(524,209)	(739,730)	(48,664)	(851)
<u>188,720</u>	<u>2,180,758</u>	<u>33,941</u>	<u>(4,558)</u>
71,633,752	357,378	-	-
(21,513,672)	(277,492)	(23,015)	(1,225)
(1,563,902)	(488,524)	-	-
(3,790,000)	(1,370,000)	-	-
(709,483)	(178,689)	-	-
-	-	-	-
<u>44,056,695</u>	<u>(1,957,327)</u>	<u>(23,015)</u>	<u>(1,225)</u>
15,015,036	-	-	-
(41,326,883)	-	-	-
269,410	19,420	170	75
<u>(26,042,437)</u>	<u>19,420</u>	<u>170</u>	<u>75</u>
18,202,978	242,851	11,096	(5,708)
<u>5,656,579</u>	<u>1,117,473</u>	<u>33,519</u>	<u>24,850</u>
<u>\$ 23,859,557</u>	<u>\$ 1,360,324</u>	<u>\$ 44,615</u>	<u>\$ 19,142</u>
\$ 1,381,770	\$ 433,688	\$ 34,878	\$ 9,203
22,477,787	926,636	9,737	9,939
<u>\$ 23,859,557</u>	<u>\$ 1,360,324</u>	<u>\$ 44,615</u>	<u>\$ 19,142</u>
<u>\$ 4,789,142</u>	<u>\$ 982,943</u>	<u>\$ 30,088</u>	<u>\$ (85)</u>
267,330	970,050	4,694	22
(121,730)	(118,424)	(253)	(19)
4,333	(11,741)	290	75
1,545	3,521	130	18
958,343	(1,977)	878	325
(3,638,735)	242,579	2,643	143
12,777	5,133	(139)	(54)
(7,116)	(12,672)	(303)	(37)
(2,077,169)	121,346	(4,087)	(4,946)
<u>(4,600,422)</u>	<u>1,197,815</u>	<u>3,853</u>	<u>(4,473)</u>
<u>\$ 188,720</u>	<u>\$ 2,180,758</u>	<u>\$ 33,941</u>	<u>\$ (4,558)</u>
-	-	-	-
352,340	-	-	-
(429,467)	(138,393)	-	-
(17,370)	5,822	-	-
(1,545)	(3,521)	(130)	(18)
-	5,645,000		
-	5,878,181		

