



Groundbreaking Ceremony for Bois d'Arc Lake



Wylie Water Treatment Plant Expansion



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended: September 30, 2018



Wilson Creek Regional Wastewater Treatment Plant Expansion



Morrow Renewable High BTU Gas Plant at 121 RDF

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

**AS PREPARED BY THE
NTMWD ACCOUNTING DEPARTMENT**

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INTRODUCTORY

SECTION (UNAUDITED)

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BOARD OF DIRECTORS

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

* * * * *

Thomas W. Kula
Executive Director/General Manager

ORGANIZATIONAL STRUCTURE

Executive Director/General Manager	Thomas W. Kula
Deputy Director (Engineering & CIP)	Joe Stankiewicz
Assistant Deputy – CIP & Planning	R. J. Muraski
Assistant Deputy – Engineering	Cesar Baptista
Deputy Director (Operations & Maintenance)	Mike Rickman
Assistant Deputy – Solid Waste	Jeff Mayfield
Assistant Deputy – Wastewater	Jenna Covington
Assistant Deputy – Water	Billy George
Chief Information Officer	Jim Shirley
Maintenance Officer	Dave Patton
Deputy Director (Finance & Personnel)	Rodney Rhoades
Assistant Deputy – Finance	Erik Felthous
Accounting Manager	Teresa Wigington
Finance Manager	Drew Farris
Assistant Deputy – Human Resources & Administration	John Montgomery
Human Resources Manager	VACANT
Records Manager	Kelly O'Brian



Regional. Reliable. Everyday.

January 22, 2019

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, 2018.

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, 2018 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, 2018, 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.

Regional Service Through Unity...Meeting Our Region's Needs Today and Tomorrow

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 10-Year Water Rate Projections for the Water System and 10-Year Cost Projections for the Solid Waste, 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 September 2018 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 \$1.2 billion of revenue bonds between 2019 and 2023 for several projects including the Bois D'Arc Creek Lake and Leonard Water Treatment Plant Projects. Also, between 2024 and 2039, it is assumed that the District will issue \$1.0 billion of bonds for additional system improvements including funds for the development of a Sulphur River Basin Water Supply Project.

The September 2018 water rate projections indicate that at least a \$1.60 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 April 2018 Wastewater System cost projection reflects several major improvement projects including the Rowlett Creek Wastewater Treatment Plant Peak Flow Management Project for 2020, 2023 and 2025, 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 along with other Wastewater System improvements will require the issuance of \$285 million of revenue bonds over the next five years.

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

To meet short -term needs, the District:

- Was successful in receiving a 3-year temporary over drafting permit of Lavon Lake from the Texas Commission on Environmental Quality in 2018. The 3-year temporary water right was granted in July 2018.
- Pursuing an agreement with the Trinity River Authority to purchase up to 50,060 acre*feet per year of reuse water to be withdrawn out of the Trinity River by the Main Stem Pump Station starting in 2019.

To meet long -term needs, the District is:

- Constructing the Bois d' Arc Lake, which is projected to supply 108 mgd and is on track to be online in 2022. The District was issued a Water Right from the Texas Commission on Environmental Quality in June 2015. A U.S. Army Corps of Engineer's Clean Water Act Section 404 permit application was received in February 2018.
- Pursuing the development of the Sulphur Basin Supplies Strategy in partnership with the Sulphur River Basin Authority, Tarrant Regional Water District, City of Irving, City of Dallas, and the Upper Trinity Regional Water District. The first phase of this project is expected to provide 78 mgd and is currently scheduled to be online in 2060.
- Evaluating the feasibility of acquiring water for the Toledo Bend Reservoir that could potentially supply water to the District beginning in 2070.
- Seeking approval of a water rights application from the Oklahoma Water Resources Board for the right to use water from the State of Oklahoma from the Kiamichi and Muddy Boggy River Basins.

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Texas Municipal Water District for its Consolidated Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. This was the twenty eighth 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.

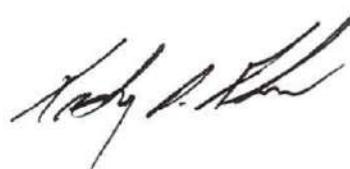
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the accounting and finance departments. We would like to express our appreciation to all members of the organization who assisted and contributed to the preparation of this 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,

A handwritten signature in blue ink, appearing to read "Thomas Kula".

Thomas W. Kula
Executive Director/General Manager

A handwritten signature in blue ink, appearing to read "Rodney D. Rhoades".

Rodney D. Rhoades
Deputy Director of Finance and Personnel

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**North Texas Municipal
Water District**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Monell

Executive Director/CEO



WATER SERVICES

OVER 1.7 MILLION NORTH TEXANS DEPEND ON OUR SHARED REGIONAL SYSTEM TO DELIVER SAFE, HIGH-QUALITY WATER AROUND THE CLOCK.

Our number one priority at NTMWD is the safety and reliability of the drinking water we deliver to families and businesses in about 80 communities across 2,200 square miles. We currently own and operate six water treatment plants, more than 575 miles of water transmission pipelines and 14 pump stations. We also have water rights in five lakes to meet the existing water needs of our service area.

Four of our water treatment plants are located on one 500+ acre campus in Wylie and have the capacity to treat up to 770 million gallons per day (MGD). Our Wylie complex operates one of the largest ozonation treatment facilities in the world and is undergoing conversion to biologically active filtration, which is estimated to be complete by 2020. A number of expansions and upgrades are underway on older facilities as we break ground on our seventh water treatment plant in Leonard, Texas.

We collect and test about 685 water samples in our state-certified laboratory daily. The rigorous testing helps ensure that

we meet or surpass all regulatory and health standards set by the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA). TCEQ also tests our water to verify our compliance with their standards, and we continue to earn a "Superior" rating for water quality.

To meet future water demands, construction is underway on Bois d'Arc Lake in Fannin County, which eventually will provide 108 million gallons of water per day to residents in North Texas.

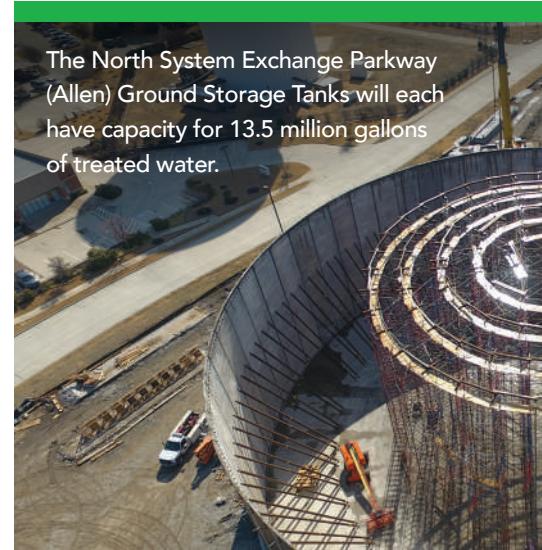
QUICK FACTS:

- 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**

Once complete in 2019, the Trinity River Main Stem Pump Station & Pipeline will divert river water into the East Fork Water Reuse project (wetlands) for natural filtration and future treatment.



The North System Exchange Parkway (Allen) Ground Storage Tanks will each have capacity for 13.5 million gallons of treated water.



FAST FACTS

WATER SERVICES

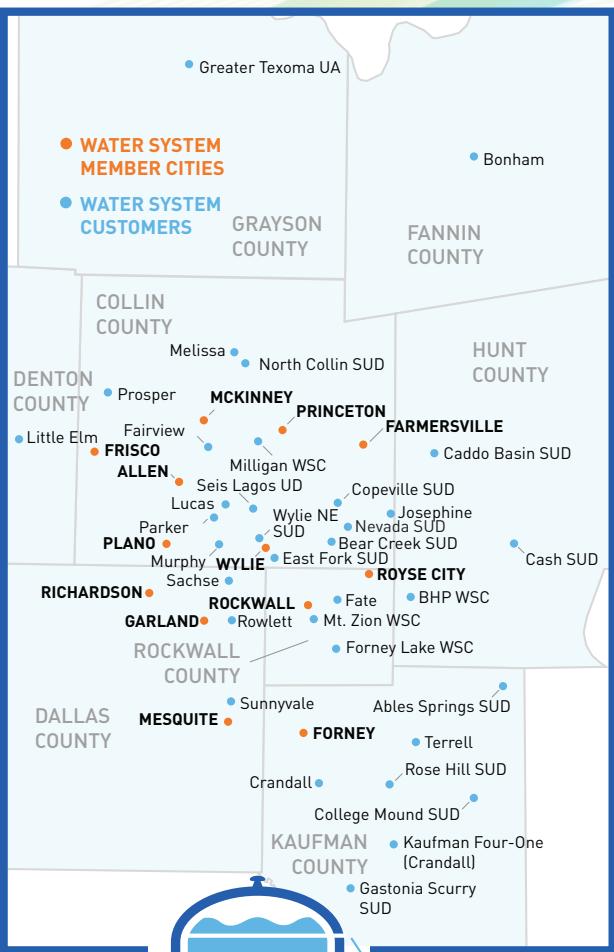
469.5
EMPLOYEES
supporting water operations

575+
Miles of water transmission lines

6 
Water treatment
PLANTS

Up to
32 BILLION
Gallons of water
re-used
annually

COMMUNITIES SERVED

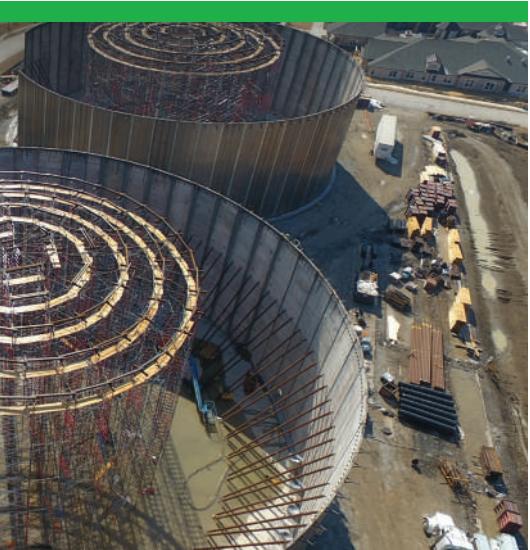


\$635 MILLION
In water system construction contracts



Annual Water Use
82% Member Cities
18% Customers

103.3 BILLION
Gallons of treated water delivered this year



The Wylie Water Treatment Plant complex is undergoing capacity expansion, filtration rehabilitation and improvements, and upgrades.



BOIS D'ARC LAKE

IT'S MORE THAN WATER, IT'S MAKING OUR MARK ON HISTORY.



The U.S. Army Corps of Engineers (USACE) issued its Record of Decision (ROD) and granted a Clean Water Act (CWA) Section 404 permit to allow construction on Bois d'Arc Lake in February 2018. We worked with federal, state and local officials for over 15 years on planning for the new lake in Fannin County that will provide water for decades to come for the growing communities we serve.

Nearly 400 attended the May 25 historic groundbreaking event to hear remarks from U.S. Congressmen Sam Johnson and Pete Sessions, Fannin County Judge Creta "Spanky" Carter, incoming NTMWD Board President John Sweeden, and Executive Director Tom Kula.

Updated cost estimates for the lake, the planned water treatment plant and system projects put the full project budget at \$1.6 billion. To date, the Texas Water Development Board has approved \$1.477 billion in low interest financing for the projects through the State Water Implementation Fund for Texas (SWIFT) program which is anticipated to save NTMWD and its ratepayers over \$230 million in financing costs.

By summer, clearing for the dam and construction on the new FM 897 bridge and road were well underway. Construction of the dam is expected to be complete by 2020. Depending on rainfall, it's expected to take about two years to fill the lake to an operational level, and for NTMWD to begin delivering water in 2022 with a firm yield (the amount of water that can be supplied to cover water needs even during the driest conditions we have ever experienced) of 108 million gallons of water a day for residents and businesses served by NTMWD.

QUICK FACTS:

- Lake surface area: **16,641 acres** (slightly smaller than Chapman Lake)
- Storage capacity: **367,609 acre-feet**
- Firm Yield: **108 million gallons per day**
- Environmental mitigation: Improvements on nearly **17,000 acres**
- Estimated cost: **\$1.6 billion**

The NTMWD Board of Directors at the May 25, 2018 groundbreaking ceremony marking the beginning of construction on Bois d'Arc Lake.



The first set of beams were installed on the FM 897 bridge in September 2018. When complete, the bridge will be 1.3 miles long and provide direct access across the lake.



OVERVIEW

RELATED PROJECTS

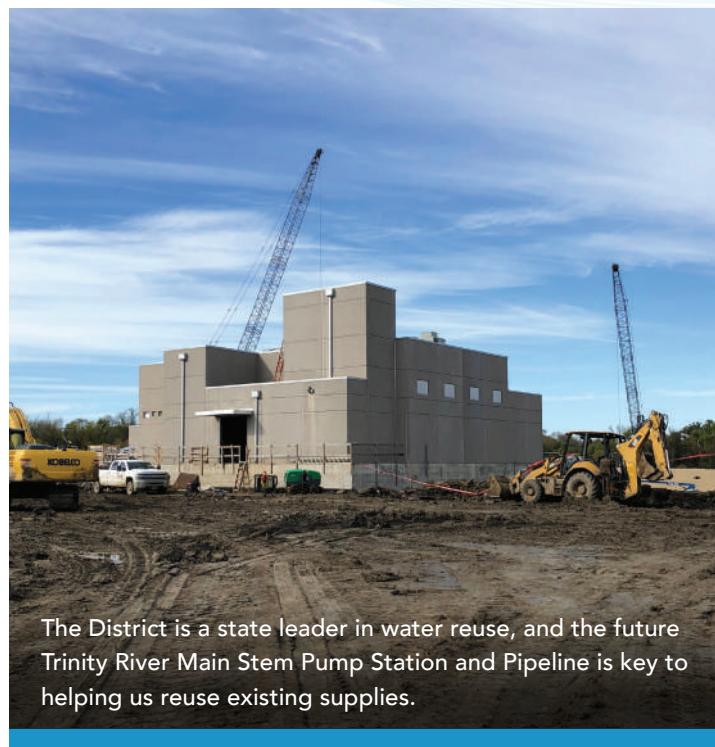
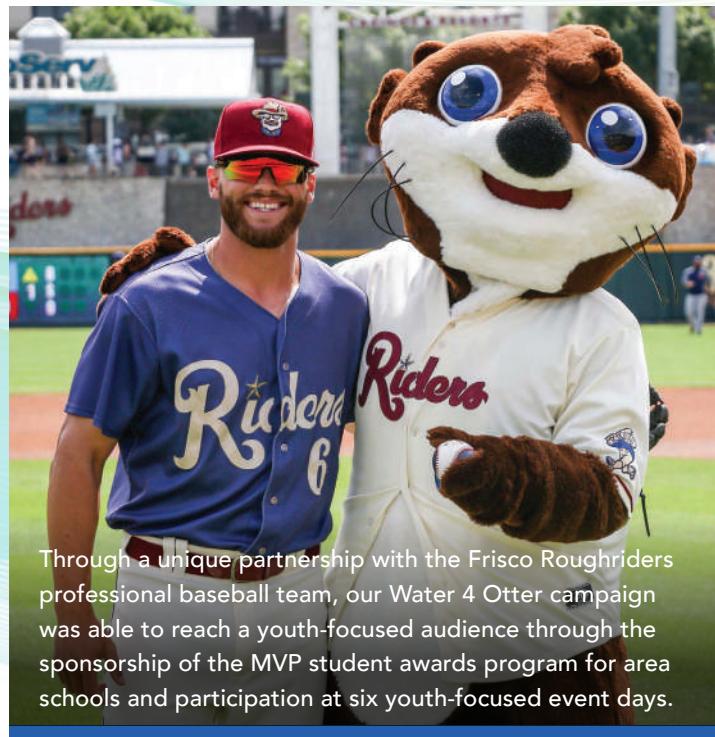


Once built, the Bois d'Arc Lake intake structure will have a 110-foot tall tower that will send water through two 78-inch diameter pipes beneath the dam to a new raw water pump station.



CONSERVATION: A KEY SOURCE OF SUPPLY

It is estimated that water conservation and reuse will account for about a quarter of future water supplies in North Texas over the next 50 years. NTMWD continues to lead the way in conservation education and outreach as well as reuse through the East Fork Water Reuse Project — the largest manmade wetland in the country used for water supply.



PROVIDING SAFE WATER

Water is essential to life. We can live without many things, but water is not one of them. Making sure we deliver safe, reliable water to drink and use is our number one priority at the North Texas Municipal Water District.

After pumping the lake water into one of our six water treatment plants, we treat it through a rigorous treatment process to remove sediment, bacteria, and other impurities. We first clean out solid particles, and then the two-step disinfection process eliminates bacteria and viruses in the water supply and distribution system. The District uses common disinfectants: chlorine, chloramine (chlorine + ammonia) and ozone. We operate one of the largest fully-ozoneated water treatment plant in the world at our headquarters in Wylie, Texas.

To ensure quality water for the communities we serve, our state-certified laboratory conducts and processes hundreds of samples every day, adding up to more than 250,000 samples tested each year! We report all findings to ensure drinking water meets or surpasses regulatory standards set by the Texas Commission on Environmental Quality, the U.S. Environmental Protection Agency



QUICK FACTS:

- Water disinfection is necessary to protect public health and keep our water safe
- NTMWD uses proven, common and highly effective disinfection methods to treat the water for delivery to **1.7 million North Texans**
- Ongoing water testing is performed, reported to outside authorities and available to the public

and the Safe Drinking Water Act. We also publish results online through our water quality reports at NTMWD.com/Water-Quality-Reports.

We deliver the final treated water to our Member Cities and Customers for distribution to more than 1.7 million people in North Texas. We work around the clock to safeguard public health and provide this essential service.



FINANCIAL DRIVERS

North Texas remains one of the fastest growing regions in the country. Planning for and building the necessary infrastructure for water, wastewater and solid waste is critical to make sure everyone has access to these essential services now and in the future. It is also important to maintain aging infrastructure and utilize the most advanced treatment processes in all our service areas to meet or surpass industry and regulatory requirements.

