

North Texas Municipal Water District



2016-2017 Comprehensive Annual Financial Report

**For Fiscal Year Ended:
September 30, 2017**

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

**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, 2017**

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INTRODUCTORY SECTION
(Unaudited)

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NORTH TEXAS MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS

Robert Thurmond, Jr.	President	Wylie
John Sweeden	Vice President	Richardson
Don Gordon	Secretary	Garland
Terry Sam Anderson		Mesquite
Phil Dyer		Plano
Joe Farmer		Allen
Marvin Fuller		Wylie
Bill Glass		Princeton
Darrell Grooms		Forney
James Hogan		Plano
David Hollifield		Royse City
David Island		Princeton
Joe Joplin		McKinney
James Kerr		Allen
Bill Lofland		Rockwall
Jack May		Garland
Wayne May		Farmersville
Charles McKissick		McKinney
John Murphy		Richardson
Larry Parks		Rockwall
David Paschall		Mesquite
Richard Peasley		Frisco
Lynn Shuyler		Frisco
VACANT		Royse City
VACANT		Forney

* * * * *

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 19, 2018

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, 2017.

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, 2017 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, 2017, 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 1.7 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 5-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 April 2017 Water System rate projection includes funding for \$3.3 billion of capital projects to be developed over the next twenty year period. To fund these projects the projection assumes that the District will issue \$1.5 billion of revenue bonds between 2018 and 2022 for several projects including the Lower Bois D'Arc Creek Reservoir Project. Also, between 2027 and 2032, it is assumed that the District will issue \$1.2 billion of bonds for additional system improvements including funds for the development of a Sulphur River Basin Water Supply Project.

The April 2017 water rate projections indicate that at least a \$1.50 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 February 2017 Wastewater System cost projection reflects several major improvement projects including the Rowlett Creek Wastewater Treatment Plant Peak Flow Management Project for 2017, 2019 and 2021, the expansion of the Wilson Creek Wastewater Treatment Plant from 56 mgd to 64 mgd by 2019, and a new wastewater treatment plant by 2023. These projects will require the issuance of \$280 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, 2016. This was the twenty seventh 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, 2016

Christopher P. Morrell

Executive Director/CEO



WATER SERVICES

CLEAN WATER IS CRITICAL FOR THE QUALITY OF LIFE WE ENJOY IN NORTH TEXAS, FOR OUR BUSINESSES TO OPERATE, AND FOR PUBLIC HEALTH AND SAFETY.



Getting clean, safe water to 1.7 million people is no easy task, but it's one that NTMWD takes very seriously.

In addition to a multi-step, water treatment process, our team must transport water through hundreds of miles of pipeline both to our treatment plants and then on to distribution systems within the communities we serve. This work requires an extensive network of pumps, pipes, storage tanks, technology and staff that must all be factored into the cost of our service.

To keep all these components running smoothly and to ensure the best water quality possible, our team operates, monitors and repairs various components of the water system. Not only do they run our systems, but they also direct treated water to the members and customers we serve and make sure their tanks have the water needed 24/7.

In addition to these operations tasks, our laboratory staff collects over 250,000 water samples each year to test for bacteria, viruses, suspended solids, pollutants and metals to verify that our water continues to meet health and safety requirements.

Our pipes and plants, some of which are over six decades old, require regular upgrades and repairs due to natural deterioration. New infrastructure projects such as additional pipelines, plants and reservoirs are essential for us to continue supplying clean water to a region whose population is projected to double over the next 50 years.

Together, these many pieces create the complete picture of our water delivery service. It is only with every one of these components that we are able to continue providing wholesale water to one of the nation's fastest-growing areas for only about one-quarter penny per gallon.

QUICK FACTS:

- **Water Sources: Lavon Lake, Chapman Lake, Lake Texoma, Lake Fork, Lake Tawakoni, Lake Bonham, Wetland**
- **Member Cities, Customer Cities and Communities Served: about 80 on a daily basis**

FAST FACTS

WATER SERVICES

COMMUNITIES SERVED

461
WATER STAFF



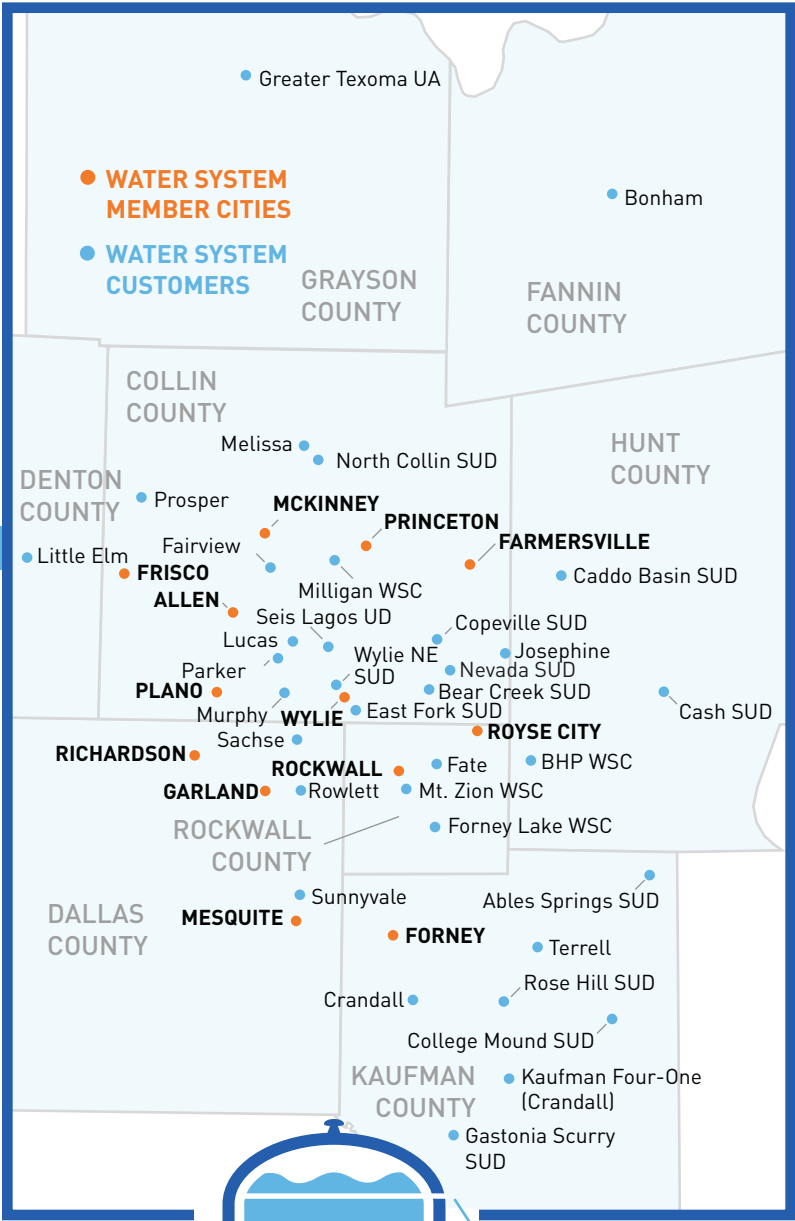
576
Miles of water
transmission lines



6
Water treatment
PLANTS

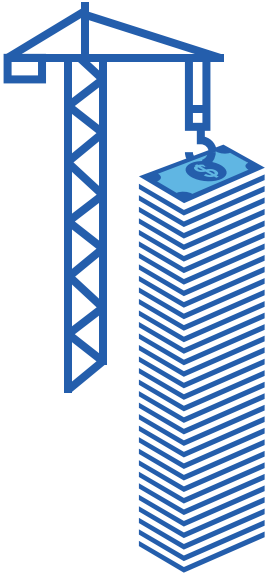
Up to
32 BILLION

Gallons of water
re-used
annually



\$346
MILLION

In water system
construction
contracts

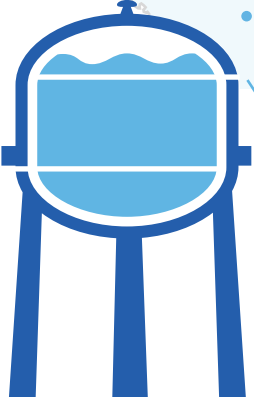


Annual Water Use

85% Member
Cities
15% Customers

95.1 BILLION

Gallons of treated water
delivered this year



MAJOR WATER PROJECTS

The customers we serve today benefit from water projects previous generations planned, built and financed. Future generations depend on us to continue planning wisely to ensure an adequate water supply for their economy and livelihood. While water conservation is important to meeting future needs by stretching existing supplies, NTMWD cannot meet the demand without new water supplies and projects.

LOWER BOIS D'ARC CREEK RESERVOIR

NTMWD is developing several raw water supplies to meet water demands for the next 50 years. We are nearing the approval and the start of construction of the Lower Bois d'Arc Reservoir, the first reservoir to be built in Texas for nearly three decades. Water delivery should begin in 2022. The project encompasses five major components including 60 miles of pipeline and an additional water treatment plant.

QUICK FACTS:

- Lake surface area: **16,641 acres** (slightly smaller than Cooper Lake)
- Storage capacity: **367,609 acre-feet**
- Yield: Up to **108 million gallons per day** (about same as Lavon Lake)
- Environmental mitigation: Improvements on nearly **17,000 acres**
- Estimated cost: **Over \$1.2 billion** (2016 dollars)

TRINITY RIVER MAIN STEM PROJECT

NTMWD is a state leader in water reuse, and the Trinity River Main Stem Pump Station and Pipeline project will allow us to expand our water reuse supplies. Key project components include an up to 100 million gallons per day (MGD) pump station and 17 miles of 72-inch-diameter pipeline.



Main Stem Pump Station

Once completed in 2019, the Main Stem Pump Station and Pipeline will divert water from the Trinity River to the East Fork Water Reuse Project, commonly known as the "wetland." As the water passes through 1,840 acres of wetland, aquatic plants and sunlight naturally filter the water through a process that removes about 95 percent of the sediment, 80 percent of the nitrogen and 65 percent of the phosphorus. The cleansed water will then be piped over 40 miles through an existing pipeline to the north end of Lavon Lake and blended with our other raw water sources.

CONSERVATION: A KEY SOURCE OF SUPPLY



Launched in 2004, the NTWMD-supported WaterIQ campaign was the first public awareness program in Texas to educate residents about their local water resources and provide easy tips on how they can help conserve. [#KnowBetterWaterBetter](#)



WATER4OTTER.ORG

As part of the Water4Otter youth education program, Otis the Otter and his friends Farrah and Bob encourage students to stop wasteful water use habits and protect the wildlife sharing Lavon Lake. The program launched in 2014 and received the 2017 Blue Legacy Award for responsible water resource management.

WaterMyYard.org

About 50 percent of landscape water is wasted due in large part to overwatering. To reduce waste, NTWMD sponsors WaterMyYard.org, a weather-based irrigation tool that guides the public on when and how much to water.

#PledgeToPlantSmart

This public services campaign features prominent Texas leaders who educate residents on the importance of selecting plants native and adapted to the state or well suited for our North Texas climate.

\$17 MILLION+
in conservation
education since 2006

WaterIQ
celebrates
13 YEARS

Water4Otter
reached more than
22,000 STUDENTS

2017
Blue Legacy
AWARD

Weekly watering
recommendations to
7,000+
SUBSCRIBERS



WASTEWATER SERVICES

OUR WATER FLOWS THROUGH ONE LARGE SYSTEM THAT INCLUDES MORE THAN TREATMENT FOR DRINKING. WATER USED IN HOMES AND BUSINESSES MUST BE COLLECTED, TREATED AND RETURNED TO OUR WATERWAYS.

Wastewater treatment is often overlooked because it is primarily accomplished behind the scenes. This service, however, provides the equally important other half of our region's water equation. Since treated wastewater eventually cycles back to our streams and lakes and becomes part of our future water supply, proper management after using water is essential to protecting our public health and environment.

NTMWD staff test about 750 wastewater laboratory samples for 97 individual compounds each week to make sure the water we put back into the environment is as clean or cleaner than the stream water it will be blended with.

NTMWD's wastewater system serves 24 communities and about one million residents through another extensive treatment process and system carefully run by our team of wastewater employees.

As with the regional water system, our wastewater system requires continual maintenance, upgrades and expansion.

Our operators daily battle clogs of wipes, twigs and grease to keep pipes clear and make sure that the systems we currently have continue to function properly.

Our engineers are constantly planning and managing the construction of new infrastructure for the growing communities we serve. The regional wastewater conveyance system and 14 treatment plants operated by NTMWD are in the process of over \$215 million in upgrades and expansions, including at the Rowlett Creek treatment plant in Plano, the Stewart Creek West plant in Frisco and the Wilson Creek plant in Lucas.



Wilson Creek Plant Improvements

Through the integration and harmony of these many aspects, we are able to responsibly contribute to both halves of our region's water cycle and preserve clean water for decades to come.

FAST FACTS

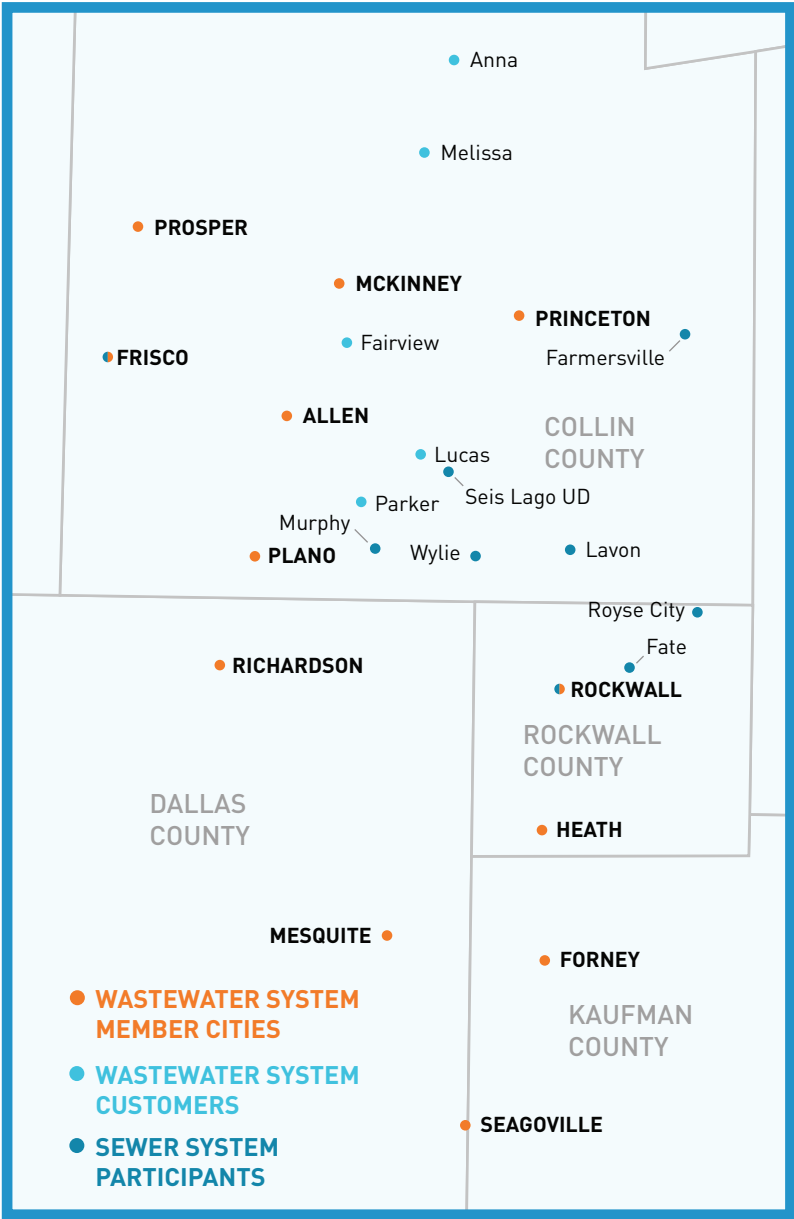
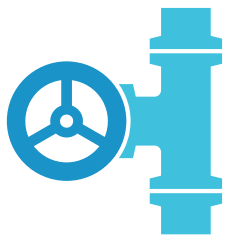
WASTEWATER SERVICES

COMMUNITIES SERVED

211
WASTEWATER
STAFF

\$215+
MILLION

In regional
wastewater
conveyance system
construction
contracts



252
MILES

large-diameter
wastewater
pipelines

Up to
152 MGD
(MILLION GALLONS/DAY)

Total wastewater
treatment capacity



14
WASTEWATER
treatment plants

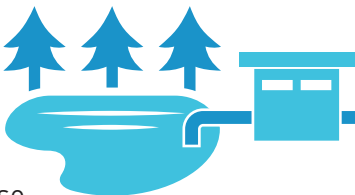
37.5
BILLION

Gallons of wastewater
treated this year



13.9
BILLION

Gallons treated
in wetland for reuse



18 BILLION

Gallons treated
wastewater
returned to Lavon
Lake for reuse

NTMWD MEMBER CITIES

OUR MEMBER CITIES ARE FREQUENTLY RECOGNIZED NATIONALLY AS DESIRABLE PLACES TO RAISE FAMILIES, DO BUSINESS AND ENJOY A HIGH QUALITY OF LIFE. NTMWD IS PROUD TO PROVIDE VITAL SERVICES THAT SUPPORT THESE THRIVING COMMUNITIES AND THE PEOPLE WHO CALL THEM HOME.

Best Texas
Cities for
Young
Families
2017



ALLEN

FORNEY

FRISCO

ROYSE CITY

WYLIE



FARMERSVILLE



PLANO



GARLAND



PRINCETON



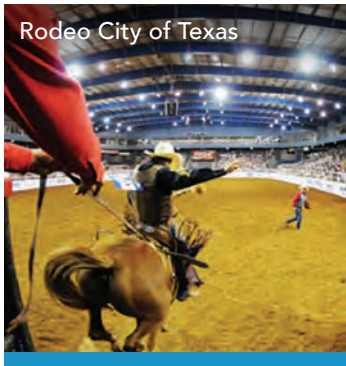
Best Place to Live in America (2017)



International Business Capital of North Texas (2011)



Rodeo City of Texas



Second in the Nation for Job Growth (2013)





SOLID WASTE SERVICES

WASTE REMOVAL AND PROCESSING SERVICES ALSO PLAY A KEY ROLE IN MEETING THE DEMANDS OF NORTH TEXAS' GROWING POPULATION.

This past year alone, we processed 1,009,236 tons of solid waste for Allen, Frisco, McKinney, Plano and Richardson, as well as Collin County and surrounding areas.

Solid waste is picked up from residents and businesses and delivered to one of our three transfer stations (two in Plano and one in Richardson), where it is loaded onto larger NTMWD trucks for cost efficiency and emission reduction, then transported to the 121 Regional Disposal Facility (landfill) in Melissa. Residents and contractors may also drop off waste directly at the landfill facility.

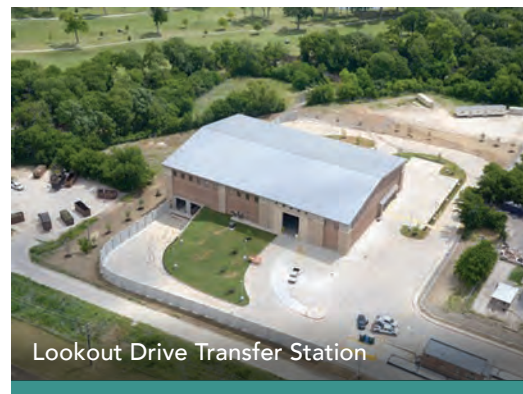
MAJOR PROJECTS COMPLETED

To help control odor at the landfill, NTMWD installed 89 gas collection wells to capture landfill gas before it leaves the facility. Additionally, we partnered with Morrow Renewables on construction of a gas-to-energy plant that was completed in late 2017. The plant will harvest methane produced by the landfill and convert it to clean-burning renewable natural gas that will be sold commercially to offset the landfill's operating costs.

In January 2016, construction also began on the new Lookout Drive Transfer Station adjacent to the existing, outdated facility in Richardson. Construction is now complete and crews accepted the first load from the City of Richardson on August 14, 2017. We are already seeing significant operational benefits from the new facility's top-load, state-of-the-art design, including reduced trips to the landfill, fuel costs, emissions and vehicle wear.



Gas-to-Energy Plant



Lookout Drive Transfer Station

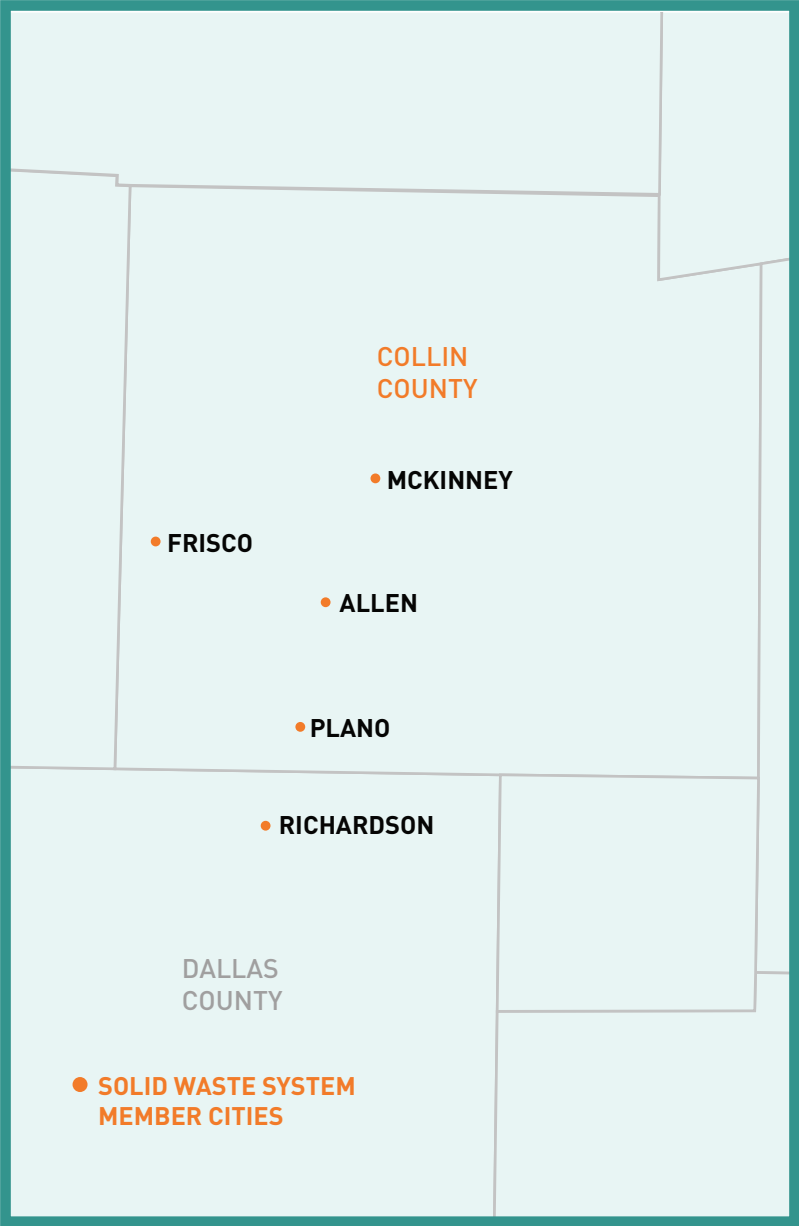
FAST FACTS

SOLID WASTE SERVICES

COMMUNITIES SERVED

101
SOLID WASTE
STAFF

4 Regional
Citizen
CONVENIENCE
CENTERS



48,547

tons of yard waste
composted
annually



3,900

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

1,009,236

TONS
of solid waste
accepted yearly



3 Transfer stations
process up to

3,295 TONS
of solid waste per day



COMMUNITY OUTREACH

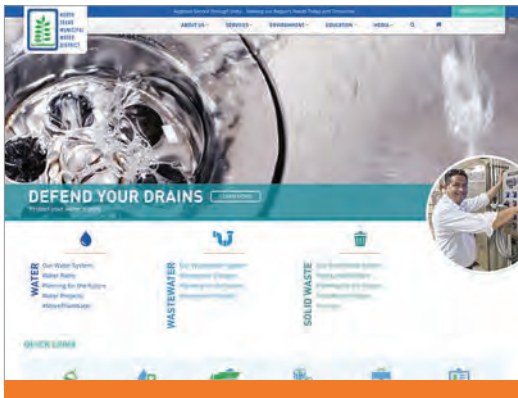
NTMWD has been working to enhance its communications program. Our community outreach not only looks new with updated e-newsletters and website, but we have also increased the avenues of engagement with member and customer cities through regular facility tours, new videos and several new social media campaigns.