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

	Farmersville WWTP	Frisco Cottonwood Creek WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 276,907	\$ 133,171
Cash received from other funds	-	-
Cash received from (paid to) others	194	33
Cash paid to suppliers for goods and services	(132,342)	(98,990)
Cash paid for employee services	(43,279)	-
Cash paid to other funds	(59,469)	(30,276)
Net cash provided by (used for) operating activities	<u>42,011</u>	<u>3,938</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds		
Cash paid for capital assets	(26,658)	1,000
Interest paid	-	-
Principal payments on long-term debt and capital leases	-	-
Payments for bond issue costs	-	-
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	<u>(26,658)</u>	<u>1,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	212	158
Net cash provided by (used for) investing activities	<u>212</u>	<u>158</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,565	5,096
CASH AND CASH EQUIVALENTS—Beginning of year	35,576	35,696
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 51,141</u>	<u>\$ 40,792</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 31,389	\$ 28,315
Restricted cash and cash equivalents	19,752	12,477
	<u>\$ 51,141</u>	<u>\$ 40,792</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 28,865	\$ (123)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,308	-
Change in current assets and liabilities:		
Accounts receivable and deferred billings	8,383	34
Prepaid expenses	736	(354)
Net pension liability	195	-
Due to/from other funds	777	322
Accounts payable, accrued liabilities, and developers' deposits	3,289	567
Accrued vacation and Accrued sick	(260)	-
Accrued OPEB	(409)	(618)
Customers' advance payments	(4,873)	4,110
Total adjustments	<u>13,146</u>	<u>4,061</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 42,011</u>	<u>\$ 3,938</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	(195)	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Lavon WWTP	Crandall WWTP	Forney Interceptor	Lower East Fork Interceptor
\$ 163,500	\$ -	\$ 224,113	\$ 1,670,862
-	-	-	-
37	-	826	774
(38,378)	1	(169,184)	(422,072)
(30,237)	-	-	(9,623)
(57,424)	-	(39,356)	(69,503)
<u>37,498</u>	<u>1</u>	<u>16,399</u>	<u>1,170,438</u>
			308,781
(15,424)	-	2,000	2,000
-	-	-	(327,854)
-	-	-	(960,000)
-	-	-	(229,390)
-	-	-	-
<u>(15,424)</u>	<u>-</u>	<u>2,000</u>	<u>(1,206,463)</u>
-	-	-	-
-	-	-	-
135	-	128	15,640
135	-	128	15,640
22,209	1	18,527	(20,385)
4,162	585	10,075	671,940
<u>\$ 26,371</u>	<u>\$ 586</u>	<u>\$ 28,602</u>	<u>\$ 651,555</u>
\$ 21,855	\$ 586	\$ 7,072	\$ 106,245
4,516	-	21,530	545,310
<u>\$ 26,371</u>	<u>\$ 586</u>	<u>\$ 28,602</u>	<u>\$ 651,555</u>
\$ 17,999	\$ -	\$ (65,258)	\$ 751,618
7,711	-	65,157	302,760
(1,250)	-	42,241	(2,904)
470	-	10,394	8,926
130	-	34	34
5,506	-	(3,291)	479
7,390	1	(32,867)	38,231
(157)	-	(1,503)	(1,503)
(301)	-	182	(59)
-	-	1,310	72,856
<u>19,499</u>	<u>1</u>	<u>81,657</u>	<u>418,820</u>
<u>\$ 37,498</u>	<u>\$ 1</u>	<u>\$ 16,399</u>	<u>\$ 1,170,438</u>
-	-	-	-
-	-	-	-
-	-	-	(186,087)
-	-	-	2,867
(130)	-	(34)	(34)
-	-	-	10,745,000
-	-	-	11,966,668
			(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	Muddy Creek Interceptor	Parker Creek Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 298,717	\$ 246,593
Cash received from other funds	-	-
Cash received from (paid to) others	382	5
Cash paid to suppliers for goods and services	(40,603)	(23,655)
Cash paid for employee services	-	-
Cash paid to other funds	(5,542)	(11,982)
Net cash provided by (used for) operating activities	<u>252,954</u>	<u>210,961</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	1,000
Interest paid	(60,750)	(71,416)
Principal payments on long-term debt and capital leases	(185,000)	(150,000)
Payments for bond issue costs	-	-
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	<u>(245,750)</u>	<u>(220,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	2,946	2,451
Net cash provided by (used for) investing activities	<u>2,946</u>	<u>2,451</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>10,150</u>	<u>(7,004)</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>160,098</u>	<u>115,984</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 170,248</u>	<u>\$ 108,980</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 30,650	\$ 7,696
Restricted cash and cash equivalents	139,598	101,284
	<u>\$ 170,248</u>	<u>\$ 108,980</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 128,968	\$ 171,614
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)	(24,792)
Prepaid expenses	2,541	-
Net pension liability	-	-
Due to/from other funds	1,394	4,067
Accounts payable, accrued liabilities, and developers' deposits	(10,478)	11,474
Accrued vacation and Accrued sick	-	-
Accrued OPEB	-	-
Customers' advance payments	18,587	(722)
Total adjustments	<u>123,986</u>	<u>39,347</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 252,954</u>	<u>\$ 210,961</u>
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	-	-
Amortization of bond-related items	(19,802)	-
Change in fair value of investments	513	441
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