Increasing regulatory requirements



2%

The North System Virginia 6.5 million gallon treated water ground storage tank will provide minimum pressure maintenance in the portion of the North Transmission System serving delivery points generally North of Highway 121.



Aging pipes and systems



13%

NTMWD crews completed a water transmission pipeline repair in Forney at HWY 80 and the East Fork of the Trinity River where a 42-inch-diameter pipe had developed a hole that needed to be patched.



Building new supply sources & delivery systems for growth



85%

Aerial view of the Bois d'Arc Lake footprint. The lake will have a surface area of 16,641 acres.



MANAGING COSTS

The Texas Water Development Board committed an additional \$300 million for a total of \$1.477 billion in low-interest financing through the State Water Implementation Fund of Texas (SWIFT) for Bois d'Arc Lake. Use of SWIFT funding is projected to save the District and its ratepayers more than \$230 million in financing costs.

The District reevaluates its Capital Improvement Plan each year. Through modifying short-term operations and refining long-term strategies, we were able to cancel the North McKinney Parallel Interceptor Phase II project (wastewater) at a savings of \$25 million through 2020. Improvements to the Princeton Lift Station will help address some of these long-term needs.

Through a proactive maintenance program of routine exercising of large diameter water transmission system valves, we are able to prolong the valve life and avoid emergency expenditures. During the last fiscal year, crews exercised 135 of the approximately 600 water transmission isolation valves. We will continue this proactive maintenance on an annual basis.

Our wastewater operations staff uses an innovative technology to inspect our transmission pipelines using multiple sensors to detect areas where cleaning is needed. By identifying and cleaning areas that need it the most, instead of systematically cleaning all pipes regardless of condition, we can save an estimated \$1.2 million.



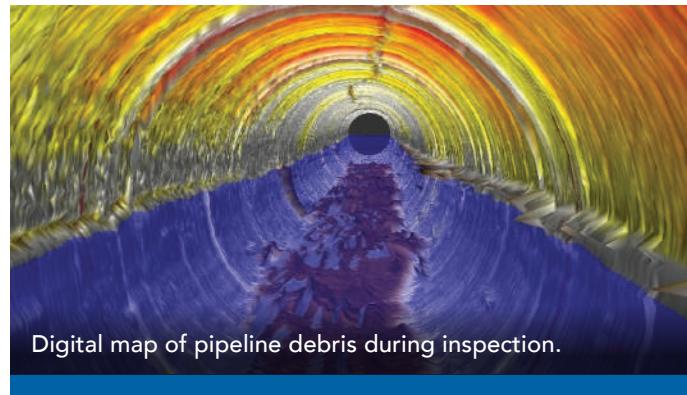
Progress on the Bois d'Arc Lake 1.3-mile-long bridge.



Improvements underway at the Princeton Lift Station.



NTMWD valve crew and equipment.



Digital map of pipeline debris during inspection.



WASTEWATER SERVICES

OUR SHARED REGIONAL WASTEWATER CONVEYANCE AND TREATMENT SYSTEMS PROTECT PUBLIC HEALTH AND THE ENVIRONMENT FOR ONE MILLION NORTH TEXANS IN 24 COMMUNITIES.

Providing clean, safe water to drink and use every day is one side of the journey for this essential resource. The effective treatment of wastewater that flows from our homes and businesses is as important and has one goal: release water to our waterways that is safe for public health and the environment.

To meet the demands of our existing population, NTMWD operates 13 wastewater treatment facilities, 222 miles of large-diameter wastewater pipelines and has the capacity to treat up to 152 million gallons per day (MGD) on an annual average.

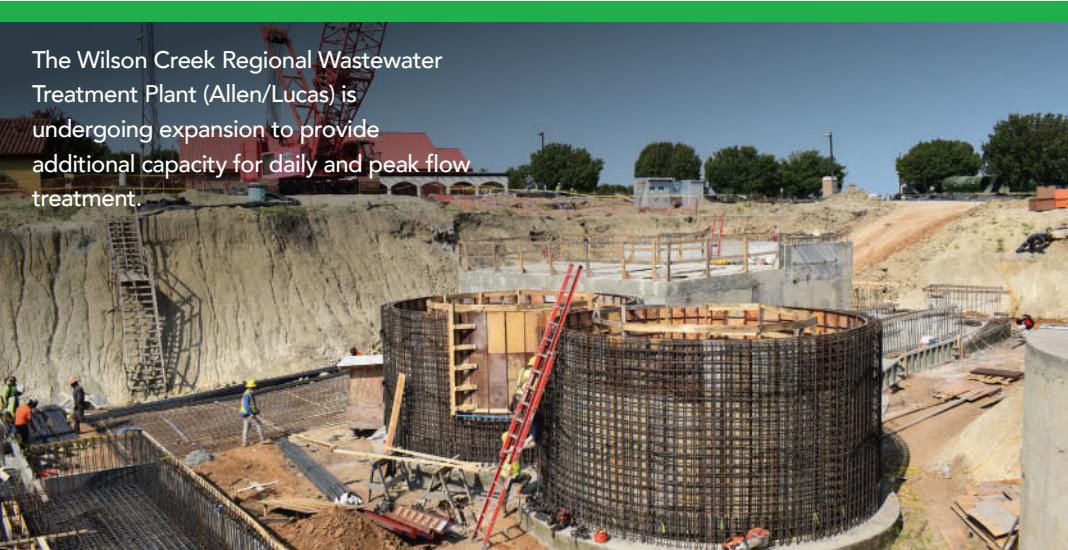
The region's economic prosperity has drawn more businesses and residents which requires a robust, expandable system to treat the flow of wastewater. The District, in cooperation with the TCEQ, is taking a regional approach to wastewater treatment. Regional collaboration reduces the individual community's costs to build and maintain each facility and hundreds of miles of pipelines as well as providing the most advanced treatment means to protect the environment.

During the previous year, the enhancements and expansions made to our Stewart Creek West Wastewater Treatment Plant in Frisco allowed the decommission of a smaller treatment plant, Cottonwood Creek, in August 2018. Closing smaller plants and redirecting the flows to larger plants with more advanced treatment helps us discharge higher quality water.

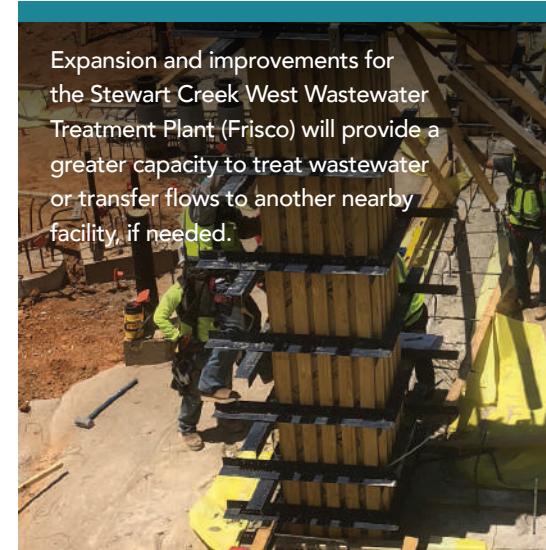
The planned new Sister Grove Water Resource Recovery Facility (McKinney ETJ) is in the permitting phase with the TCEQ.

NTMWD staff report laboratory results of about 3,100 wastewater samples to TCEQ each month under 12 parameters 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.

The Wilson Creek Regional Wastewater Treatment Plant (Allen/Lucas) is undergoing expansion to provide additional capacity for daily and peak flow treatment.



Expansion and improvements for the Stewart Creek West Wastewater Treatment Plant (Frisco) will provide a greater capacity to treat wastewater or transfer flows to another nearby facility, if needed.



FAST FACTS

WASTEWATER SERVICES

219.5
WASTEWATER
EMPLOYEES

\$190
MILLION

In regional
wastewater,
conveyance & sewer
system construction
contracts



40.3
BILLION

Gallons of wastewater
treated this year

COMMUNITIES SERVED



222+
MILES

large-diameter
wastewater
pipelines

152 MGD
(MILLION GALLONS/DAY)

average annual
wastewater
treatment capacity

13

WASTEWATER
treatment plants

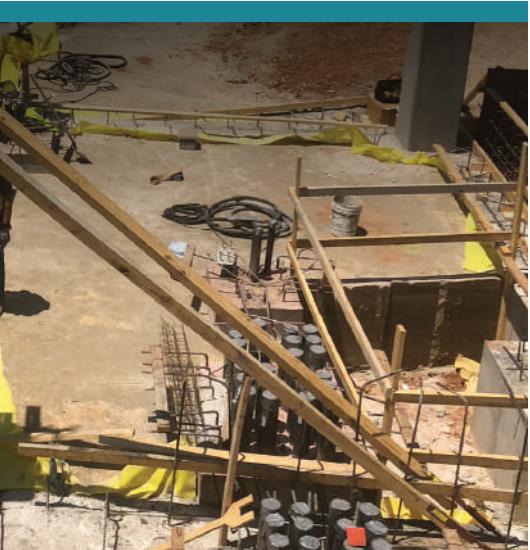
10.7
BILLION

10.7
BILLION

Gallons treated
in wetland for reuse

18.6 BILLION

Gallons treated
wastewater
returned to Lavon
Lake for reuse



Panther Creek Wastewater Treatment
Plant receives its 7th consecutive National
Association of Clean Water Agencies
Platinum Peak Performance Award





SOLID WASTE SERVICES

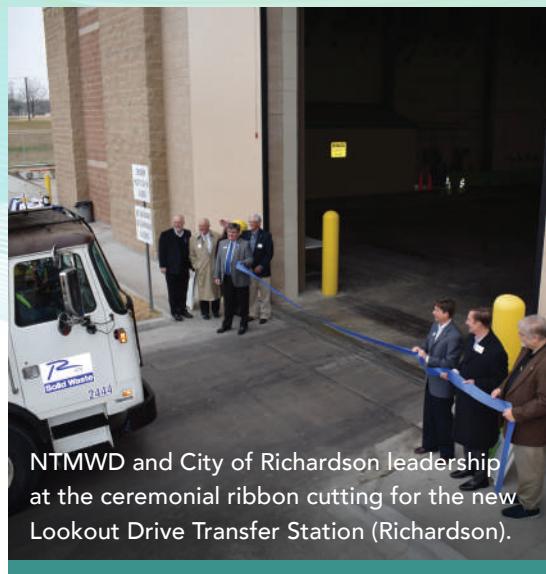
WE PROCESS AND DISPOSE OF NEARLY A MILLION TONS OF SOLID WASTE SAFELY AND RELIABLY EACH YEAR WHILE PROTECTING THE ENVIRONMENT AND WATER QUALITY.

The NTMWD regional solid waste system supports the growing Collin County Member Cities of Allen, Frisco, McKinney, Plano and Richardson. The cities collect solid waste from homes and businesses and deliver it to one of our three transfer stations or landfill.

From the transfer stations, the waste is loaded into larger NTMWD trucks for transport to our 121 Regional Disposal Facility (landfill) in Melissa. This transfer process saves money because smaller waste collection vehicles do not have to travel the additional distance to the landfill; it also reduces traffic and vehicle emissions associated with fewer trucks on the road.

In February, we held a ribbon-cutting ceremony at the new Lookout Drive Transfer Station in Richardson. We are already seeing significant operational benefits from the new state-of-the-art facility. The top-load design allows for larger loads which reduces the number of trips to the landfill, fuel costs, emissions and vehicle wear and tear.

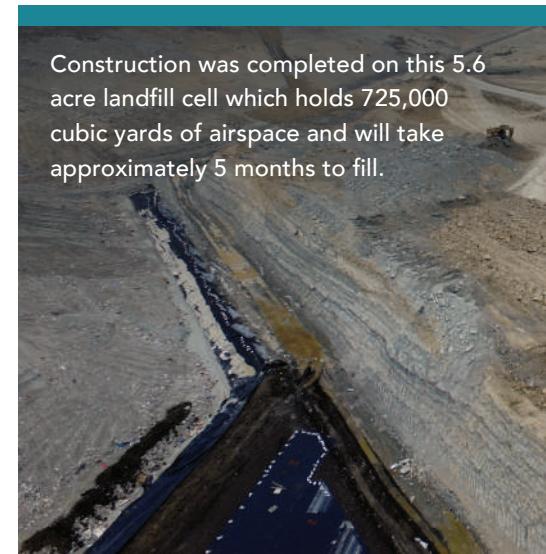
Our public-private partnership with Morrow Renewables to harvest and convert the methane produced at the landfill provides clean-burning renewable natural gas for energy production and other beneficial uses. The sale of the natural gas helps offset the operating cost of the landfill.



In FY2018, the contractor excavated approximately 1.5 million cubic yards of material from active construction sites at the 121 Regional Disposal Facility (Melissa).



Construction was completed on this 5.6 acre landfill cell which holds 725,000 cubic yards of airspace and will take approximately 5 months to fill.



FAST FACTS

SOLID WASTE SERVICES

104
SOLID WASTE
EMPLOYEES

4 Regional
Citizen
CONVENIENCE
CENTERS



COMMUNITIES SERVED



46,160

tons of yard &
organic waste
composted



 **3,800**

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

985,521

TONS
of solid waste
accepted



3 Transfer stations
process up to

3,295 TONS

of solid waste **per day**



A new 100,000 gallon tank was installed at the 121 Regional Disposal Facility to discharge leachate directly into the sewer system for treatment at one of our wastewater treatment plants.



FINANCIAL SECTION

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the North Texas Municipal Water District as of September 30, 2018, 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.

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 5-10 and 57-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Members of the Board of Directors
North Texas Municipal Water District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Texas Municipal Water District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 22, 2019

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis (Unaudited)

As management of the North Texas Municipal Water District, 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, 2018.

Financial Highlights

- Total assets at the end of the year were approximately \$4.7 billion and exceeded liabilities by approximately \$1.45 billion.
- The District's total net position increased by approximately \$118 million, or 9 percent.
- During the year, the District's operating revenues increased by approximately \$44 million, or 10 percent, and operating expenses increased by approximately \$11 million, or 4 percent.
- Construction of the Bois d'Arc Lake, Leonard Water Treatment Plant, Trinity River Main Stem Raw Water Pipeline & Pump Station, Wilson Creek, Sabine Creek and Stewart Creek WWTP expansions, and the Princeton Lift Station improvements led the way in capital expenditures totaling over \$229 million.
- The District issued \$1,039 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 11 through 18 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 19 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 56 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 \$1,451,891,180 at the close of the most recent fiscal year.

North Texas Municipal Water District's Net Position

	As of September 30		Increase/ (Decrease)	Percent Change
	2018	2017		
ASSETS:				
Current and other assets	\$ 1,649,032,100	\$ 968,530,427	\$ 680,501,673	70.3%
Capital assets-net	3,063,400,855	2,732,146,098	331,254,757	12.1
Total assets	4,712,432,955	3,700,676,525	1,011,756,430	27.3
Total deferred outflows of resources	45,391,397	43,468,351	1,923,046	4.4
Total assets and deferred outflows of resources	<u>4,757,824,352</u>	<u>3,744,144,876</u>	<u>1,013,679,476</u>	<u>27.1</u>
LIABILITIES:				
Current and other liabilities	244,472,173	193,702,977	50,769,196	26.2
Long-term liabilities outstanding	3,049,411,954	2,204,019,767	845,392,187	38.4
Total liabilities	3,293,884,127	2,397,722,744	896,161,383	37.4
Total deferred inflows of resources	12,049,045	12,213,988	(164,943)	-1.4
Total liabilities and deferred inflows of resources	<u>3,305,933,172</u>	<u>2,409,936,732</u>	<u>895,996,440</u>	<u>37.2</u>
NET POSITION				
Net investment in capital assets	1,077,370,618	1,055,668,099	21,702,519	2.1
Restricted	192,006,392	147,826,838	44,179,554	29.9
Unrestricted	182,514,170	130,713,207	51,800,963	39.6
Total net position	<u>\$ 1,451,891,180</u>	<u>\$ 1,334,208,144</u>	<u>\$ 117,683,036</u>	<u>8.8%</u>

The largest portion of the District's net position (74 percent) reflects its investment in capital assets (e.g., land, reservoir facilities, water treatment facilities and wastewater disposal facilities) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its member and customer cities; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

An additional portion of the District's net position (13 percent) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position consist primarily of the reserve funds required by bond resolutions.

The remaining balance of the District's net position represents unrestricted net position (13 percent) and may be used to meet the District's ongoing obligations. The overall increase in net position of \$117,683,036, or 8.8%, 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 \$117,683,036 were operating income of \$219,537,328 offset by interest expense of \$90,004,570.

North Texas Municipal Water District's Changes in Net Position

	Year Ended September 30		Increase (Decrease)	Percent Change
	2018	2017		
Operating Revenues:				
Water sales	\$ 316,133,827	\$ 282,595,391	\$ 33,538,436	11.9%
Wastewater service fees	131,381,838	120,803,096	10,578,742	8.8
Solid waste service fees	34,592,091	34,206,532	385,559	1.1
Other operating revenues	2,102,235	2,318,426	(216,191)	(9.3)
Total Operating Revenues	484,209,991	439,923,445	44,286,546	10.1
Operating Expenses:				
Personnel	74,999,711	70,226,647	4,773,064	6.8
Operating Supplies:				
Chemicals	32,842,288	27,629,538	5,212,750	18.9
Other supplies	15,218,144	15,493,153	(275,009)	(1.8)
Operating Services:				
Electric power	20,981,185	19,894,130	1,087,055	5.5
Wholesale water purchases	2,998,624	3,195,449	(196,825)	(6.2)
Other services	49,974,608	53,665,478	(3,690,870)	(6.9)
Depreciation and amortization	67,658,103	63,586,693	4,071,410	6.4
Total Operating Expenses	264,672,663	253,691,088	10,981,575	4.3
Operating Income	219,537,328	186,232,357	33,304,971	17.9
Nonoperating Revenues (Expenses):				
Investment Income	20,129,032	7,981,554	12,147,478	152.2
Miscellaneous Revenue (Expense)	52,378	(1,072,982)	1,125,360	(104.9)
Federal Program Revenues	3,934,848	3,983,278	(48,430)	(1.2)
Gain on Sale of Capital Assets	11,377,911	274,474	11,103,437	4,045.4
Contribution to Fannin County Electric Cooperative	(47,343,891)	-	(47,343,891)	100.0
Interest Expense	(90,004,570)	(68,257,962)	(21,746,608)	31.9
Net Nonoperating Expense	(101,854,292)	(57,091,638)	(44,762,654)	78.4
Change in Net Position	117,683,036	129,140,719	(11,457,683)	(8.9)
Net Position, Beginning of Year (As Previously Stated)	1,334,208,144	1,210,161,660	124,046,484	10.3
Change in Reporting	-	(5,094,235)	5,094,235	(100.0)
Net Position, Beginning of Year (As Restated)	1,334,208,144	1,205,067,425	129,140,719	10.7
Net Position, End of Year	\$ 1,451,891,180	\$ 1,334,208,144	\$ 117,683,036	8.8%

Total operating revenues for the District for the years ended September 30, 2018 and 2017 were \$484,209,991 and \$439,923,445, respectively. The \$44,286,546 increase in total operating revenues was primarily due to a 10% increase in the member cities water rate and an 8.8% increase in wastewater service fees to fund capital projects and operating costs.