This past year, we began the distribution of two regular newsletters: a quarterly Project Pipeline that provides a snapshot of projects in progress or recently completed, and a monthly News Stream that highlights key NTMWD happenings and information relevant to our cities.

Our website has also been completely re-organized and re-designed to improve ease of use and overall appearance. In

addition, several new sections were created to fill informational gaps and provide website users with charts, infographics and information on hot topics.

We have also recently expanded our methods of outreach. To further highlight the services that NTMWD is delivering in a memorable way, our facilities began offering an increased number of facility tours, with over 200 participants in the past year alone. These opportunities enabled city staff, administrators and elected officials to explore our Wylie Water Treatment Plant, Laboratory and our East Fork Water Reuse Project to learn more about what it takes to deliver water to our customers.



To share our role and work behind the scenes with the general public, we also created three new videos and several social media campaigns. Our videos *Who We Are*, *Journey of Water* and *#MoreThanWater* explain our history and services, the water treatment process and the significant value our services provide to support the economic growth and daily lives of North Texans. These can all be found on our YouTube channel and website. The *#MoreThanWater* video aired on American Airlines flights in June.

Similarly, our social media campaigns emphasized all the *#MoreThanWater* that goes into providing our services while also playing on iconic Texan “BiggerInTexas” terminology and highlighting how our services support North Texans where they live, work and play—whether that be on our lakes or under the Friday Night Lights. These campaigns increased overall traffic to and engagement on our social media channels, which remain key places where our communities’ residents seek information.



LAVON LAKE WATERSHED PROTECTION

Throughout 2017, we partnered with other agencies and the cities within the Lavon Lake watershed to develop a plan for protecting the quality of our water supplies. The initiative had valuable stakeholder input and resulted in the Lavon Lake Watershed Protection Plan. The plan encourages best practices in areas like stormwater management and green infrastructure, and has been accepted by the Environmental Protection Agency (EPA) as meeting all requirements of EPA's nine element guidance for watershed-based plans.

KEEPING OUR INFRASTRUCTURE RELIABLE

3 Key Drivers of Infrastructure Needs

Increasing regulatory requirements



6%

Aging pipes and systems



22%

Building new supply sources & delivery systems for growth



72%

* stats based on FY2017 budget

#MoreThanWater means maintaining the shared regional systems for water, wastewater and solid waste. To do this, our capital improvements budget supports work in three crucial areas: meeting regulatory standards, repairing aging infrastructure and investing in new projects and improvements.

All these critical efforts are necessary to ensure uninterrupted services both today and tomorrow.

COMPLYING

While it occurs behind the scenes, work to meet increasing regulatory requirements is essential to our services. NTMWD's laboratory conducts more than one-quarter million tests annually on 97 compounds to ensure that our water complies with state and federal laws.

UPDATING AND MAINTAINING

Critical updates and repairs are also central to our operations. In 2017, we made electrical improvements to the Wilson Creek Regional Wastewater Treatment Plant and extensive renovations to our 60-year-old original Wylie Water

Treatment Plant. This work included improving underground storage tanks, sedimentation basins and filters. On top of these major projects, our team also repaired 35 pipelines to stop or prevent both raw and treated water leaks, including a major emergency repair on the Chapman pipeline which included replacement of 700 linear feet of pipe.

BUILDING AND IMPROVING

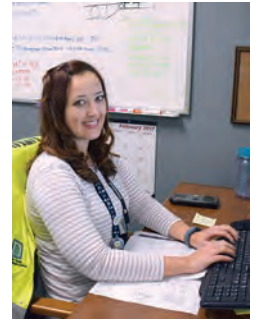
Building new supply sources, treatment facilities and delivery systems is the final piece absolutely essential to the future of the growing communities we serve. The Lower Bois d'Arc Reservoir and Trinity Main Stem Pump Station and Pipeline projects will add more than 200 million gallons of water each day to our system once complete.



VISION:



REGIONAL SERVICE THROUGH UNITY:
MEETING OUR REGION'S NEEDS TODAY AND TOMORROW



MISSION:



TO PROVIDE HIGH-QUALITY AND DEPENDABLE WATER, WASTEWATER
AND SOLID WASTE SERVICES IN A COST-EFFICIENT MANNER



GOALS:

- PROVIDE SUPERIOR SERVICES TODAY
- SECURE FUTURE SUPPLIES AND SERVICES
- MAINTAIN STRONG RELATIONSHIPS
- MAINTAIN OUR INFRASTRUCTURE
- TAKE CARE OF OUR PEOPLE

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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, 2017, 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.

Members of the Board of Directors
North Texas Municipal Water District

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, 2017, and the respective changes in financial position, and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 14 and 15 to the financial statements, the District adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of September 30, 2016, for the period ending September 30, 2017 which resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the **management's discussion and analysis and the schedules of funding progress for the District's Retirement Plan and Other Postemployment Benefits Plan** on pages 4-9 and 53-56 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.

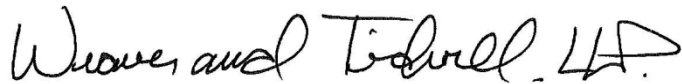
The Sewer System Supplemental Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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.

Members of the Board of Directors
North Texas Municipal Water District

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 19, 2018, 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 reporting 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." in a cursive, stylized font.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 19, 2018

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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, 2017.

Financial Highlights

- Total assets at the end of the year were approximately \$3.7 billion and exceeded liabilities by approximately \$1.33 billion.
- The District's total net position increased by approximately \$124 million, or 10 percent.
- During the year, the District's operating revenues increased by approximately \$42 million, or 10 percent, and operating expenses increased by approximately \$29 million, or 13 percent.
- Construction of the Trinity River Main Stem Raw Water Pipeline & Pump Station, Wilson Creek, Sabine Creek and Stewart Creek WWTP expansions, and the Rowlett & Cottonwood Creek Lift Stations led the way in capital expenditures totaling \$174 million.
- The District issued \$473 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 53 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 \$1,334,208,144 at the close of the most recent fiscal year.

North Texas Municipal Water District's Net Position

	As of September 30		Increase/	Percent
	2017	2016	(Decrease)	Change
ASSETS:				
Current and other assets	\$ 968,530,427	\$ 733,122,854	\$ 235,407,573	32.1 %
Capital assets—net	2,732,146,098	2,510,962,344	221,183,754	8.8
Total assets	3,700,676,525	3,244,085,198	456,591,327	14.1
Total deferred outflows of resources	43,468,351	41,081,323	2,387,028	5.8
Total assets and deferred outflows of resources	3,744,144,876	3,285,166,521	458,978,355	14.0
LIABILITIES:				
Current and other liabilities	193,702,977	173,894,028	19,808,949	11.4
Long-term liabilities outstanding	2,204,019,767	1,891,046,277	312,973,490	16.6
Total liabilities	2,397,722,744	2,064,940,305	332,782,439	16.1
Total deferred inflows of resources	12,213,988	10,064,556	2,149,432	100.0
Total liabilities and deferred inflows of resources	2,409,936,732	2,075,004,861	334,931,871	16.1
NET POSITION:				
Net investment in capital assets	1,055,668,099	942,119,408	113,548,691	12.1
Restricted	147,826,838	141,312,557	6,514,281	4.6
Unrestricted	130,713,207	126,729,695	3,983,512	3.1
Total net position	<u>\$ 1,334,208,144</u>	<u>\$ 1,210,161,660</u>	<u>\$ 124,046,484</u>	<u>10.3 %</u>

The largest portion of the District's net position (79 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 (11 percent) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position consist 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 overall increase in net position of \$124,046,484, or 10.3%, 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 \$124,046,484 were operating income of \$186,232,357 offset by interest expense of \$68,257,962.

North Texas Municipal Water District's Changes in Net Position

	Year Ended September 30		Increase	Percent
	2017	2016	(Decrease)	Change
Operating Revenues:				
Water sales	\$ 282,595,391	\$ 252,591,522	\$ 30,003,869	11.9 %
Wastewater service fees	120,803,096	113,132,055	7,671,041	6.8
Solid waste service fees	34,206,532	30,760,383	3,446,149	11.2
Other operating revenues	2,318,426	1,584,262	734,164	46.3
Total Operating Revenues	<u>439,923,445</u>	<u>398,068,222</u>	<u>41,855,223</u>	<u>10.5</u>
Operating Expenses:				
Personnel	70,226,647	65,389,176	4,837,471	7.4
Operating Supplies:				
Chemicals	27,629,538	28,283,012	(653,474)	(2.3)
Other supplies	15,493,153	14,560,209	932,944	6.4
Operating Services:				
Electric power	19,894,130	19,187,942	706,188	3.7
Wholesale water purchases	3,195,449	2,662,651	532,798	20.0
Other services	53,665,478	40,506,216	13,159,262	32.5
Depreciation and amortization	63,586,693	54,099,332	9,487,361	17.5
Total Operating Expenses	<u>253,691,088</u>	<u>224,688,538</u>	<u>29,002,550</u>	<u>12.9</u>
Operating Income	<u>186,232,357</u>	<u>173,379,684</u>	<u>12,852,673</u>	<u>7.4</u>
Investment Income	7,981,554	3,059,347	4,922,207	160.9
Miscellaneous Revenue (Expense)	(1,072,982)	(432,253)	(640,729)	148.2
Federal Program Revenues	3,983,278	4,005,982	(22,704)	(0.6)
Gain on Sale of Capital Assets	274,474	875,624	(601,150)	100.0
Interest Expense	<u>(68,257,962)</u>	<u>(54,997,252)</u>	<u>(13,260,710)</u>	<u>24.1</u>
Net Nonoperating Expense	<u>(57,091,638)</u>	<u>(47,488,552)</u>	<u>(9,603,086)</u>	<u>20.2</u>
Change in Net Position	<u>129,140,719</u>	<u>125,891,132</u>	<u>3,249,587</u>	<u>2.6</u>
Net Position, Beginning of Year (As Previously Stated)	<u>1,210,161,660</u>	<u>1,084,270,528</u>	<u>125,891,132</u>	<u>11.6</u>
Change in Reporting	<u>(5,094,235)</u>	<u>-</u>	<u>(5,094,235)</u>	
Net Position, Beginning of Year (As Restated)	<u>1,205,067,425</u>	<u>1,084,270,528</u>	<u>120,796,897</u>	<u>11.1</u>
Net Position, End of Year	<u>\$ 1,334,208,144</u>	<u>\$ 1,210,161,660</u>	<u>\$ 124,046,484</u>	<u>10.3 %</u>

Total operating revenues for the District for the years ended September 30, 2017 and 2016 were \$439,923,445 and \$398,068,222, respectively. The \$41,855,223 increase in total operating revenues was primarily due to a 10% increase in the member cities water rate, an 8% increase in wastewater member city revenues, a 19.8% increase in the interceptor system member city revenues and a 5.8% increase in solid waste system member city service fees to fund capital projects and operating costs. Other operating revenues increased 46.3% due to additional miscellaneous operating revenues, including miscellaneous rebates such as Master Card rebates.

Total operating expenses for the District for the years ended September 30, 2017 and 2016 were \$253,691,088 and \$224,688,538, respectively. Several key factors account for the \$29,002,550 increase in total operating expenses including increased staffing levels (a total increase of 22 employees across all funds) and salary adjustments resulting in increased personnel expenses of \$4.8 million, increased operating supplies and services expenses of \$15 million primarily as a result of increased maintenance expenses, vehicle supplies and equipment and legal expenses, and an increase in depreciation of \$9.5 million. These increases were offset by a decrease in chemical expenses of \$653 thousand.

Net non-operating expense increased by \$9,603,086 primarily due to an approximate \$13.3 million increase in interest expense offset by an increase in investment income of \$4.9 million.

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", a change in accounting principle adjustment of \$5,094,235 has been made to record the District's net OPEB liability as of October 1, 2016.

Capital Asset and Debt Administration

Capital Assets

The District's capital assets as of September 30, 2017, amounted to \$2,732,146,098 (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 8.8%.

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

- Development of the Lower Bois D'Arc Creek Reservoir Project continued; land acquisitions totaled \$54,547,503.
- Construction of the Wylie Water Treatment Plant Ozonation Project continued. Phases of this project were capitalized during the fiscal year for a total of \$143,004,696.
- Lake Texoma to Wylie Water Treatment Plant Raw Water Pipeline continued. Phases of this project were capitalized during the fiscal year for a total of \$6,256,161.
- North McKinney Pipeline phases 1 and 2 completed for a total of \$17,042,570.
- Capitalized improvements at the Solid Waste facilities including the expansion of the buildings at Lookout Transfer Station, Custer Transfer Station and 121 Compost Facility totaled \$18,502,870.
- Wilson Creek Interceptor improvements totaled \$5,501,414.

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

	As of September 30		Increase	Percent
	2017	2016	(Decrease)	Change
Land	\$ 71,692,412	\$ 71,771,379	\$ (78,967)	(0.1)%
Easements	62,394,914	58,131,259	4,263,655	7.3 %
Land improvements	3,113,113	3,257,883	(144,770)	(4.4)%
Water treatment, storage and transmission facilities	1,187,166,255	1,009,252,966	177,913,289	17.6 %
Wastewater treatment and disposal facilities	497,682,652	487,099,005	10,583,647	2.2 %
Solid waste transfer and disposal facilities	33,989,781	34,282,199	(292,418)	(0.9)%
Reservoir facilities and water rights	280,845,659	288,385,014	(7,539,355)	(2.6)%
Buildings	56,477,942	36,927,728	19,550,214	52.9 %
Automobiles and trucks	4,508,107	4,531,603	(23,496)	(0.5)%
Office furniture and fixtures	603,991	679,314	(75,323)	(11.1)%
Other equipment	23,437,641	22,027,970	1,409,671	6.4 %
Construction in progress	510,233,631	494,616,024	15,617,607	3.2 %
Total	<u>\$ 2,732,146,098</u>	<u>\$ 2,510,962,344</u>	<u>\$ 221,183,754</u>	<u>8.8 %</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 \$2,065,757,110. Of this amount 66% is reflected in the Water System and 14% is reflected in the Regional Wastewater System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30		Increase	Percent
	2017	2016	(Decrease)	Change
U.S. government contracts payable	\$ 29,597,110	\$ 31,049,381	\$ (1,452,271)	(4.7)%
Revenue bonds	2,036,160,000	1,756,760,000	279,400,000	15.9
Total	<u>\$ 2,065,757,110</u>	<u>\$ 1,787,809,381</u>	<u>\$ 277,947,729</u>	<u>15.5 %</u>

During the current fiscal year, the District refinanced a portion of the existing debt in order to take advantage of favorable interest rates. The result is expected to decrease future debt service payments by \$17,670,502 in the Water System and \$959,017 in the Solid Waste 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	Aa2	AA
Interceptor System	Aa1	AAA

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

Economic Factors and Next Year's Budgets and Rates

The Annual Budget outlines the District's plans to continue to provide high quality, cost-effective service to its member and customer cities. 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 2018 fiscal year.

The 2018 Water System budget provides funding for debt service for \$45 million of SWIFT funds and \$787 million of bonds to be issued for the development of the Lower Bois d'Ark Creek Reservoir, construction of the Leonard Water Treatment Plant 70 MGD site, Wylie WTP IV repair and other system improvements. In order to fund these debt service requirements and the additional operations and maintenance costs, the budget requires a \$.25 per 1,000 gallons rate adjustment. Additional rate adjustments can be expected in the future as the District continues to develop raw water supplies and operational costs continue to increase.

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, 2017

ASSETS	Water System	Regional Wastewater System
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 78,913,780	\$ 4,215,513
Investments	68,937,490	-
Accounts receivable	23,300,807	991,971
Due from other funds	210,344	39,162
Prepaid expenses	2,493,343	372,090
Unbilled receivable	207,019	120,620
Total unrestricted assets	174,062,783	5,739,356
Restricted assets:		
Cash and cash equivalents	144,927,151	77,883,571
Investments	272,830,418	114,695,429
Contracts receivable	26,400	-
Interest receivable	778,382	310,449
Due from other funds	125,890	-
Unbilled receivables	-	-
Total restricted assets	418,688,241	192,889,449
TOTAL CURRENT ASSETS	592,751,024	198,628,805
LONG-TERM ASSETS:		
Nondepreciable:		
Land	58,855,325	1,739,328
Easements	46,929,618	-
Construction-in-progress	369,797,234	38,653,962
Total nondepreciable assets	475,582,177	40,393,290
Depreciable:		
Land improvements	3,712,838	1,321,303
Water treatment, storage, and transmission facilities	1,480,580,805	-
Wastewater treatment and disposal facilities	-	294,790,161
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	376,541,066	-
Buildings	26,373,213	2,211,696
Automobiles and trucks	7,039,583	1,910,882
Office furniture and fixtures	961,571	101,610
Other equipment	18,140,456	10,250,394
Total depreciable assets	1,913,349,532	310,586,046
Less accumulated depreciation	(432,659,741)	(107,188,269)
Net capital assets	1,956,271,968	243,791,067
TOTAL LONG-TERM ASSETS	1,956,271,968	243,791,067
TOTAL ASSETS	2,549,022,992	442,419,872
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	21,576,312	2,714,746
Deferred pension outflow	7,778,993	2,174,859
Deferred OPEB outflow	58,865	13,950
TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,414,170	4,903,555
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,578,437,162	\$ 447,323,427

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

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 3,482,192	\$ 8,971,172	\$ 4,448,518	\$ 100,031,175
-	-	-	68,937,490
1,397,730	618,991	513,536	26,823,035
30,707	321,945	12,934	615,092
291,259	222,370	119,531	3,498,593
288,101	513,232	88,913	1,217,885
<u>5,489,989</u>	<u>10,647,710</u>	<u>5,183,432</u>	<u>201,123,270</u>
27,097,107	12,545,939	38,645,933	301,099,701
17,649,559	3,291,133	50,836,471	459,303,010
-	-	-	26,400
80,578	17,351	142,965	1,329,725
-	-	-	125,890
-	5,522,431	-	5,522,431
<u>44,827,244</u>	<u>21,376,854</u>	<u>89,625,369</u>	<u>767,407,157</u>
<u>50,317,233</u>	<u>32,024,564</u>	<u>94,808,801</u>	<u>968,530,427</u>
469,516	10,628,243	-	71,692,412
4,105,802	-	11,359,494	62,394,914
64,669,761	6,772,003	30,340,671	510,233,631
<u>69,245,079</u>	<u>17,400,246</u>	<u>41,700,165</u>	<u>644,320,957</u>
417,138	2,651,202	-	8,102,481
29,946,174	-	-	1,510,526,979
161,784,476	-	245,093,502	701,668,139
-	68,962,349	-	68,962,349
-	-	-	376,541,066
187,506	40,150,692	-	68,923,107
564,440	4,972,525	431,761	14,919,191
-	-	-	1,063,181
<u>2,676,075</u>	<u>23,436,499</u>	<u>2,752,792</u>	<u>57,256,216</u>
<u>195,575,809</u>	<u>140,173,267</u>	<u>248,278,055</u>	<u>2,807,962,709</u>
<u>(59,796,734)</u>	<u>(62,088,309)</u>	<u>(58,404,515)</u>	<u>(720,137,568)</u>
<u>205,024,154</u>	<u>95,485,204</u>	<u>231,573,705</u>	<u>2,732,146,098</u>
<u>205,024,154</u>	<u>95,485,204</u>	<u>231,573,705</u>	<u>2,732,146,098</u>
<u>255,341,387</u>	<u>127,509,768</u>	<u>326,382,506</u>	<u>3,700,676,525</u>
1,867,026	2,325,370	1,951,754	30,435,208
779,650	2,022,519	184,056	12,940,077
6,721	11,308	2,222	93,066
<u>2,653,397</u>	<u>4,359,197</u>	<u>2,138,032</u>	<u>43,468,351</u>
<u>\$ 257,994,784</u>	<u>\$ 131,868,965</u>	<u>\$ 328,520,538</u>	<u>\$ 3,744,144,876</u>