<u>Sabine Creek Interceptor</u>	<u>Buffalo Creek Interceptor</u>	<u>McKinney Interceptor</u>	<u>Mustang Creek Interceptor</u>
\$ 190,752	\$ 1,634,100	\$ 6,005	\$ 586,630
-	-	-	-
-	463	8	-
10,666	(131,529)	(316)	(10,013)
-	-	-	-
(2,009)	(61,296)	(850)	(3,162)
<u>199,409</u>	<u>1,441,738</u>	<u>4,847</u>	<u>573,455</u>
-	-	-	-
-	-	-	2,222
(57,596)	(496,292)	-	(382,068)
(120,000)	(965,000)	-	(185,000)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(177,596)	(1,461,292)	-	(564,846)
-	-	-	-
-	-	-	-
2,025	13,262	31	5,045
<u>2,025</u>	<u>13,262</u>	<u>31</u>	<u>5,045</u>
23,838	(6,292)	4,878	13,654
<u>52,717</u>	<u>912,340</u>	<u>7,454</u>	<u>1,365,530</u>
<u>\$ 76,555</u>	<u>\$ 906,048</u>	<u>\$ 12,332</u>	<u>\$ 1,379,184</u>
\$ 5,915	\$ 62,681	\$ 7,190	\$ 9,869
70,640	843,367	5,142	1,369,315
<u>\$ 76,555</u>	<u>\$ 906,048</u>	<u>\$ 12,332</u>	<u>\$ 1,379,184</u>
\$ 143,265	\$ 819,270	\$ (54,959)	\$ 393,557
33,956	610,271	54,941	171,329
16,411	(164,126)	-	-
-	2,236	-	-
-	34	-	-
(249)	5,135	(390)	1,760
1	41,446	1	39
-	(1,548)	-	-
-	183	-	-
<u>6,025</u>	<u>128,837</u>	<u>5,254</u>	<u>6,770</u>
<u>56,144</u>	<u>622,468</u>	<u>59,806</u>	<u>179,898</u>
<u>\$ 199,409</u>	<u>\$ 1,441,738</u>	<u>\$ 4,847</u>	<u>\$ 573,455</u>
-	-	-	-
-	-	-	-
-	(90,379)	-	(19,900)
495	4,159	-	-
-	(34)	-	-
-	-	-	-
-	-	-	-
(Continued)			

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 77,000	
Cash received from other funds	-	-
Cash received from (paid to) others	15	386
Cash paid to suppliers for goods and services	(139,532)	(28,206)
Cash paid for employee services	-	18,590
Cash paid to other funds	(1,505)	(4,294)
Net cash provided by (used for) operating activities	(64,022)	(13,524)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	3,231,874	
Cash paid for capital assets	86,375	
Interest paid		
Principal payments on long-term debt and capital leases		
Payments for bond issue costs	(138,823)	
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	3,179,426	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments		
Purchases of investments		
Interest received	491	
Net cash provided by (used for) investing activities	491	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,115,895	(13,524)
CASH AND CASH EQUIVALENTS—Beginning of year	-	399,450
CASH AND CASH EQUIVALENTS—End of year	\$ 3,115,895	\$ 385,926
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ -	\$ 385,926
Restricted cash and cash equivalents	3,115,895	-
	<u>\$ 3,115,895</u>	<u>\$ 385,926</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (64,023)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Change in current assets and liabilities:		
Accounts receivable and unbilled receivable	-	-
Prepaid expenses	-	(4,089)
Net pension liability	-	-
Due to/from other funds	-	(13,996)
Accounts payable, accrued liabilities, and developers' deposits	1	4,561
Accrued vacation and Accrued sick	-	-
Accrued OPEB	-	-
Customers' advance payments	-	-
Total adjustments	1	(13,524)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (64,022)	\$ (13,524)
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	-	-

<u>Dewatering Operations</u>	<u>Wastewater Pretreatment Program</u>	<u>Total Sewer System</u>
\$ -	\$ 840,998	\$ 32,870,732
-		-
2	151	34,919
-	(225,500)	(12,156,845)
-	(416,358)	(3,058,605)
-	(126,023)	(3,229,591)
<u>2</u>	<u>73,268</u>	<u>14,460,610</u>
		75,541,285
-	-	(22,712,953)
		(6,054,862)
		(12,740,000)
		(1,265,885)
-	-	367,715
<u>-</u>	<u>-</u>	<u>33,135,300</u>
		15,015,036
-	-	(41,326,883)
588	580	436,285
588	580	(25,875,562)
590	73,848	21,720,348
194,508	112,306	15,421,041
<u>\$ 195,098</u>	<u>\$ 186,154</u>	<u>\$ 37,141,389</u>
\$ 18,300	\$ 186,154	3,874,109
176,798	-	33,267,280
<u>\$ 195,098</u>	<u>\$ 186,154</u>	<u>\$ 37,141,389</u>
<u>\$ -</u>	<u>\$ (3,558)</u>	<u>13,217,608</u>
-	1,407	5,292,843
-	27,642	(113,193)
-	(355)	(15,831)
-	1,577	11,649
-	4,385	986,091
2	(16,159)	(3,360,268)
-	(7,377)	858
-	(6,448)	(44,157)
-	72,154	(1,514,990)
<u>2</u>	<u>76,826</u>	<u>1,243,002</u>
<u>\$ 2</u>	<u>\$ 73,268</u>	<u>\$ 14,460,610</u>
-	-	-
-	-	353,298
-	-	(1,210,411)
-	-	14,853
-	(1,577)	(11,649)
-	-	16,390,000
-	-	17,844,849
		(Concluded)