Total operating expenses for the District for the years ended September 30, 2018 and 2017 were \$264,672,663 and \$253,691,088, respectively. Several key factors account for the \$10,981,575 increase in total operating expenses, including increased staffing levels (a total increase of 20 employees across all funds) and salary adjustments resulting in increased personnel expenses of nearly \$4.8 million. The increase in operating supplies was primarily driven by the overall increase in chemical expenses of \$5.2 million. Operating services decreased \$2.8 million primarily as a result of decreased maintenance expenses and vehicle supplies and equipment. Depreciation expense increased over \$4.1 million.

Net nonoperating expense increased by \$44,762,654 primarily due to a \$12.1 million increase in investment income, a \$1.1 million increase in miscellaneous revenues and a gain on sale of capital assets of \$11.1 million. Nonoperating revenues were offset by an additional \$21.7 million in interest expense and a \$47.3 million contribution resulting from electric power agreements with Fannin County Electric Cooperative related to the construction of the Bois d'Arc Lake.

Capital Assets and Debt Administration**Capital Assets**

The District's capital assets as of September 30, 2018, amounted to \$3,063,400,855 (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 12.1%.

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

- Development of the Bois d'Arc Lake continued totalling more than \$112 million in construction in progress.
- Water Treatment Plant improvements totalling more than \$13 million and additional water ground storage tanks totalling more than \$15 million.
- Wilson Creek Electrical Improvements Phase II Construction totalling \$14.46 million.
- Indian Creek Force Main No. 2 Construction totalling \$10.7 million.
- Landfill site facilities development including the 121 Landfill Liner and Leachate System and further development totaled more than \$12 million.

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

	As of September 30		Increase (Decrease)	Percent Change
	2018	2017		
Land	\$ 73,801,998	\$ 71,692,412	\$ 2,109,586	2.9%
Easements	62,549,675	62,394,914	154,761	0.2%
Land improvements	2,984,287	3,113,113	(128,826)	-4.1%
Water treatment, storage and transmission facilities	1,206,967,782	1,187,166,255	19,801,527	1.7%
Wastewater treatment and disposal facilities	492,555,069	497,682,652	(5,127,583)	-1.0%
Solid waste transfer and disposal facilities	45,734,440	33,989,781	11,744,659	34.6%
Reservoir facilities and water rights	273,306,305	280,845,659	(7,539,354)	-2.7%
Buildings	58,559,325	56,477,942	2,081,383	3.7%
Automobiles and trucks	3,549,349	4,508,107	(958,758)	-21.3%
Office furniture and fixtures	502,638	603,991	(101,353)	-16.8%
Other equipment	28,254,392	23,437,641	4,816,751	20.6%
Construction in progress	814,635,595	510,233,631	304,401,964	59.7%
Total	\$ 3,063,400,855	\$ 2,732,146,098	\$ 331,254,757	12.1%

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 \$2,938,457,923. Of this amount 73% is reflected in the Water System and 11% is reflected in the Regional Wastewater System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30			Percent
	2018	2017	(Decrease)	Change
U. S. government contracts payable	\$ 28,097,923	\$ 29,597,110	\$ (1,499,187)	-5.1%
Revenue bonds	<u>2,910,360,000</u>	<u>2,036,160,000</u>	<u>874,200,000</u>	<u>42.9%</u>
Total	\$ 2,938,457,923	\$ 2,065,757,110	\$ 872,700,813	42.2%

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 \$ 2,777,169 in the Wastewater System, \$ 4,133,281 in the Interceptor System and \$ 1,776,079 in the Sewer 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 2019 fiscal year.

The 2019 Water System budget provides funding for debt service for \$531 million of SWIFT funds for the continued development of the Bois D'Arc Lake and construction of the Leonard Water Treatment Plant 70 MGD site. In order to fund these debt service requirements and the additional operations and maintenance costs, the budget requires a \$.14 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.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

September 30, 2018

	Water System	Regional Wastewater System
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 47,264,920	\$ 6,557,515
Investments	140,159,490	-
Accounts receivable	29,679,956	1,301,196
Due from other funds	215,881	38,582
Prepaid expenses	3,090,552	448,668
Unbilled receivables	212,195	1,002,037
Total unrestricted assets	220,622,994	9,347,998
Restricted assets:		
Cash and cash equivalents	660,863,108	57,593,064
Investments	356,544,967	113,750,695
Contracts receivable	26,400	-
Interest receivable	1,214,461	372,841
Due from other funds	157,840	-
Unbilled receivables	-	-
Total restricted assets	1,018,806,776	171,716,600
TOTAL CURRENT ASSETS	1,239,429,770	181,064,598
LONG-TERM ASSETS:		
Nondepreciable:		
Land	59,956,612	1,739,328
Easements	47,081,761	-
Construction-in-progress	571,786,972	118,730,249
Total nondepreciable assets	678,825,345	120,469,577
Depreciable:		
Land improvements	3,712,838	1,321,303
Water treatment, storage, and transmission facilities	1,533,153,624	-
Wastewater treatment and disposal facilities	-	297,315,288
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	376,541,067	-
Buildings	28,432,822	2,665,571
Automobiles and trucks	7,168,160	1,626,395
Office furniture and fixtures	961,571	101,610
Other equipment	19,966,931	11,696,633
Total depreciable assets	1,969,937,013	314,726,800
Less accumulated depreciation	(476,270,514)	(115,176,655)
Net capital assets	2,172,491,844	320,019,722
TOTAL LONG-TERM ASSETS	2,172,491,844	320,019,722
TOTAL ASSETS	3,411,921,614	501,084,320
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	20,078,371	3,084,805
Deferred pension outflow	8,653,060	2,385,187
Deferred OPEB outflow	703,344	159,316
TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,434,775	5,629,308
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,441,356,389	\$ 506,713,628

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 5,585,363	\$ 9,982,307	\$ 4,862,956	\$ 74,253,061
-	-	-	140,159,490
280,807	309,279	663,590	32,234,828
84,625	294,329	-	633,417
267,223	242,848	129,667	4,178,958
459,333	1,232,374	139,452	3,045,391
<u>6,677,351</u>	<u>12,061,137</u>	<u>5,795,665</u>	<u>254,505,145</u>
 17,059,272	 33,204,434	 31,374,549	 800,094,427
15,288,593	6,911,640	93,861,875	586,357,770
-	-	-	26,400
66,086	28,516	306,216	1,988,120
6,123	-	-	163,963
-	5,896,275	-	5,896,275
<u>32,420,074</u>	<u>46,040,865</u>	<u>125,542,640</u>	<u>1,394,526,955</u>
<u>39,097,425</u>	<u>58,102,002</u>	<u>131,338,305</u>	<u>1,649,032,100</u>
 436,498	 11,669,560	 -	 73,801,998
4,105,801	-	11,362,113	62,549,675
<u>78,140,631</u>	<u>1,591,022</u>	<u>44,386,721</u>	<u>814,635,595</u>
<u>82,682,930</u>	<u>13,260,582</u>	<u>55,748,834</u>	<u>950,987,268</u>
 417,138	 2,809,249	 -	 8,260,528
29,946,173	-	-	1,563,099,797
161,910,313	-	254,653,609	713,879,210
-	81,868,330	-	81,868,330
-	-	-	376,541,067
187,506	41,468,655	-	72,754,554
613,710	4,365,246	482,744	14,256,255
-	-	-	1,063,181
<u>3,524,443</u>	<u>24,954,224</u>	<u>5,961,700</u>	<u>66,103,931</u>
<u>196,599,283</u>	<u>155,465,704</u>	<u>261,098,053</u>	<u>2,897,826,853</u>
<u>(65,212,840)</u>	<u>(64,389,949)</u>	<u>(64,363,308)</u>	<u>(785,413,266)</u>
<u>214,069,373</u>	<u>104,336,337</u>	<u>252,483,579</u>	<u>3,063,400,855</u>
<u>214,069,373</u>	<u>104,336,337</u>	<u>252,483,579</u>	<u>3,063,400,855</u>
<u>253,166,798</u>	<u>162,438,339</u>	<u>383,821,884</u>	<u>4,712,432,955</u>
 2,141,968	 2,051,781	 2,599,559	 29,956,484
861,923	2,227,648	206,933	14,334,751
79,290	130,210	28,002	1,100,162
3,083,181	4,409,639	2,834,494	45,391,397
<u>\$ 256,249,979</u>	<u>\$ 166,847,978</u>	<u>\$ 386,656,378</u>	<u>\$ 4,757,824,352</u>

STATEMENT OF NET POSITION

September 30, 2018

	Water System	Regional Wastewater System
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 19,043,433	\$ 4,274,397
Due to other funds	52,313	288,364
Customers' advance payments	49,592	3,046,819
Accrued interest payable on U.S. government contracts	741,071	-
Current portion of U.S. government contracts	1,547,617	-
Total payable from unrestricted assets	<u>21,434,026</u>	<u>7,609,580</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	33,943,687	10,024,573
Due to other funds	87,839	31,405
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on revenue bonds	7,022,628	4,580,017
Current portion of revenue bonds	71,450,000	13,590,000
Total payable from restricted assets	<u>112,504,154</u>	<u>28,225,995</u>
TOTAL CURRENT LIABILITIES	<u>133,938,180</u>	<u>35,835,575</u>
LONG-TERM LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	1,139,613	235,190
Accrued sick—less current portion	1,758,232	509,634
Net pension liability	13,307,182	3,933,549
Net OPEB liability	2,750,468	647,925
Deferred compensation	287,500	-
Long-term debt—less current portion	2,208,569,007	340,203,648
TOTAL LONG-TERM LIABILITIES	<u>2,227,812,002</u>	<u>345,529,946</u>
TOTAL LIABILITIES	<u>2,361,750,182</u>	<u>381,365,521</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	5,939,588	1,591,541
Deferred OPEB inflow	1,039,482	243,435
Deferred insurance proceeds	716,542	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,695,612</u>	<u>1,834,976</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>2,369,445,794</u>	<u>383,200,497</u>
NET POSITION:		
Net investment in capital assets	765,704,294	103,159,779
Restricted for debt service	125,114,199	23,390,919
Unrestricted	181,092,102	(3,037,567)
TOTAL NET POSITION	<u>\$ 1,071,910,595</u>	<u>\$ 123,513,131</u>

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 2,195,707	\$ 3,296,900	\$ 2,885,628	\$ 31,696,065
231,187	11,238	56,437	639,539
2,824,128	1,351,817	1,026,330	8,298,686
-	-	-	741,071
-	-	-	1,547,617
<u>5,251,022</u>	<u>4,659,955</u>	<u>3,968,395</u>	<u>42,922,978</u>
8,346,889	7,287,034	5,311,103	64,913,286
18,119	-	20,478	157,841
-	4,949,138	-	4,949,138
2,137,931	215,004	3,388,350	17,343,930
<u>12,190,000</u>	<u>4,625,000</u>	<u>12,330,000</u>	<u>114,185,000</u>
<u>22,692,939</u>	<u>17,076,176</u>	<u>21,049,931</u>	<u>201,549,195</u>
<u>27,943,961</u>	<u>21,736,131</u>	<u>25,018,326</u>	<u>244,472,173</u>
-	947,137	-	947,137
129,748	272,035	42,276	1,818,862
120,588	664,997	62,988	3,116,439
1,463,486	3,208,667	418,602	22,331,486
313,561	525,821	104,561	4,342,336
-	-	-	287,500
<u>156,126,025</u>	<u>64,106,112</u>	<u>247,563,402</u>	<u>3,016,568,194</u>
<u>158,153,408</u>	<u>69,724,769</u>	<u>248,191,829</u>	<u>3,049,411,954</u>
<u>186,097,369</u>	<u>91,460,900</u>	<u>273,210,155</u>	<u>3,293,884,127</u>
577,540	1,439,271	145,776	9,693,716
118,303	197,765	39,802	1,638,787
-	-	-	716,542
<u>695,843</u>	<u>1,637,036</u>	<u>185,578</u>	<u>12,049,045</u>
<u>186,793,212</u>	<u>93,097,936</u>	<u>273,395,733</u>	<u>3,305,933,172</u>
49,059,880	65,412,072	94,034,593	1,077,370,618
20,758,690	4,887,785	17,854,799	192,006,392
(361,803)	3,450,185	1,371,253	182,514,170
<u>\$ 69,456,767</u>	<u>\$ 73,750,042</u>	<u>\$ 113,260,645</u>	<u>\$ 1,451,891,180</u>

(Concluded)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

	Water System	Regional Wastewater System
OPERATING REVENUES:		
Water sales	\$ 316,133,827	\$ -
Wastewater service fees	-	63,211,178
Solid waste service fees	-	-
Other operating revenues	432,955	107,266
Total operating revenues	316,566,782	63,318,444
OPERATING EXPENSES:		
Personnel	45,881,273	11,461,530
Operating Supplies:		
Chemicals	24,632,920	4,334,545
Other supplies	5,954,787	3,404,982
Operating Services:		
Electric power	14,923,038	2,932,261
Wholesale water purchases	2,998,624	-
Other services	12,363,536	15,908,227
Depreciation	43,735,670	8,304,008
Total operating expenses	150,489,848	46,345,553
OPERATING INCOME	166,076,934	16,972,891
NONOPERATING REVENUES (EXPENSES):		
Investment income	14,393,747	2,916,642
Miscellaneous revenue (expense)	52,378	-
Federal program revenues	3,934,848	-
Gain (loss) on sale of capital assets	42,314	833,863
Contribution to Fannin County Electric Cooperative	(47,343,891)	-
Interest expense	(64,397,026)	(10,992,026)
Total nonoperating revenues (expenses)	(93,317,630)	(7,241,521)
CHANGE IN NET POSITION	72,759,304	9,731,370
NET POSITION AT OCTOBER 1, 2017	999,151,291	113,781,761
NET POSITION AT SEPTEMBER 30, 2018	\$ 1,071,910,595	\$ 123,513,131

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ -	\$ -	\$ -	\$ 316,133,827
35,396,859	-	32,773,801	131,381,838
-	34,592,091	-	34,592,091
414,305	1,136,256	11,453	2,102,235
<u>35,811,164</u>	<u>35,728,347</u>	<u>32,785,254</u>	<u>484,209,991</u>
5,209,742	10,524,786	1,922,380	74,999,711
1,673,542	59,162	2,142,119	32,842,288
1,457,577	3,673,258	727,540	15,218,144
1,646,584	135,397	1,343,905	20,981,185
-	-	-	2,998,624
6,877,914	8,688,070	6,136,861	49,974,608
5,491,248	4,155,066	5,972,111	67,658,103
<u>22,356,607</u>	<u>27,235,739</u>	<u>18,244,916</u>	<u>264,672,663</u>
13,454,557	8,492,608	14,540,338	219,537,328
537,898	532,883	1,747,862	20,129,032
-	-	-	52,378
-	-	-	3,934,848
(33,017)	10,531,604	3,147	11,377,911
-	-	-	(47,343,891)
(5,403,981)	(2,272,506)	(6,939,031)	(90,004,570)
(4,899,100)	8,791,981	(5,188,022)	(101,854,292)
8,555,457	17,284,589	9,352,316	117,683,036
<u>60,901,310</u>	<u>56,465,453</u>	<u>103,908,329</u>	<u>1,334,208,144</u>
<u>\$ 69,456,767</u>	<u>\$ 73,750,042</u>	<u>\$ 113,260,645</u>	<u>\$ 1,451,891,180</u>

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 310,284,438	\$ 63,648,799
Cash received from other funds	9,924,661	515,667
Cash received from (paid to) others	2,793,851	23,328
Cash paid to suppliers for goods and services	(89,024,135)	(22,295,358)
Cash paid for employee services	(33,537,970)	(8,185,560)
Cash paid to other funds	(48,533)	(7,712,009)
Net cash provided by operating activities	<u>200,392,312</u>	<u>25,994,867</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	846,558,272	60,893,171
Cash paid for capital assets	(247,851,077)	(81,602,267)
Contribution to Fannin County Electric Cooperative	(47,343,891)	-
Interest paid on long-term debt	(71,322,060)	(12,466,667)
Interest paid on U.S. government contracts	(959,414)	-
Principal payments on long-term debt	(55,175,000)	(13,810,000)
Payments on U.S. government contracts	(1,499,187)	-
Payments for bond issue costs	(1,908,272)	(844,916)
Federal Program Revenues	3,934,848	-
Net cash provided by (used for) capital and related financing activities	<u>424,434,219</u>	<u>(47,830,679)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	343,415,783	120,540,694
Purchases of investments	(498,650,805)	(119,660,192)
Interest received	14,695,588	3,006,805
Net cash provided by (used for) investing activities	<u>(140,539,434)</u>	<u>3,887,307</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	484,287,097	(17,948,505)
CASH AND CASH EQUIVALENTS—Beginning of year	223,840,931	82,099,084
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 708,128,028</u>	<u>\$ 64,150,579</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 47,264,920	\$ 6,557,515
Restricted cash and cash equivalents	660,863,108	57,593,064
	<u>\$ 708,128,028</u>	<u>\$ 64,150,579</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 166,076,934	\$ 16,972,891
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,735,670	8,304,008
Change in current assets and liabilities:		
Accounts receivable and unbilled receivable	(6,887,730)	(1,253,034)
Prepaid expenses	(597,209)	(76,578)
Net pension liability	(1,902,378)	(457,772)
Net OPEB liability	(54,745)	(12,348)
Due to/from other funds	(89,545)	(25,867)
Accounts payable, accrued liabilities, and developers' deposits	(603,895)	700,831
Accrued vacation and accrued sick	727,386	155,400
Landfill liability	-	-
Customers' advance payments	(12,176)	1,687,336
	<u>34,315,378</u>	<u>9,021,976</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 200,392,312</u>	<u>\$ 25,994,867</u>
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	\$ -	\$ -
Amortization of bond-related items	(10,445,292)	(2,014,049)
Change in fair value of investments	1,547,128	298,161
Change in actuarial value of net pension liability	1,902,378	457,772
Refunding bonds issued	-	19,515,000
Refunding proceeds deposited in escrow	-	22,519,457