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Water System	Regional Wastewater System
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 19,783,380	\$ 3,573,569
Due to other funds	58,232	314,811
Customers' advance payments	61,768	1,359,483
Accrued interest payable on U.S. government contracts	779,984	-
Current portion of U.S. government contracts	1,499,187	-
Total payable from unrestricted assets	22,182,551	5,247,863
Payable from restricted assets:		
Accounts payable and accrued liabilities	20,705,685	7,921,559
Due to other funds	75,818	11,952
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on revenue bonds	5,311,408	4,057,428
Current portion of revenue bonds	48,025,000	13,410,000
Total payable from restricted assets	74,117,911	25,400,939
TOTAL CURRENT LIABILITIES	96,300,462	30,648,802
LONG-TERM LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	927,365	238,442
Accrued sick—less current portion	1,243,094	350,982
Net pension liability	14,169,581	4,141,068
Net OPEB liability	2,413,854	572,001
Deferred compensation	317,500	-
Long-term debt—less current portion	1,456,009,857	295,772,564
TOTAL LONG-TERM LIABILITIES	1,475,081,251	301,075,057
TOTAL LIABILITIES	1,571,381,713	331,723,859
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	6,105,500	1,631,466
Deferred OPEB inflow	786,362	186,341
Deferred insurance proceeds	1,012,296	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,904,158	1,817,807
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,579,285,871	333,541,666
NET POSITION:		
Net investment in capital assets	779,684,378	97,438,547
Restricted for debt service	87,555,916	20,934,974
Unrestricted	131,910,997	(4,591,760)
TOTAL NET POSITION	\$ 999,151,291	\$ 113,781,761

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

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 2,348,284	\$ 2,632,054	\$ 2,729,131	\$ 31,066,418
175,992	11,619	54,438	615,092
1,334,452	1,318,436	537,923	4,612,062
-	-	-	779,984
-	-	-	1,499,187
<u>3,858,728</u>	<u>3,962,109</u>	<u>3,321,492</u>	<u>38,572,743</u>
7,076,569	7,226,436	4,087,635	47,017,884
20,921	2,080	15,119	125,890
-	4,757,415	-	4,757,415
2,309,887	170,614	2,869,708	14,719,045
11,980,000	3,730,000	11,365,000	88,510,000
<u>21,387,377</u>	<u>15,886,545</u>	<u>18,337,462</u>	<u>155,130,234</u>
<u>25,246,105</u>	<u>19,848,654</u>	<u>21,658,954</u>	<u>193,702,977</u>
-	765,016	-	765,016
141,864	274,064	29,244	1,610,979
123,253	524,826	96,609	2,338,764
1,544,657	3,411,057	441,174	23,707,537
275,659	463,718	91,096	3,816,328
-	-	-	317,500
<u>169,078,981</u>	<u>48,486,905</u>	<u>202,115,336</u>	<u>2,171,463,643</u>
<u>171,164,414</u>	<u>53,925,586</u>	<u>202,773,459</u>	<u>2,204,019,767</u>
<u>196,410,519</u>	<u>73,774,240</u>	<u>224,432,413</u>	<u>2,397,722,744</u>
593,155	1,478,206	150,119	9,958,446
89,800	151,066	29,677	1,243,246
-	-	-	1,012,296
<u>682,955</u>	<u>1,629,272</u>	<u>179,796</u>	<u>12,213,988</u>
<u>197,093,474</u>	<u>75,403,512</u>	<u>224,612,209</u>	<u>2,409,936,732</u>
39,391,769	50,280,167	88,873,238	1,055,668,099
21,866,562	3,768,257	13,701,129	147,826,838
(357,021)	2,417,029	1,333,962	130,713,207
<u>\$ 60,901,310</u>	<u>\$ 56,465,453</u>	<u>\$ 103,908,329</u>	<u>\$ 1,334,208,144</u>

(Concluded)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

	<u>Water System</u>	<u>Regional Wastewater System</u>
OPERATING REVENUES:		
Water sales	\$ 282,595,391	\$ -
Wastewater service fees	-	57,446,981
Solid waste service fees	-	-
Other operating revenues	806,446	193,816
Total operating revenues	<u>283,401,837</u>	<u>57,640,797</u>
OPERATING EXPENSES:		
Personnel	42,300,952	10,698,567
Operating Supplies:		
Chemicals	19,387,860	4,402,646
Other supplies	6,669,595	3,532,189
Operating Services:		
Electric power	14,462,476	2,485,553
Wholesale water purchases	3,195,449	-
Other services	18,334,107	14,600,385
Depreciation	40,899,181	8,016,148
Total operating expenses	<u>145,249,620</u>	<u>43,735,488</u>
OPERATING INCOME	<u>138,152,217</u>	<u>13,905,309</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	5,067,871	1,464,205
Miscellaneous revenue (expense)	(1,072,982)	-
Federal program revenues	3,983,278	-
Gain (loss) on sale of capital assets	148,356	18,073
Interest expense	(47,704,686)	(8,566,819)
Total nonoperating revenues (expenses)	<u>(39,578,163)</u>	<u>(7,084,541)</u>
CHANGE IN NET POSITION	<u>98,574,054</u>	<u>6,820,768</u>
NET POSITION AT OCTOBER 1, 2016 (As Previously Stated)	<u>904,043,074</u>	<u>107,625,135</u>
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>(3,465,837)</u>	<u>(664,142)</u>
NET POSITION AT OCTOBER 1, 2016 (As Restated)	<u>900,577,237</u>	<u>106,960,993</u>
NET POSITION AT SEPTEMBER 30, 2017	<u><u>\$ 999,151,291</u></u>	<u><u>\$ 113,781,761</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>
\$ -	\$ -	\$ -	\$ 282,595,391
34,883,080	-	28,473,035	120,803,096
-	34,206,532	-	34,206,532
466,105	832,973	19,086	2,318,426
<u>35,349,185</u>	<u>35,039,505</u>	<u>28,492,121</u>	<u>439,923,445</u>
4,852,795	10,656,106	1,718,227	70,226,647
1,812,938	53,168	1,972,926	27,629,538
1,468,028	3,262,176	561,165	15,493,153
1,509,638	183,885	1,252,578	19,894,130
-	-	-	3,195,449
7,216,502	7,469,719	6,044,765	53,665,478
5,395,174	3,643,583	5,632,607	63,586,693
<u>22,255,075</u>	<u>25,268,637</u>	<u>17,182,268</u>	<u>253,691,088</u>
<u>13,094,110</u>	<u>9,770,868</u>	<u>11,309,853</u>	<u>186,232,357</u>
545,245	221,273	682,960	7,981,554
-	-	-	(1,072,982)
-	-	-	3,983,278
12,917	79,558	15,570	274,474
(4,912,152)	(1,210,604)	(5,863,701)	(68,257,962)
<u>(4,353,990)</u>	<u>(909,773)</u>	<u>(5,165,171)</u>	<u>(57,091,638)</u>
<u>8,740,120</u>	<u>8,861,095</u>	<u>6,144,682</u>	<u>129,140,719</u>
<u>52,481,254</u>	<u>48,142,777</u>	<u>97,869,420</u>	<u>1,210,161,660</u>
<u>(320,064)</u>	<u>(538,419)</u>	<u>(105,773)</u>	<u>(5,094,235)</u>
<u>52,161,190</u>	<u>47,604,358</u>	<u>97,763,647</u>	<u>1,205,067,425</u>
<u>\$ 60,901,310</u>	<u>\$ 56,465,453</u>	<u>\$ 103,908,329</u>	<u>\$ 1,334,208,144</u>

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 286,365,031	\$ 56,322,449
Cash received from other funds	11,035,676	446,779
Cash received from (paid to) others	2,701,593	81,399
Cash paid to suppliers for goods and services	(95,702,485)	(21,056,631)
Cash paid for employee services	(30,079,591)	(7,350,192)
Cash paid to other funds	(39,089)	(8,492,343)
Net cash provided by operating activities	<u>174,281,135</u>	<u>19,951,461</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	283,746,910	83,218,262
Cash paid for capital assets	(166,724,928)	(29,220,702)
Interest paid on long-term debt	(62,253,366)	(8,348,950)
Interest paid on U.S. government contracts	(1,006,330)	-
Principal payments on long-term debt	(49,410,000)	(14,165,000)
Payments on U.S. government contracts	(1,452,271)	-
Payments for bond issue costs	(1,541,181)	(564,609)
Grant income	18,560	-
Federal Program Revenues	3,964,718	-
Interfund advance	-	-
Net cash provided by (used for) capital and related financing activities	<u>5,342,112</u>	<u>30,919,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	208,690,383	56,944,284
Purchases of investments	(337,003,141)	(101,419,468)
Interest received	5,017,019	1,503,662
Net cash provided by (used for) investing activities	<u>(123,295,739)</u>	<u>(42,971,522)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>56,327,508</u>	<u>7,898,940</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>167,513,423</u>	<u>74,200,144</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>\$ 223,840,931</u></u>	<u><u>\$ 82,099,084</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 78,913,780	\$ 4,215,513
Restricted cash and cash equivalents	144,927,151	77,883,571
	<u><u>\$ 223,840,931</u></u>	<u><u>\$ 82,099,084</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 138,152,217</u>	<u>\$ 13,905,309</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	40,899,181	8,016,148
Change in current assets and liabilities:		
Accounts receivable and unbilled receivable	(3,737,272)	(204,748)
Prepaid expenses	1,271,883	(27,624)
Net pension liability	(766,316)	(168,010)
Net OPEB liability	338,654	80,250
Due to/from other funds	1,019,343	12,452
Accounts payable, accrued liabilities, and developers' deposits	(2,382,033)	(500,707)
Accrued vacation and accrued sick	(400,879)	(57,899)
Landfill liability	-	-
Customers' advance payments	(113,643)	(1,103,710)
Total adjustments	<u>36,128,918</u>	<u>6,046,152</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 174,281,135</u></u>	<u><u>\$ 19,951,461</u></u>
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	\$ -	\$ -
Gain (loss) on disposal of capital assets	12,368	-
Interest capitalized on construction	6,790,389	532,597
Amortization of bond-related items	(10,458,472)	(1,600,778)
Change in fair value of investments	515,599	102,441
Change in actuarial value of net pension liability	766,316	168,010
Refunding bonds issued	83,115,000	-
Refunding proceeds deposited in escrow	98,818,916	-

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

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 35,012,734	\$ 31,132,179	\$ 27,822,026	\$ 436,654,419
17,222	3,257,875	134,154	14,891,706
83,491	39,901	5,048	2,911,432
(11,006,253)	(12,720,043)	(8,955,478)	(149,440,890)
(3,427,621)	(7,438,795)	(1,192,966)	(49,489,165)
(3,722,218)	(1,555,877)	(1,082,173)	(14,891,700)
<u>16,957,355</u>	<u>12,715,240</u>	<u>16,730,611</u>	<u>240,635,802</u>
11,847,549	8,132,611	41,686,205	428,631,537
(35,923,768)	(18,880,006)	(15,467,517)	(266,216,921)
(7,169,061)	(1,927,115)	(7,049,978)	(86,748,470)
-	-	-	(1,006,330)
(12,070,000)	(3,830,000)	(10,645,000)	(90,120,000)
-	-	-	(1,452,271)
(276,020)	(352,041)	(473,232)	(3,207,083)
-	-	-	18,560
-	-	-	3,964,718
-	-	-	-
<u>(43,591,300)</u>	<u>(16,856,551)</u>	<u>8,050,478</u>	<u>(16,136,260)</u>
40,302,572	9,895,313	25,081,187	340,913,739
(20,793,194)	(3,796,901)	(48,755,840)	(511,768,544)
562,477	263,038	680,588	8,026,784
<u>20,071,855</u>	<u>6,361,450</u>	<u>(22,994,065)</u>	<u>(162,828,021)</u>
(6,562,090)	2,220,139	1,787,024	61,671,521
37,141,389	19,296,972	41,307,427	339,459,355
<u>\$ 30,579,299</u>	<u>\$ 21,517,111</u>	<u>\$ 43,094,451</u>	<u>\$ 401,130,876</u>
\$ 3,482,192	\$ 8,971,172	\$ 4,448,518	\$ 100,031,175
27,097,107	12,545,939	38,645,933	301,099,701
<u>\$ 30,579,299</u>	<u>\$ 21,517,111</u>	<u>\$ 43,094,451</u>	<u>\$ 401,130,876</u>
<u>\$ 13,094,110</u>	<u>\$ 9,770,868</u>	<u>\$ 11,309,853</u>	<u>\$ 186,232,357</u>
5,395,174	3,643,583	5,632,607	63,586,693
(739,257)	(609,803)	(91,470)	(5,382,550)
(33,707)	(14,046)	63,564	1,260,070
(60,060)	(167,395)	(13,750)	(1,175,531)
38,674	65,057	12,778	535,413
(944,759)	(27,831)	(37,684)	21,521
359,199	(339,199)	382,242	(2,480,498)
33,846	(93,420)	41,956	(476,396)
-	288,820	-	288,820
(185,865)	198,606	(569,485)	(1,774,097)
<u>3,863,245</u>	<u>2,944,372</u>	<u>5,420,758</u>	<u>54,403,445</u>
<u>\$ 16,957,355</u>	<u>\$ 12,715,240</u>	<u>\$ 16,730,611</u>	<u>\$ 240,635,802</u>
\$ -	\$ 288,820	\$ -	\$ 288,820
-	-	-	12,368
1,093,290	444,915	522,822	9,384,013
(1,173,466)	(281,044)	(1,634,628)	(15,148,388)
85,796	17,334	54,553	775,723
60,060	167,395	13,750	1,175,531
-	12,010,000	-	95,125,000
-	13,864,776	-	112,683,692

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 Accounting and Financial 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 Accounting and Financial Presentation – Continued

The District presents its activities in five major funds: Water System, Regional Wastewater System, Sewer System, Solid Waste System and Upper East Fork 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 65% 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, 2017; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2017, member cities Allen, Garland, McKinney, Mesquite, Plano, Richardson, Rockwall, and Royse City accounted for approximately 71% 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 capital assets are reported at acquisition value based on GASB Statement No. 72, *Fair Value Measurement and Application*.

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

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

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

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, 2017, \$9,384,013 of interest 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, 2017, a liability of \$3,528,254 for unused vacation and \$4,498,659 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, 2017 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	\$ 3,439,070	\$ 401,116	\$ 311,932	\$ 3,528,254	\$ 1,917,275
Sick	4,326,036	984,388	811,765	4,498,659	2,159,895

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.

Postemployment Benefits Other Than Pensions (OPEB)

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

Subsequent Events

The District has evaluated all events or transactions that occurred after September 30, 2017 up through January 19, 2018, the date the financial statements were available to be issued. During this period, the following subsequent events required disclosure:

The District issued \$44,650,000 of Series 2017, Regional Water System (SWIFT) Revenue Bonds on November 14, 2017, \$20,230,000 of Series 2017 Regional Solid Waste Disposal System Revenue Bonds on November 15, 2017, \$19,515,000 of Series 2017, Regional Wastewater System Revenue Refunding Bonds on December 1, 2017, \$11,050,000 of Series 2017 Panther Creek Regional Wastewater System Contract Revenue Refunding Bonds on December 1, 2017, and \$29,525,000 of Series 2017 Upper East Fork Interceptor System Revenue Refunding Bonds on December 1, 2017.

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	\$ 106,442,491	\$ 199,794,600	\$ 483,488
Interest and Redemption Fund	16,637,928	-	-
Reserve Fund	2,535,963	73,035,818	294,894
Contingency Fund	19,099,864	-	-
Reserve for Maintenance Fund	210,905	-	-
	<u>144,927,151</u>	<u>272,830,418</u>	<u>778,382</u>
Regional Wastewater:			
Construction Fund	67,385,880	98,891,230	240,570
Interest and Redemption Fund	8,787,269	-	-
Reserve Fund	179,293	15,804,199	69,879
Reserve for Maintenance Fund	1,531,129	-	-
	<u>77,883,571</u>	<u>114,695,429</u>	<u>310,449</u>
Sewer:			
Construction Fund	17,899,904	1,999,770	6,264
Interest and Redemption Fund	7,064,083	-	-
Reserve Fund	1,381,999	15,649,789	74,314
Reserve for Maintenance Fund	726,893	-	-
Reserve for Equipment Replacement	24,228	-	-
	<u>27,097,107</u>	<u>17,649,559</u>	<u>80,578</u>
Solid Waste:			
Construction Fund	7,362,208	-	-
Interest and Redemption Fund	506,141	-	-
Reserve Fund	124,783	3,291,133	17,351
Reserve for Maintenance Fund	1,100,744	-	-
Reserve for Equipment Replacement	3,452,063	-	-
	<u>12,545,939</u>	<u>3,291,133</u>	<u>17,351</u>
Interceptor:			
Construction Fund	30,568,136	40,947,710	96,975
Interest and Redemption Fund	6,735,253	-	-
Reserve Fund	24,497	9,888,761	45,990
Reserve for Maintenance Fund	1,318,047	-	-
	<u>38,645,933</u>	<u>50,836,471</u>	<u>142,965</u>
Total	<u>\$ 301,099,701</u>	<u>\$ 459,303,010</u>	<u>\$ 1,329,725</u>

Unbilled receivables of \$5,522,431 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, 2017, the carrying amount of cash deposits was \$5,232,720 and total bank balance was \$15,630,674. During 2016-2017, 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, 2017, the District also held petty cash of \$2,000.

B. Investments

Legal provisions generally permit the District to invest in direct and indirect obligations of the United States of America or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools and mutual funds. During the year ended September 30, 2017, 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, 2017	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 Level Reporting:</i>						
Investment Pools:						
Texpool	\$ 55,047,131	\$ -	\$ -	\$ -	5.96%	30
LOGIC	340,849,025	-	-	-	36.88%	43
<i>Investments by Fair Value Level:</i>						
U.S. Government Agency Securities:						
Federal Farm Credit Bank	8,930,610	-	8,930,610	-	0.97%	1277
Federal Home Loan Bank	68,960,310	-	68,960,310	-	7.46%	194
Federal Home Loan Mortgage Corp.	81,765,900	-	81,765,900	-	8.85%	530
Fannie Mae	49,887,900	-	49,887,900	-	5.40%	1116
U.S. Treasury Note	318,695,780	318,695,780	-	-	34.49%	108
Total Value	\$ 924,136,656	\$ 318,695,780	\$ 209,544,720	\$ -		
Portfolio Weighted Average Maturity						109

Investment Pools are exempt for level reporting.

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

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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.

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, 2017, 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	\$ 68,960,310
FHLMC	Federal agency notes	81,765,900
FNMA	Federal agency notes	49,887,900
T-NOTE	T-Note	318,695,780

The District held a total of \$528,240,500 in securities that equated to 56.8% 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, 2017, \$92,701,650 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	\$ 5,583,470	\$ 1,566,646	\$ 631,041	\$ 238,607	\$ 737,515	\$ 8,757,279
Net changes in the fair value of investments	(515,599)	(102,441)	(85,796)	(17,334)	(54,555)	(775,725)
Investment income	<u>\$ 5,067,871</u>	<u>\$ 1,464,205</u>	<u>\$ 545,245</u>	<u>\$ 221,273</u>	<u>\$ 682,960</u>	<u>\$ 7,981,554</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, 2017:

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
Unrestricted						
Cash and cash equivalents	\$ 78,913,780	\$ 4,215,513	\$ 3,482,192	\$ 8,971,172	\$ 4,448,518	\$ 100,031,175
Investments	68,937,490	-	-	-	-	68,937,490
Total unrestricted	<u>147,851,270</u>	<u>4,215,513</u>	<u>3,482,192</u>	<u>8,971,172</u>	<u>4,448,518</u>	<u>168,968,665</u>
Restricted						
Cash and cash equivalents	144,927,151	77,883,571	27,097,107	12,545,939	38,645,933	301,099,701
Investments	<u>272,830,418</u>	<u>114,695,429</u>	<u>17,649,559</u>	<u>3,291,133</u>	<u>50,836,471</u>	<u>459,303,010</u>
Total restricted	<u>417,757,569</u>	<u>192,579,000</u>	<u>44,746,666</u>	<u>15,837,072</u>	<u>89,482,404</u>	<u>760,402,711</u>
Total	<u>\$ 565,608,839</u>	<u>\$ 196,794,513</u>	<u>\$ 48,228,858</u>	<u>\$ 24,808,244</u>	<u>\$ 93,930,922</u>	<u>\$ 929,371,376</u>

Capital Improvement Funds in the amounts of \$116,908,640 in the Water System, \$639,939 in the Regional Wastewater System, \$138,667 in the Sewer System, \$6,429,605 in the Solid Waste System and \$1,700,589 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, 2017, 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	\$ 5,232,720	n/a
Cash on hand	Not Rated	2,000	n/a
TexPool	AAAm	18,968,223	30 Days
LOGIC	AAAm	<u>75,828,232</u>	43 Days
Total cash and cash equivalents		<u>100,031,175</u>	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	N/A	49,957,340	94 Days
FHLMC - Federal Home Loan Mortgage Corp Agency Note	Aaa	3,988,960	191 Days
FHLB - Federal Home Loan Bank Agency Note	Aaa	<u>14,991,190</u>	160 Days
Total Securities of U.S. Government Agencies		<u>68,937,490</u>	
Total Unrestricted Investments and Cash Equivalents		<u>168,968,665</u>	
<u>Restricted Cash and Investments</u>			
Cash and Cash Equivalents			
Deposits with a financial institution	Not Rated	-	n/a
TexPool	AAAm	36,078,908	30 Days
LOGIC	AAAm	<u>265,020,793</u>	43 Days
Total cash and cash equivalents		<u>301,099,701</u>	
Investments—Securities of U.S. Government Agencies:			
FHLB - Federal Home Loan Bank Agency Note	Aaa	53,969,120	204 Days
FFCB - Federal Form Credit Bank	Aaa	8,930,610	1277 Days
Treasury Note - US Treasuries	Aaa	268,738,440	111 Days
FNMA - Fannie Mae	Aaa	49,887,900	1116 Days
FHLMC - Federal Home Loan Mortgage Corp Agency Note	Aaa	<u>77,776,940</u>	548 Days
Total Securities of U.S. Government Agencies		<u>459,303,010</u>	
Total Restricted Investments and Cash Equivalents		<u>760,402,711</u>	
Total Cash and Investments		<u><u>\$ 929,371,376</u></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, 2016	Additions and Transfers	Disposals and Transfers	Balance at September 30, 2017
Nondepreciable:				
Land	\$ 71,771,379	\$ 239,043	\$ 318,010	\$ 71,692,412
Easements	58,131,259	4,263,655	-	62,394,914
Construction in progress	494,616,024	285,463,025	269,845,418	510,233,631
Total nondepreciable assets	624,518,662	289,965,723	270,163,428	644,320,957
Depreciable:				
Land improvements	7,968,994	133,487	-	8,102,481
Water treatment, storage and transmission facilities	1,302,394,239	209,352,583	1,219,843	1,510,526,979
Wastewater treatment and disposal facilities	674,358,375	27,309,764	-	701,668,139
Solid waste transfer and disposal facilities	68,187,078	775,271	-	68,962,349
Reservoir facilities and water rights	376,541,066	-	-	376,541,066
Buildings	48,093,881	20,829,226	-	68,923,107
Automobiles and trucks	14,923,354	1,819,971	1,824,134	14,919,191
Office furniture and fixtures	1,036,269	26,912	-	1,063,181
Other equipment	52,313,383	6,229,767	1,286,934	57,256,216
Total depreciable assets	2,545,816,639	266,476,981	4,330,911	2,807,962,709
Less accumulated depreciation on:				
Land improvements	(4,711,111)	(278,257)	-	(4,989,368)
Water treatment, storage and transmission facilities	(293,141,273)	(30,219,451)	-	(323,360,724)
Wastewater treatment and disposal facilities	(187,259,370)	(16,726,117)	-	(203,985,487)
Solid waste transfer and disposal facilities	(33,904,879)	(1,067,689)	-	(34,972,568)
Reservoir facilities and water rights	(88,156,052)	(7,539,355)	-	(95,695,407)
Buildings	(11,166,153)	(1,279,012)	-	(12,445,165)
Automobiles and trucks	(10,391,751)	(1,755,143)	(1,735,810)	(10,411,084)
Office furniture and fixtures	(356,955)	(102,235)	-	(459,190)
Other equipment	(30,285,413)	(4,793,444)	(1,260,283)	(33,818,575)
Total accumulated depreciation	(659,372,957)	(63,760,705)	(2,996,093)	(720,137,568)
Total depreciable assets—net	1,886,443,682	202,716,276	1,334,818	2,087,825,141
TOTAL CAPITAL ASSETS—Net	\$ 2,510,962,344	\$ 492,681,999	\$ 271,498,246	\$ 2,732,146,098