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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

	2007	2008	2009
Net investment in capital assets	\$ 521,050,336	\$ 563,070,109	\$ 600,921,714
Restricted for debt service	67,639,424	84,276,605	95,516,877
Unrestricted	125,347,868	126,874,912	104,395,902
Total	\$ 714,037,628	\$ 774,221,626	\$ 800,834,493
	2010	2011	2012
Net investment in capital assets	\$ 642,592,189	\$ 655,040,848	\$ 687,317,597
Restricted for debt service	98,617,167	102,802,273	129,622,913
Unrestricted	86,328,779	108,197,769	102,807,227
Total	\$ 827,538,135	\$ 866,040,890	\$ 919,747,737
	2013	2014	2015
Net investment in capital assets	\$ 747,192,747	\$ 794,854,341	\$ 864,338,873
Restricted for debt service	134,554,194	138,297,302	142,275,759
Unrestricted	83,782,522	89,311,734	77,655,896
Total	\$ 965,529,463	\$1,022,463,377	\$ 1,084,270,528
	2016		
Net investment in capital assets	\$ 942,119,408		
Restricted for debt service	141,312,557		
Unrestricted	126,729,695		
Total	\$ 1,210,161,660		

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
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)
2016	398,068,222	224,688,538	173,379,684	(47,488,552)	125,891,132	-

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
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
2016	252,591,522	113,132,055	30,760,383	3,059,347	6,465,868	406,009,175

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
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
2016	171,021,459	54,997,252	54,099,332	-	-	280,118,043

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
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
2016	258,967,069	55,054,270	34,653,940	32,223,631	25,110,265	406,009,175

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
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
2016	159,971,880	48,772,951	26,235,649	26,015,728	19,121,835	280,118,043

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
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
2016	252,591,522	113,132,055	30,760,383	1,584,262	398,068,222

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
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
2016	65,389,176	19,187,942	28,283,012	57,729,076	54,099,332	224,688,538

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

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
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)
2016	3,059,347	3,573,729	875,624	(54,997,252)	(47,488,552)

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
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
2016	398,312,927	11,077,703	721,164	4,078,101	29,053,254	443,243,149

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
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
2016	100,282,548,000	97,345,239,000	2,937,309,000	2.9%	\$ 2.29	\$ 2.34

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
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
2016	42,949,703,000	950,220

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**

	2006-2007	2007-2008	2008-2009	2009-2010
WATER CONSUMPTION (GALLONS IN THOUSANDS):				
Member cities	67,359,017	77,535,389	79,197,589	74,574,835
Customer cities	10,136,235	12,713,053	14,019,682	13,583,041
Individual meters	<u>7,020</u>	<u>5,854</u>	<u>6,794</u>	<u>5,856</u>
Total	<u><u>77,502,272</u></u>	<u><u>90,254,296</u></u>	<u><u>93,224,065</u></u>	<u><u>88,163,732</u></u>
Total rainfall (in inches)	<u>54.10</u>	<u>34.89</u>	<u>39.02</u>	<u>41.45</u>
WASTEWATER VOLUME TREATED (GALLONS IN THOUSANDS):				
Regional system	27,602,153	26,159,510	25,254,348	29,189,205
Small plant system	<u>6,562,362</u>	<u>5,906,415</u>	<u>6,093,898</u>	<u>7,074,594</u>
Total	<u><u>34,164,515</u></u>	<u><u>32,065,925</u></u>	<u><u>31,348,246</u></u>	<u><u>36,263,799</u></u>
SOLID WASTE VOLUME (IN TONS):				
Transfer stations	480,424	490,400	465,440	473,322
Landfill	<u>311,349</u>	<u>326,594</u>	<u>284,578</u>	<u>269,849</u>
Total	<u><u>791,773</u></u>	<u><u>816,994</u></u>	<u><u>750,018</u></u>	<u><u>743,171</u></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).