See notes to the basic financial statements

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds
\$ 36,994,306	\$ 30,875,942	\$ 33,070,273	\$ 474,873,758
-	3,671,802	8,246	14,120,376
48,635	525,322	4,166	3,395,302
(6,145,836)	(13,455,913)	(9,815,546)	(140,736,788)
(3,849,627)	(7,577,443)	(1,397,835)	(54,548,435)
(3,770,401)	(1,426,055)	(1,163,381)	(14,120,379)
<u>23,277,077</u>	<u>12,613,655</u>	<u>20,705,923</u>	<u>282,983,834</u>
 501,226	 21,792,456	 61,063,383	 990,808,508
(15,534,438)	(2,508,310)	(25,669,466)	(373,165,558)
-	-	-	(47,343,891)
(6,859,697)	(2,555,476)	(8,857,287)	(102,061,187)
-	-	-	(959,414)
(11,980,000)	(4,305,000)	(11,995,000)	(97,265,000)
-	-	-	(1,499,187)
(255,363)	(372,300)	(866,225)	(4,247,076)
-	-	-	3,934,848
<u>(34,128,272)</u>	<u>12,051,370</u>	<u>13,675,405</u>	<u>368,202,043</u>
 5,806,203	 6,285,400	 47,346,040	 523,394,120
(3,640,621)	(9,959,523)	(90,372,035)	(722,283,176)
750,949	678,728	1,787,721	20,919,791
<u>2,916,531</u>	<u>(2,995,395)</u>	<u>(41,238,274)</u>	<u>(177,969,265)</u>
 (7,934,664)	 21,669,630	 (6,856,946)	 473,216,612
 30,579,299	 21,517,111	 43,094,451	 401,130,876
<u>\$ 22,644,635</u>	<u>\$ 43,186,741</u>	<u>\$ 36,237,505</u>	<u>\$ 874,347,488</u>
 \$ 5,585,363	 \$ 9,982,307	 \$ 4,862,956	 \$ 74,253,061
<u>17,059,272</u>	<u>33,204,434</u>	<u>31,374,549</u>	<u>800,094,427</u>
<u>\$ 22,644,635</u>	<u>\$ 43,186,741</u>	<u>\$ 36,237,505</u>	<u>\$ 874,347,488</u>
 \$ 13,454,557	 \$ 8,492,608	 \$ 14,540,338	 \$ 219,537,328
 5,491,248	 4,155,066	 5,972,111	 67,658,103
960,183	(794,440)	(363,844)	(8,338,865)
24,037	(20,478)	(10,136)	(680,364)
(179,059)	(446,454)	(49,792)	(3,035,455)
(6,164)	(10,100)	(2,190)	(85,547)
(4,847)	27,235	12,063	(80,961)
2,062,231	664,850	139,555	2,963,572
(14,784)	138,143	(20,589)	985,556
-	373,844	-	373,844
1,489,675	33,381	488,407	3,686,623
<u>9,822,520</u>	<u>4,121,047</u>	<u>6,165,585</u>	<u>63,446,506</u>
<u>\$ 23,277,077</u>	<u>\$ 12,613,655</u>	<u>\$ 20,705,923</u>	<u>\$ 282,983,834</u>
 \$ -	 \$ 373,844	 \$ -	 \$ 373,844
(1,283,759)	(327,360)	(2,490,394)	(16,560,854)
200,272	63,056	218,740	2,327,357
179,059	446,454	49,792	3,035,455
11,050,000	-	29,525,000	60,090,000
12,824,879	-	34,898,269	70,242,605

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

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.

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 69% 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2018; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2018, member cities Allen, Garland, McKinney, Mesquite, Plano, Richardson, Rockwall, and Royse City accounted for approximately 60% 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Capitalized Interest**

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

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, 2018, a liability of \$3,902,455 for unused vacation and \$5,457,115 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, 2018 is as follows:

	Beginning Liability	Additions	Reductions	Ending Liability	Amount due within one year
Vacation	\$ 3,528,254	\$ 593,967	\$ 219,766	\$ 3,902,455	\$ 2,083,593
Sick	4,498,659	1,334,458	376,002	5,457,115	2,340,676

Net Position

Net position is reported as (1) net investment in capital assets; (2) restricted for debt service and; (3) unrestricted. When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted net position first, then unrestricted net position.

Budgets and Budgetary Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Pensions

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

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, 2018 up through January 22, 2019, the date the financial statements were available to be issued. During this period, the following subsequent events required disclosure:

The District issued \$530,985,000 of Series 2018A, Regional Water System (SWIFT) Revenue Bonds on November 1, 2018 and a cash defeasance of the Regional Solid Waste Disposal System Refunding, Series 2010 on November 29, 2018 with a cash contribution of \$9,082,196.

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.

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	\$ 621,408,685	\$ 244,933,835	\$ 632,171
Interest and Redemption Fund	17,627,281	-	-
Reserve Fund	2,240,799	111,611,132	582,290
Contingency Fund	19,423,373	-	-
Reserve for Maintenance Fund	162,970	-	-
	<u>660,863,108</u>	<u>356,544,967</u>	<u>1,214,461</u>
Regional Wastewater:			
Construction Fund	45,494,550	96,542,850	310,414
Interest and Redemption Fund	9,783,304	-	-
Reserve Fund	758,146	17,207,845	62,427
Reserve for Maintenance Fund	1,557,064	-	-
	<u>57,593,064</u>	<u>113,750,695</u>	<u>372,841</u>
Sewer:			
Construction Fund	8,766,493	-	-
Interest and Redemption Fund	6,375,557	-	-
Reserve Fund	1,166,394	15,288,593	66,086
Reserve for Maintenance Fund	726,669	-	-
Reserve for Equipment Replacement	24,159	-	-
	<u>17,059,272</u>	<u>15,288,593</u>	<u>66,086</u>
Solid Waste:			
Construction Fund	24,675,639	3,977,660	12,000
Interest and Redemption Fund	661,127	-	-
Reserve Fund	1,490,867	2,933,980	16,516
Reserve for Maintenance Fund	1,169,824	-	-
Reserve for Equipment Replacement	5,206,977	-	-
	<u>33,204,434</u>	<u>6,911,640</u>	<u>28,516</u>
Interceptor:			
Construction Fund	20,023,928	82,551,300	260,839
Interest and Redemption Fund	9,321,636	-	-
Reserve Fund	688,612	11,310,575	45,377
Reserve for Maintenance Fund	1,340,373	-	-
	<u>31,374,549</u>	<u>93,861,875</u>	<u>306,216</u>
Total	<u>\$ 800,094,427</u>	<u>\$ 586,357,770</u>	<u>\$ 1,988,120</u>

Unbilled receivables of \$5,896,275 that are reflected as restricted assets in the Solid Waste System represent member cities' obligations for closure and postclosure costs related to solid waste landfills. Based on the contracts for services, member cities will be billed for the actual costs incurred to close the landfills.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

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

A. Deposits

At September 30, 2018, the carrying amount of cash deposits was \$5,031,612 and total bank balance was \$11,569,660. During 2017-2018, 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, 2018, 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, 2018, 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.

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.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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

	Fair Value Measurements Using						Weighted Average Maturity (Days)	
	Quoted Prices		Significant					
	in Active	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent Total Investments			
September 30, 2018								
<i>Investments not Subject to Level Reporting:</i>								
Investment Pools*:								
Texpool	\$ 80,229,377	\$ -	\$ -	\$ -	5.03%	28		
LOGIC	789,086,499	-	-	-	49.45%	42		
<i>Investments by Fair Value Level:</i>								
U. S. Government Agency Securities:								
Federal Farm Credit Bank	28,117,966	-	28,117,966	-	1.76%	844		
Federal Home Loan Bank	159,619,891	-	159,619,891	-	10.00%	404		
Federal Home Loan Mortgage Corp.	119,118,361	-	119,118,361	-	7.47%	238		
Fannie Mae	107,464,971	-	107,464,971	-	6.73%	457		
U. S. Treasury Note	312,196,071	312,196,071	-	-	19.56%	198		
Total Value	\$1,595,833,136	\$312,196,071	\$414,321,189	\$ -				
Portfolio Weighted Average Maturity							165	

*Investment Pools are exempt for level reporting.

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

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities in excess of 5% of the total portfolio. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At September 30, 2018, 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	\$	159,619,891
FHLMC	Federal agency notes		119,118,361
FNMA	Federal agency notes		107,464,971
T-NOTE	T-Note		312,196,071

The District held a total of \$726,517,260 in securities that equated to 45.5% 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, 2018, \$128,564,220 of the District's portfolio had a weighted average maturity of greater than one year.

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

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

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
Investment income:						
Interest	\$ 15,940,875	\$ 3,214,804	\$ 735,145	\$ 595,938	\$ 1,966,602	\$ 22,453,364
Net changes in the fair value of investments	(1,547,128)	(298,162)	(197,247)	(63,055)	(218,740)	(2,324,332)
Investment income:	<u>\$ 14,393,747</u>	<u>\$ 2,916,642</u>	<u>\$ 537,898</u>	<u>\$ 532,883</u>	<u>\$ 1,747,862</u>	<u>\$ 20,129,032</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.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)**C. Summary of Cash and Investments**

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
Unrestricted:						
Cash and cash equivalents	\$ 47,264,920	\$ 6,557,515	\$ 5,585,363	\$ 9,982,307	\$ 4,862,956	\$ 74,253,061
Investments	140,159,490	-	-	-	-	140,159,490
Total unrestricted	187,424,410	6,557,515	5,585,363	9,982,307	4,862,956	214,412,551
Restricted:						
Cash and cash equivalents	660,863,108	57,593,064	17,059,272	33,204,434	31,374,549	800,094,427
Investments	356,544,967	113,750,695	15,288,593	6,911,640	93,861,875	586,357,770
Total restricted	1,017,408,075	171,343,759	32,347,865	40,116,074	125,236,424	1,386,452,197
Total	\$ 1,204,832,485	\$ 177,901,274	\$ 37,933,228	\$ 50,098,381	\$ 130,099,380	\$ 1,600,864,748

Capital Improvement Funds in the amounts of \$159,687,541 in the Water System, \$1,007,036 in the Regional Wastewater System, \$609,706 in the Sewer System, \$6,358,965 in the Solid Waste System and \$1,721,738 in the Interceptor System are included in Unrestricted Cash and Investments. Please refer to Note 11 for commitments under construction contracts.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At September 30, 2018, the District had the following deposits and investments:

	Credit Quality Ratings	Fair Value	Weighted Average Maturity
Unrestricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	\$ 5,029,612	n/a
Cash on hand	Not Rated	2,000	n/a
TexPool	AAAm	35,918,505	28 Days
LOGIC	AAAm	33,302,944	42 Days
Total cash and cash equivalents		<u>74,253,061</u>	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	N/A	92,430,090	195 Days
FFCB - Federal Form Credit Bank	Aaa	4,981,750	99 Days
FNMA - Fannie Mae	Aaa	4,973,650	149 Days
FHLMC - Federal Home Loan Mortgage Corp Agency Note	Aaa	5,997,660	12 Days
FHLB - Federal Home Loan Bank Agency Note	Aaa	31,776,340	220 Days
Total Securities of U.S. Government Agencies		<u>140,159,490</u>	
Total Unrestricted Investments and Cash Equivalents		<u>214,412,551</u>	
Restricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	-	n/a
TexPool	AAAm	44,310,872	28 Days
LOGIC	AAAm	755,783,555	42 Days
Total cash and cash equivalents		<u>800,094,427</u>	
Investments—Securities of U.S. Government Agencies:			
FHLB - Federal Home Loan Bank Agency Note	Aaa	127,843,551	449 Days
FFCB - Federal Form Credit Bank	Aaa	23,136,216	1004 Days
Treasury Note - US Treasuries	Aaa	219,765,981	199 Days
FNMA - Fannie Mae	Aaa	102,491,321	472 Days
FHLMC - Federal Home Loan Mortgage Corp Agency Note	Aaa	113,120,701	250 Days
Total Securities of U.S. Government Agencies		<u>586,357,770</u>	
Total Restricted Investments and Cash Equivalents		<u>1,386,452,197</u>	
Total Cash and Investments		<u>\$ 1,600,864,748</u>	

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at October 1, 2017	Additions and Transfers	Disposals and Transfers	Balance at September 30, 2018
Nondepreciable:				
Land	\$ 71,692,412	\$ 3,023,608	\$ 914,022	\$ 73,801,998
Easements	62,394,914	154,761	-	62,549,675
Construction in progress	510,233,631	445,021,171	140,619,207	814,635,595
Total nondepreciable assets	644,320,957	448,199,540	141,533,229	950,987,268
Depreciable:				
Land improvements	8,102,481	158,047	-	8,260,528
Water treatment, storage and transmission facilities	1,510,526,979	52,572,818	-	1,563,099,797
Wastewater treatment and disposal facilities	701,668,139	12,286,215	75,144	713,879,210
Solid waste transfer and disposal facilities	68,962,349	12,905,981	-	81,868,330
Reservoir facilities and water rights	376,541,066	1	-	376,541,067
Buildings	68,923,107	3,831,447	-	72,754,554
Automobiles and trucks	14,919,191	1,009,414	1,672,350	14,256,255
Office furniture and fixtures	1,063,181	-	-	1,063,181
Other equipment	57,256,216	10,047,692	1,199,977	66,103,931
Total depreciable assets	2,807,962,709	92,811,615	2,947,471	2,897,826,853
Less accumulated depreciation on:				
Land improvements	(4,989,368)	(286,873)	-	(5,276,241)
Water treatment, storage and transmission facilities	(323,360,724)	(32,771,291)	-	(356,132,015)
Wastewater treatment and disposal facilities	(203,985,487)	(17,413,798)	(75,144)	(221,324,141)
Solid waste transfer and disposal facilities	(34,972,568)	(1,161,322)	-	(36,133,890)
Reservoir facilities and water rights	(95,695,407)	(13,568,138)	(6,028,783)	(103,234,762)
Buildings	(12,445,165)	(1,750,064)	-	(14,195,229)
Automobiles and trucks	(10,411,084)	(1,819,247)	(1,523,425)	(10,706,906)
Office furniture and fixtures	(459,190)	(101,353)	-	(560,543)
Other equipment	(33,818,575)	(5,230,941)	(1,199,977)	(37,849,539)
Total accumulated depreciation	(720,137,568)	(74,103,029)	(8,827,329)	(785,413,266)
Total depreciable assets—net	2,087,825,141	18,708,586	(5,879,858)	2,112,413,587
TOTAL CAPITAL ASSETS—NET	\$ 2,732,146,098	\$ 466,908,126	\$ 135,653,371	\$ 3,063,400,855

Contributions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2018, 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	\$ 46,051,484	\$ 11,465,013	\$ 9,249,912	\$ 2,886,726	\$ 6,698,769	\$ 76,351,904
Insurance claims liability	1,847,638	-	-	-	-	1,847,638
Payable to cities	-	1,557,063	756,951	6,376,801	1,340,372	10,031,187
Compensated absences	2,922,031	663,481	242,636	539,277	56,842	4,424,267
Accrued payroll and related benefits	2,165,967	613,413	293,097	781,130	100,748	3,954,355
Total	\$ 52,987,120	\$ 14,298,970	\$ 10,542,596	\$ 10,583,934	\$ 8,196,731	\$ 96,609,351
Payable from unrestricted assets	\$ 19,043,433	\$ 4,274,397	\$ 2,195,707	\$ 3,296,900	\$ 2,885,628	\$ 31,696,065
Payable from restricted assets	33,943,687	10,024,573	8,346,889	7,287,034	5,311,103	64,913,286
Total	\$ 52,987,120	\$ 14,298,970	\$ 10,542,596	\$ 10,583,934	\$ 8,196,731	\$ 96,609,351

NOTE 6. INTERFUND BALANCES

At September 30, 2018 interfund balances consisted of the following:

	Due From Other Funds	Due to Other Funds
Water System	\$ 373,721	\$ 140,152
Regional Wastewater System	38,582	319,769
Sewer System	90,748	249,306
Solid Waste System	294,329	11,238
Interceptor System	-	76,915
Total	\$ 797,380	\$ 797,380

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.