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

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2017, 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	\$ 34,384,228	\$ 8,764,666	\$ 8,106,303	\$ 4,003,214	\$ 5,368,247	\$ 60,626,658
Insurance claims liability	1,764,616	-	-	-	-	1,764,616
Payable to cities	-	1,531,129	799,938	4,552,806	1,318,048	8,201,921
Compensated absences	2,451,209	666,673	285,733	617,271	56,284	4,077,170
Accrued payroll and related benefits	1,889,012	532,660	232,879	685,199	74,187	3,413,937
Total	<u>\$ 40,489,065</u>	<u>\$ 11,495,128</u>	<u>\$ 9,424,853</u>	<u>\$ 9,858,490</u>	<u>\$ 6,816,766</u>	<u>\$ 78,084,302</u>
Payable from unrestricted assets	\$ 19,783,380	\$ 3,573,569	\$ 2,348,284	\$ 2,632,054	\$ 2,729,131	\$ 31,066,418
Payable from restricted assets	20,705,685	7,921,559	7,076,569	7,226,436	4,087,635	47,017,884
Total	<u>\$ 40,489,065</u>	<u>\$ 11,495,128</u>	<u>\$ 9,424,853</u>	<u>\$ 9,858,490</u>	<u>\$ 6,816,766</u>	<u>\$ 78,084,302</u>

NOTE 6. INTERFUND BALANCES

At September 30, 2017, interfund balances consisted of the following:

	Due From Other Funds	Due to Other Funds
Water System	\$ 336,234	\$ 134,050
Regional Wastewater System	39,162	326,763
Sewer System	30,707	196,913
Solid Waste System	321,945	13,699
Interceptor System	12,934	69,557
Total	<u>\$ 740,982</u>	<u>\$ 740,982</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.

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

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2017, deferred outflows of resources consisted of the following:

	Balance at October 1, 2016	Additions	Deletions	Balance at September 30, 2017
Water System:				
Deferred loss on refunded debt	\$ 17,420,595	\$ 6,247,229	\$ (2,091,512)	\$ 21,576,312
Deferred pension outflow	9,304,772	-	(1,525,779)	7,778,993
Deferred OPEB outflow	-	58,865	-	58,865
	<u>26,725,367</u>	<u>6,306,094</u>	<u>(3,617,291)</u>	<u>29,414,170</u>
Regional Wastewater:				
Deferred loss on refunded debt	3,057,759	-	(343,013)	2,714,746
Deferred pension outflow	2,509,378	-	(334,519)	2,174,859
Deferred OPEB outflow	-	13,950	-	13,950
	<u>5,567,137</u>	<u>13,950</u>	<u>(677,532)</u>	<u>4,903,555</u>
Sewer System:				
Deferred loss on refunded debt	2,109,084	-	(242,058)	1,867,026
Deferred pension outflow	899,229	-	(119,579)	779,650
Deferred OPEB outflow	-	6,721	-	6,721
	<u>3,008,313</u>	<u>6,721</u>	<u>(361,637)</u>	<u>2,653,397</u>
Solid Waste System:				
Deferred loss on refunded debt	1,036,959	1,529,231	(240,820)	2,325,370
Deferred pension outflow	2,355,813	-	(333,294)	2,022,519
Deferred OPEB outflow	-	11,308	-	11,308
	<u>3,392,772</u>	<u>1,540,539</u>	<u>(574,114)</u>	<u>4,359,197</u>
Interceptor System:				
Deferred loss on refunded debt	2,176,302	-	(224,548)	1,951,754
Deferred pension outflow	211,432	-	(27,376)	184,056
Deferred OPEB outflow	-	2,222	-	2,222
	<u>2,387,734</u>	<u>2,222</u>	<u>(251,924)</u>	<u>2,138,032</u>
Total	\$ 41,081,323	\$ 7,869,526	\$ (5,482,498)	\$ 43,468,351

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, 2017:

	Balance at October 1, 2016	Issued	Retired or Refunded	Balance at September 30, 2017	Amounts due Within One Year
Water System:					
Water revenue bonds 03/17-09/46, .854-6.123% U.S. govt contracts payable, 11/16-10/51, 3.225-3.253%	\$ 1,147,775,000	\$ 330,560,000	\$ 140,460,000	\$ 1,337,875,000	\$ 48,025,000
	31,049,381	-	1,452,271	29,597,110	1,499,187
	<u>1,178,824,381</u>	<u>330,560,000</u>	<u>141,912,271</u>	<u>1,367,472,110</u>	<u>49,524,187</u>
Regional Wastewater:					
Wastewater revenue bonds, 12/16-06/46, 2.00-5.00%	222,355,000	74,940,000	14,165,000	283,130,000	13,410,000
Sewer System:					
Rockwall contract revenue bonds, 12/16-06/28, 5.25-5.75%	2,115,000	-	130,000	1,985,000	135,000
Mustang Creek Interceptor System revenue bonds, 12/16-06/42, 3.00-6.00%	9,835,000	-	190,000	9,645,000	200,000
Rockwall-Heath contract revenue bonds 12/16-06/25, 3.85-4.25%	1,690,000	-	155,000	1,535,000	160,000
Terrell contract revenue bonds 12/16-06/35, 2.00-5.00%	10,000,000	-	375,000	9,625,000	385,000
Plano contract revenue bonds, 12/16-06/18, 3.50-3.641%	1,015,000	-	800,000	215,000	215,000
Stewart Creek contract revenue bonds, 12/16-06/35, 1.580-5.00%	64,080,000	-	2,695,000	61,385,000	2,800,000
Little Elm contract revenue bonds, 12/16-06/23, 1.25-2.00%	2,580,000	-	335,000	2,245,000	350,000
Parker Creek Interceptor System, revenue bonds, 12/16-06/23, 4.850-5.125%	1,270,000	-	155,000	1,115,000	165,000
Sabine Creek Interceptor System revenue bonds, 12/16-6/23, 4.850-5.125%	1,025,000	-	125,000	900,000	130,000
Sabine Creek Wastewater System revenue bonds, 12/16-6/36, 2.00-4.00%	4,380,000	11,120,000	870,000	14,630,000	1,005,000
Muddy Creek Wastewater System revenue bonds 12/16-06/26, 2.00-5.00%	12,685,000	-	1,385,000	11,300,000	1,440,000
Muddy Creek Interceptor revenue bonds 12/16-06/24, 3.00-4.00%	1,765,000	-	190,000	1,575,000	200,000
Buffalo Creek Interceptor revenue bonds 12/16-06/27, 3.00-5.00%	10,375,000	-	1,010,000	9,365,000	1,060,000
Rockwall Water Pumping Facilities bonds 12/16-06/26, 4.50-4.60%	1,330,000	-	105,000	1,225,000	110,000
Panther Creek Wastewater System bonds 12/16-06/29, 3.00-5.00%	34,840,000	-	2,515,000	32,325,000	2,595,000
Lower East Fork Interceptor bonds 12/16-06/26, 3.50-5.00%	10,680,000	-	895,000	9,785,000	925,000
Parker Creek Parallel Interceptor bonds 12/16-06/36, 2.00-3.00%	3,045,000	-	140,000	2,905,000	105,000
	<u>172,710,000</u>	<u>11,120,000</u>	<u>12,070,000</u>	<u>171,760,000</u>	<u>11,980,000</u>
Solid Waste System--revenue bonds, 03/17-09/36, 3.125-5.00%	<u>45,315,000</u>	<u>19,050,000</u>	<u>16,245,000</u>	<u>48,120,000</u>	<u>3,730,000</u>
Interceptor System--revenue bonds, 12/16-06/46, 3.00-6.25%	<u>168,605,000</u>	<u>37,315,000</u>	<u>10,645,000</u>	<u>195,275,000</u>	<u>11,365,000</u>
Total	<u>\$ 1,787,809,381</u>	<u>\$ 472,985,000</u>	<u>\$ 195,037,271</u>	<u>\$ 2,065,757,110</u>	<u>\$ 90,009,187</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 \$138,061,934 in the Water System, \$26,052,564 in the Regional Wastewater System, \$9,298,981 in the Sewer System, \$4,096,905 in the Solid Waste System and \$18,205,336 in the Interceptor System.

Other long term debt activity for the year ended September 30, 2017, was as follows:

	Balance at October 1, 2016	Additions	Deletions	Balance at September 30, 2017
Water System				
Premiums	\$ 101,573,702	\$ 50,464,644	\$ (13,976,412)	\$ 138,061,934
	<u>101,573,702</u>	<u>50,464,644</u>	<u>(13,976,412)</u>	<u>138,061,934</u>
Regional Wastewater				
Premiums	20,282,702	7,713,653	(1,943,791)	26,052,564
	<u>20,282,702</u>	<u>7,713,653</u>	<u>(1,943,791)</u>	<u>26,052,564</u>
Sewer System				
Premiums	10,381,034	451,529	(1,431,197)	9,401,366
Discounts	(118,058)	-	15,673	(102,385)
	<u>10,262,976</u>	<u>451,529</u>	<u>(1,415,524)</u>	<u>9,298,981</u>
Solid Waste System				
Premiums	2,026,332	2,595,346	(524,773)	4,096,905
Discounts	(82,371)	-	82,371	-
	<u>1,943,961</u>	<u>2,595,346</u>	<u>(442,402)</u>	<u>4,096,905</u>
Interceptor System				
Premiums	16,166,539	3,897,973	(1,859,176)	18,205,336
	<u>16,166,539</u>	<u>3,897,973</u>	<u>(1,859,176)</u>	<u>18,205,336</u>
Total	<u>\$ 150,229,880</u>	<u>\$ 65,123,145</u>	<u>\$ (19,637,305)</u>	<u>\$ 195,715,720</u>

Revenue bonds outstanding at September 30, 2017, 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.
- *Rockwall Contract Revenue Bonds*—Assignment of the gross revenues to be derived from the operation of the District's sewage disposal system serving the City of Rockwall, Texas.

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

NOTE 8. LONG-TERM DEBT – CONTINUED

- *Plano Contract Revenue Bonds*— Payments made to the District by the City of Plano, Texas.
- *Stewart Creek Contract Revenue Bonds*—Assignment of the gross revenues to be derived from the operation of the Stewart Creek Wastewater System and payments made to the District by the City of Frisco, Texas.
- *Little Elm Contract Revenue Bonds*—Payments made to the District by the Town of Little Elm, Texas.
- *Parker Creek Interceptor System*—Assignment of the gross revenues to be derived from the operation of the Parker Creek Interceptor System and payments made to the District by the Cities of Fate and Royse City, Texas.
- *Sabine Creek Interceptor System*—Assignment of the gross revenues to be derived from the operation of the Sabine Creek Interceptor System and payments made to the District by the City of Royse City, Texas.
- *Sabine Creek Wastewater System*—Assignment of the gross revenues to be derived from the operation of the Sabine Creek Wastewater System and payments made to the District by the City of Fate and the City of Royse City, Texas.
- *Muddy Creek Wastewater System*—Assignment of the gross revenues to be derived from the operation of the Muddy Creek Wastewater System and payments made to the District by the Cities of Murphy and Wylie, Texas.
- *Muddy Creek Interceptor System*—Assignment of the gross revenues to be derived from the operation of the Muddy Creek Interceptor System and payments made to the District by the Cities of Murphy and Wylie, Texas.
- *Buffalo Creek Interceptor System*—Assignment of the gross revenues to be derived from the operation of the Buffalo Creek Interceptor System and payments made to the District by the Cities of Forney, Heath and Rockwall, Texas.
- *Rockwall/Heath Water Storage Facilities*—Payments to be made to the District by the Cities of Rockwall and Heath, Texas.
- *Terrell Water Transmission Facilities*—Payments to be made to the District by the City of Terrell, Texas.
- *Rockwall Water Pumping Facilities*—Payments to be made to the District by the City of Rockwall, Texas.
- *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.

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

NOTE 8. LONG-TERM DEBT – CONTINUED

- *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.
- *Parker Creek Parallel Wastewater 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 City of Fate.
- *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 \$247,445,000 primarily for construction of the Wylie Water Treatment Plant expansion, construction of the Trinity River Main Stem Pump Station and Pipeline and other system improvements, \$74,940,000 in the Wastewater System primarily for the Wilson Creek Wastewater Treatment Plant expansion, \$11,120,000 in the Sewer System primarily for the expansion of the Sabine Creek Regional Wastewater Treatment Plant, \$7,040,000 in the Solid Waste System primarily for construction of the 121 Regional Disposal Facility improvements and \$37,315,000 in the Interceptor System primarily for system improvements. The District also issued revenue refunding bonds in the amounts of \$83,115,000 in the Water System and \$12,010,000 in the Solid Waste 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 amounts of \$83,115,000 in the Water System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$98,818,916 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 \$17,670,502 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$12,769,550.

During the year, the District issued revenue refunding bonds in the amounts of \$12,010,000 in the Solid Waste System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$13,864,776 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 \$959,017 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$807,161.

At September 30, 2017, defeased bonds outstanding totaled \$158,000,000.

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, 2017, the amount of the unamortized deferred amount on refundings is \$30,435,208.

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

	Water System			Regional Wastewater System		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 48,025,000	\$ 63,736,892	\$ 111,761,892	\$ 13,410,000	\$ 12,172,291	\$ 25,582,291
2019	50,965,000	61,604,329	112,569,329	12,585,000	11,557,791	24,142,791
2020	53,150,000	59,295,877	112,445,877	13,130,000	10,986,991	24,116,991
2021	54,605,000	56,740,712	111,345,712	13,675,000	10,391,441	24,066,441
2022	54,000,000	54,084,448	108,084,448	14,260,000	9,768,923	24,028,923
2023-2027	299,805,000	228,320,251	528,125,251	59,740,000	40,304,723	100,044,723
2028-2032	346,390,000	153,263,638	499,653,638	45,285,000	27,511,663	72,796,663
2033-2037	235,650,000	76,652,025	312,302,025	33,895,000	19,387,781	53,282,781
2038-2042	127,160,000	28,354,155	155,514,155	40,480,000	11,925,475	52,405,475
2043-2046	68,125,000	6,374,600	74,499,600	36,670,000	3,285,600	39,955,600
	<u>\$ 1,337,875,000</u>	<u>\$ 788,426,927</u>	<u>\$ 2,126,301,927</u>	<u>\$ 283,130,000</u>	<u>\$ 157,292,679</u>	<u>\$ 440,422,679</u>

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

NOTE 8. LONG-TERM DEBT – CONTINUED

	Sewer System			Solid Waste System		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 11,980,000	\$ 6,929,664	\$ 18,909,664	\$ 3,730,000	\$ 2,047,369	\$ 5,777,369
2019	12,190,000	6,474,226	18,664,226	3,885,000	1,871,369	5,756,369
2020	12,160,000	5,961,604	18,121,604	3,970,000	1,718,994	5,688,994
2021	12,680,000	5,502,795	18,182,795	4,125,000	1,542,294	5,667,294
2022	13,210,000	4,944,959	18,154,959	4,280,000	1,371,843	5,651,843
2023-2027	53,700,000	16,352,588	70,052,588	15,685,000	4,362,469	20,047,469
2028-2032	30,980,000	7,852,650	38,832,650	7,695,000	1,499,925	9,194,925
2033-2037	21,900,000	2,340,413	24,240,413	4,750,000	367,800	5,117,800
2038-2042	2,960,000	331,563	3,291,563	-	-	-
2043-2046	-	-	-	-	-	-
	<u>\$ 171,760,000</u>	<u>\$ 56,690,462</u>	<u>\$ 228,450,462</u>	<u>\$ 48,120,000</u>	<u>\$ 14,782,063</u>	<u>\$ 62,902,063</u>

	Interceptor System			Total All Systems		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 11,365,000	\$ 8,609,124	\$ 19,974,124	\$ 88,510,000	\$ 93,495,340	\$ 182,005,340
2019	10,440,000	8,035,311	18,475,311	90,065,000	89,543,026	179,608,026
2020	10,895,000	7,519,074	18,414,074	93,305,000	85,482,540	178,787,540
2021	11,375,000	6,949,574	18,324,574	96,460,000	81,126,816	177,586,816
2022	11,875,000	6,354,699	18,229,699	97,625,000	76,524,872	174,149,872
2023-2027	61,895,000	22,975,356	84,870,356	490,825,000	312,315,387	803,140,387
2028-2032	47,515,000	10,205,644	57,720,644	477,865,000	200,333,520	678,198,520
2033-2037	20,470,000	3,349,840	23,819,840	316,665,000	102,097,859	418,762,859
2038-2042	4,835,000	1,138,200	5,973,200	175,435,000	41,749,393	217,184,393
2043-2046	4,610,000	352,500	4,962,500	109,405,000	10,012,700	119,417,700
	<u>\$ 195,275,000</u>	<u>\$ 75,489,322</u>	<u>\$ 270,764,322</u>	<u>\$ 2,036,160,000</u>	<u>\$ 1,092,681,453</u>	<u>\$ 3,128,841,453</u>

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

	Water System		
	Principal	Interest	Total
2018	\$ 1,499,187	\$ 959,414	\$ 2,458,601
2019	1,547,616	910,983	2,458,599
2020	1,597,613	860,987	2,458,600
2021	1,649,224	809,377	2,458,601
2022	1,702,502	756,099	2,458,601
2023-2027	7,485,972	2,949,055	10,435,027
2028-2032	2,161,740	2,159,662	4,321,402
2033-2037	2,536,978	1,784,423	4,321,401
2038-2042	2,977,352	1,344,049	4,321,401
2043-2047	3,494,166	827,235	4,321,401
2048-2051	2,944,760	234,420	3,179,180
	<u>\$ 29,597,110</u>	<u>\$ 13,595,704</u>	<u>\$ 43,192,814</u>

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

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2017, deferred inflows of resources consisted of the following:

	Balance at October 1, 2016	Additions	Deletions	Balance at September 30, 2017
Water System:				
Deferred insurance proceeds	\$ 1,289,915	\$ -	\$ (277,619)	\$ 1,012,296
Deferred pension inflow	5,333,791	771,709	-	6,105,500
Deferred OPEB inflow	-	786,362	-	786,362
	<u>6,623,706</u>	<u>1,558,071</u>	<u>(277,619)</u>	<u>7,904,158</u>
Regional Wastewater:				
Deferred pension inflow	1,462,272	169,194	-	1,631,466
Deferred OPEB inflow	-	186,341	-	186,341
	<u>1,462,272</u>	<u>355,535</u>	<u>-</u>	<u>1,817,807</u>
Sewer System:				
Deferred pension inflow	532,671	60,484	-	593,155
Deferred OPEB inflow	-	89,800	-	89,800
	<u>532,671</u>	<u>150,284</u>	<u>-</u>	<u>682,955</u>
Solid Waste System:				
Deferred pension inflow	1,309,634	168,572	-	1,478,206
Deferred OPEB inflow	-	151,066	-	151,066
	<u>1,309,634</u>	<u>319,638</u>	<u>-</u>	<u>1,629,272</u>
Interceptor System:				
Deferred pension inflow	136,273	13,846	-	150,119
Deferred OPEB inflow	-	29,677	-	29,677
	<u>136,273</u>	<u>43,523</u>	<u>-</u>	<u>179,796</u>
Total	<u>\$ 10,064,556</u>	<u>\$ 2,427,051</u>	<u>\$ (277,619)</u>	<u>\$ 12,213,988</u>

The Water Fund has an additional deferred inflow that represents an acquisition of net position that applies to a future period. The \$1,012,296 represents the unspent portion of the advance funds the District received from the insurance company for the hail damage repairs during the prior 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, 2017, the participants comprised the following:

Active participants	538
Terminated vested participants	72
Disabled Participants	4
Retired participants	108
Beneficiaries	14
Total number of participants	<u>736</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, 2016, 2015, and 2014, the District made contributions of \$5,957,000, \$4,999,000, and \$5,595,000, respectively which represent 18.7%, 16.6% and 21.0%, respectively of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2017, 2016, and 2015.

Actuarial Assumptions

Valuation date	January 1, 2016	January 1, 2017
Measurement date	December 31, 2015	December 31, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.25%	2.25%
Salary increases including inflation	4.00%	4.00%
Mortality	SOA RP-2014 adjusted to 2006 mortality tables (blue collar) and MP 2015 mortality improvement scales	SOA RP-2014 adjusted to 2006 mortality tables (blue collar) and MP 2016 mortality improvement scales

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

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

NOTE 10. RETIREMENT PLAN – CONTINUED

Discount Rate

	December 31, 2015	December 31, 2016
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, 2016.