2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
85,966,816	81,019,601	78,407,137	69,155,408	66,632,698	80,685,320
16,126,637	15,822,993	14,956,602	14,477,895	13,390,178	16,655,941
<u>4,341</u>	<u>4,218</u>	<u>3,066</u>	<u>3,216</u>	<u>5,039</u>	<u>3,978</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>97,345,239</u>
<u>31.18</u>	<u>35.16</u>	<u>29.17</u>	<u>29.08</u>	<u>44.54</u>	<u>53.71</u>
24,721,535	26,347,832	26,734,851	26,468,520	32,164,465	34,983,736
<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>7,965,967</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>	<u>42,949,703</u>
471,825	459,167	475,072	495,756	533,545	566,601
<u>279,962</u>	<u>263,646</u>	<u>311,369</u>	<u>339,468</u>	<u>343,527</u>	<u>383,619</u>
<u>751,787</u>	<u>722,813</u>	<u>786,441</u>	<u>835,224</u>	<u>877,072</u>	<u>950,220</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		
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
2016	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

	2007	2008	2009	2010	2011	2012	2013
Water Rates (per 1,000 gallons)							
Member Cities	\$ 1.02	\$ 1.08	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49	\$ 1.70
Customer Cities	\$ 1.07	\$ 1.13	\$ 1.23	\$ 1.30	\$ 1.42	\$ 1.54	\$ 1.75

	2014	2015	2016
Water Rates (per 1,000 gallons)			
Member Cities	\$ 1.87	\$ 2.06	\$ 2.29
Customer Cities	\$ 1.92	\$ 2.11	\$ 2.34

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 2007					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 7,970,709	7.90%	\$ 6,089,718	10.32%	\$ 2,183,597	11.34%
Garland	13,347,344	13.23%	-	0.00%	-	0.00%
McKinney	9,097,050	9.02%	8,675,261	14.71%	3,786,961	19.66%
Mesquite	7,977,344	7.91%	5,693,942	9.65%	-	0.00%
Plano	24,941,475	24.72%	17,134,045	29.05%	6,425,396	33.36%
Richardson	10,284,831	10.19%	3,691,450	6.26%	3,197,002	16.60%
Subtotal	73,618,753	72.96%	41,284,416	69.99%	15,592,956	80.95%
Other Customers	27,282,721	27.04%	17,704,399	30.01%	3,670,507	19.05%
Grand Total	\$ 100,901,474	100.00%	\$ 58,988,815	100.00%	\$ 19,263,463	100.00%

Customer	Fiscal Year 2016					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 22,950,293	9.09%	\$ 19,531,076	17.26%	\$ 3,846,652	12.51%
Garland	30,160,876	11.94%	-	0.00%	-	0.00%
McKinney	23,496,122	9.30%	15,600,637	13.79%	4,958,918	16.12%
Mesquite	18,078,150	7.16%	9,383,900	8.29%	-	0.00%
Plano	59,032,037	23.36%	27,540,186	24.34%	8,310,401	27.02%
Richardson	24,219,789	9.59%	8,153,672	7.21%	3,926,383	12.76%
Subtotal	177,937,267	70.44%	80,209,471	70.90%	21,042,354	68.41%
Other Customers	74,654,255	29.56%	32,922,584	29.10%	9,718,029	31.59%
Grand Total	\$ 252,591,522	100.00%	\$ 113,132,055	100.00%	\$ 30,760,383	100.00%

Source: Based on information provided in NTMWD Operations Report.

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
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	914,127	1,881
2016	1,756,760,000	31,049,381	-	1,787,809,381	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, Grayson, and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

The District was unable to obtain the 2016 "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	Adjustment {b}	Interest Paid	Total	
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
2016	406,009,175	170,589,206	235,419,969	79,006,824	-	80,521,078	159,527,902	1.48

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
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%
2015	914,127	36,154,637	39,551	3.7%

Source: Years 2006 - 2011 were based on information provided by North Central Texas Council of Governments. Years 2012 - 2015 were based on information provided by the U.S. Census Bureau; however, the District was unable to obtain this information for 2016 at the time of publication of this report.