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2018 deferred outflows of resources consisted of the following:

	Balance at October 1, 2017	Additions	Deletions	Balance at September 30, 2018
Water System:				
Deferred loss on refunded debt	\$ 21,576,312	\$ -	\$ (1,497,941)	\$ 20,078,371
Deferred pension outflow	7,778,993	874,067	-	8,653,060
Deferred OPEB outflow	58,865	644,479	-	703,344
	<u>29,414,170</u>	<u>1,518,546</u>	<u>(1,497,941)</u>	<u>29,434,775</u>
Regional Wastewater:				
Deferred loss on refunded debt	2,714,746	756,691	(386,632)	3,084,805
Deferred pension outflow	2,174,859	210,328	-	2,385,187
Deferred OPEB outflow	13,950	145,366	-	159,316
	<u>4,903,555</u>	<u>1,112,385</u>	<u>(386,632)</u>	<u>5,629,308</u>
Sewer System:				
Deferred loss on refunded debt	1,867,026	553,350	(278,408)	2,141,968
Deferred pension outflow	779,650	82,273	-	861,923
Deferred OPEB outflow	6,721	72,569	-	79,290
	<u>2,653,397</u>	<u>708,192</u>	<u>(278,408)</u>	<u>3,083,181</u>
Solid Waste System:				
Deferred loss on refunded debt	2,325,370	-	(273,589)	2,051,781
Deferred pension outflow	2,022,519	205,129	-	2,227,648
Deferred OPEB outflow	11,308	118,902	-	130,210
	<u>4,359,197</u>	<u>324,031</u>	<u>(273,589)</u>	<u>4,409,639</u>
Interceptor System:				
Deferred loss on refunded debt	1,951,754	929,250	(281,445)	2,599,559
Deferred pension outflow	184,056	22,877	-	206,933
Deferred OPEB outflow	2,222	25,780	-	28,002
	<u>2,138,032</u>	<u>977,907</u>	<u>(281,445)</u>	<u>2,834,494</u>
Total	<u>\$ 43,468,351</u>	<u>\$ 4,641,061</u>	<u>\$ (2,718,015)</u>	<u>\$ 45,391,397</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT

Long-term debt consists of the following at September 30, 2018:

	Original Borrowing	Balance at October 1, 2017	Issued	Retired or Refunded	Balance at September 30, 2018	Amounts due Within One Year
Water System:						
Water revenue bonds 03/18-09/47, .710-6.123%	\$ 2,876,428,000	\$ 1,337,875,000	\$ 844,650,000	\$ 55,175,000	\$ 2,127,350,000	\$ 71,450,000
U.S. govt contracts payable, 11/17-10/51, 3.225-3.253%	44,220,432	29,597,110	-	1,499,187	28,097,923	1,547,617
	<u>2,920,648,432</u>	<u>1,367,472,110</u>	<u>844,650,000</u>	<u>56,674,187</u>	<u>2,155,447,923</u>	<u>72,997,617</u>
Regional Wastewater:						
Wastewater revenue bonds, 12/17-06/47, 2.00-5.00%	435,035,000	283,130,000	76,810,000	35,420,000	324,520,000	13,590,000
Sewer System:						
Rockwall contract revenue bonds, 12/17-06/28, 5.375-5.75%	2,960,000	1,985,000	-	135,000	1,850,000	145,000
Mustang Creek Interceptor System revenue bonds, 12/17-06/42, 3.00- 6.00%	10,620,000	9,645,000	-	200,000	9,445,000	210,000
Rockwall-Heath contract revenue bonds 12/17-06/25, 3.90-4.25%	3,020,000	1,535,000	-	160,000	1,375,000	170,000
Terrell contract revenue bonds 12/17-06/35, 2.00-5.00%	10,465,000	9,625,000	-	385,000	9,240,000	395,000
Plano contract revenue bonds, 12/17-06/18, 3.50%	5,840,000	215,000	-	215,000	-	-
Stewart Creek contract revenue bonds, 12/17-06/35, 1.580-5.00%	69,685,000	61,385,000	-	2,800,000	58,585,000	2,895,000
Little Elm contract revenue bonds, 12/17-06/23, 1.50-2.00%	3,555,000	2,245,000	-	350,000	1,895,000	355,000
Parker Creek Interceptor System, revenue bonds, 12/17-06/23, 4.90-5.125%	2,615,000	1,115,000	-	165,000	950,000	170,000
Sabine Creek Interceptor System revenue bonds, 12/17-6/23, 4.90-5.125%	2,115,000	900,000	-	130,000	770,000	140,000
Sabine Creek Wastewater System revenue bonds, 12/17-6/36, 2.00-4.00%	16,905,000	14,630,000	-	1,005,000	13,625,000	1,035,000
Muddy Creek Wastewater System revenue bonds 12/17-06/26, 2.00-5.00%	15,260,000	11,300,000	-	1,440,000	9,860,000	1,490,000

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Original Borrowing	Balance at October 1, 2017	Issued	Retired or Refunded	Balance at September 30, 2018	Amounts due Within One Year
Sewer System (continued):						
Muddy Creek Interceptor revenue bonds 12/17-06/24, 3.00-4.00%	2,135,000	1,575,000	-	200,000	1,375,000	210,000
Buffalo Creek Interceptor revenue bonds 12/17-06/27, 4.00-5.00%	13,050,000	9,365,000	-	1,060,000	8,305,000	1,110,000
Rockwall Water Pumping Facilities bonds 12/17-06/26, 4.50-4.60%	2,145,000	1,225,000	-	110,000	1,115,000	115,000
Panther Creek Wastewater System bonds 12/17-06/29, 4.00-5.00%	51,200,000	32,325,000	11,050,000	14,845,000	28,530,000	2,695,000
Lower East Fork Interceptor bonds 12/17-06/26, 3.50-5.00%	10,745,000	9,785,000	-	925,000	8,860,000	945,000
Parker Creek Parallel Interceptor bonds 12/17-06/36, 2.00-3.00%	3,045,000	2,905,000	-	105,000	2,800,000	110,000
	225,360,000	171,760,000	11,050,000	24,230,000	158,580,000	12,190,000
Solid Waste System--revenue bonds, 03/18-09/37, 3.00-5.00%	79,705,000	48,120,000	20,230,000	4,305,000	64,045,000	4,625,000
Interceptor System-revenue bonds, 12/17-06/46, 3.00-6.25%	348,145,000	195,275,000	86,065,000	45,475,000	235,865,000	12,330,000
Total	\$ 4,008,893,432	\$ 2,065,757,110	\$ 1,038,805,000	\$ 166,104,187	\$ 2,938,457,923	\$ 115,732,617

Pledged Revenue

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

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

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

For the year ending September 30, 2018, bond debt service of \$199,326,188 was secured by pledged revenues of \$194,734,140, bond subsidies of \$3,934,848 and interest earned on accounts restricted for debt service of \$657,200.

For the year ending September 30, 2018, debt service on government notes of \$2,458,601 was secured by pledged revenues of \$2,458,601.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

In the Statement of Net Position, the long-term liabilities include premiums net of discounts of \$126,118,700 in the Water System, \$29,273,648 in the Regional Wastewater System, \$9,736,025 in the Sewer System, \$4,686,112 in the Solid Waste System and \$24,028,402 in the Interceptor System.

Other long term debt activity for the year ended September 30, 2018, was as follows:

	Balance at October 1, 2017		Additions	Deletions	Balance at September 30, 2018	
Water System:						
Premiums	\$ 138,061,934		\$ -	\$ (11,943,234)		126,118,700
	<u>138,061,934</u>		<u>-</u>	<u>(11,943,234)</u>		<u>126,118,700</u>
Regional Wastewater:						
Premiums	26,052,564		5,757,712	(2,536,628)		29,273,648
	<u>26,052,564</u>		<u>5,757,712</u>	<u>(2,536,628)</u>		<u>29,273,648</u>
Sewer System:						
Premiums	9,401,366		1,918,637	(1,568,009)		9,751,994
Discounts	(102,385)		-	86,416		(15,969)
	<u>9,298,981</u>		<u>1,918,637</u>	<u>(1,481,593)</u>		<u>9,736,025</u>
Solid Waste System:						
Premiums	4,096,905		1,190,156	(600,949)		4,686,112
	<u>4,096,905</u>		<u>1,190,156</u>	<u>(600,949)</u>		<u>4,686,112</u>
Interceptor System:						
Premiums	18,205,336		9,030,428	(3,207,362)		24,028,402
	<u>18,205,336</u>		<u>9,030,428</u>	<u>(3,207,362)</u>		<u>24,028,402</u>
Total	\$ 195,715,720	\$ 17,896,933	\$ -	\$ (19,769,766)	\$ 193,842,887	

NOTE 8. LONG -TERM DEBT (CONTINUED)

Revenue bonds outstanding at September 30, 2018, 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.
- *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.
- *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, Texas.
- *Mustang Creek Interceptor* — Payments to be made to the District by the City of Forney, Texas.
- *Solid Waste Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Solid Waste System.
- *Interceptor Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Upper East Fork Interceptor System.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

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 \$844,650,000 in the Water System primarily for the improvement of The District's Water system, including costs related to Bois D'Arc Lake Reservoir and the Water Treatment Plant, \$57,295,000 in the Wastewater System for the property acquisition and design of the 16 MGD Regional Wastewater Treatment Plant, construction of the Wilson Creek Wastewater Treatment Plant electrical improvement and other system improvements, \$20,230,000 in the Solid Waste System primarily for the 121 Regional Disposal Facility Cell construction and pavement improvements, and \$56,540,000 in the Interceptor System primarily for the construction of the Indian Creek Force Main No. 2 and Lift Station No. 2, the construction of the Beck Branch Parallel Interceptor and Plano Spring Creek Lift Station No. 2 and other system improvements. The District also issued revenue refunding bonds in the amounts of \$19,515,000 in the Wastewater System, \$29,525,000 in the Interceptor System and \$11,050,000 Sewer System.

During the year, the District issued revenue refunding bonds in the amounts of \$19,515,000 in the Wastewater System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$22,519,457 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$2,777,169 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$2,390,004.

During the year, the District issued revenue refunding bonds in the amounts of \$29,525,000 in the Interceptor System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$34,898,269 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$4,133,281 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$3,561,041.

During the year, the District issued revenue refunding bonds in the amounts of \$11,050,000 in the Sewer System to refund a portion of the District's outstanding debt. The net proceeds of the refunding of \$12,824,879 were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$1,776,079 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$1,521,006.

At September 30, 2018, defeased bonds outstanding totaled \$82,170,000.

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, 2018, the amount of the unamortized deferred amount on refundings is \$29,956,484.

NOTE 8. LONG -TERM DEBT (CONTINUED)

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

	Water System			Regional Wastewater System		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 71,450,000	\$ 84,395,011	\$ 155,845,011	\$ 13,590,000	\$ 13,740,050	\$ 27,330,050
2020	73,935,000	81,788,352	155,723,352	13,965,000	13,139,100	27,104,100
2021	75,715,000	78,910,106	154,625,106	14,570,000	12,505,600	27,075,600
2022	75,465,000	75,904,602	151,369,602	15,215,000	11,822,450	27,037,450
2023	79,215,000	72,888,545	152,103,545	12,165,000	11,120,550	23,285,550
2024-2028	422,380,000	314,599,998	736,979,998	67,350,000	46,731,544	114,081,544
2029-2033	466,165,000	223,836,653	690,001,653	48,805,000	33,104,981	81,909,981
2034-2038	367,345,000	131,989,042	499,334,042	44,225,000	23,901,206	68,126,206
2039-2043	285,910,000	65,412,308	351,322,308	55,115,000	14,047,913	69,162,913
2044-2047	209,770,000	16,491,470	226,261,470	39,520,000	3,096,975	42,616,975
	<u>\$ 2,127,350,000</u>	<u>\$ 1,146,216,087</u>	<u>\$ 3,273,566,087</u>	<u>\$ 324,520,000</u>	<u>\$ 183,210,369</u>	<u>\$ 507,730,369</u>
Sewer System			Solid Waste System			
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 12,190,000	\$ 6,413,801	\$ 18,603,801	\$ 4,625,000	\$ 2,580,044	\$ 7,205,044
2020	12,055,000	5,901,179	17,956,179	4,740,000	2,398,069	7,138,069
2021	12,570,000	5,447,808	18,017,808	4,925,000	2,190,569	7,115,569
2022	13,100,000	4,890,321	17,990,321	5,110,000	1,988,119	7,098,119
2023	13,695,000	4,299,164	17,994,164	5,335,000	1,777,619	7,112,619
2024-2028	46,020,000	13,875,575	59,895,575	18,620,000	5,899,156	24,519,156
2029-2033	30,440,000	6,675,713	37,115,713	11,945,000	2,567,388	14,512,388
2034-2038	16,085,000	1,526,194	17,611,194	8,745,000	630,275	9,375,275
2039-2043	2,425,000	224,931	2,649,931	-	-	-
2044-2047	-	-	-	-	-	-
	<u>\$ 158,580,000</u>	<u>\$ 49,254,686</u>	<u>\$ 207,834,686</u>	<u>\$ 64,045,000</u>	<u>\$ 20,031,239</u>	<u>\$ 84,076,239</u>

FINANCIAL

NORTH TEXAS MUNICIPAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Interceptor System			Total All Systems		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 12,330,000	\$ 10,165,049	\$ 22,495,049	\$ 114,185,000	\$ 117,293,955	\$ 231,478,955
2020	12,515,000	9,554,311	22,069,311	117,210,000	112,781,011	229,991,011
2021	13,080,000	8,943,511	22,023,511	120,860,000	107,997,594	228,857,594
2022	13,660,000	8,305,086	21,965,086	122,550,000	102,910,578	225,460,578
2023	14,295,000	7,638,411	21,933,411	124,705,000	97,724,289	222,429,289
2024-2028	73,725,000	27,835,781	101,560,781	628,095,000	408,942,054	1,037,037,054
2029-2033	55,880,000	12,718,456	68,598,456	613,235,000	278,903,191	892,138,191
2034-2038	31,825,000	3,992,960	35,817,960	468,225,000	162,039,677	630,264,677
2039-2043	5,030,000	993,150	6,023,150	348,480,000	80,678,302	429,158,302
2044-2047	3,525,000	214,200	3,739,200	252,815,000	19,802,645	272,617,645
	<u>\$ 235,865,000</u>	<u>\$ 90,360,915</u>	<u>\$ 326,225,915</u>	<u>\$ 2,910,360,000</u>	<u>\$ 1,489,073,296</u>	<u>\$ 4,399,433,296</u>

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

	Water System		
	Principal	Interest	Total
2019	\$ 1,547,617	\$ 910,983	\$ 2,458,600
2020	1,597,613	860,987	2,458,600
2021	1,649,224	809,377	2,458,601
2022	1,702,502	756,099	2,458,601
2023	1,757,501	701,099	2,458,600
2024-2028	6,133,590	2,707,117	8,840,707
2029-2033	2,232,061	2,089,340	4,321,401
2034-2038	2,619,506	1,701,895	4,321,401
2039-2043	3,074,205	1,247,196	4,321,401
2044-2048	3,607,831	713,570	4,321,401
2049-2052	2,176,273	138,627	2,314,900
	<u>\$ 28,097,923</u>	<u>\$ 12,636,290</u>	<u>\$ 40,734,213</u>

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2018, deferred inflows of resources consisted of the following:

	Balance at October 1, 2017	Additions	Deletions	Balance at September 30, 2018
Water System:				
Deferred insurance proceeds	\$ 1,012,296	\$ -	\$ (295,754)	\$ 716,542
Deferred pension inflow	6,105,500	-	(165,912)	5,939,588
Deferred OPEB inflow	786,362	253,120	-	\$ 1,039,482
	<hr/>	<hr/>	<hr/>	<hr/>
	7,904,158	253,120	(461,666)	7,695,612
Regional Wastewater:				
Deferred pension inflow	1,631,466	-	(39,925)	1,591,541
Deferred OPEB inflow	186,341	57,094	-	243,435
	<hr/>	<hr/>	<hr/>	<hr/>
	1,817,807	57,094	(39,925)	1,834,976
Sewer System:				
Deferred pension inflow	593,155	-	(15,615)	577,540
Deferred OPEB inflow	89,800	28,503	-	118,303
	<hr/>	<hr/>	<hr/>	<hr/>
	682,955	28,503	(15,615)	695,843
Solid Waste System:				
Deferred pension inflow	1,478,206	-	(38,935)	1,439,271
Deferred OPEB inflow	151,066	46,699	-	197,765
	<hr/>	<hr/>	<hr/>	<hr/>
	1,629,272	46,699	(38,935)	1,637,036
Interceptor System:				
Deferred pension inflow	150,119	-	(4,343)	145,776
Deferred OPEB inflow	29,677	10,125	-	39,802
	<hr/>	<hr/>	<hr/>	<hr/>
	179,796	10,125	(4,343)	185,578
Total	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 12,213,988	\$ 395,541	\$ (560,484)	\$ 12,049,045

The Water Fund has an additional deferred inflow that represents an acquisition of net position that applies to a future period. The \$716,542 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN

Plan Description

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

As of January 1, 2018, the participants comprised the following:

Active participants	604
Terminated vested participants	79
Disabled Participants	5
Retired participants	122
Beneficiaries	11
Total number of participants	821

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

Contributions

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

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

For the plan years ended December 31, 2017, 2016, and 2015, the District made contributions of \$6,765,000, \$5,957,000, and \$4,999,000, respectively which represent 20.14%, 18.75%, and 16.62%, respectively of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2018, 2017, and 2016.