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	1.00%	2.91%	2.89%
US Short Bonds	Barclays 1-3 Yr Gvt/Credit	6.00%	3.98%	9.95%
US Long Bonds	Barclays LT Gvt/Credit	7.00%	5.96%	5.49%
US Credit Bonds	Barclays Credit	6.00%	5.77%	5.58%
US Large Caps	S&P 500	20.00%	7.18%	6.00%
US Small Caps	Russell 2000	30.00%	8.42%	6.50%
US Large Growth	Russell 1000 Growth	10.00%	7.91%	6.40%
US Large Value	Russell 1000 Value	10.00%	7.05%	5.85%
US Mid Cap Growth	Russell MidCap Growth	10.00%	8.64%	6.35%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			4.95%	3.91%
Portfolio Nominal Mean Return			7.26%	6.30%
Portfolio Standard Deviation				14.59%
Long-Term Expected Rate of Return				8.00%

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

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.

	<div>Current</div> <div>Discount Rate</div>			<div>1% Increase</div>
	<div>1% Decrease</div>	<div>7.00%</div>	<div>8.00%</div>	<div>9.00%</div>
Total pension liability	\$	108,317,370	\$ 94,534,046	\$ 83,165,931
Fiduciary net position		70,826,509	70,826,509	70,826,509
Net pension liability		37,490,861	23,707,537	12,339,422

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

For the year ended September 30, 2017, the District recognized pension expense of \$5,134,469 of which \$3,347,107 was allocated to the Water System, \$733,836 was allocated to the Wastewater System, \$262,327 was allocated to the Sewer System, \$731,144 was allocated to the Solid Waste System, and \$60,055 was allocated to the Interceptor System. The breakdown of the components of pension expense are as follows:

	October 1, 2016 to September 30, 2017
Pension Expense	
Service cost	\$ 2,517,164
Interest on total pension liability	7,642,786
Effect of plan changes	-
Administrative expenses	-
Member contributions	-
Expected investment income (net of expense)	(5,126,585)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(237,068)
Recognition of assumptions changes or inputs	(1,069,061)
Recognition of investment gains or losses	1,407,233
Pension expense	\$ 5,134,469

At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (3,935,632)	\$ 6,184,889
Changes of assumptions	(6,022,814)	-
Net difference between projected and actual earnings	-	4,025,184
Contributions made subsequent to measurement date	-	2,730,004
Total	\$ (9,958,446)	\$ 12,940,077

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, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31	
2018	\$ 101,104
2019	411,998
2020	972,449
2021	(301,346)
2022	(269,809)
Thereafter	(662,768)
	<u>\$ 251,627</u>

Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2016	\$ 91,084,923	\$ 62,677,503	\$ 28,407,420
Changes for the year:			
Service cost	2,517,164		2,517,164
Interest on total pension liability	7,642,786		7,642,786
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(2,503,263)		(2,503,263)
Effect of assumptions changes or inputs	(1,115,300)		(1,115,300)
Benefit payments	(3,092,264)	(3,092,264)	-
Employer contributions		5,957,000	(5,957,000)
Member contributions		-	-
Net investment income		5,284,270	(5,284,270)
Administrative expenses		-	-
Balances as of September 30, 2017	\$ 94,534,046	\$ 70,826,509	\$ 23,707,537

	December 31, 2015	December 31, 2016
Total pension liability	\$ 91,084,923	\$ 94,534,046
Fiduciary net position	62,677,503	70,826,509
Net pension liability	28,407,420	23,707,537
Fiduciary net position as a % of total pension liability	68.81%	74.92%
Covered payroll	30,084,911	31,777,947
Net pension liability as a % of covered payroll	94.42%	74.60%

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, 2015	December 31, 2016
Assets		
Cash and cash equivalents	\$ 1,858,179	\$ 1,869,341
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	22,457,649	16,038,386
Stocks	38,361,675	52,918,782
Total investments	60,819,324	68,957,168
Total assets	62,677,503	70,826,509
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	<u>\$ 62,677,503</u>	<u>\$ 70,826,509</u>

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 Expense 9/30/2017	Amount Recognized in Expense through 9/30/2017	Balance of Deferred Inflows as of 9/30/2017	Balance of Deferred Outflows as of 9/30/2017
Economic/demographic (gains) or losses	\$(2,503,263)	9/30/2017	7.6	\$ (329,377)	\$ (329,377)	\$ (2,173,886)	\$ -
	8,442,147	9/30/2016	7.5	1,128,629	2,257,258	-	6,184,889
	(4,870,706)	9/30/2015	4.7	(1,036,320)	(3,108,960)	(1,761,746)	-
		Total		(237,068)	(1,181,079)	(3,935,632)	6,184,889
Assumption changes or inputs	(1,115,300)	9/30/2017	7.6	(146,750)	(146,750)	(968,550)	-
	(6,898,886)	9/30/2016	7.5	(922,311)	(1,844,622)	(5,054,264)	-
	-	9/30/2015	0.0	-	-	-	-
		Total		(1,069,061)	(1,991,372)	(6,022,814)	-
Investment (gains) or losses	(157,685)	9/30/2017	5.0	(31,537)	(31,537)	(126,148)	-
	6,368,973	9/30/2016	5.0	1,273,795	2,547,590	-	3,821,383
	824,874	9/30/2015	5.0	164,975	494,925	-	329,949
		Total		1,407,233	3,010,978	(126,148)	4,151,332
Total for economic/demographic gains or losses and assumption changes or inputs						(9,958,446)	6,184,889
Net deferred (inflows)/outflows for investment gains or losses						-	4,025,184
Total deferred (inflows)/outflows						(9,958,446)	10,210,073
Total net deferrals							251,627

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, 2017, the District contributed \$1,275,000, related to these benefits, of which \$758,930 was allocated to the Water System, \$211,745 was allocated to the Wastewater System, \$78,915 was allocated to the Sewer System, \$208,005 was allocated to the Solid Waste System, and \$17,405 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 under construction contracts as of September 30, 2017 were as follows:

	Unrestricted Capital Improvement Funds	Restricted Bond Funds	Total Commitments
Payable from:			
Regional Water System	\$ 97,305,560	\$ 248,820,346	\$ 346,125,906
Regional Wastewater System	-	158,255,141	158,255,141
Regional Sewer System	14,843	17,169,341	17,184,184
Regional Solid Waste System	-	4,557,932	4,557,932
Upper East Fork Interceptor System	153,336	39,505,119	39,658,455
	<u>\$ 97,473,739</u>	<u>\$ 468,307,879</u>	<u>\$ 565,781,618</u>

Contingencies

The District is involved in threatened litigation and lawsuits arising in the ordinary course of business, including claims involving contract disputes. In the opinion of the District's management, potential liability in these matters will not have a material impact on the financial statements as of September 30, 2017.

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, 2017, a liability of \$5,522,431 for landfill closure and postclosure care costs has been accrued in the Solid Waste System Fund in the accompanying statement of net position.

Beginning Liability	Additions	Reductions	Ending Liability
\$ 5,233,611	\$ 288,820	\$ -	\$ 5,522,431

The \$5,522,431 reported as landfill closure and postclosure care liability at September 30, 2017, includes \$206,622 for Transfer Stations, \$1,478,703 for the Maxwell Creek Landfill, \$2,756,304 for the McKinney Landfill and \$1,080,802 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 12.5% 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 \$7,593,368 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, 2017. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 31 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, 2017 and 2016 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>
2016	\$ 1,229,805	\$ 10,319,499	\$ 9,965,063	\$ 1,584,241
2017	1,584,241	11,494,502	11,314,127	\$ 1,764,616

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided

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

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

Employees Covered by Benefit Terms

As of September 30, 2017, the participants comprised the following:

Retirees and beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	0
Active members	564
Total number of participants	<u>610</u>

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Contributions

The District's funding policy is established and may be amended by the District's Board of Directors. The District has established an irrevocable trust fund to accumulate assets for payment of future OPEB benefits.

OPEB Plan Fiduciary Net Position

	September 30, 2016	September 30, 2017
Assets		
Cash and cash equivalents	\$ -	\$ 320,667
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	2,165,000	2,623,635
Stocks	3,503,969	3,656,521
Real estate	-	130,041
Alternative investments	-	138,139
Total investments	5,668,969	6,548,336
Total assets	5,668,969	6,869,003
Liabilities		
Total liabilities	-	-
Net position restricted for OPEB	\$ 5,668,969	\$ 6,869,003

Net OPEB Liability

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

Actuarial Methods and Assumptions

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases including inflation	3.00%
Long-Term Expected Rate of Return	7.50%
Healthcare Cost Trend Rates (Medical)	5.0% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2091 and beyond.
Healthcare Cost Trend Rates (Dental)	4.0% for 2017, gradually decreasing to an ultimate rate of 3.0% for 2074 and beyond.

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Mortality rates were based on the adjusted RPH-2014 Blue Collar Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2017 on a generational basis with healthy annuitant rates after benefit commencement.

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

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 June 30, 2017.

Asset Class	Index	Target Allocation*	Long-Term	Long-Term
			Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
Cash	Citigroup 90-Day T-Bills	4.67%	0.47%	0.46%
Core Fixed Income	Barclays Aggregate	14.13%	2.49%	2.35%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cre	6.68%	1.54%	1.48%
Non-US Fixed Income	JPM GBI Global ex-US	4.89%	0.84%	0.29%
Large Cap US Equities	S&P 500	7.85%	4.57%	3.37%
Broad US Equities	S&P 500	14.61%	4.85%	3.57%
Small Cap US Equities	Russell 2000	6.09%	5.80%	3.86%
Mid Cap US Equities	Russell Microcaps	4.86%	5.09%	3.52%
Developed Foreign Equities	MSCI EAFE NR	13.95%	5.78%	4.15%
Emerging Market Equities	MSCI Emerging Markets	5.86%	8.10%	4.84%
Real Estate (REITS)	FTSE NAREIT Equity REIT	1.89%	5.06%	3.27%
Private Equity	Cambridge Associates	2.01%	8.93%	5.08%
Hedge Funds / Absolute Return	HFRI Fund of Funds	12.51%	4.31%	3.62%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			2.00%	2.00%
Portfolio Real Mean Return			4.17%	3.53%
Portfolio Nominal Mean Return			6.49%	5.91%
Portfolio Standard Deviation			11.30%	11.30%
Long-Term Expected Rate of Return				7.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. 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 OPEB liability is equal to the long-term expected rate of return.

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances on valuation date of October 1, 2016	\$ 10,580,902	\$ 5,668,969	\$ 4,911,933
Changes for the year:			
Service cost	431,946		431,946
Interest on total OPEB liability	825,964		825,964
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(1,257,910)		(1,257,910)
Effect of assumptions changes or inputs	104,429	-	104,429
Benefit payments	-	-	-
Employer contributions		600,000	(600,000)
Member contributions		-	-
Net investment income		600,034	(600,034)
Administrative expenses		-	-
Balances as of September 30, 2017	\$ 10,685,331	\$ 6,869,003	\$ 3,816,328

Sensitivity Analysis

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB liability	\$ 11,582,852	\$ 10,685,331	\$ 9,887,725
Fiduciary net position	6,869,003	6,869,003	6,869,003
Net OPEB liability	4,713,849	3,816,328	3,018,722

The following presents the net OPEB liability of the District, calculated using the current healthcare cost trend rates, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current Rate	Trend Rate	1% Increase
Total OPEB liability	\$ 9,771,540	\$ 10,685,331	\$ 11,749,585	
Fiduciary net position	6,869,003	6,869,003	6,869,003	
Net OPEB liability	2,902,537	3,816,328	4,880,582	

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2017, the District recognized OPEB expense of \$654,575. The breakdown of the components of OPEB expense are as follows:

	<u>October 1, 2016 to September 30, 2017</u>
OPEB Expense	
Service cost	\$ 431,946
Interest on total OPEB liability	825,964
Effect of plan changes	-
Administrative expenses	-
Member contributions	-
Expected investment income (net of expense)	(447,266)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(136,878)
Recognition of assumptions changes or inputs	11,363
Recognition of investment gains or losses	(30,554)
OPEB expense	<u>\$ 654,575</u>

At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (1,121,032)	\$ -
Changes of assumptions	-	93,066
Net difference between projected and actual earnings	(122,214)	-
Total	<u>\$ (1,243,246)</u>	<u>\$ 93,066</u>

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

<u>Year Ended December 31</u>	
2018	\$ (156,069)
2019	(156,069)
2020	(156,069)
2021	(156,067)
2022	(125,515)
Thereafter	(400,391)
	<u>\$ (1,150,180)</u>

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Investment gains/losses are recognized in OPEB 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 OPEB will be recognized in OPEB expense as follows:

	Original Amount	Date Established	Original Recognition Period*	Amount Recognized in 9/30/2017 Expense	Balance of Deferred Inflows 9/30/2017	Balance of Deferred Outflows 9/30/2017
Investment (gains) or losses	\$ (152,768)	9/30/2017	5.0	\$ (30,554)	\$ (122,214)	\$ -
		Total		(30,554)	(122,214)	-
Economic/demographic (gains) or losses	(1,257,910)	9/30/2017	9.2	(136,878)	(1,121,032)	-
		Total		(136,878)	(1,121,032)	-
Assumption changes or inputs	104,429	9/30/2017	9.2	11,363	-	93,066
		Total		11,363	-	93,066

NOTE 15. PRIOR YEAR RESTATEMENT

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

	Regional Water System	Regional Wastewater System	Sewer System	Regional Solid Waste System	Interceptor System	Total
September 30, 2016 net position (as previously stated)	\$ 904,043,074	\$ 107,625,135	\$ 52,481,254	\$ 48,142,777	\$ 97,869,420	\$ 1,210,161,660
Implementation of GASB 75	(3,465,837)	(664,142)	(320,064)	(538,419)	(105,773)	(5,094,235)
September 30, 2016 net position (as restated)	<u>\$ 900,577,237</u>	<u>\$ 106,960,993</u>	<u>\$ 52,161,190</u>	<u>\$ 47,604,358</u>	<u>\$ 97,763,647</u>	<u>\$ 1,205,067,425</u>

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	\$2,517	\$3,058	\$2,166	\$2,005	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	7,643	6,614	6,387	5,854	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(2,503)	8,442	(4,871)	1,527	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumptions changes or inputs	(1,115)	(6,899)	0	154	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(3,092)	(2,617)	(2,055)	(1,700)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	3,450	8,599	1,627	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	91,085	82,486	80,859	73,020	55,436	47,048	39,331	34,596	30,059	26,041
Total pension liability, ending (a)	94,534	91,085	82,486	80,859	73,020	55,436	47,048	39,331	34,596	30,059
Fiduciary Net Position										
Employer contributions	\$5,957	\$4,999	\$5,595	\$4,945	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	5,284	(1,337)	3,689	7,436	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(3,092)	(2,617)	(2,055)	(1,700)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	0	(195)	(180)	(159)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	8,149	850	7,049	10,522	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	62,678	61,828	54,779	44,257	35,949	32,430	27,146	19,735	25,072	21,866
Fiduciary net position, ending (b)	70,827	62,678	61,828	54,779	44,257	35,949	32,430	27,146	19,735	25,072
Net pension liability, ending = (a) - (b)	23,708	28,407	20,658	26,080	28,763	19,487	14,618	12,185	14,861	4,987
Fiduciary net position as a % of total pension liability	74.92%	68.81%	74.96%	67.75%	60.61%	64.85%	68.93%	69.02%	57.04%	83.41%
Covered payroll	\$31,778	\$30,085	\$26,655	\$25,929	\$24,859	\$24,256	\$23,572	\$22,514	\$20,010	\$18,036
Net pension liability as a % of covered payroll	74.60%	94.42%	77.50%	100.58%	115.70%	80.34%	62.02%	54.12%	74.27%	27.65%

Notes to Schedule:

Changes of assumptions. The mortality assumptions were updated from Projection Scale MP-2015 to Projection Scale MP-2016.

Data prior to 2014 is not available. Additional years' information will be displayed as it becomes available.

North Texas Municipal Employee Retirement System
Schedule of Employer Contributions
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Fiscal Year Ending September 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$5,034	\$4,600	\$4,386	\$4,504	\$4,555	\$3,841	\$3,291	\$3,333	\$2,157	\$1,847
Actual Employer Contribution	5,957	4,999	5,595	4,945	5,022	3,925	3,345	3,351	2,207	1,981
Contribution Deficiency (Excess)	(923)	(399)	(1,209)	(441)	(467)	(84)	(54)	(18)	(50)	(134)
Covered Payroll	\$31,778	\$30,085	\$26,655	\$25,929	\$24,859	\$24,256	\$23,572	\$22,514	\$20,010	\$18,036
Contributions as a % of Covered Payroll	18.75%	16.62%	20.99%	19.07%	20.20%	16.18%	14.19%	14.88%	11.03%	10.98%

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Fiscal Year Ending September 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability										
Service cost	\$432	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	827	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes on benefit terms	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(1,258)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumptions changes or inputs	104	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	105	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	10,581	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	10,685	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	1,200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	5,669	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	6,869	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability, ending = (a) - (b)	3,816	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total OPEB liability	64.29%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll (as reported with pension data)	\$31,778	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	12.01%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes of benefit terms. There were no substantial changes to benefits between 2016 and 2017.
Changes of assumptions. The mortality assumptions were updated to reflect current actuarial standards.
The actuarial cost method was updated from Unit Credit to Entry Age Normal in accordance with GASB 75.
Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

North Texas Municipal Employee Other Postemployment Benefits Plan

Schedule of NTMWD Contributions

Last 10 Fiscal Years

(Dollar amounts in 1,000s)

	Fiscal Year Ending September 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$669	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Employer Contribution	1,297	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	(628)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	\$31,778	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a % of Covered Payroll	4.08%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Timing	Actuarial valuations for funding purposes are performed annually as of October 1.
Actuarial Cost Method	Entry Age Normal
Amortization Method	N/A
Asset Valuation Method	Market Value
Inflation	2.30%
Salary Increases	3.00%
Discount Rate	7.50%
Healthcare Cost Trend Rates (Medical)	5.0% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2091 and beyond
Healthcare Cost Trend Rates (Dental)	4.7% for 2017, gradually decreasing to an ultimate rate of 3.8% for 2074 and beyond
Retirement age	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.
Mortality	Adjusted RPH-2014 Blue Collar with MP-2017 Projection
	Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

SEWER SYSTEM SUPPLEMENTAL SCHEDULES

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**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 3,156	\$ 4,084
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total unrestricted assets	3,156	4,084
Restricted assets:		
Cash and cash equivalents	190,110	307,663
Investments	397,759	-
Interest and accounts receivable	2,686	-
Total restricted assets	590,555	307,663
TOTAL CURRENT ASSETS	593,711	311,747
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	1,148,575	-
Construction-in-progress	-	-
Total nondepreciable assets	1,148,575	-
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	(1,026,567)	(3,929,328)
Net capital assets	4,262,782	5,304,443
TOTAL LONG-TERM ASSETS	4,262,782	5,304,443
TOTAL ASSETS	4,856,493	5,616,190
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	81,914	-
Deferred pension outflow	-	-
Deferred OPEB outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	81,914	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,938,407	\$ 5,616,190

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Murphy WWTP/ Interceptor
\$ 27,570	\$ (119)	\$ 636	\$ 59	\$ 71,705
6,787	120	-	-	-
-	-	-	-	-
101	-	-	-	-
-	-	-	-	-
34,458	1	636	59	71,705
54,782	92,191	266,620	79,853	-
-	218,767	745,796	149,159	-
-	1,478	5,037	1,007	-
54,782	312,436	1,017,453	230,019	-
89,240	312,437	1,018,089	230,078	71,705
-	-	-	-	33,018
-	-	-	-	-
-	-	-	-	-
-	-	-	-	33,018
-	-	-	-	-
-	2,600,259	12,039,133	1,932,237	-
-	-	-	-	75,144
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,600,259	12,039,133	1,932,237	75,144
-	(533,053)	(2,909,457)	(483,064)	(75,144)
-	2,067,206	9,129,676	1,449,173	33,018
-	2,067,206	9,129,676	1,449,173	33,018
89,240	2,379,643	10,147,765	1,679,251	104,723
-	-	130,266	-	-
-	-	-	-	-
-	-	-	-	-
-	-	130,266	-	-
\$ 89,240	\$ 2,379,643	\$ 10,278,031	\$ 1,679,251	\$ 104,723

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 1,823	\$ 433,611
Accounts receivable	-	-
Due from other funds	375	432
Prepaid expenses	15,847	23,352
Unbilled receivable	143	11,507
Total unrestricted assets	18,188	468,902
Restricted assets:		
Cash and cash equivalents	23,788	129,452
Investments	-	248,598
Interest and accounts receivable	-	1,679
Total restricted assets	23,788	379,729
TOTAL CURRENT ASSETS	41,976	848,631
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	60,724
Easements	-	243,045
Construction-in-progress	-	-
Total nondepreciable assets	-	303,769
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	2,149,480	8,214,579
Buildings	-	-
Automobiles and trucks	3,503	69,003
Other equipment	53,402	247,665
Total depreciable assets	2,206,385	8,531,247
Less accumulated depreciation	(2,089,921)	(5,479,025)
Net capital assets	116,464	3,355,991
TOTAL LONG-TERM ASSETS	116,464	3,355,991
TOTAL ASSETS	158,440	4,204,622
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	1,158	38,193
Deferred OPEB outflow	9	295
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,167	38,488
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 159,607	\$ 4,243,110