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

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

Employer	2015	
	Employees	Percentage of Total
HP Enterprise Svc Llc	10,000	2.22%
Plano ISD	6,538	1.45%
Bank of America Home Loans-Corporate Dr.	4,646	1.03%
Toyota	4,000	0.89%
JC Penny (Corporate HQ)	3,800	0.84%
Capital One	3,683	0.82%
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	0.67%
GE Energy	2,300	0.51%
Lineage Power Holdings Inc	2,300	0.51%
Altel-Lucent	2,000	0.44%
Total	48,867	10.85%
Total Employed in the County	450,277	

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 2015 are based on information provided by North Central Texas Council of Governments; however, the District was unable to obtain this information for 2016 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, Grayson and Denton Counties. The majority of the District's population served resides in Collin County. Therefore, this schedule reflects data for Collin County only.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water:										
General	13.0	14.0	18.0	18.0	29.0	29.0	31.0	31.0	30.0	8.0
Public Information	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0
Planning	8.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information Technology										20.4
Administration	20.0	22.0	22.0	23.0	21.0	21.0	21.0	25.0	28.0	36.0
Plant Operations	29.0	34.0	40.0	45.0	47.0	66.0	78.0	64.0	66.0	77.0
Tawakoni Raw Water Pump St	0.0	0.0	0.0	5.0	10.0	11.0	11.0	11.0	11.0	12.0
East Fork Raw Water Supply	0.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Bonham Water Treatment	0.0	8.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Facilities Service	29.0	31.0	40.0	40.5	40.5	43.5	46.5	48.5	55.0	61.0
Technical Service	46.0	50.0	53.0	56.5	55.5	56.5	58.5	80.5	85.0	91.0
Laboratory	18.0	23.3	24.3	25.3	25.3	25.3	27.3	27.3	26.9	27.8
Engineering	34.0	35.0	40.0	40.0	40.0	43.0	44.0	50.0	62.0	74.0
Environmental Service	5.0	4.5	5.5	5.7	7.7	7.7	7.7	9.2	11.4	11.0
Permitting										4.2
Regulatory Compliance										3.3
Total	203.0	236.8	261.8	279.0	296.0	323.0	345.0	366.5	396.3	445.6
Wastewater:										
Willson Creek WWTP	50.0	51.8	52.8	52.8	52.8	55.8	55.8	56.1	56.4	58.8
Floyd Branch WWTP	6.0	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	7.5
Rowlett Creek WWTP	21.0	20.8	21.8	21.8	21.8	21.8	21.8	23.1	23.4	25.5
Mesquite WWTP	24.5	27.8	29.8	29.8	29.8	32.8	32.8	34.1	35.4	34.1
Panther Creek WWTP	0.0	6.1	6.1	6.1	12.1	12.1	12.1	12.1	12.6	17.8
Muddy Creek WWTP	6.0	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	18.4
Stewart Creek WWTP	6.0	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.6	10.6
Seagoville WWTP	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Small WWTPs	6.5	6.5	6.5	5.5	5.5	5.5	5.5	5.5	7.5	7.0
Pretreatment	4.0	5.2	5.2	5.0	5.0	5.0	5.0	5.5	6.7	6.8
Dewatering	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0
Lower East Fork Interceptor										0.1
Upper East Fork Interceptor	6.0	5.9	6.9	6.9	6.9	7.9	8.9	8.9	11.9	19.9
Total	135.0	150.2	155.2	154.0	160.0	167.0	168.0	171.6	178.7	206.3
Solid Waste:										
Transfer Station	46.0	49.5	52.8	52.8	50.8	48.8	47.8	47.3	46.3	46.4
Landfills	36.0	8.3	8.3	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Disposal Facility	0.0	30.3	33.0	37.8	39.3	40.3	39.3	36.8	32.8	33.9
Fleet Maintenance Shop	11.0	11.0	13.0	13.0	13.0	12.0	12.0	15.0	16.0	18.7
Total	93.0	99.0	107.0	106.1	103.0	101.0	99.0	99.0	95.0	99.0
Total Employees	431	486	524	539	559	591	612	637	670	751

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, 2016

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	53.71
Total employees	751

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
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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
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TRANSMISSION PIPELINES:

12" to 24" diameter	116.0	Miles
30" to 54" diameter	171.0	
60" to 96" diameter	286.0	

Total	573.0	Miles
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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, 2016