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

Valuation date	January 1, 2017	January 1, 2018
Measurement date	December 31, 2016	December 31, 2017
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 2016 mortality improvement scales	SOA RP-2014 adjusted to 2006 mortality tables (blue collar) and MP 2017 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 multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Discount Rate

	December 31, 2016	December 31, 2017
Discount rate	8.00%	8.00%
Long-term expected rate of return, net of investment expense	8.00%	8.00%

Long-Term Expected Rate of Return

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%	0.27%	0.27%
US Short Bonds	Barclays 1-3 Yr Gvt/Credit	6.00%	1.53%	1.48%
US Long Bonds	Barclays LT Gvt/Credit	7.00%	3.47%	2.97%
US Credit Bonds	Barclays Credit	6.00%	3.28%	3.05%
US Large Caps	S&P 500	20.00%	4.33%	3.13%
US Small Caps	Russell 2000	30.00%	5.56%	3.62%
US Large Growth	Russell 1000 Growth	10.00%	5.03%	3.52%
US Large Value	Russell 1000 Value	10.00%	4.20%	2.98%
US Mid Cap Growth	Russell MidCap Growth	10.00%	5.74%	3.47%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.69%	1.69%
Portfolio Real Mean Return			4.57%	3.54%
Portfolio Nominal Mean Return			6.88%	5.93%
Portfolio Standard Deviation				14.49%
Long-Term Expected Rate of Return				8.00%

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Sensitivity Analysis

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Total pension liability	\$ 121,515,206	\$ 106,101,709	\$ 93,400,439
Fiduciary net position	83,770,223	83,770,223	83,770,223
Net pension liability	37,744,983	22,331,486	9,630,216

Pension Expense

For the year ended September 30, 2018, the District recognized pension expense of \$4,749,545 of which \$2,976,634 was allocated to the Water System, \$716,275 was allocated to the Wastewater System, \$280,164 was allocated to the Sewer System, \$698,563 was allocated to the Solid Waste System, and \$77,909 was allocated to the Interceptor System. The breakdown of the components of pension expense are as follows:

Pension Expense	October 1, 2016 to September 30, 2017	October 1, 2017 to September 30, 2018
Service cost	\$ 2,517,164	\$ 2,897,116
Interest on total pension liability	7,642,786	8,582,317
Effect of plan changes	-	(842,623)
Administrative expenses	-	-
Member contributions	-	-
Expected investment income (net of expense)	(5,126,585)	(5,793,926)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses	(237,068)	600,582
Recognition of assumptions changes or inputs	(1,069,061)	(1,322,756)
Recognition of investment gains or losses	1,407,233	628,835
Pension expense	\$ 5,134,469	\$ 4,749,545

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

At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (2,569,935)	\$ 10,584,747
Changes of assumptions	(6,628,141)	-
Net difference between projected and actual earnings	(495,640)	-
Contributions made subsequent to measurement date	-	3,750,004
Total	<u>\$ (9,693,716)</u>	<u>\$ 14,334,751</u>

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 September 30	Amount
2019	\$ 217,554
2020	778,004
2021	(495,789)
2022	(464,251)
2023	206,863
Thereafter	<u>648,650</u>
	<u>\$ 891,031</u>

Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2017	\$ 94,534,046	\$ 70,826,509	\$ 23,707,537	
Changes for the year:				
Service cost	2,897,116			2,897,116
Interest on total pension liability	8,582,317			8,582,317
Effect of plan changes	(842,623)			(842,623)
Effect of economic/demographic gains or losses	6,366,137			6,366,137
Effect of assumptions changes or inputs	(1,928,083)			(1,928,083)
Benefit payments	(3,507,201)	(3,507,201)		-
Employer contributions		6,765,000		(6,765,000)
Member contributions			-	-
Net investment income			9,685,915	(9,685,915)
Administrative expenses			-	-
Balances as of September 30, 2018	<u>\$ 106,101,709</u>	<u>\$ 83,770,223</u>	<u>\$ 22,331,486</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Net Pension Liability - continued

	December 31, 2016	December 31, 2017
Total pension liability	\$ 94,534,046	\$ 106,101,709
Fiduciary net position	70,826,509	83,770,223
Net pension liability	23,707,537	22,331,486
Fiduciary net position as a % of total pension liability	74.92%	78.95%
Covered payroll	31,777,947	33,587,415
Net pension liability as a % of covered payroll	74.60%	66.49%

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

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

Pension plan fiduciary net position

	December 31, 2016	December 31, 2017
Assets		
Cash and cash equivalents	\$ 1,869,341	\$ 578,390
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	16,038,386	10,949,158
Stocks	52,918,782	72,242,675
Total investments	68,957,168	83,191,833
Total assets	70,826,509	83,770,223
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	\$ 70,826,509	\$ 83,770,223

NOTE 10. RETIREMENT PLAN (CONTINUED)

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 Pension Expense for FYE 9/30/2018	Amount Recognized in Pension Expense through 9/30/2018	Balance of Deferred Inflows as of 9/30/2018	Balance of Deferred Outflows as of 9/30/2018
Economic/ demographic (gains) or losses	\$ 6,366,137 (2,503,263) 8,442,147 (4,870,706)	9/30/2018 9/30/2017 9/30/2016 9/30/2015	7.6 7.6 7.5 4.7	\$ 837,650 (329,377) 1,128,629 (1,036,320)	\$ 837,650 (658,754) 3,385,887 (4,145,280)	\$ - (1,844,509) - (725,426)	\$ 5,528,487 - 5,056,260 -
		Total		600,582	(580,497)	(2,569,935)	10,584,747
Assumption changes or inputs	(1,928,083) (1,115,300) (6,898,886)	9/30/2018 9/30/2017 9/30/2016	7.6 7.6 7.5	(253,695) (146,750) (922,311)	(253,695) (293,500) (2,766,933)	(1,674,388) (821,800) (4,131,953)	- - -
		Total		(1,322,756)	(3,314,128)	(6,628,141)	-
Investment (gains) or losses	(3,891,989) (157,685) 6,368,973 824,874	9/30/2018 9/30/2017 9/30/2016 9/30/2015	5.0 5.0 5.0 5.0	(778,398) (31,537) 1,273,795 164,975	(778,398) (63,074) 3,821,385 659,900	(3,113,591) (94,611) - - 164,974	- - 2,547,588 -
		Total		628,835	3,639,813	(3,208,202)	2,712,562
Total for economic/demographic gains or losses and assumption changes or inputs						(9,198,076)	10,584,747
Net deferred (inflows)/outflows for investment gains or losses						(495,640)	-
Total deferred (inflows)/outflows						(9,693,716)	10,584,747
Total net deferrals							891,031

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, 2018, the District contributed \$1,274,995, related to these benefits, of which \$763,905 was allocated to the Water System, \$202,190 was allocated to the Wastewater System, \$84,255 was allocated to the Sewer System, \$195,225 was allocated to the Solid Waste System, and \$29,420 was allocated to the Interceptor System. See Note 14 for additional disclosure information related to the District's post-employment benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES

Commitments

Remaining commitments under construction contracts as of September 30, 2018 were as follows:

Payable from:		Unrestricted Capital Improvement Funds	Restricted Bond Funds	Total Commitments
	Regional Water System	\$ 109,819,020	\$ 525,621,410	\$ 635,440,430
	Regional Wastewater System	10,644	127,961,492	127,972,136
	Regional Sewer System	34,454	4,161,289	4,195,743
	Regional Solid Waste System	1,127,959	13,926,362	15,054,321
	Upper East Fork Interceptor System	345,239	57,784,566	58,129,805
		\$ 111,337,316	\$ 729,455,119	\$ 840,792,435

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, 2018.

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, 2018, a liability of \$5,896,275 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
\$ 5,522,431	\$ 373,844	\$ -	\$ 5,896,275

The \$5,896,275 reported as landfill closure and postclosure care liability at September 30, 2018, includes \$210,340 for Transfer Stations, \$1,505,320 for the Maxwell Creek Landfill, \$2,805,917 for the McKinney Landfill and \$1,374,698 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 14% of the estimated capacity of the 121 Regional Disposal Facility. The Maxwell Creek Landfill was closed during 2006 and the McKinney Landfill was closed during 2009. The District will recognize the remaining cost of closure and postclosure care of \$8,354,230 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, 2018. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 30 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.

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, 2018 and 2017 were:

Fiscal Year	Liability Beginning of Year	Claims		Current Year Claim Payments	Liability End of Year
		Incurred and Change in Estimates			
2017	\$ 1,584,241	\$ 11,494,502		\$ 11,314,127	\$ 1,764,616
2018	1,764,616	11,419,840		11,336,818	\$ 1,847,638

NOTES TO FINANCIAL STATEMENTS

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, 2018, the participants comprised the following:

Actives	718
Retirees	38
Beneficiaries	11
Spouses of Retirees	20
Total number of participants	787

Contributions

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

OPEB Plan Fiduciary Net Position

	September 30, 2017	September 30, 2018
Assets		
Cash and cash equivalents	\$ 320,667	\$ 158,824
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	2,623,635	2,222,180
Stocks	3,656,521	4,175,627
Real estate	130,041	324,034
Alternative investments	138,139	1,112,322
Total investments	6,548,336	7,834,163
Total assets	6,869,003	7,992,987
Liabilities		
Total liabilities	-	-
Net position restricted for OPEB	\$ 6,869,003	\$ 7,992,987

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**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, 2018, 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)	4.5% for 2018, gradually increasing to an ultimate rate of 5.0% between 2033 and 2042 and gradually decreasing to 3.9% in 2075.
Healthcare Cost Trend Rates (Dental)	5.0% for 2018, gradually decreasing until 2032 to an ultimate rate of 5.0% for 2032 to 2044 and gradually decreasing to 4.1% in 2075.

Mortality rates (pre-retirement) were based on the RP-2014 Blue Collar Mortality Table for healthy employees projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis. Mortality rates (post-retirement) were based on the RP-2000 Blue Collar Mortality Table for healthy annuitants projected with Mortality Improvement Scale MP-2017 on a generational basis.

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

Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2018.

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-Mom Tbill	2.00%	0.52%	0.51%
US Core Fixed Income	Barclays Aggregate	15.00%	2.65%	2.51%
US High Yield Bonds	BAML High Yield	7.00%	5.61%	5.05%
Global Bonds	Citi WGBI	6.00%	1.11%	0.75%
US Large Caps	S&P 500	5.00%	4.57%	3.37%
US Equity Market	Russell 3000	15.00%	4.86%	3.57%
US Small Caps	Russell 2000	6.00%	5.81%	3.86%
US Mid Caps	Russell MidCap	5.00%	5.10%	3.52%
Foreign Developed Equity	MSCI EAFE NR	14.00%	5.79%	4.15%
Emerging Markets Equity	MSCI EM NR	7.00%	8.12%	4.84%

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Long-Term Expected Rate of Return - continued

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Real Estate (REITS)	FTSE NAREIT Equity REIT	4.00%	5.07%	3.27%
Master Limited Partnerships	Alerian MLP	4.00%	4.23%	2.83%
Strategic Global Convertibles	HFRI FOF Strategic	5.00%	3.25%	2.64%
Income Opportunity	HFRI Event-Driven	5.00%	3.80%	3.37%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			4.14%	3.47%
Portfolio Nominal Mean Return			6.45%	5.85%
Portfolio Standard Deviation				11.55%
Long-Term Expected Rate of Return				7.50%

Discount Rate

The plan's fiduciary net position was not 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 single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of September 30, 2017	\$ 10,685,331	\$ 6,869,003	\$ 3,816,328
Changes for the year:			
Service cost	406,197		406,197
Interest on total OPEB liability	831,865		831,865
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	1,046,165		1,046,165
Effect of assumptions changes or inputs	(634,235)		(634,235)
Benefit payments	-	-	-
Employer contributions		695,500	(695,500)
Member contributions		-	-
Net investment income		428,484	(428,484)
Administrative expenses		-	-
Balances as of September 30, 2018	\$ 12,335,323	\$ 7,992,987	\$ 4,342,336

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity Analysis

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB liability	\$ 13,248,490	\$ 12,335,323	\$ 11,518,727
Fiduciary net position	7,992,987	7,992,987	7,992,987
Net OPEB liability	5,255,503	4,342,336	3,525,740

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 Trend Rate	1% Increase
Total OPEB liability	\$ 11,417,335	\$ 12,335,323	\$ 13,394,405
Fiduciary net position	7,992,987	7,992,987	7,992,987
Net OPEB liability	3,424,348	4,342,336	5,401,418

OPEB Expense

For the year ended September 30, 2018, the District recognized OPEB expense of \$609,953. The breakdown of the components of OPEB expense are as follows:

OPEB Expense	October 1, 2016 to September 30, 2017	October 1, 2017 to September 30, 2018
Service cost	\$ 431,946	\$ 406,197
Interest on total OPEB liability	825,964	831,865
Effect of plan changes	-	-
Administrative expenses	-	-
Member contributions	-	-
Expected investment income (net of expense)	(447,266)	(540,785)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses	(136,878)	(19,331)
Recognition of assumptions changes or inputs	11,363	(59,899)
Recognition of investment gains or losses	(30,554)	(8,094)
OPEB expense	\$ 654,575	\$ 609,953

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows/Inflows of Resources Related to OPEB

At September 30, 2018, the District reported deferred inflows and outflows of resources from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (984,154)	\$ 928,618
Changes of assumptions	(562,973)	81,703
Net difference between projected and actual earnings	(91,660)	89,841
Total	\$ (1,638,787)	\$ 1,100,162

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

Year Ended December 31	Amount
2019	\$ (87,324)
2020	(87,324)
2021	(87,322)
2022	(56,769)
2023	(79,230)
Thereafter	<u>(140,656)</u>
	<u>\$ (538,625)</u>

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

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

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 Expense for FYE 9/30/2018	Amount Recognized in Expense through 9/30/2018	Balance of Deferred Inflows 9/30/2018	Balance of Deferred Outflows 9/30/2018
Economic/ demographic (gains) or losses	\$ 1,046,165 (1,257,910)	9/30/2018 9/30/2017	8.9 9.2	\$ 117,547 (136,878)	\$ 117,547 (273,756)	\$ - (984,154)	\$ 928,618 -
		Total		(19,331)	(156,209)	(984,154)	928,618
Assumption changes or inputs	(634,235) 104,429	9/30/2018 9/30/2017	8.9 9.2	(71,262) 11,363	(71,262) 22,726	(562,973) -	- 81,703
		Total		(59,899)	(48,536)	(562,973)	81,703
Investment (gains) or losses	112,301 (152,768)	9/30/2018 9/30/2017	5.0 5.0	22,460 (30,554)	22,460 (61,108)	- (91,660)	89,841 -
		Total		(8,094)	(38,648)	(91,660)	89,841
Total for economic/demographic gains or losses and assumption changes or inputs						(1,547,127)	1,010,321
Net deferred (inflows)/outflows for investment gains or losses						(1,819)	-
Total deferred (inflows)/outflows						(1,548,946)	1,010,321
Total net deferrals						(538,625)	

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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

PENSION & OPEB TREND INFORMATION (UNAUDITED)

North Texas Municipal Employee Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in 1,000s)

	Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	\$ 2,897	\$ 2,517	\$ 3,058	\$ 2,166	\$ 2,005	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	8,582	7,643	6,614	6,387	5,854	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	(843)	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	6,366	(2,503)	8,442	(4,871)	1,527	N/A	N/A	N/A	N/A	N/A
Effect of assumptions changes or inputs	(1,928)	(1,115)	(6,899)	-	154	N/A	N/A	N/A	N/A	N/A
Benefit payments	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	11,568	3,450	8,599	1,627	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	94,534	91,085	82,486	80,859	73,020	55,436	47,048	39,331	34,596	30,059
Total pension liability, ending (a)	106,102	94,534	91,085	82,486	80,859	73,020	55,436	47,048	39,331	34,596
Fiduciary Net Position										
Employer contributions	\$ 6,765	\$ 5,957	\$ 4,999	\$ 5,595	\$ 4,945	N/A	N/A	N/A	N/A	N/A
Member contributions	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	9,686	5,284	(1,337)	3,689	7,436	N/A	N/A	N/A	N/A	N/A
Benefit payments	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	-	-	(195)	(180)	(159)	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	12,944	8,149	850	7,049	10,522	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	70,827	62,678	61,828	54,779	44,257	35,949	32,430	27,146	19,735	25,072
Fiduciary net position, ending (b)	83,770	70,827	62,678	61,828	54,779	44,257	35,949	32,430	27,146	19,735
Net pension liability, ending = (a) - (b)	22,331	23,708	28,407	20,658	26,080	28,763	19,487	14,618	12,185	14,861
Fiduciary net position as a % of total pension liability	78.95%	74.92%	68.81%	74.96%	67.75%	60.61%	64.85%	68.93%	69.02%	57.04%
Covered payroll	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929	\$ 24,859	\$ 24,256	\$ 23,572	\$ 22,514	\$ 20,010
Net pension liability as a % of covered payroll	66.49%	74.60%	94.42%	77.50%	100.58%	115.70%	80.34%	62.02%	54.12%	74.27%

Notes to Schedule:

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

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

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

	Fiscal Year Ending September 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 5,213	\$ 5,034	\$ 4,600	\$ 4,386	\$ 4,504	\$ 4,555	\$ 3,841	\$ 3,291	\$ 3,333	\$ 2,157
Actual Employer Contribution	6,765	5,957	4,999	5,595	4,945	5,022	3,925	3,345	3,351	2,207
Contribution Deficiency (Excess)	(1,552)	(923)	(399)	(1,209)	(441)	(467)	(84)	(54)	(18)	(50)
Covered Payroll	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929	\$ 24,859	\$ 24,256	\$ 23,572	\$ 22,514	\$ 20,010
Contributions as a % of Covered Payroll	20.14%	18.75%	16.62%	20.99%	19.07%	20.20%	16.18%	14.19%	14.89%	11.03%

North Texas Municipal Employee Other Postemployment Benefits Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in 1,000s)

	Fiscal Year Ending September 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	\$ 406	\$ 432	N/A							
Interest on total OPEB liability	832	826	N/A							
Changes on benefit terms	-	-	N/A							
Effect of economic/ demographic gains or (losses)	1,046	(1,258)	N/A							
Effect of assumptions changes or inputs	(634)	104	N/A							
Benefit payments	-	-	N/A							
Net change in total OPEB liability	1,650	104	N/A							
Total OPEB liability, beginning	10,685	10,581	N/A							
Total OPEB liability, ending (a)	12,335	10,685	N/A							
Fiduciary Net Position										
Employer contributions	696	600	N/A							
Net investment income	428	600	N/A							
Benefit payments	-	-	N/A							
Administrative expenses	-	-	N/A							
Net change in fiduciary net position	1,124	1,200	N/A							
Fiduciary net position, beginning	6,869	5,669	N/A							
Fiduciary net position, ending (b)	7,993	6,869	N/A							
Net OPEB liability, ending = (a) - (b)	4,342	3,817	N/A							
Fiduciary net position as a % of total OPEB liability	64.80%	64.28%	N/A							
Covered payroll (as reported with pension data)	\$ 33,587	\$ 31,778	N/A							
Net OPEB liability as a % of covered payroll	12.93%	12.01%	N/A							

Notes to Schedule:

Changes of benefit terms. There were no substantial changes to benefits between 2017 and 2018.*Changes of assumptions.* The mortality assumptions were updated to reflect current actuarial standards.

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 832	\$ 669	N/A							
Actual Employer Contribution	696	600	N/A							
Contribution Deficiency (Excess)	137	69	N/A							
Covered Payroll	\$ 33,587	\$ 31,778	N/A							
Contributions as a % of Covered Payroll	2.07%	1.89%	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)	4.5% for 2018, gradually increasing to an ultimate rate of 5.0% between 2033 and 2042 and gradually decreasing to 3.9% in 2075.
Healthcare Cost Trend Rates (Dental)	5.0% for 2018, gradually decreasing until 2032 to an ultimate rate of 5.0% for 2032 to 2044 and gradually decreasing to 4.1% in 2075.
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.