North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 46,624	\$ 911,656	\$ 44,834	\$ 467,535	\$ 407,342
-	-	24,718	5,887	167,462
296	113	692	57	65
21,087	75,538	5,257	52,121	60,204
7,158	110,624	57,116	31,467	18,909
<u>75,165</u>	<u>1,097,931</u>	<u>132,617</u>	<u>557,067</u>	<u>653,982</u>
4,219	1,669,627	6,497,246	14,016,126	682,527
-	3,347,095	894,955	6,369,045	1,480,327
-	25,869	6,045	14,491	10,779
<u>4,219</u>	<u>5,042,591</u>	<u>7,398,246</u>	<u>20,399,662</u>	<u>2,173,633</u>
<u>79,384</u>	<u>6,140,522</u>	<u>7,530,863</u>	<u>20,956,729</u>	<u>2,827,615</u>
-	-	375,774	-	-
-	19,042	-	-	9,421
-	26,895	6,000,663	58,233,940	73,862
-	45,937	6,376,437	58,233,940	83,283
-	-	-	-	417,138
-	-	-	-	-
1,576,459	51,820,475	7,803,906	6,896,732	28,265,888
-	-	-	9,698	161,583
42,655	99,805	51,438	56,481	58,728
270,486	371,561	372,399	393,185	257,367
<u>1,889,600</u>	<u>52,291,841</u>	<u>8,227,743</u>	<u>7,356,096</u>	<u>29,160,704</u>
<u>(1,415,881)</u>	<u>(10,498,557)</u>	<u>(2,598,960)</u>	<u>(3,766,951)</u>	<u>(10,261,375)</u>
473,719	41,839,221	12,005,220	61,823,085	18,982,612
473,719	41,839,221	12,005,220	61,823,085	18,982,612
553,103	47,979,743	19,536,083	82,779,814	21,810,227
-	657,598	132,796	5,485	306,880
19,913	201,390	24,909	106,278	231,879
154	1,865	201	1,017	1,863
<u>20,067</u>	<u>860,853</u>	<u>157,906</u>	<u>112,780</u>	<u>540,622</u>
<u>\$ 573,170</u>	<u>\$ 48,840,596</u>	<u>\$ 19,693,989</u>	<u>\$ 82,892,594</u>	<u>\$ 22,350,849</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS	Seis Lagos WWTP	Royse City WWTP
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 48,524	\$ 2,630
Accounts receivable	-	-
Due from other funds	562	126
Prepaid expenses	1,774	126
Unbilled receivable	4,335	502
Total unrestricted assets	55,195	3,384
Restricted assets:		
Cash and cash equivalents	13,838	10,026
Investments	-	-
Interest and accounts receivable	-	-
Total restricted assets	13,838	10,026
TOTAL CURRENT ASSETS	69,033	13,410
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	-	-
Construction-in-progress	-	-
Total nondepreciable assets	-	-
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	-	-
Buildings	-	-
Automobiles and trucks	29,481	1,779
Other equipment	38,124	7,324
Total depreciable assets	67,605	9,103
Less accumulated depreciation	(38,869)	(7,684)
Net capital assets	28,736	1,419
TOTAL LONG-TERM ASSETS	28,736	1,419
TOTAL ASSETS	97,769	14,829
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	8,302	1,145
Deferred OPEB outflow	83	9
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,385	1,154
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 106,154	\$ 15,983

Farmersville WWTP	Frisco Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor
\$ 35,398	\$ 36,709	\$ 28,491	\$ 591	\$ 101,467
-	-	-	-	-
-	-	812	-	659
4,013	-	2,676	-	3,721
7,869	-	5,500	-	-
47,280	36,709	37,479	591	105,847
19,924	14,092	4,555	-	21,718
-	-	-	-	-
-	-	-	-	-
19,924	14,092	4,555	-	21,718
67,204	50,801	42,034	591	127,565
-	-	-	-	-
-	-	-	-	48,877
-	-	-	-	-
-	-	-	-	48,877
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,856,524
16,225	-	-	-	-
34,817	-	29,481	-	-
419,042	-	37,769	-	189,025
470,084	-	67,250	-	2,045,549
(413,915)	-	(30,355)	-	(1,304,193)
56,169	-	36,895	-	790,233
56,169	-	36,895	-	790,233
123,373	50,801	78,929	591	917,798
-	-	-	-	-
12,451	-	8,302	-	2,586
111	96	83	-	20
12,562	96	8,385	-	2,606
\$ 135,935	\$ 50,897	\$ 87,314	\$ 591	\$ 920,404

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS	Lower East Fork Interceptor	Muddy Creek Interceptor
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 87,082	\$ 40,614
Accounts receivable	-	-
Due from other funds	876	-
Prepaid expenses	6,925	-
Unbilled receivable	-	-
Total unrestricted assets	94,883	40,614
Restricted assets:		
Cash and cash equivalents	520,800	126,111
Investments	1,316,729	249,372
Interest and accounts receivable	2,693	556
Total restricted assets	1,840,222	376,039
TOTAL CURRENT ASSETS	1,935,105	416,653
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	193,687	49,232
Construction-in-progress	-	-
Total nondepreciable assets	193,687	49,232
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	15,137,968	3,411,083
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Total depreciable assets	15,137,968	3,411,083
Less accumulated depreciation	(2,800,495)	(1,293,499)
Net capital assets	12,531,160	2,166,816
TOTAL LONG-TERM ASSETS	12,531,160	2,166,816
TOTAL ASSETS	14,466,265	2,583,469
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	183,734	(10,528)
Deferred pension outflow	2,576	-
Deferred OPEB outflow	19	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	186,329	(10,528)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,652,594	\$ 2,572,941

Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Mustang Creek Interceptor
\$ 366	\$ 7,073	\$ 48,380	\$ 3,354	\$ 36,922
7,303	-	71,022	-	1,096,642
-	-	604	-	-
44	-	9,988	-	435
-	-	-	-	-
<u>7,713</u>	<u>7,073</u>	<u>129,994</u>	<u>3,354</u>	<u>1,133,999</u>
86,561	68,691	786,832	9,956	871,415
219,454	179,546	1,037,440	-	596,638
449	407	2,029	-	4,030
<u>306,464</u>	<u>248,644</u>	<u>1,826,301</u>	<u>9,956</u>	<u>1,472,083</u>
<u>314,177</u>	<u>255,717</u>	<u>1,956,295</u>	<u>13,310</u>	<u>2,606,082</u>
-	-	-	-	-
104,204	70,341	1,253,590	16,150	915,950
-	-	-	-	195,260
<u>104,204</u>	<u>70,341</u>	<u>1,253,590</u>	<u>16,150</u>	<u>1,111,210</u>
-	-	-	-	-
-	-	-	-	-
2,465,984	1,697,812	18,008,418	1,551,439	8,567,121
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,465,984</u>	<u>1,697,812</u>	<u>18,008,418</u>	<u>1,551,439</u>	<u>8,567,121</u>
<u>(526,077)</u>	<u>(339,566)</u>	<u>(6,464,122)</u>	<u>(1,116,486)</u>	<u>(356,946)</u>
<u>2,044,111</u>	<u>1,428,587</u>	<u>12,797,886</u>	<u>451,103</u>	<u>9,321,385</u>
<u>2,044,111</u>	<u>1,428,587</u>	<u>12,797,886</u>	<u>451,103</u>	<u>9,321,385</u>
<u>2,358,288</u>	<u>1,684,304</u>	<u>14,754,181</u>	<u>464,413</u>	<u>11,927,467</u>
-	-	378,881	-	-
-	-	2,583	-	-
-	-	23	-	-
-	-	<u>381,487</u>	-	-
<u>\$ 2,358,288</u>	<u>\$ 1,684,304</u>	<u>\$ 15,135,668</u>	<u>\$ 464,413</u>	<u>\$ 11,927,467</u>

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS	Parker Creek Parallel WW Interceptor	Small Plants Clearing
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 6,749	\$ 413,150
Accounts receivable	-	-
Due from other funds	-	25,005
Prepaid expenses	73	-
Unbilled receivable	-	-
Total unrestricted assets	6,822	438,155
Restricted assets:		
Cash and cash equivalents	528,384	-
Investments	198,879	-
Interest and accounts receivable	1,343	-
Total restricted assets	728,606	-
TOTAL CURRENT ASSETS	735,428	438,155
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	33,688	-
Construction-in-progress	139,141	-
Total nondepreciable assets	172,829	-
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	2,285,464	-
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Total depreciable assets	2,285,464	-
Less accumulated depreciation	(3,809)	-
Net capital assets	2,454,484	-
TOTAL LONG-TERM ASSETS	2,454,484	-
TOTAL ASSETS	3,189,912	438,155
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	-	-
Deferred OPEB outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,189,912	\$ 438,155

Dewatering Operations	Wastewater Pretreatment Program	Total Sewer System
\$ 18,460	\$ 145,716	\$ 3,482,192
-	17,789	1,397,730
-	33	30,707
-	7,977	291,259
-	32,971	288,101
18,460	204,486	5,489,989
-	-	27,097,107
-	-	17,649,559
-	-	80,578
-	-	44,827,244
18,460	204,486	50,317,233
-	-	469,516
-	-	4,105,802
-	-	64,669,761
-	-	69,245,079
-	-	417,138
-	-	29,946,174
-	-	161,784,476
-	-	187,506
-	87,269	564,440
-	18,726	2,676,075
-	105,995	195,575,809
-	(33,435)	(59,796,734)
-	72,560	205,024,154
-	72,560	205,024,154
18,460	277,046	255,341,387
-	-	1,867,026
-	117,985	779,650
-	873	6,721
-	118,858	2,653,397
\$ 18,460	\$ 395,904	\$ 257,994,784

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

	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	3,156	4,084
Total payable from unrestricted assets	3,156	4,084
Payable from restricted assets:		
Accounts payable and accrued liabilities	41,796	76,144
Due to other funds	-	-
Accrued interest payable on revenue bonds	14,384	2,508
Current portion of revenue bonds	350,000	215,000
Total payable from restricted assets	406,180	293,652
TOTAL CURRENT LIABILITIES	409,336	297,736
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Long-term debt—less current portion	1,910,785	1,044
TOTAL LONG-TERM LIABILITIES	1,910,785	1,044
TOTAL LIABILITIES	2,320,121	298,780
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,320,121	298,780
NET POSITION:		
Net investment in capital assets	2,083,911	5,088,399
Restricted for debt service	534,375	229,011
Unrestricted	-	-
TOTAL NET POSITION	\$ 2,618,286	\$ 5,317,410

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Murphy WWTP/ Interceptor
\$ 2,803	\$ -	\$ -	\$ -	\$ (21)
6,005	-	-	-	194
25,650	-	636	59	71,332
34,458	-	636	59	71,505
54,782	-	-	-	-
-	-	-	-	-
-	21,008	114,260	18,507	-
-	160,000	385,000	110,000	-
54,782	181,008	499,260	128,507	-
89,240	181,008	499,896	128,566	71,505
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,375,000	9,523,981	1,120,716	-
-	1,375,000	9,523,981	1,120,716	-
89,240	1,556,008	10,023,877	1,249,282	71,505
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
89,240	1,556,008	10,023,877	1,249,282	71,505
-	532,206	(649,039)	218,457	33,018
-	291,428	903,193	211,512	-
-	1	-	-	200
\$ -	\$ 823,635	\$ 254,154	\$ 429,969	\$ 33,218

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 18,867	\$ 361,527
Due to other funds	249	27,331
Customers' advance payments	432	101,854
Total payable from unrestricted assets	19,548	490,712
Payable from restricted assets:		
Accounts payable and accrued liabilities	23,788	40,466
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	37,437
Current portion of revenue bonds	-	135,000
Total payable from restricted assets	23,788	212,903
TOTAL CURRENT LIABILITIES	43,336	703,615
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	215	6,072
Accrued sick—less current portion	-	-
Net pension liability	2,005	66,663
Net OPEB liability	385	12,108
Long-term debt—less current portion	-	1,831,152
TOTAL LONG-TERM LIABILITIES	2,605	1,915,995
TOTAL LIABILITIES	45,941	2,619,610
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	854	28,298
Deferred OPEB inflow	126	3,944
TOTAL DEFERRED INFLOWS OF RESOURCES	980	32,242
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	46,921	2,651,852
NET POSITION:		
Net investment in capital assets	116,464	1,389,839
Restricted for debt service	-	301,826
Unrestricted	(3,778)	(100,407)
TOTAL NET POSITION	\$ 112,686	\$ 1,591,258

North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 43,469	\$ 867,589	\$ 84,638	\$ 295,415	\$ 316,889
5,526	36,968	17,900	20,064	27,370
30,973	50,050	50,025	255,648	319,502
79,968	954,607	152,563	571,127	663,761
4,219	26,348	837,192	4,150,320	18,023
-	-	6,877	13,337	-
-	519,575	152,059	817,230	141,616
-	2,595,000	1,005,000	2,800,000	1,440,000
4,219	3,140,923	2,001,128	7,780,887	1,599,639
84,187	4,095,530	2,153,691	8,352,014	2,263,400
3,316	35,554	5,030	27,620	34,477
-	35,212	-	-	41,446
34,750	364,022	43,488	226,760	432,513
6,302	76,496	8,240	41,702	76,395
-	31,617,256	14,077,037	62,821,510	10,474,449
44,368	32,128,540	14,133,795	63,117,592	11,059,280
128,555	36,224,070	16,287,486	71,469,606	13,322,680
14,754	149,841	18,458	82,785	171,845
2,053	24,921	2,684	13,586	24,886
16,807	174,762	21,142	96,371	196,731
145,362	36,398,832	16,308,628	71,565,977	13,519,411
473,719	8,284,563	2,121,061	5,563,721	7,375,043
-	4,496,668	1,337,036	6,068,379	2,013,994
(45,911)	(339,467)	(72,736)	(305,483)	(557,599)
\$ 427,808	\$ 12,441,764	\$ 3,385,361	\$ 11,326,617	\$ 8,831,438

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

LIABILITIES	Seis Lagos WWTP	Royse City WWTP
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 10,823	\$ 1,737
Due to other funds	4,008	249
Customers' advance payments	31,651	2,761
Total payable from unrestricted assets	46,482	4,747
Payable from restricted assets:		
Accounts payable and accrued liabilities	13,838	10,026
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	13,838	10,026
TOTAL CURRENT LIABILITIES	60,320	14,773
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	1,771	215
Accrued sick—less current portion	-	-
Net pension liability	14,487	2,001
Net OPEB liability	3,398	386
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	19,656	2,602
TOTAL LIABILITIES	79,976	17,375
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	6,151	846
Deferred OPEB inflow	1,107	126
TOTAL DEFERRED INFLOWS OF RESOURCES	7,258	972
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	87,234	18,347
NET POSITION:		
Net investment in capital assets	28,736	1,419
Restricted for debt service	-	-
Unrestricted	(9,816)	(3,783)
TOTAL NET POSITION	\$ 18,920	\$ (2,364)

Farmersville WWTP	Frisco Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor
\$ 22,824	\$ 3,864	\$ 16,495	\$ -	\$ 51,096
7,948	3,321	4,767	-	2,552
18,438	29,526	7,283	-	52,431
49,210	36,711	28,545	-	106,079
19,924	14,092	4,555	-	21,718
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,924	14,092	4,555	-	21,718
69,134	50,803	33,100	-	127,797
2,847	-	1,993	-	229
-	-	-	-	-
21,745	-	14,488	-	7,334
4,559	3,951	3,398	-	822
-	-	-	-	-
29,151	3,951	19,879	-	8,385
98,285	54,754	52,979	-	136,182
9,224	-	6,150	-	2,331
1,485	1,287	1,107	-	267
10,709	1,287	7,257	-	2,598
108,994	56,041	60,236	-	138,780
56,169	-	36,895	-	790,233
-	-	-	-	-
(29,228)	(5,144)	(9,817)	591	(8,609)
\$ 26,941	\$ (5,144)	\$ 27,078	\$ 591	\$ 781,624

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

	Lower East Fork Interceptor	Muddy Creek Interceptor
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 57,230	\$ 15,405
Due to other funds	3,911	61
Customers' advance payments	34,990	25,148
Total payable from unrestricted assets	96,131	40,614
Payable from restricted assets:		
Accounts payable and accrued liabilities	24,167	22,561
Due to other funds	-	-
Accrued interest payable on revenue bonds	135,550	16,500
Current portion of revenue bonds	925,000	200,000
Total payable from restricted assets	1,084,717	239,061
TOTAL CURRENT LIABILITIES	1,180,848	279,675
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	222	-
Accrued sick—less current portion	-	-
Accrued OPEB liability		
Net pension liability	7,315	-
Net OPEB liability	799	-
Long-term debt—less current portion	9,779,886	1,436,250
TOTAL LONG-TERM LIABILITIES	9,788,222	1,436,250
TOTAL LIABILITIES	10,969,070	1,715,925
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	2,336	-
Deferred OPEB inflow	260	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,596	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	10,971,666	1,715,925
NET POSITION:		
Net investment in capital assets	2,010,008	520,038
Restricted for debt service	1,680,505	336,978
Unrestricted	(9,585)	-
TOTAL NET POSITION	\$ 3,680,928	\$ 857,016

Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Mustang Creek Interceptor
\$ 6,804	\$ 165	\$ 66,966	\$ 42	\$ 33,413
909	-	4,472	430	515
-	6,908	59,741	2,030	3,429
7,713	7,073	131,179	2,502	37,357
4,048	5,186	153,818	9,956	1,391,593
-	-	-	-	-
18,924	15,277	141,211	-	119,856
165,000	130,000	1,060,000	-	200,000
187,972	150,463	1,355,029	9,956	1,711,449
195,685	157,536	1,486,208	12,458	1,748,806
-	-	260	-	-
-	-	-	-	-
-	-	7,329	-	-
-	-	934	-	-
950,000	770,000	8,804,628	-	9,741,365
950,000	770,000	8,813,151	-	9,741,365
1,145,685	927,536	10,299,359	12,458	11,490,171
-	-	2,332	-	-
-	-	304	-	-
-	-	2,636	-	-
1,145,685	927,536	10,301,995	12,458	11,490,171
929,111	528,587	3,312,139	451,103	(1,839,998)
283,492	228,181	1,531,272	-	1,180,652
-	-	(9,738)	852	1,096,642
\$ 1,212,603	\$ 756,768	\$ 4,833,673	\$ 451,955	\$ 437,296

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF NET POSITION
SEPTEMBER 30, 2017**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 9	\$ 18,287
Due to other funds	491	545
Customers' advance payments	6,348	-
Total payable from unrestricted assets	6,848	18,832
Payable from restricted assets:		
Accounts payable and accrued liabilities	108,009	-
Due to other funds	707	-
Accrued interest payable on revenue bonds	23,985	-
Current portion of revenue bonds	105,000	-
Total payable from restricted assets	237,701	-
TOTAL CURRENT LIABILITIES	244,549	18,832
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Long-term debt—less current portion	2,843,922	-
TOTAL LONG-TERM LIABILITIES	2,843,922	-
TOTAL LIABILITIES	3,088,471	18,832
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,088,471	18,832
NET POSITION:		
Net investment in capital assets	(136,593)	-
Restricted for debt service	238,060	-
Unrestricted	(26)	419,323
TOTAL NET POSITION	\$ 101,441	\$ 419,323

Dewatering Operations	Wastewater Pretreatment Program	Total Sewer System
\$ -	\$ 51,948	\$ 2,348,284
-	206	175,992
-	140,367	1,334,452
-	192,521	3,858,728
-	-	7,076,569
-	-	20,921
-	-	2,309,887
-	-	11,980,000
-	-	21,387,377
-	192,521	25,246,105
-	22,043	141,864
-	46,595	123,253
-	299,757	1,544,657
-	35,784	275,659
-	-	169,078,981
-	404,179	171,164,414
-	596,700	196,410,519
-	96,950	593,155
-	11,657	89,800
-	108,607	682,955
-	705,307	197,093,474
-	72,560	39,391,769
-	-	21,866,562
18,460	(381,963)	(357,021)
<u>\$ 18,460</u>	<u>\$ (309,403)</u>	<u>\$ 60,901,310</u>
		(Concluded)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2017**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ 386,734	\$ 243,576
Other operating revenues	-	-
Total operating revenues	386,734	243,576
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Other services	4,742	4,995
Depreciation	103,519	231,467
Total operating expenses	108,261	236,462
OPERATING INCOME (LOSS)	278,473	7,114
NONOPERATING REVENUES (EXPENSES):		
Investment income	5,214	4,498
Gain (loss) on sale of capital assets	-	-
Interest expense	(54,531)	(22,012)
Total nonoperating revenues (expenses)	(49,317)	(17,514)
CHANGE IN NET POSITION	229,156	(10,400)
NET POSITION AT OCTOBER 1, 2016 (As Previously Stated)	2,389,130	5,327,810
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	-
NET POSITION AT OCTOBER 1, 2016 (As Restated)	2,389,130	5,327,810
NET POSITION AT SEPTEMBER 30, 2017	\$ 2,618,286	\$ 5,317,410

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Murphy WWTP/ Interceptor
\$ 44,211	\$ 228,995	\$ 726,634	\$ 169,271	\$ (12,002)
-	-	-	-	34
44,211	228,995	726,634	169,271	(11,968)
-	-	-	-	-
-	-	-	-	-
455	-	-	-	-
30,353	-	-	-	221
13,505	5,206	12,430	4,251	(12,083)
-	52,005	300,978	48,306	-
44,313	57,211	313,408	52,557	(11,862)
(102)	171,784	413,226	116,714	(106)
102	2,891	9,749	2,094	107
-	-	-	-	-
-	(67,002)	(326,930)	(57,505)	-
102	(64,111)	(317,181)	(55,411)	107
-	107,673	96,045	61,303	1
-	715,962	158,109	368,666	33,217
-	-	-	-	-
-	715,962	158,109	368,666	33,217
\$ -	\$ 823,635	\$ 254,154	\$ 429,969	\$ 33,218

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2017**

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 56,917	\$ 1,525,160
Other operating revenues	88	23,779
Total operating revenues	57,005	1,548,939
OPERATING EXPENSES:		
Personnel	7,683	229,449
Operating Supplies:		
Chemicals	15,651	47,001
Other supplies	3,015	123,647
Operating Services:		
Electric power	543	141,634
Other services	29,543	701,642
Depreciation	78,812	197,460
Total operating expenses	135,247	1,440,833
OPERATING INCOME (LOSS)	(78,242)	108,106
NONOPERATING REVENUES (EXPENSES):		
Investment income	26	6,164
Gain (loss) on sale of capital assets	-	-
Interest expense	-	(119,930)
Total nonoperating revenues (expenses)	26	(113,766)
CHANGE IN NET POSITION	(78,216)	(5,660)
NET POSITION AT OCTOBER 1, 2016 (As Previously Stated)	191,350	1,610,976
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(448)	(14,058)
NET POSITION AT OCTOBER 1, 2016 (As Restated)	190,902	1,596,918
NET POSITION AT SEPTEMBER 30, 2017	\$ 112,686	\$ 1,591,258

North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 448,457	\$ 8,931,910	\$ 2,128,218	\$ 7,565,769	\$ 5,283,374
1,992	28,154	21,430	17,070	362,996
450,449	8,960,064	2,149,648	7,582,839	5,646,370
119,873	1,337,257	157,611	738,314	1,289,996
68,721	653,237	6,996	471,961	286,585
46,168	320,511	104,046	216,942	384,742
42,048	427,994	151,495	264,870	263,523
155,900	1,942,713	756,481	810,075	1,533,049
49,099	1,333,240	288,511	277,288	990,694
481,809	6,014,952	1,465,140	2,779,450	4,748,589
(31,360)	2,945,112	684,508	4,803,389	897,781
639	41,216	96,241	278,583	20,601
-	-	-	5,282	1,022
-	(1,296,373)	(371,092)	(1,091,732)	(338,050)
639	(1,255,157)	(274,851)	(807,867)	(316,427)
(30,721)	1,689,955	409,657	3,995,522	581,354
465,846	10,840,629	2,985,271	7,379,515	8,338,784
(7,317)	(88,820)	(9,567)	(48,420)	(88,700)
458,529	10,751,809	2,975,704	7,331,095	8,250,084
\$ 427,808	\$ 12,441,764	\$ 3,385,361	\$ 11,326,617	\$ 8,831,438
(Continued)				