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	
	<hr/>	
	410.0	Million gallons
	<hr/>	
TOTAL CITY DELIVERY POINTS		
	82	

WASTEWATER SYSTEM

Permitted Capacity

REGIONAL SYSTEM:

Regional wastewater plants:

Floyd Branch RWWTP	*	4.750	MGD
South Mesquite RWWTP	*	33.000	
Rowlett Creek RWWTP	*	24.000	
Wilson Creek RWWTP	*	56.000	

SEWER SYSTEM:

City:

Farmersville	Farmersville No. 1 Plant	0.225	a
	Farmersville No. 2 Plant	0.530	a
Frisco	Cottonwood Creek Plant	0.300	
	Panther Creek Plant	* 10.000	
	Stewart Creek West Plant	* 5.000	
Lavon	Bear Creek Plant	0.250	
Rockwall	North Rockwall Plant	* 1.200	
	South Rockwall Plant	* 2.250	

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2016**

Royce City	Royce City Plant	0.500	^b
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	^b
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		194.2	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	
Total		<u>250.7</u>	Miles
SOLID WASTE SYSTEM		<u>Permitted Capacity</u>	
TRANSFER STATIONS (3):			
Lookout Drive Transfer Station		625	Tons/day
Parkway Transfer Station		770	
Custer Road Transfer Station		1,900	
Total transfer capacity		<u>3,295</u>	Tons/day
LANDFILLS (3):			
121 Regional Disposal Facility			
Permit Boundary		673	Acres
Landfillable		433	Acres
Permitted Airspace		135	M 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

a) operates as a single plant

b) not in operation

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water:										
Size of Service Area (square miles)	1,976	1,985	1,985	1,985	1,985	2,200	2,200	2,200	2,200	2,200
Water Supply (MGD)	276	298	333	369	369	369	370	370	370	370
Treatment Capacity (MGD)	630	777	777	777	777	807	807	807	807	807
Miles of Transmission Pipelines	408	482	482	482	487	518	518	566	573	573
Water Storage Capacity (MG)	387	443	314	400	400	400	403	403	410	410
City Delivery Points	59	59	78	78	78	78	77	77	77	82
Total Rainfall (Inches)	54	35	39	41	31	35	29	29	45	54
Annual Consumption (BG)	78	90	93	88	102	97	93	84	80	97
Wastewater:										
Miles of Interceptor Lines	165	188	210	210	226	243	243	250	250	251
Number of Treatment Plants	18	16	18	18	18	18	17	17	17	17
Treatment Capacity (MGD)	122	121	132	132	137	145	152	152	152	152
Annual Volume Treated (BG)	34	32	31	36	31	33	33	33	39	43
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)	792	817	750	743	752	723	786	835	877	950

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	Aproximate Annual Premium
Texas Water Conservation Association Risk Management Fund	7	Workers's compensation	Statutory up to \$100,000 (each accident)	7-01-16 to 7-01-17	\$ 520,674
Texas Water Conservation Association Risk Management Fund	7	General libility	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-16 to 7-01-17	\$ 104,000
Texas Water Conservation Association Risk Management Fund	7	Automobile liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-16 to 7-01-17	\$ 162,307
Texas Water Conservation Association Risk Management Fund	7	Directors' and officers' liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-16 to 7-01-17	\$ 92,153
Texas Water Conservation Association Risk Management Fund	7	Automobile physical damage	Actual cash value	7-01-16 to 7-01-17	\$ 145,085
USI	GN610	Fire and extended coverage	\$457,355,133 scheduled property	12-31-15 to 12-31-16	\$ 247,496
Chubb & Son Insurance	6615026	Commercial floater	\$25,790,823 scheduled & \$400,000 unscheduled property	5-01-16 to 5-01-17	\$ 72,326
USI	105874034	Fidelity bond	\$1,000,000 per occurrence	1-01-16 to 1-01-17	\$ 9,208
Anco Insurance B/CS	04T061309	General liability Environmental Insurance	\$6,300,000 per occurrence \$6,300,000 annual aggregate	4-1-16 to 4-1-19	\$ 11,813
Anco Insurance B/CS	04T061309	General liability Pollution storage tanks	\$1,000,000 per occurrence \$1,000,000 annual aggregate	12-01-15 to 12-01-16	\$ 819

Source: Based on information provided in NTMWD Insurance Policies.