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SEWER SYSTEM

SUPPLEMENTAL SCHEDULES

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**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 3,422	\$ 17,277
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total unrestricted assets	3,422	17,277
Restricted assets:		
Cash and cash equivalents	192,362	74,408
Investments	392,232	-
Interest and accounts receivable	2,686	-
Due from other funds	-	-
Total restricted assets	587,280	74,408
TOTAL CURRENT ASSETS	590,702	91,685
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	(1,130,086)	(4,160,795)
Net capital assets	4,159,263	5,072,976
TOTAL LONG-TERM ASSETS	4,159,263	5,072,976
TOTAL ASSETS	4,749,965	5,164,661
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	68,270	-
Deferred pension outflow	-	-
Deferred OPEB outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	68,270	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,818,235	\$ 5,164,661

See notes to the basic financial statements.

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1	Rockwall-Heath	Terrell	Rockwall	Murphy
Water Distribution Facilities	Water Storage Facilities	Water Transmission Facilities	Water Pump Station Facilities	WWTP/Interceptor
\$ 219	\$ 197	\$ (177)	\$ 139	\$ -
8,836	-	177	-	-
-	-	-	-	-
125	-	-	-	-
-	-	-	-	-
<u>9,180</u>	<u>197</u>	<u>-</u>	<u>139</u>	<u>-</u>
54,699	95,699	271,928	82,138	-
-	215,727	735,436	147,088	-
-	1,478	5,037	1,007	-
-	-	-	-	-
<u>54,699</u>	<u>312,904</u>	<u>1,012,401</u>	<u>230,233</u>	<u>-</u>
<u>63,879</u>	<u>313,101</u>	<u>1,012,401</u>	<u>230,372</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,600,259	12,039,132	1,932,237	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,600,259	12,039,132	1,932,237	-
-	(585,058)	(3,210,435)	(531,370)	-
-	2,015,201	8,828,697	1,400,867	-
-	2,015,201	8,828,697	1,400,867	-
<u>63,879</u>	<u>2,328,302</u>	<u>9,841,098</u>	<u>1,631,239</u>	<u>-</u>
-	-	123,030	-	-
-	-	-	-	-
-	-	-	-	-
-	-	123,030	-	-
<u>\$ 63,879</u>	<u>\$ 2,328,302</u>	<u>\$ 9,964,128</u>	<u>\$ 1,631,239</u>	<u>\$ -</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 6,882	\$ 725,901
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	2,692	23,245
Unbilled receivable	926	22,182
Total unrestricted assets	<u>10,500</u>	<u>771,328</u>
Restricted assets:		
Cash and cash equivalents	24,159	132,713
Investments	-	245,145
Interest and accounts receivable	-	1,679
Due from other funds	-	-
Total restricted assets	<u>24,159</u>	<u>379,537</u>
TOTAL CURRENT ASSETS	<u>34,659</u>	<u>1,150,865</u>
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	60,724
Easements	-	243,045
Construction-in-progress	-	-
Total nondepreciable assets	<u>-</u>	<u>303,769</u>
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	2,149,479	8,214,582
Buildings	-	-
Automobiles and trucks	3,996	81,567
Other equipment	53,402	261,860
Total depreciable assets	<u>2,206,877</u>	<u>8,558,009</u>
Less accumulated depreciation	<u>(2,168,777)</u>	<u>(5,680,135)</u>
Net capital assets	<u>38,100</u>	<u>3,181,643</u>
TOTAL LONG-TERM ASSETS	<u>38,100</u>	<u>3,181,643</u>
TOTAL ASSETS	<u>72,759</u>	<u>4,332,508</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	1,276	42,220
Deferred OPEB outflow	111	2,893
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,387</u>	<u>45,113</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 74,146</u>	<u>\$ 4,377,621</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 59,360	\$ 975,456	\$ 215,668	\$ 1,107,619	\$ 554,993
-	-	61,117	-	-
-	-	-	-	-
21,326	81,386	7,473	49,749	42,148
16,100	125,958	35,401	57,556	69,473
<u>96,786</u>	<u>1,182,800</u>	<u>319,659</u>	<u>1,214,924</u>	<u>666,614</u>
4,291	1,453,347	1,782,613	7,832,743	719,231
-	3,304,815	882,522	4,145,062	1,464,426
-	25,979	6,045	3,332	10,819
-	-	-	-	-
<u>4,291</u>	<u>4,784,141</u>	<u>2,671,180</u>	<u>11,981,137</u>	<u>2,194,476</u>
<u>101,077</u>	<u>5,966,941</u>	<u>2,990,839</u>	<u>13,196,061</u>	<u>2,861,090</u>
375,774	-	-	-	-
-	19,042	-	-	9,421
-	75,259	10,516,575	65,755,219	555,266
-	94,301	10,892,349	65,755,219	564,687
-	-	-	-	417,138
-	-	-	-	-
1,576,459	51,847,368	7,803,905	6,896,733	28,265,888
-	-	-	9,698	161,583
49,898	79,825	64,002	76,461	58,728
270,486	700,210	390,153	474,790	650,362
1,896,843	52,627,403	8,258,060	7,457,682	29,553,699
(1,464,701)	(11,841,167)	(2,889,915)	(4,064,797)	(11,266,913)
432,142	40,880,537	16,260,494	69,148,104	18,851,473
432,142	40,880,537	16,260,494	69,148,104	18,851,473
533,219	46,847,478	19,251,333	82,344,165	21,712,563
-	1,098,720	110,668	2,743	260,270
21,998	224,239	27,610	118,402	254,982
1,652	21,853	2,799	13,192	21,587
23,650	1,344,812	141,077	134,337	536,839
<u>\$ 556,869</u>	<u>\$ 48,192,290</u>	<u>\$ 19,392,410</u>	<u>\$ 82,478,502</u>	<u>\$ 22,249,402</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Seis Lagos WWTP	Royse City WWTP
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 64,213	\$ 5,346
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	1,848	136
Unbilled receivable	7,248	929
Total unrestricted assets	73,309	6,411
Restricted assets:		
Cash and cash equivalents	14,072	10,195
Investments	-	-
Interest and accounts receivable	-	-
Due from other funds	-	-
Total restricted assets	14,072	10,195
TOTAL CURRENT ASSETS	87,381	16,606
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	33,324	2,272
Other equipment	38,124	7,324
Total depreciable assets	71,448	9,596
Less accumulated depreciation	(45,155)	(8,067)
Net capital assets	26,293	1,529
TOTAL LONG-TERM ASSETS	26,293	1,529
TOTAL ASSETS	113,674	18,135
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	9,188	1,263
Deferred OPEB outflow	877	111
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,065	1,374
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 123,739	\$ 19,509

See notes to the basic financial statements.

Frisco					
Farmersville	Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor	
WWTP	WWTP	WWTP	WWTP	Interceptor	
\$ 63,297	\$ 28,643	\$ 50,153	\$ -	\$ 57,462	
-	-	-	-	-	
-	-	-	-	-	
4,842	-	2,974	-	352	
20,406	-	9,111	-	-	
<u>88,545</u>	<u>28,643</u>	<u>62,238</u>	<u>-</u>	<u>57,814</u>	
20,262	14,331	4,632	-	17,714	
-	-	-	-	-	
-	-	-	-	-	
20,262	14,331	4,632	-	17,714	
<u>108,807</u>	<u>42,974</u>	<u>66,870</u>	<u>-</u>	<u>75,528</u>	
-	-	-	-	-	
-	-	-	-	48,877	
-	-	-	-	-	
-	-	-	-	48,877	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	1,856,525	
16,225	-	-	-	-	
42,060	-	34,309	-	-	
427,118	-	42,863	-	189,025	
485,403	-	77,172	-	2,045,550	
(423,517)	-	(39,149)	-	(1,367,620)	
61,886	-	38,023	-	726,807	
61,886	-	38,023	-	726,807	
<u>170,693</u>	<u>42,974</u>	<u>104,893</u>	<u>-</u>	<u>802,335</u>	
-	-	-	-	-	
13,759	-	9,185	-	2,890	
1,609	1,053	1,081	-	20	
<u>15,368</u>	<u>1,053</u>	<u>10,266</u>	<u>-</u>	<u>2,910</u>	
<u>\$ 186,061</u>	<u>\$ 44,027</u>	<u>\$ 115,159</u>	<u>\$ -</u>	<u>\$ 805,245</u>	

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Lower East Fork Interceptor	Muddy Creek Interceptor
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	\$ 222,779	\$ 45,167
Accounts receivable	-	4,343
Due from other funds	-	-
Prepaid expenses	6,106	-
Unbilled receivable	-	-
Total unrestricted assets	<u>228,885</u>	<u>49,510</u>
Restricted assets:		
Cash and cash equivalents	521,174	126,144
Investments	1,303,197	246,887
Interest and accounts receivable	1,163	238
Due from other funds	-	-
Total restricted assets	<u>1,825,534</u>	<u>373,269</u>
TOTAL CURRENT ASSETS	<u>2,054,419</u>	<u>422,779</u>
LONG-TERM ASSETS:		
Nondepreciable:		
Land	-	-
Easements	193,687	49,232
Construction-in-progress	-	-
Total nondepreciable assets	<u>193,687</u>	<u>49,232</u>
Depreciable:		
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	15,137,967	3,411,083
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Total depreciable assets	<u>15,137,967</u>	<u>3,411,083</u>
Less accumulated depreciation	<u>(3,103,255)</u>	<u>(1,405,442)</u>
Net capital assets	<u>12,228,399</u>	<u>2,054,873</u>
TOTAL LONG-TERM ASSETS	<u>12,228,399</u>	<u>2,054,873</u>
TOTAL ASSETS	<u>14,282,818</u>	<u>2,477,652</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	162,534	(9,016)
Deferred pension outflow	2,886	-
Deferred OPEB outflow	19	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>165,439</u>	<u>(9,016)</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 14,448,257</u>	<u>\$ 2,468,636</u>

See notes to the basic financial statements.

Parker Creek Interceptor		Sabine Creek Interceptor		Buffalo Creek Interceptor		McKinney Interceptor		Mustang Creek Interceptor	
\$ 16,709	\$ 875	\$ 251,027	\$ 2,471	\$ 584,045					
-	-	206,334	-	-					
-	-	-	-	-					
139	-	10,918	-	1,947					
-	-	-	-	-					
<u>16,848</u>	<u>875</u>	<u>468,279</u>	<u>2,471</u>	<u>585,992</u>					
93,152	72,901	1,909,739	15,047	1,126,807					
217,200	177,769	1,026,623	-	588,348					
194	174	882	-	4,030					
3,000	-	-	-	3,123					
<u>313,546</u>	<u>250,844</u>	<u>2,937,244</u>	<u>15,047</u>	<u>1,722,308</u>					
<u>330,394</u>	<u>251,719</u>	<u>3,405,523</u>	<u>17,518</u>	<u>2,308,300</u>					
104,203	70,341	1,253,590	16,150	915,950					
(2,667)	-	298,368	-	942,611					
<u>101,536</u>	<u>70,341</u>	<u>1,551,958</u>	<u>16,150</u>	<u>1,858,561</u>					
-	-	-	-	-					
-	-	-	-	-					
2,465,984	1,697,812	18,008,418	1,551,440	8,567,122					
-	-	-	-	-					
-	-	-	-	-					
-	-	-	-	-					
2,465,984	1,697,812	18,008,418	1,551,440	8,567,122					
(575,397)	(373,522)	(7,074,393)	(1,171,428)	(528,288)					
1,992,123	1,394,631	12,485,983	396,162	9,897,395					
1,992,123	1,394,631	12,485,983	396,162	9,897,395					
<u>2,322,517</u>	<u>1,646,350</u>	<u>15,891,506</u>	<u>413,680</u>	<u>12,205,695</u>					
-	-	324,749	-	-					
-	-	2,888	-	-					
-	-	23	-	-					
-	-	327,660	-	-					
<u>\$ 2,322,517</u>	<u>\$ 1,646,350</u>	<u>\$ 16,219,166</u>	<u>\$ 413,680</u>	<u>\$ 12,205,695</u>					

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Parker Creek	Parallel WW	Small Plants
	Interceptor	Clearing	
ASSETS			
CURRENT ASSETS:			
Unrestricted assets:			
Cash and cash equivalents	\$ 5,434	\$ 363,031	
Accounts receivable	-	-	
Due from other funds	-	84,625	
Prepaid expenses	73	-	
Unbilled receivable	-	-	
Total unrestricted assets	<u>5,507</u>	<u>447,656</u>	
Restricted assets:			
Cash and cash equivalents	392,771	-	
Investments	196,116	-	
Interest and accounts receivable	1,343	-	
Due from other funds	-	-	
Total restricted assets	<u>590,230</u>	<u>-</u>	
TOTAL CURRENT ASSETS	<u>595,737</u>	<u>447,656</u>	
LONG-TERM ASSETS:			
Nondepreciable:			
Land	-	-	
Easements	33,688	-	
Construction-in-progress	-	-	
Total nondepreciable assets	<u>33,688</u>	<u>-</u>	
Depreciable:			
Land improvements	-	-	
Water treatment, storage, and transmission facilities	-	-	
Wastewater treatment and disposal facilities	2,459,548	-	
Buildings	-	-	
Automobiles and trucks	-	-	
Other equipment	-	-	
Total depreciable assets	<u>2,459,548</u>	<u>-</u>	
Less accumulated depreciation	(51,280)		
Net capital assets	<u>2,441,956</u>	<u>-</u>	
TOTAL LONG-TERM ASSETS	<u>2,441,956</u>	<u>-</u>	
TOTAL ASSETS	<u>3,037,693</u>	<u>447,656</u>	
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	-	-	
Deferred pension outflow	-	-	
Deferred OPEB outflow	-	-	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,037,693</u>	<u>\$ 447,656</u>	

See notes to the basic financial statements.

Dewatering Operations	Wastewater Pretreatment Program	Total Sewer System
\$ 18,748	\$ 139,007	\$ 5,585,363
-	-	280,807
-	-	84,625
-	9,744	267,223
-	94,043	459,333
<u>18,748</u>	<u>242,794</u>	<u>6,677,351</u>
 -	 -	 17,059,272
 -	 -	 15,288,593
 -	 -	 66,086
 -	 -	 6,123
 <u>18,748</u>	 <u>242,794</u>	 <u>32,420,074</u>
 <u>18,748</u>	 <u>242,794</u>	 <u>39,097,425</u>
 -	 -	 436,498
 -	 -	 4,105,801
 <u>18,748</u>	 <u>242,794</u>	 <u>78,140,631</u>
 <u>18,748</u>	 <u>242,794</u>	 <u>82,682,930</u>
 -	 -	 417,138
 -	 -	 29,946,173
 -	 -	 161,910,313
 -	 -	 187,506
 -	 87,268	 613,710
 -	 18,726	 3,524,443
 -	 105,994	 196,599,283
 -	 (52,178)	 (65,212,840)
 -	 53,816	 214,069,373
 -	 53,816	 214,069,373
 <u>18,748</u>	 <u>296,610</u>	 <u>253,166,798</u>
 -	 -	 2,141,968
 -	 129,137	 861,923
 -	 10,410	 79,290
 <u>18,748</u>	 <u>436,157</u>	 <u>256,249,979</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	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	3,422	6,195
Total payable from unrestricted assets	3,422	6,195
Payable from restricted assets:		
Accounts payable and accrued liabilities	42,504	74,408
Due to other funds	-	-
Accrued interest payable on revenue bonds	12,633	-
Current portion of revenue bonds	355,000	-
Total payable from restricted assets	410,137	74,408
TOTAL CURRENT LIABILITIES	413,559	80,603
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	1,551,385	-
TOTAL LONG-TERM LIABILITIES	1,551,385	-
TOTAL LIABILITIES	1,964,944	80,603
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,964,944	80,603
NET POSITION:		
Net investment in capital assets	2,321,148	5,072,976
Restricted for debt service	532,143	-
Unrestricted	-	11,082
TOTAL NET POSITION	\$ 2,853,291	\$ 5,084,058

Kaufman 4-1	Rockwall-Heath	Terrell	Rockwall	
Water Distribution Facilities	Water Storage Facilities	Water Transmission Facilities	Water Pump Station Facilities	Murphy WWTP/ Interceptor
\$ 2,252	\$ -	\$ -	\$ -	\$ -
116	-	-	-	-
6,812	197	-	139	-
<u>9,180</u>	<u>197</u>	<u>-</u>	<u>139</u>	<u>-</u>
54,699	-	-	-	-
-	-	-	-	-
-	18,928	111,694	16,856	-
-	170,000	395,000	115,000	-
<u>54,699</u>	<u>188,928</u>	<u>506,694</u>	<u>131,856</u>	<u>-</u>
<u>63,879</u>	<u>189,125</u>	<u>506,694</u>	<u>131,995</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,205,000	9,101,948	1,004,643	-
-	1,205,000	9,101,948	1,004,643	-
<u>63,879</u>	<u>1,394,125</u>	<u>9,608,642</u>	<u>1,136,638</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>63,879</u>	<u>1,394,125</u>	<u>9,608,642</u>	<u>1,136,638</u>	<u>-</u>
-	640,201	(545,221)	281,224	-
-	293,976	900,706	213,376	-
-	-	1	1	-
<u>\$ -</u>	<u>\$ 934,177</u>	<u>\$ 355,486</u>	<u>\$ 494,601</u>	<u>\$ -</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	South Rockwall (Buffalo Creek)	Wylie WWTP	WWTP
LIABILITIES			
CURRENT LIABILITIES:			
Payable from unrestricted assets:			
Accounts payable and accrued liabilities	\$ 3,922	\$ 226,906	
Due to other funds	846	32,582	
Customers' advance payments	5,333	503,059	
Total payable from unrestricted assets	10,101	762,547	
Payable from restricted assets:			
Accounts payable and accrued liabilities	24,160	41,151	
Due to other funds	-	-	
Accrued interest payable on revenue bonds	-	35,019	
Current portion of revenue bonds	-	145,000	
Total payable from restricted assets	24,160	221,170	
TOTAL CURRENT LIABILITIES	34,261	983,717	
LONG-TERM LIABILITIES:			
Accrued vacation—less current portion	270	6,865	
Accrued sick—less current portion	132	3,354	
Net pension liability	1,889	62,690	
Net OPEB liability	438	13,465	
Long-term debt—less current portion	-	1,689,031	
TOTAL LONG-TERM LIABILITIES	2,729	1,775,405	
TOTAL LIABILITIES	36,990	2,759,122	
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension inflow	832	27,533	
Deferred OPEB inflow	166	4,964	
TOTAL DEFERRED INFLOWS OF RESOURCES	998	32,497	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	37,988	2,791,619	
NET POSITION:			
Net investment in capital assets	38,100	1,347,612	
Restricted for debt service	-	303,366	
Unrestricted	(1,942)	(64,976)	
TOTAL NET POSITION	\$ 36,158	\$ 1,586,002	