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2017**

	Seis Lagos WWTP	Royse City WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 165,230	\$ 16,371
Other operating revenues	902	86
Total operating revenues	166,132	16,457
OPERATING EXPENSES:		
Personnel	64,666	7,688
Operating Supplies:		
Chemicals	3,352	-
Other supplies	12,578	900
Operating Services:		
Electric power	12,438	127
Other services	68,469	7,210
Depreciation	6,480	338
Total operating expenses	167,983	16,263
OPERATING INCOME (LOSS)	(1,851)	194
NONOPERATING REVENUES (EXPENSES):		
Investment income	434	64
Gain (loss) on sale of capital assets	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	434	64
CHANGE IN NET POSITION	(1,417)	258
NET POSITION AT OCTOBER 1, 2016 (As Previously Stated)	24,282	(2,173)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(3,945)	(449)
NET POSITION AT OCTOBER 1, 2016 (As Restated)	20,337	(2,622)
NET POSITION AT SEPTEMBER 30, 2017	\$ 18,920	\$ (2,364)

Farmersville WWTP	Frisco Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor
\$ 322,564	\$ 126,734	\$ 227,983	\$ -	\$ 280,619
1,253	8	924	101	394
323,817	126,742	228,907	101	281,013
89,372	45,554	65,944	-	14,925
8,944	1,790	3,101	-	60,637
36,865	4,723	40,748	-	110,089
47,372	25,163	-	-	36,414
115,424	50,355	114,419	-	59,665
8,309	-	8,547	-	64,372
306,286	127,585	232,759	-	346,102
17,531	(843)	(3,852)	101	(65,089)
454	287	366	5	823
-	-	-	-	-
-	-	-	-	-
454	287	366	5	823
17,985	(556)	(3,486)	106	(64,266)
14,249		34,509	485	846,844
(5,293)	(4,588)	(3,945)	-	(954)
8,956	(4,588)	30,564	485	845,890
\$ 26,941	\$ (5,144)	\$ 27,078	\$ 591	\$ 781,624

(Continued)

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2017**

	Lower East Fork Interceptor	Muddy Creek Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 1,648,844	\$ 304,046
Other operating revenues	649	4
Total operating revenues	1,649,493	304,050
OPERATING EXPENSES:		
Personnel	14,081	-
Operating Supplies:		
Chemicals	47,804	31,783
Other supplies	16,686	518
Operating Services:		
Electric power	25,631	28
Other services	261,889	31,060
Depreciation	302,760	111,943
Total operating expenses	668,851	175,332
OPERATING INCOME (LOSS)	980,642	128,718
NONOPERATING REVENUES (EXPENSES):		
Investment income	16,015	3,186
Gain (loss) on sale of capital assets	-	-
Interest expense	(258,725)	(35,232)
Total nonoperating revenues (expenses)	(242,710)	(32,046)
CHANGE IN NET POSITION	737,932	96,672
NET POSITION AT OCTOBER 1, 2016 (As Previously Stated)	2,943,924	760,344
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(928)	-
NET POSITION AT OCTOBER 1, 2016 (As Restated)	2,942,996	760,344
NET POSITION AT SEPTEMBER 30, 2017	\$ 3,680,928	\$ 857,016

Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Mustang Creek Interceptor
\$ 269,027	\$ 184,687	\$ 1,885,588	\$ 6,619	\$ 605,786
39	-	790	7	518
269,066	184,687	1,886,378	6,626	606,304
-	-	16,582	-	-
-	-	105,375	-	-
1,739	211	12,949	75	165
249	-	39,220	315	-
49,691	8,082	274,294	6,291	46,495
49,320	33,956	610,271	54,941	171,343
100,999	42,249	1,058,691	61,622	218,003
168,067	142,438	827,687	(54,996)	388,301
2,533	2,015	15,842	54	14,427
-	-	-	-	-
(61,784)	(49,873)	(373,852)	-	(347,636)
(59,251)	(47,858)	(358,010)	54	(333,209)
108,816	94,580	469,677	(54,942)	55,092
1,103,787	662,188	4,365,080	506,897	382,204
-	-	(1,084)	-	-
1,103,787	662,188	4,363,996	506,897	382,204
\$ 1,212,603	\$ 756,768	\$ 4,833,673	\$ 451,955	\$ 437,296
(Continued)				

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2017**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
OPERATING REVENUES:		
Wastewater service fees	\$ 176,842	\$ -
Other operating revenues	-	-
Total operating revenues	176,842	-
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	(1)
Operating Services:		
Electric power	-	-
Other services	(13,068)	1
Depreciation	3,809	-
Total operating expenses	(9,259)	-
OPERATING INCOME (LOSS)	186,101	-
NONOPERATING REVENUES (EXPENSES):		
Investment income	18,764	-
Gain (loss) on sale of capital assets	-	-
Interest expense	(39,893)	-
Total nonoperating revenues (expenses)	(21,129)	-
CHANGE IN NET POSITION	164,972	-
NET POSITION AT OCTOBER 1, 2016 (As Previously Stated)	(63,531)	419,323
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	-
NET POSITION AT OCTOBER 1, 2016 (As Restated)	(63,531)	419,323
NET POSITION AT SEPTEMBER 30, 2017	\$ 101,441	\$ 419,323

Dewatering Operations	Wastewater Pretreatment Program	Total Sewer System
\$ -	\$ 934,916	\$ 34,883,080
-	4,887	466,105
-	939,803	35,349,185
-	653,800	4,852,795
-	-	1,812,938
-	30,257	1,468,028
-	-	1,509,638
-	173,776	7,216,502
-	17,406	5,395,174
-	875,239	22,255,075
-	64,564	13,094,110
160	1,691	545,245
-	6,613	12,917
-	-	(4,912,152)
160	8,304	(4,353,990)
160	72,868	8,740,120
18,300	(340,723)	52,481,254
-	(41,548)	(320,064)
18,300	(382,271)	52,161,190
<u>\$ 18,460</u>	<u>\$ (309,403)</u>	<u>\$ 60,901,310</u>

(Concluded)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
SEPTEMBER 30, 2017

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 386,833	\$ 243,574
Cash received from other funds		
Cash received from (paid to) others		
Cash paid to suppliers for goods and services	(4,977)	(1,884)
Cash paid for employee services		-
Cash paid to other funds	(480)	(485)
Net cash provided by (used for) operating activities	<u>381,376</u>	<u>241,205</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	-
Interest paid	(47,337)	(36,650)
Principal payments on long-term debt and capital leases	(335,000)	(800,000)
Payments for bond issue costs	-	-
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	<u>(382,337)</u>	<u>(836,650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	396,744	528,993
Purchases of investments	(399,306)	-
Interest received	1,292	(2,617)
Net cash provided by (used for) investing activities	<u>(1,270)</u>	<u>526,376</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,231)</u>	<u>(69,069)</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>195,497</u>	<u>380,816</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 193,266</u>	<u>\$ 311,747</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 3,156	\$ 4,084
Restricted cash and cash equivalents	190,110	307,663
	<u>\$ 193,266</u>	<u>\$ 311,747</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 278,473	\$ 7,114
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	(714)	2,629
Prepaid expenses	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Due to/from other funds	-	-
Accounts payable, accrued liabilities, and developers' deposits	(1)	(3)
Accrued vacation and Accrued sick	-	-
Accrued OPEB	-	-
Customers' advance payments	99	(2)
Total adjustments	<u>102,903</u>	<u>234,091</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 381,376</u>	<u>\$ 241,205</u>
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	-	-
Amortization of bond-related items	8,589	(4,930)
Change in fair value of investments	2,046	350
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	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Murphy WWTP/ Interceptor
\$ 79,819	\$ 227,775	\$ 607,930	\$ 169,302	\$ 61,534
(52,626)	(5,078)	(6,013)	(3,984)	34
(11,969)	(495)	(7,915)	(465)	13,782
15,224	222,202	594,002	164,853	(1,754)
				73,596
		-		
	(68,990)	(350,281)	(60,245)	(14,119)
	(155,000)	(375,000)	(105,000)	-
		-		-
-	-	-	-	-
-	(223,990)	(725,281)	(165,245)	(14,119)
-	223,805	712,105	162,767	-
	(219,618)	(748,698)	(149,740)	-
577	453	2,183	282	381
577	4,640	(34,410)	13,309	381
15,801	2,852	(165,689)	12,917	59,858
66,551	89,220	432,945	66,995	11,847
\$ 82,352	\$ 92,072	\$ 267,256	\$ 79,912	\$ 71,705
\$ 27,570	\$ (119)	\$ 636	\$ 59	\$ 71,705
54,782	92,191	266,620	79,853	-
\$ 82,352	\$ 92,072	\$ 267,256	\$ 79,912	\$ 71,705
\$ (102)	\$ 171,784	\$ 413,226	\$ 116,714	\$ (106)
-	52,005	300,978	48,306	-
4,536	(486)	(1,500)	(200)	2,204
(26)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,605	-	-	-	194
(51)	(1)	2	2	(28)
-	-	-	-	-
-	-	-	-	-
5,262	(1,100)	(118,704)	31	71,332
15,326	50,418	180,776	48,139	73,702
\$ 15,224	\$ 222,202	\$ 594,002	\$ 164,853	\$ 73,596
-	-	-	-	-
-	-	-	-	-
-	-	(20,851)	(1,165)	-
-	1,129	3,816	776	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
				(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
SEPTEMBER 30, 2017

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 33,484	\$ 1,505,218
Cash received from other funds	246	
Cash received from (paid to) others	2	40,658
Cash paid to suppliers for goods and services	(25,542)	(599,370)
Cash paid for employee services	(5,458)	(170,390)
Cash paid to other funds	(8,459)	(276,534)
Net cash provided by (used for) operating activities	(5,727)	499,582
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds		
Cash paid for capital assets	(554)	(59,226)
Interest paid		(119,138)
Principal payments on long-term debt and capital leases		(130,000)
Payments for bond issue costs		
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	(554)	(308,364)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	244,151
Purchases of investments	-	(249,566)
Interest received	217	3,892
Net cash provided by (used for) investing activities	217	(1,523)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,064)	189,695
CASH AND CASH EQUIVALENTS—Beginning of year	31,675	373,368
CASH AND CASH EQUIVALENTS—End of year	\$ 25,611	\$ 563,063
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 1,823	\$ 433,611
Restricted cash and cash equivalents	23,788	129,452
	\$ 25,611	\$ 563,063
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (78,242)	\$ 108,106
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	78,812	197,460
Change in current assets and liabilities:		
Accounts receivable and deferred billings	(60)	42,185
Prepaid expenses	(15,793)	(11,636)
Net pension liability	(96)	(3,188)
Net OPEB liability	54	1,699
Due to/from other funds	(347)	105
Accounts payable, accrued liabilities, and developers' deposits	17,398	199,074
Accrued vacation and Accrued sick	71	(140)
Accrued OPEB	-	-
Customers' advance payments	(7,524)	(34,083)
Total adjustments	72,515	391,476
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (5,727)	\$ 499,582
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	-	-
Amortization of bond-related items	-	3,067
Change in fair value of investments	-	1,277
Change in actuarial value of net pension liability	96	3,188
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 380,572	\$ 8,933,842	\$ 2,156,195	\$ 7,608,074	\$ 5,492,251
227	12,771	19,284	8,723	67
(245,221)	(2,476,239)	(1,932,156)	(2,316,439)	708
(88,316)	(958,685)	(115,844)	(544,147)	(1,903,572)
(127,557)	(958,815)	(256,529)	(572,006)	(975,957)
(80,295)	4,552,874	(129,050)	4,184,205	(777,220)
				1,836,277
	-	11,899,465	-	(18,021)
(85,683)	(195,320)	(4,132,844)	(28,547,961)	(195,064)
	(1,640,813)	(332,029)	(2,547,391)	(470,350)
	(2,515,000)	(870,000)	(2,695,000)	(1,385,000)
	-	(327,936)	-	18,021
-	-	-	-	-
(85,683)	(4,351,133)	6,236,656	(33,790,352)	(2,050,414)
-	4,731,375	701,933	26,534,095	2,196,188
-	(4,528,779)	(898,438)	(6,595,797)	(2,282,971)
1,258	60,198	89,920	291,953	30,465
1,258	262,794	(106,585)	20,230,251	(56,318)
(164,720)	464,535	6,001,021	(9,375,896)	(270,455)
215,563	2,116,748	541,059	23,859,557	1,360,324
\$ 50,843	\$ 2,581,283	\$ 6,542,080	\$ 14,483,661	\$ 1,089,869
\$ 46,624	\$ 911,656	\$ 44,834	\$ 467,535	\$ 407,342
4,219	1,669,627	6,497,246	14,016,126	682,527
\$ 50,843	\$ 2,581,283	\$ 6,542,080	\$ 14,483,661	\$ 1,089,869
\$ (31,360)	\$ 2,945,112	\$ 684,508	\$ 4,803,389	\$ 897,781
49,099	1,333,240	288,511	277,288	990,694
4,426	(54,691)	21,339	50,838	142,246
(13,759)	34,338	(3,209)	(12,999)	(16,225)
(1,663)	(16,274)	(2,080)	(8,001)	(17,548)
884	10,732	1,156	5,851	10,718
(3,996)	(4,336)	(74)	(954,011)	11,739
(24,039)	296,486	(1,124,092)	(2,760)	(219,210)
58	11,130	289	(1,277)	(35,787)
-	-	-	-	-
(59,945)	(2,863)	4,602	25,887	71,869
(48,935)	1,607,762	(813,558)	(619,184)	938,496
\$ (80,295)	\$ 4,552,874	\$ (129,050)	\$ 4,184,205	\$ 1,836,277
-	-	-	-	-
-	958	45,956	1,015,952	-
-	(316,119)	(29,190)	(407,806)	(117,132)
-	24,830	4,478	24,452	10,002
1,663	16,274	2,080	8,001	17,548
-	-	-	-	-
-	-	-	-	-

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
SEPTEMBER 30, 2017

	Seis Lagos WWTP	Royse City WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 178,730	\$ 9,360
Cash received from other funds	-	-
Cash received from (paid to) others	13	-
Cash paid to suppliers for goods and services	(61,443)	(8,935)
Cash paid for employee services	(47,051)	(5,458)
Cash paid to other funds	(52,233)	(1,050)
Net cash provided by (used for) operating activities	18,016	(6,083)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(804)	(554)
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	(804)	(554)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	535	151
Net cash provided by (used for) investing activities	535	151
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,747	(6,486)
CASH AND CASH EQUIVALENTS—Beginning of year	44,615	19,142
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 62,362</u>	<u>\$ 12,656</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 48,524	\$ 2,630
Restricted cash and cash equivalents	13,838	10,026
	<u>\$ 62,362</u>	<u>\$ 12,656</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (1,851)	\$ 194
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,480	338
Change in current assets and liabilities:		
Accounts receivable and deferred billings	(3,652)	(419)
Prepaid expenses	(636)	(124)
Net pension liability	(693)	(95)
Net OPEB liability	477	54
Due to/from other funds	94	(134)
Accounts payable, accrued liabilities, and developers' deposits	49	426
Accrued vacation and Accrued sick	472	71
Accrued OPEB	-	-
Customers' advance payments	17,276	(6,394)
Total adjustments	19,867	(6,277)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 18,016</u>	<u>\$ (6,083)</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	693	95
Refunding bonds issued		
Refunding proceeds deposited in escrow		

Farmersville WWTP	Frisco Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor
\$ 336,636	\$ 132,451	\$ 234,826	\$ 28,157	\$ 308,408
-	-	-	-	-
32	8	36	-	-
(162,837)	(86,581)	(97,249)	(28,156)	(154,627)
(63,482)	-	(47,042)	-	(9,374)
(80,943)	(37,770)	(81,505)	-	(50,835)
29,406	8,108	9,066	1	93,572
(25,852)	1,500	(2,804)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(25,852)	1,500	(2,804)	-	-
-	-	-	-	-
-	-	-	-	-
627	401	413	4	1,011
627	401	413	4	1,011
4,181	10,009	6,675	5	94,583
51,141	40,792	26,371	586	28,602
\$ 55,322	\$ 50,801	\$ 33,046	\$ 591	\$ 123,185
\$ 35,398	\$ 36,709	\$ 28,491	\$ 591	\$ 101,467
19,924	14,092	4,555	-	21,718
\$ 55,322	\$ 50,801	\$ 33,046	\$ 591	\$ 123,185
\$ 17,531	\$ (843)	\$ (3,852)	\$ 101	\$ (65,089)
8,309	-	8,547	-	64,372
(4,350)	1,202	828	-	-
(892)	805	(1,718)	-	5,531
(1,038)	-	(693)	-	(220)
640	554	477	-	115
2,580	2,941	(4,110)	-	904
(12,762)	(1,463)	1,592	(100)	36,609
950	-	712	-	229
-	-	-	-	-
18,438	4,912	7,283	-	51,121
11,875	8,951	12,918	(100)	158,661
\$ 29,406	\$ 8,108	\$ 9,066	\$ 1	\$ 93,572
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,038	-	693	-	220
-	-	-	-	-
-	-	-	-	-

(Continued)

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
SEPTEMBER 30, 2017

	Lower East Fork Interceptor	Muddy Creek Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,639,479	\$ 306,195
Cash received from other funds	16,875	34
Cash received from (paid to) others	256	4
Cash paid to suppliers for goods and services	(294,960)	(58,344)
Cash paid for employee services	(9,512)	-
Cash paid to other funds	(90,642)	(12,874)
Net cash provided by (used for) operating activities	<u>1,261,496</u>	<u>235,015</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	(14,757)	-
Cash paid for capital assets	-	15,000
Interest paid	(437,975)	(55,200)
Principal payments on long-term debt and capital leases	(895,000)	(190,000)
Payments for bond issue costs	14,757	-
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	<u>(1,332,975)</u>	<u>(230,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	1,333,074	387,945
Purchases of investments	(1,317,686)	(399,004)
Interest received	12,418	2,721
Net cash provided by (used for) investing activities	<u>27,806</u>	<u>(8,338)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(43,673)</u>	<u>(3,523)</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>651,555</u>	<u>170,248</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>\$ 607,882</u></u>	<u><u>\$ 166,725</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 87,082	\$ 40,614
Restricted cash and cash equivalents	520,800	126,111
	<u><u>\$ 607,882</u></u>	<u><u>\$ 166,725</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 980,642	\$ 128,718
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	302,760	111,943
Change in current assets and liabilities:		
Accounts receivable and deferred billings	27,637	(549)
Prepaid expenses	(2,906)	5,741
Net pension liability	(224)	-
Net OPEB liability	112	-
Due to/from other funds	171	(1,333)
Accounts payable, accrued liabilities, and developers' deposits	(9,052)	(5,913)
Accrued vacation and Accrued sick	222	-
Accrued OPEB	-	-
Customers' advance payments	(37,866)	(3,592)
Total adjustments	<u>280,854</u>	<u>106,297</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,261,496</u></u>	<u><u>\$ 235,015</u></u>
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	-	-
Amortization of bond-related items	(168,808)	(18,068)
Change in fair value of investments	3,487	614
Change in actuarial value of net pension liability	224	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Mustang Creek Interceptor
\$ 271,305	\$ 185,931	\$ 1,873,695	\$ 2,355	\$ 601,660
-	-	-	-	-
39	-	397	7	-
(27,071)	(4,959)	(356,369)	(5,142)	222,407
-	-	(10,653)	-	-
(41,448)	(3,820)	(84,890)	(1,110)	(9,590)
202,825	177,152	1,422,180	(3,890)	814,477
6,750	-	-	-	-
(64,290)	(51,895)	(465,048)	4,750	(142,366)
(155,000)	(125,000)	(1,010,000)	-	(370,969)
-	-	-	-	(190,000)
-	-	-	-	-
(212,540)	(176,895)	(1,475,048)	4,750	(703,335)
324,844	286,690	1,537,863	-	-
(339,215)	(289,268)	(1,576,497)	-	(598,958)
2,033	1,530	20,666	118	16,969
(12,338)	(1,048)	(17,968)	118	(581,989)
(22,053)	(791)	(70,836)	978	(470,847)
108,980	76,555	906,048	12,332	1,379,184
\$ 86,927	\$ 75,764	\$ 835,212	\$ 13,310	\$ 908,337
\$ 366	\$ 7,073	\$ 48,380	\$ 3,354	\$ 36,922
86,561	68,691	786,832	9,956	871,415
\$ 86,927	\$ 75,764	\$ 835,212	\$ 13,310	\$ 908,337
\$ 168,067	\$ 142,438	\$ 827,687	\$ (54,996)	\$ 388,301
49,320	33,956	610,271	54,941	171,343
1,834	(41)	167,454	-	(1,100,672)
(44)	-	(3,035)	-	(435)
-	-	(221)	-	-
(3,305)	(252)	131	-	-
(13,047)	168	(2,335)	430	(1,245)
-	-	(983)	(1)	1,361,311
-	-	260	-	-
-	-	-	-	-
-	883	(177,049)	(4,264)	(4,126)
34,758	34,714	594,493	51,106	426,176
\$ 202,825	\$ 177,152	\$ 1,422,180	\$ (3,890)	\$ 814,477
-	-	-	-	-
-	-	-	-	-
561	501	(77,391)	-	(19,533)
-	-	3,910	-	2,675
-	-	221	-	-
-	-	-	-	-
-	-	-	-	-
(Continued)				

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
SEPTEMBER 30, 2017

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 183,190	\$ -
Cash received from other funds	-	-
Cash received from (paid to) others	-	263
Cash paid to suppliers for goods and services	(102,253)	(9,660)
Cash paid for employee services	-	41,248
Cash paid to other funds	(998)	(4,627)
Net cash provided by (used for) operating activities	79,939	27,224
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	(19,138)	-
Cash paid for capital assets	(2,290,126)	-
Interest paid	(50,460)	-
Principal payments on long-term debt and capital leases	(140,000)	-
Payments for bond issue costs	19,138	-
Miscellaneous receipts	-	-
Net cash provided by (used for) capital and related financing activities	(2,480,586)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	(199,653)	-
Interest received	19,538	-
Net cash provided by (used for) investing activities	(180,115)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,580,762)	27,224
CASH AND CASH EQUIVALENTS—Beginning of year	3,115,895	385,926
CASH AND CASH EQUIVALENTS—End of year	\$ 535,133	\$ 413,150
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 6,749	\$ 413,150
Restricted cash and cash equivalents	528,384	-
	\$ 535,133	\$ 413,150
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 186,101	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,809	-
Change in current assets and liabilities:		
Accounts receivable and unbilled receivable	(1,340)	-
Prepaid expenses	(73)	4,615
Net pension liability	-	-
Net OPEB liability	-	-
Due to/from other funds	491	9,869
Accounts payable, accrued liabilities, and developers' deposits	(115,397)	12,740
Accrued vacation and Accrued sick	-	-
Accrued OPEB	-	-
Customers' advance payments	6,348	-
Total adjustments	(106,162)	27,224
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 79,939	\$ 27,224
NONCASH TRANSACTION DISCLOSURES		
Gain (loss) on disposal of capital assets	-	-
Interest capitalized on construction	30,424	-
Amortization of bond-related items	(4,129)	-
Change in fair value of investments	892	-
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-

Dewatering Operations	Wastewater Pretreatment Program	Total Sewer System
\$ -	\$ 833,953	35,012,734
-	-	17,222
-	29	83,491
-	(210,755)	(11,006,253)
-	(417,500)	(3,427,621)
-	(167,200)	(3,722,218)
-	38,527	16,957,355
-	-	11,847,549
(177,835)	(80,656)	(35,923,768)
-	-	(7,169,061)
-	-	(12,070,000)
-	-	(276,020)
-	-	-
(177,835)	(80,656)	(43,591,300)
-	-	40,302,572
-	-	(20,793,194)
1,197	1,691	562,477
1,197	1,691	20,071,855
(176,638)	(40,438)	(6,562,090)
195,098	186,154	37,141,389
\$ 18,460	\$ 145,716	\$ 30,579,299
\$ 18,460	\$ 145,716	3,482,192
-	-	27,097,107
\$ 18,460	\$ 145,716	\$ 30,579,299
\$ -	\$ 64,564	13,094,110
-	17,406	5,395,174
-	(39,941)	(739,257)
-	(1,227)	(33,707)
-	(8,026)	(60,060)
-	5,020	38,674
-	(4,404)	(944,759)
-	(37,755)	359,199
-	56,586	33,846
-	-	-
-	(13,696)	(185,865)
-	(26,037)	3,863,245
\$ -	\$ 38,527	\$ 16,957,355
-	-	-
-	-	1,093,290
-	-	(1,173,466)
-	-	85,796
-	8,026	60,060
-	-	-
-	-	-
(Concluded)		

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STATISTICAL SECTION

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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.

<u>Contents</u>	<u>Schedule #s</u>
Financial Trends These tables contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	1 thru 9
Revenue Capacity These tables contain information to help the reader assess the District's various revenue sources.	10 thru 15
Debt Capacity 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.	16 & 17
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.	18 thru 20
Operating Information 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.	21 thru 23

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

	2008	2009	2010
Net investment in capital assets	\$ 563,070,109	\$ 600,921,714	\$ 642,592,189
Restricted for debt service	84,276,605	95,516,877	98,617,167
Unrestricted	126,874,912	104,395,902	86,328,779
Total	\$ 774,221,626	\$ 800,834,493	\$ 827,538,135
	2011	2012	2013
Net investment in capital assets	\$ 655,040,848	\$ 687,317,597	\$ 747,192,747
Restricted for debt service	102,802,273	129,622,913	134,554,194
Unrestricted	108,197,769	102,807,227	83,782,522
Total	\$ 866,040,890	\$ 919,747,737	\$ 965,529,463
	2014	2015	2016
Net investment in capital assets	\$ 794,854,341	\$ 864,338,873	\$ 942,119,408
Restricted for debt service	138,297,302	142,275,759	141,312,557
Unrestricted	89,311,734	77,655,896	126,729,695
Total	\$ 1,022,463,377	\$ 1,084,270,528	\$ 1,210,161,660
	2017		
Net investment in capital assets	\$ 1,055,668,099		
Restricted for debt service	147,826,838		
Unrestricted	130,713,207		
Total	\$ 1,334,208,144		

Source: Statement of 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
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	-
2017	439,923,445	253,691,088	186,232,357	(57,091,638)	129,140,719	(5,094,235)

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

Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	Investment Income	(1) Miscellaneous	Total
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
2017	282,595,391	120,803,096	34,206,532	7,981,554	6,576,178	452,162,751

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

Fiscal Year	Operating and Maintenance Expenses	Interest Expense	Depreciation	Amortization	Miscellaneous	Total
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
2017	190,104,395	68,257,962	63,586,693	-	1,072,982	323,022,032

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
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
2017	292,601,342	59,123,075	35,907,347	35,340,336	29,190,651	452,162,751

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

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
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
2017	194,027,288	52,302,307	27,167,227	26,479,241	23,045,969	323,022,032

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
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
2017	282,595,391	120,803,096	34,206,532	2,318,426	439,923,445

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
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
2017	70,226,647	19,894,130	27,629,538	72,354,080	63,586,693	253,691,088

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
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)
2017	7,981,554	2,910,296	274,474	(68,257,962)	(57,091,638)

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

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
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
2017	216,005,065	12,546,239	2,741,961	21,919,663	13,117,830	266,330,758

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
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
2017	97,942,133,000	95,123,951,000	2,818,182,000	2.9%	\$ 2.53	\$ 2.58

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
2008	32,065,925,000	816,994
2009	31,348,246,000	750,018
2010	36,263,799,000	743,171
2011	30,875,376,000	751,787
2012	32,789,293,000	722,813
2013	32,919,670,000	786,441
2014	32,546,937,000	835,224
2015	39,364,325,000	877,072
2016	42,949,703,000	950,220
2017	37,569,619,000	1,009,236

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

	2007-2008	2008-2009	2009-2010	2010-2011
WATER CONSUMPTION				
(GALLONS IN THOUSANDS):				
Member cities	77,535,389	79,197,589	74,574,835	85,966,816
Customer cities	12,713,053	14,019,682	13,583,041	16,126,637
Individual meters	<u>5,854</u>	<u>6,794</u>	<u>5,856</u>	<u>4,341</u>
Total	<u><u>90,254,296</u></u>	<u><u>93,224,065</u></u>	<u><u>88,163,732</u></u>	<u><u>102,097,794</u></u>
Total rainfall (in inches)	<u><u>34.89</u></u>	<u><u>39.02</u></u>	<u><u>41.45</u></u>	<u><u>31.18</u></u>
WASTEWATER VOLUME				
TREATED (GALLONS IN THOUSANDS):				
Regional system	26,159,510	25,254,348	29,189,205	24,721,535
Small plant system	<u>5,906,415</u>	<u>6,093,898</u>	<u>7,074,594</u>	<u>6,153,841</u>
Total	<u><u>32,065,925</u></u>	<u><u>31,348,246</u></u>	<u><u>36,263,799</u></u>	<u><u>30,875,376</u></u>
SOLID WASTE VOLUME				
(IN TONS):				
Transfer stations	490,400	465,440	473,322	471,825
Landfill	<u>326,594</u>	<u>284,578</u>	<u>269,849</u>	<u>279,962</u>
Total	<u><u>816,994</u></u>	<u><u>750,018</u></u>	<u><u>743,171</u></u>	<u><u>751,787</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).

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
81,019,601	78,407,137	69,155,408	66,632,698	80,685,320	78,723,004
15,822,993	14,956,602	14,475,125	13,390,178	16,655,941	16,398,007
<u>4,218</u>	<u>3,066</u>	<u>3,216</u>	<u>5,039</u>	<u>3,978</u>	<u>2,940</u>
<u>96,846,812</u>	<u>93,366,805</u>	<u>83,633,749</u>	<u>80,027,915</u>	<u>97,345,239</u>	<u>95,123,951</u>
<u>35.16</u>	<u>29.17</u>	<u>29.08</u>	<u>44.54</u>	<u>53.71</u>	<u>32.33</u>
26,347,832	26,734,851	26,468,520	32,164,465	34,983,736	30,525,105
<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>7,044,514</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>	<u>37,569,619</u>
459,167	475,072	495,756	533,545	566,601	586,098
<u>263,646</u>	<u>311,369</u>	<u>339,468</u>	<u>343,527</u>	<u>383,619</u>	<u>423,138</u>
<u>722,813</u>	<u>786,441</u>	<u>835,224</u>	<u>877,072</u>	<u>950,220</u>	<u>1,009,236</u>

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

<u>Fiscal Year</u>	<u>Water</u>			<u>Wastewater Member Cities</u>	<u>Solid Waste Member Cities</u>
	<u>Member Cities</u>	<u>Customer Cities</u>	<u>Total Cities</u>		
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	34	47	12	5
2017	13	34	47	12	5

Source: Based on information provided in NTMWD Operations Report.

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

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

	2008	2009	2010	2011	2012
Water Rates (per 1,000 gallons)					
Member Cities	\$ 1.08	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49
Customer Cities	\$ 1.13	\$ 1.23	\$ 1.30	\$ 1.42	\$ 1.54
	2013	2014	2015	2016	2017
Water Rates (per 1,000 gallons)					
Member Cities	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29	\$ 2.53
Customer Cities	\$ 1.75	\$ 1.92	\$ 2.11	\$ 2.34	\$ 2.58

Source: Based on information provided in NTMWD Budget Resolution.

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 15
LARGEST CUSTOMERS (UNAUDITED)
CURRENT YEAR AND TEN 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 2017					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 25,652,227	9.08%	\$ 20,831,830	17.24%	\$ 4,095,082	11.97%
Garland	33,248,412	11.77%	-	0.00%	-	0.00%
McKinney	27,136,829	9.60%	16,935,153	14.02%	5,381,333	15.73%
Mesquite	19,896,553	7.04%	9,854,964	8.16%	-	0.00%
Plano	65,664,110	23.23%	30,257,342	25.05%	8,805,414	25.74%
Richardson	26,680,040	9.44%	8,957,306	7.41%	3,971,490	11.61%
Subtotal	198,278,171	70.16%	86,836,595	71.88%	22,253,319	65.05%
Other Customers	84,317,220	29.84%	33,966,501	28.12%	11,953,213	34.95%
Grand Total	\$ 282,595,391	100.00%	\$ 120,803,096	100.00%	\$ 34,206,532	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 (1)	U.S Government Notes	Capital Leases	Total	District Population	Per Capita Debt
2008	\$ 971,266,403	\$ 41,145,477	\$ -	\$ 1,012,411,880	748,500	1,353
2009	1,123,155,107	40,019,360	-	1,163,174,467	764,500	1,521
2010	1,201,211,843	75,497,946	-	1,276,709,789	786,250	1,624
2011	1,296,431,816	37,656,812	-	1,334,088,628	791,470	1,686
2012	1,693,890,969	36,417,993	-	1,730,308,962	834,642	2,073
2013	1,649,854,821	35,139,154	-	1,684,993,975	854,778	1,971
2014	1,675,033,880	33,819,003	-	1,708,852,883	885,241	1,930
2015	1,821,632,620	32,456,205	-	1,854,088,825	914,127	2,028
2016	1,906,989,880	31,049,381	-	1,938,039,261	939,585	2,063
2017	2,231,875,720	29,597,110	-	2,261,472,830	n/a	n/a

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

(1) Presented net of original issuance discounts and premiums

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 2017 "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	Operating Expenses (excluding depreciation)	Net Available Revenues	Debt Service			Coverage Ratio	
				Principal	Adjustment {b}	Interest Paid		
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
2017	452,162,751	190,104,395	262,058,356	91,572,271	-	87,754,800	179,327,071	1.46

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
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%
2016	939,585	38,686,473	41,174	3.7%

Source: Years 2007 - 2011 were based on information provided by North Central Texas Council of Governments. Years 2012 - 2016 were based on information provided by the U.S. Census Bureau; however, the District was unable to obtain this information for 2017 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)
PREVIOUS YEAR AND TEN YEARS AGO**

Employer	2016	
	Employees	Percentage of Total
HP Enterprise Services, LLC	10,000	2.06%
JP Morgan Chase & Co	6,000	1.24%
Bank of America Home Loans-Corporate Dr.	4,646	0.96%
Liberty Mutual Insurance	4,000	0.82%
Toyota	4,000	0.82%
JC Penney (Corporate HQ)	3,800	0.78%
Capital One	3,683	0.76%
University of Texas at Dallas	3,500	0.72%
Blue Cross and Blue Shield of Texas	3,100	0.64%
Medical Center of Plano (HCA Inc.)	3,000	0.62%
Total	45,729	9.42%
Total Employed in the County	485,601	

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 2016 are based on information provided by North Central Texas Council of Governments; however, the District was unable to obtain this information for 2017 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.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water:										
General	14.0	18.0	18.0	29.0	29.0	31.0	31.0	30.0	8.0	11.0
Public Information	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	3.0
Planning	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information Technology									20.4	24.0
Administration	22.0	22.0	23.0	21.0	21.0	21.0	25.0	28.0	36.0	38.0
Plant Operations	34.0	40.0	45.0	47.0	66.0	78.0	64.0	66.0	77.0	79.0
Tawakoni Raw Water Pump St	0.0	0.0	5.0	10.0	11.0	11.0	11.0	11.0	12.0	12.0
East Fork Raw Water Supply	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Bonham Water Treatment	8.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Facilities Service	31.0	40.0	40.5	40.5	43.5	46.5	48.5	55.0	61.0	61.0
Technical Service	50.0	53.0	56.5	55.5	56.5	58.5	80.5	85.0	91.0	92.0
Laboratory	23.3	24.3	25.3	25.3	25.3	27.3	27.3	26.9	27.8	26.0
Engineering	35.0	40.0	40.0	40.0	43.0	44.0	50.0	62.0	74.0	77.0
Environmental Service	4.5	5.5	5.7	7.7	7.7	7.7	9.2	11.4	11.0	11.5
Permitting									4.2	4.0
Regulatory Compliance									3.3	4.0
Total	236.8	261.8	279.0	296.0	323.0	345.0	366.5	396.3	445.6	460.5
Wastewater:										
Wilson Creek WWTP	51.8	52.8	52.8	52.8	55.8	55.8	56.1	56.4	58.8	59.0
Floyd Branch WWTP	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	7.5	8.0
Rowlett Creek WWTP	20.8	21.8	21.8	21.8	21.8	21.8	23.1	23.4	25.5	26.5
Mesquite WWTP	27.8	29.8	29.8	29.8	32.8	32.8	34.1	35.4	34.1	34.0
Panther Creek WWTP	6.1	6.1	6.1	12.1	12.1	12.1	12.1	12.6	17.8	17.8
Muddy Creek WWTP	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	18.4	18.9
Stewart Creek WWTP	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.6	10.6	11.5
Seagoville WWTP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Small WWTPs	6.5	6.5	5.5	5.5	5.5	5.5	5.5	7.5	7.0	9.0
Pretreatment	5.2	5.2	5.0	5.0	5.0	5.0	5.5	6.7	6.8	7.5
Dewatering	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0
Forney Interceptor										0.1
Lower East Fork Interceptor									0.1	0.1
Buffalo Creek Interceptor										0.1
Upper East Fork Interceptor	5.9	6.9	6.9	6.9	7.9	8.9	8.9	11.9	19.9	19.1
Total	150.2	155.2	154.0	160.0	167.0	168.0	171.6	178.7	206.3	211.5
Solid Waste:										
Transfer Station	49.5	52.8	52.8	50.8	48.8	47.8	47.3	46.3	46.4	47.0
Landfills	8.3	8.3	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal Facility	30.3	33.0	37.8	39.3	40.3	39.3	36.8	32.8	33.9	34.7
Fleet Maintenance Shop	11.0	13.0	13.0	13.0	12.0	12.0	15.0	16.0	18.7	19.4
Total	99.0	107.0	106.1	103.0	101.0	99.0	99.0	95.0	99.0	101.0
Total Employees	486	524	539	559	591	612	637	670	751	773

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, 2017

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

Year of creation	1951
Domicile	Wylie, Texas
District population	1,700,000
District service area	2,200 square miles
Water Treatment Plant	420 acres
Rain received at Lavon Lake during fiscal year	32.33
Total employees	773

REGIONAL WATER SYSTEM

RAW WATER SUPPLY—SAFE YIELD:

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

WATER TREATMENT PLANTS:

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

TRANSMISSION PIPELINES:

12" to 24" diameter	116.0	Miles
30" to 54" diameter	174.0	
60" to 96" diameter	286.0	
Total	576.0	Miles

RAW WATER PUMP STATIONS:

Lake Lavon—3 sites:		
Total water pumps	17	
Total raw water pumping capacity	940	MGD
Lake Texoma—1 site:		
Total water pumps	4	
Total raw water pumping capacity	125	MGD

NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017

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	
		<u>410.0</u>	Million gallons
TOTAL CITY DELIVERY POINTS			
		82	
WASTEWATER SYSTEM		<u>Permitted Capacity</u>	
REGIONAL SYSTEM:			
Regional wastewater plants:			
Floyd Branch RWWTP	*	4.750	MGD
South Mesquite RWWTP	*	33.000	
Rowlett Creek RWWTP	*	24.000	
Wilson Creek RWWTP	*	56.000	
SEWER SYSTEM:			
City:			
Farmersville	Farmersville No. 1 Plant	0.225	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	
Royse City	Royse City Plant	0.500	b
Royse City and Fate	Sabine Creek Plant	* 1.500	
Seis Lagos MUD	Seis Lagos Plant	0.250	

**NORTH TEXAS MUNICIPAL WATER DISTRICT, TEXAS
SCHEDULE 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017**

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	
Total number of plants in operation			14	
a) Operates as a single plant				
b) Not in operation				
* 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			6.6	
Buffalo Creek Interceptor			16.2	
Lower East Fork Interceptor System			<u>9.2</u>	
Total			<u>252.2</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			<u>1,900</u>	
Total transfer capacity			<u>3,295</u>	Tons/day
LANDFILLS (3):				
121 Regional Disposal Facility				
Permit Boundary			673	Acres
Landfillable			433	Acres
Permitted Airspace			135	M yd3
Maxwell Creek Landfill*				
Permit Boundary			193	Acres
Landfillable			139	Acres
Permitted Airspace			6	M yd3
McKinney Landfill**				
Permit Boundary			169	Acres
Landfillable			94	Acres
Permitted Airspace			13	M yd3

* Closed in 2006.

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

(Concluded)

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

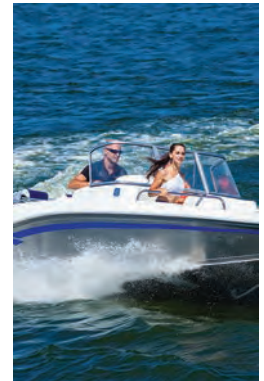
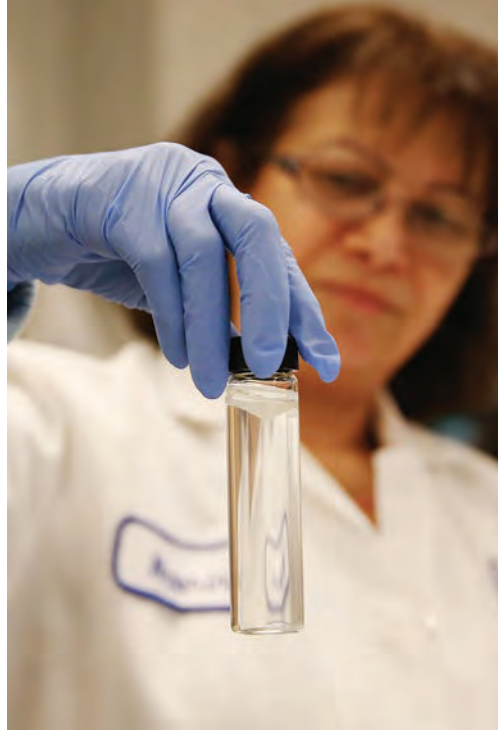
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water:										
Size of Service Area (square miles)	1,985	1,985	1,985	1,985	2,200	2,200	2,200	2,200	2,200	2,200
Water Supply (MGD)	298	333	369	369	369	370	370	370	370	370
Treatment Capacity (MGD)	777	777	777	777	807	807	807	807	807	807
Miles of Transmission Pipelines	482	482	482	487	518	518	566	573	573	576
Water Storage Capacity (MG)	443	314	400	400	400	403	403	410	410	410
City Delivery Points	59	78	78	78	78	77	77	77	82	82
Total Rainfall (Inches)	35	39	41	31	35	29	29	45	54	32
Annual Consumption (BG)	90	93	88	102	97	93	84	80	97	95
Wastewater:										
Miles of Interceptor Lines	188	210	210	226	243	243	250	250	251	252
Number of Treatment Plants	16	18	18	18	18	17	17	17	17	17
Treatment Capacity (MGD)	121	132	132	137	145	152	152	152	152	152
Annual Volume Treated (BG)	32	31	36	31	33	33	33	39	43	38
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)	817	750	743	752	723	786	835	877	950	1,009

Source: Based on information provided in NTMWD Operation Report.

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

Carrier	Policy No	Coverage	Policy Limits	Term	Approximate Annual Premium
Texas Water Conservation Association Risk Management Fund	7	Workers' compensation	Statutory up to \$100,000 (each accident)	7-01-17 to 7-01-18	\$ 623,340
Texas Water Conservation Association Risk Management Fund	7	General liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-17 to 7-01-18	\$ 124,665
Texas Water Conservation Association Risk Management Fund	7	Automobile liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-17 to 7-01-18	\$ 177,128
Texas Water Conservation Association Risk Management Fund	7	Directors' and officers' liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-17 to 7-01-18	\$ 106,852
Texas Water Conservation Association Risk Management Fund	7	Automobile physical damage	Actual cash value	7-01-17 to 7-01-18	\$ 170,120
USI Insurance Services	GN610	Fire and extended coverage	\$457,355,133 scheduled property	12-31-16 to 12-31-17	\$ 409,477
Chubb & Son Insurance	6615026	Commercial floater	\$27,708,309 scheduled & \$400,000 unscheduled property	5-01-17 to 5-01-18	\$ 73,585
USI Insurance Services	105874034	Fidelity bond	\$1,000,000 per occurrence	1-01-17 to 1-01-18	\$ 9,587
Anco Insurance B/CS	04T061309	General liability Pollution storage tanks	\$1,000,000 per occurrence \$1,000,000 annual aggregate	12-01-16 to 12-01-17	\$ 819

Source: Based on information provided in NTMWD Insurance Policies.



NORTH TEXAS MUNICIPAL WATER DISTRICT

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