North Rockwall (Squabble Creek) WWTP		Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 52,993	\$ 450,603	\$ 105,644	\$ 285,172	\$ 364,187	
15,990	32,624	32,877	28,726	38,462	
19,425	527,040	159,137	880,871	226,188	
<u>88,408</u>	<u>1,010,267</u>	<u>297,658</u>	<u>1,194,769</u>	<u>628,837</u>	
4,291	57,338	602,932	3,273,239	566,074	
-	-	8,361	9,758	-	
-	464,833	142,625	776,435	125,816	
-	2,695,000	1,035,000	2,895,000	1,490,000	
<u>4,291</u>	<u>3,217,171</u>	<u>1,788,918</u>	<u>6,954,432</u>	<u>2,181,890</u>	
<u>92,699</u>	<u>4,227,438</u>	<u>2,086,576</u>	<u>8,149,201</u>	<u>2,810,727</u>	
3,957	41,717	6,865	27,010	12,067	
1,933	39,075	3,354	5,360	14,004	
32,693	341,478	40,823	214,798	409,718	
7,085	86,935	9,597	48,061	86,697	
-	29,110,143	12,993,401	59,530,369	8,838,994	
<u>45,668</u>	<u>29,619,348</u>	<u>13,054,040</u>	<u>59,825,598</u>	<u>9,361,480</u>	
<u>138,367</u>	<u>33,846,786</u>	<u>15,140,616</u>	<u>67,974,799</u>	<u>12,172,207</u>	
14,358	145,504	17,945	80,484	167,459	
<u>2,641</u>	<u>32,772</u>	<u>3,704</u>	<u>18,368</u>	<u>32,633</u>	
<u>16,999</u>	<u>178,276</u>	<u>21,649</u>	<u>98,852</u>	<u>200,092</u>	
<u>155,366</u>	<u>34,025,062</u>	<u>15,162,265</u>	<u>68,073,651</u>	<u>12,372,299</u>	
432,142	10,143,571	2,940,030	8,692,827	8,307,429	
-	4,292,513	1,319,992	5,954,355	1,977,907	
(30,639)	(268,856)	(29,877)	(242,331)	(408,233)	
<u>\$ 401,503</u>	<u>\$ 14,167,228</u>	<u>\$ 4,230,145</u>	<u>\$ 14,404,851</u>	<u>\$ 9,877,103</u>	

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Seis Lagos WWTP	Royse City WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 12,616	\$ 1,343
Due to other funds	9,679	846
Customers' advance payments	47,855	3,820
Total payable from unrestricted assets	<u>70,150</u>	<u>6,009</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	14,072	10,195
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	<u>14,072</u>	<u>10,195</u>
TOTAL CURRENT LIABILITIES	<u>84,222</u>	<u>16,204</u>
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	2,098	270
Accrued sick—less current portion	1,026	132
Net pension liability	13,614	1,885
Net OPEB liability	3,813	439
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	<u>20,551</u>	<u>2,726</u>
TOTAL LIABILITIES	<u>104,773</u>	<u>18,930</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	5,983	824
Deferred OPEB inflow	1,419	166
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,402</u>	<u>990</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>112,175</u>	<u>19,920</u>
NET POSITION:		
Net investment in capital assets	26,293	1,529
Restricted for debt service	-	-
Unrestricted	(14,729)	(1,940)
TOTAL NET POSITION	<u>\$ 11,564</u>	<u>\$ (411)</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Farmersville WWTP	Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor
\$ 31,830	\$ 4,871	\$ 23,343	\$ -	\$ 56,373
14,007	560	11,320	-	1,868
30,024	23,212	23,613	-	556
<u>75,861</u>	<u>28,643</u>	<u>58,276</u>	<u>-</u>	<u>58,797</u>
20,262	14,331	4,632	-	17,714
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,262</u>	<u>14,331</u>	<u>4,632</u>	<u>-</u>	<u>17,714</u>
96,123	42,974	62,908	-	76,511
3,957	-	2,638	-	-
1,933	-	1,289	-	-
20,455	-	13,617	-	7,035
5,341	4,451	3,919	-	822
-	-	-	-	-
<u>31,686</u>	<u>4,451</u>	<u>21,463</u>	<u>-</u>	<u>7,857</u>
127,809	47,425	84,371	-	84,368
8,976	-	5,983	-	2,274
2,074	1,663	1,499	-	267
11,050	1,663	7,482	-	2,541
<u>138,859</u>	<u>49,088</u>	<u>91,853</u>	<u>-</u>	<u>86,909</u>
61,886	-	38,023	-	726,807
-	-	-	-	-
<u>(14,684)</u>	<u>(5,061)</u>	<u>(14,717)</u>	<u>-</u>	<u>(8,471)</u>
<u>\$ 47,202</u>	<u>\$ (5,061)</u>	<u>\$ 23,306</u>	<u>\$ -</u>	<u>\$ 718,336</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Lower East Fork Interceptor	Muddy Creek Interceptor
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 158,501	\$ 49,510
Due to other funds	1,139	-
Customers' advance payments	69,273	-
Total payable from unrestricted assets	<u>228,913</u>	<u>49,510</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	24,576	22,943
Due to other funds	-	-
Accrued interest payable on revenue bonds	123,216	14,500
Current portion of revenue bonds	945,000	210,000
Total payable from restricted assets	<u>1,092,792</u>	<u>247,443</u>
TOTAL CURRENT LIABILITIES	<u>1,321,705</u>	<u>296,953</u>
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	7,010	-
Net OPEB liability	799	-
Long-term debt—less current portion	8,660,800	1,211,477
TOTAL LONG-TERM LIABILITIES	<u>8,668,609</u>	<u>1,211,477</u>
TOTAL LIABILITIES	<u>9,990,314</u>	<u>1,508,430</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	2,278	-
Deferred OPEB inflow	260	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,538</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>9,992,852</u>	<u>1,508,430</u>
NET POSITION:		
Net investment in capital assets	2,785,133	624,380
Restricted for debt service	1,677,741	335,825
Unrestricted	(7,469)	1
TOTAL NET POSITION	<u>\$ 4,455,405</u>	<u>\$ 960,206</u>

					Mustang
	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Creek Interceptor
\$	12,728	\$ -	\$ 185,406	\$ 47	\$ 65,250
	3,173	-	1,823	130	3,123
	948	875	178,321	1,442	4,246
	<u>16,849</u>	<u>875</u>	<u>365,550</u>	<u>1,619</u>	<u>72,619</u>
	9,084	5,274	1,678,075	15,047	1,769,888
	-	-	-	-	-
	16,229	13,154	126,852	-	115,856
	170,000	140,000	1,110,000	-	210,000
	<u>195,313</u>	<u>158,428</u>	<u>2,914,927</u>	<u>15,047</u>	<u>2,095,744</u>
	<u>212,162</u>	<u>159,303</u>	<u>3,280,477</u>	<u>16,666</u>	<u>2,168,363</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	7,028	-	-
	-	-	934	-	-
	<u>780,000</u>	<u>630,000</u>	<u>7,576,642</u>	<u>-</u>	<u>9,512,210</u>
	<u>780,000</u>	<u>630,000</u>	<u>7,584,604</u>	<u>-</u>	<u>9,512,210</u>
	<u>992,162</u>	<u>789,303</u>	<u>10,865,081</u>	<u>16,666</u>	<u>11,680,573</u>
	-	-	2,274	-	-
	-	-	304	-	-
	-	-	2,578	-	-
	<u>992,162</u>	<u>789,303</u>	<u>10,867,659</u>	<u>16,666</u>	<u>11,680,573</u>
	1,047,964	624,631	3,742,400	396,162	(672,284)
	285,391	232,416	1,514,007	-	687,157
	<u>(3,000)</u>	<u>-</u>	<u>95,100</u>	<u>852</u>	<u>510,249</u>
	<u>\$ 1,330,355</u>	<u>\$ 857,047</u>	<u>\$ 5,351,507</u>	<u>\$ 397,014</u>	<u>\$ 525,122</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
September 30, 2018**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 2,919	\$ 27,368
Due to other funds	-	965
Customers' advance payments	2,614	-
Total payable from unrestricted assets	<u>5,533</u>	<u>28,333</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	-	-
Due to other funds	-	-
Accrued interest payable on revenue bonds	23,285	-
Current portion of revenue bonds	110,000	-
Total payable from restricted assets	<u>133,285</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>138,818</u>	<u>28,333</u>
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	2,729,982	-
TOTAL LONG-TERM LIABILITIES	<u>2,729,982</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,868,800</u>	<u>28,333</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>2,868,800</u>	<u>28,333</u>
NET POSITION:		
Net investment in capital assets	(68,899)	-
Restricted for debt service	237,819	-
Unrestricted	(27)	419,323
TOTAL NET POSITION	<u>\$ 168,893</u>	<u>\$ 419,323</u>

		Wastewater		
Dewatering Operations		Pretreatment Program		Total Sewer System
\$	-	\$ 71,923	\$ 2,195,707	
	-	331	231,187	
	-	99,511	2,824,128	
	-	171,765	5,251,022	
	-	-	8,346,889	
	-	-	18,119	
	-	-	2,137,931	
	-	-	12,190,000	
	-	-	22,692,939	
	-	171,765	27,943,961	
	-	22,034	129,748	
	-	48,996	120,588	
	-	288,753	1,463,486	
	-	40,765	313,561	
	-	-	156,126,025	
	-	400,548	158,153,408	
	-	572,313	186,097,369	
	-	94,833	577,540	
	-	15,403	118,303	
	-	110,236	695,843	
	-	682,549	186,793,212	
	-	53,816	49,059,880	
	-	-	20,758,690	
18,748		(300,208)	(361,803)	
\$ 18,748	\$	\$ (246,392)	\$ 69,456,767	
			(Concluded)	

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ 390,138	\$ 2,675
Other operating revenues	-	-
Total operating revenues	390,138	2,675
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Other services	5,186	2,806
Depreciation	103,519	231,467
Total operating expenses	108,705	234,273
OPERATING INCOME (LOSS)	281,433	(231,598)
NONOPERATING REVENUES (EXPENSES):		
Investment income	4,215	2,219
Gain (loss) on sale of capital assets	-	-
Interest expense	(50,643)	(3,973)
Total nonoperating revenues (expenses)	(46,428)	(1,754)
CHANGE IN NET POSITION		
NET POSITION AT OCTOBER 1, 2017	235,005	(233,352)
NET POSITION AT SEPTEMBER 30, 2018	2,618,286	5,317,410
	\$ 2,853,291	\$ 5,084,058

See notes to the basic financial statements.

Kaufman 4-1	Rockwall-Heath	Terrell	Rockwall	Murphy
Water Distribution Facilities	Water Storage Facilities	Water Transmission Facilities	Water Pump Station Facilities	WWTP/Interceptor
\$ 51,867	\$ 226,093	\$ 727,142	\$ 168,826	\$ -
10	-	-	-	(21)
<u>51,877</u>	<u>226,093</u>	<u>727,142</u>	<u>168,826</u>	<u>(21)</u>
-	-	-	-	-
-	-	-	-	-
682	-	-	-	-
30,856	-	-	-	-
20,381	4,967	11,017	4,980	184
-	52,005	300,978	48,306	-
<u>51,919</u>	<u>56,972</u>	<u>311,995</u>	<u>53,286</u>	<u>184</u>
(42)	169,121	415,147	115,540	(205)
42	2,363	6,603	1,888	4
-	-	-	-	(33,017)
-	(60,942)	(320,418)	(52,796)	-
42	(58,579)	(313,815)	(50,908)	(33,013)
-	110,542	101,332	64,632	(33,218)
-	823,635	254,154	429,969	33,218
<u>\$ -</u>	<u>\$ 934,177</u>	<u>\$ 355,486</u>	<u>\$ 494,601</u>	<u>\$ -</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018**

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 24,756	\$ 1,201,062
Other operating revenues	45	22,944
Total operating revenues	24,801	1,224,006
OPERATING EXPENSES:		
Personnel	7,654	197,526
Operating Supplies:		
Chemicals	(13,202)	49,629
Other supplies	1,118	77,128
Operating Services:		
Electric power	546	149,660
Other services	26,424	451,701
Depreciation	78,857	201,110
Total operating expenses	101,397	1,126,754
OPERATING INCOME (LOSS)	(76,596)	97,252
NONOPERATING REVENUES (EXPENSES):		
Investment income	68	10,266
Gain (loss) on sale of capital assets	-	-
Interest expense	-	(112,774)
Total nonoperating revenues (expenses)	68	(102,508)
CHANGE IN NET POSITION	(76,528)	(5,256)
NET POSITION AT OCTOBER 1, 2017	112,686	1,591,258
NET POSITION AT SEPTEMBER 30, 2018	\$ 36,158	\$ 1,586,002

See notes to the basic financial statements.

North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP
\$ 449,181	\$ 8,586,479	\$ 2,276,940	\$ 7,919,769	\$ 5,772,969
1,141	18,671	1,188	12,146	352,910
450,322	8,605,150	2,278,128	7,931,915	6,125,879
113,260	1,429,644	195,683	949,347	1,379,783
59,140	705,375	22,014	367,908	229,248
55,871	345,523	102,768	245,391	394,828
47,400	460,455	167,117	297,040	278,300
153,736	1,706,985	299,363	913,897	1,520,698
48,820	1,356,263	290,956	284,193	1,005,536
478,227	6,004,245	1,077,901	3,057,776	4,808,393
(27,905)	2,600,905	1,200,227	4,874,139	1,317,486
1,600	59,477	64,791	221,592	38,384
-	-	-	-	-
-	(934,918)	(420,234)	(2,017,497)	(310,205)
1,600	(875,441)	(355,443)	(1,795,905)	(271,821)
(26,305)	1,725,464	844,784	3,078,234	1,045,665
427,808	12,441,764	3,385,361	11,326,617	8,831,438
\$ 401,503	\$ 14,167,228	\$ 4,230,145	\$ 14,404,851	\$ 9,877,103

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018**

	Seis Lagos WWTP	Royse City WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 181,864	\$ 14,471
Other operating revenues	469	31
Total operating revenues	182,333	14,502
OPERATING EXPENSES:		
Personnel	59,573	7,655
Operating Supplies:		
Chemicals	3,173	-
Other supplies	28,874	1,121
Operating Services:		
Electric power	13,389	103
Other services	79,947	3,352
Depreciation	6,286	383
Total operating expenses	191,242	12,614
OPERATING INCOME (LOSS)	(8,909)	1,888
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,553	65
Gain (loss) on sale of capital assets	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	1,553	65
CHANGE IN NET POSITION	(7,356)	1,953
NET POSITION AT OCTOBER 1, 2017	18,920	(2,364)
NET POSITION AT SEPTEMBER 30, 2018	\$ 11,564	\$ (411)

See notes to the basic financial statements.

Frisco					
Farmersville WWTP	Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor	
\$ 323,988	\$ 113,713	\$ 259,442	\$ -	\$ 379,833	
710	44	483	-	242	
<u>324,698</u>	<u>113,757</u>	<u>259,925</u>	<u>-</u>	<u>380,075</u>	
111,705	44,919	74,482	-	(1,461)	
10,584	1,790	2,756	-	92,239	
36,080	3,597	49,279	-	15,058	
49,207	25,529	-	-	36,067	
88,634	38,328	129,610	592	239,652	
9,601	-	8,793	-	63,426	
<u>305,811</u>	<u>114,163</u>	<u>264,920</u>	<u>592</u>	<u>444,981</u>	
<u>18,887</u>	<u>(406)</u>	<u>(4,995)</u>	<u>(592)</u>	<u>(64,906)</u>	
1,374	489	1,223	1	1,618	
-	-	-	-	-	
-	-	-	-	-	
1,374	489	1,223	1	1,618	
20,261	83	(3,772)	(591)	(63,288)	
26,941	(5,144)	27,078	591	781,624	
<u>\$ 47,202</u>	<u>\$ (5,061)</u>	<u>\$ 23,306</u>	<u>\$ -</u>	<u>\$ 718,336</u>	

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018**

	Lower East Fork Interceptor	Muddy Creek Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 1,786,998	\$ 360,844
Other operating revenues	226	80
Total operating revenues	<u>1,787,224</u>	<u>360,924</u>
OPERATING EXPENSES:		
Personnel	(1,449)	-
Chemicals	38,298	56,456
Other supplies	9,937	-
Operating Services:		
Electric power	33,711	257
Other services	409,574	62,172
Depreciation	302,760	111,943
Total operating expenses	<u>792,831</u>	<u>230,828</u>
OPERATING INCOME (LOSS)	<u>994,393</u>	<u>130,096</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	21,514	4,309
Gain (loss) on sale of capital assets	-	-
Interest expense	(241,430)	(31,215)
Total nonoperating revenues (expenses)	<u>(219,916)</u>	<u>(26,906)</u>
CHANGE IN NET POSITION	<u>774,477</u>	<u>103,190</u>
NET POSITION AT OCTOBER 1, 2017	<u>3,680,928</u>	<u>857,016</u>
NET POSITION AT SEPTEMBER 30, 2018	<u>\$ 4,455,405</u>	<u>\$ 960,206</u>

See notes to the basic financial statements.

Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Mustang Creek Interceptor
\$ 276,881	\$ 187,415	\$ 1,969,751	\$ 5,793	\$ 615,040
15	-	580	8	40
<u>276,896</u>	<u>187,415</u>	<u>1,970,331</u>	<u>5,801</u>	<u>615,080</u>
		(1,574)	-	-
		48,134	-	-
18,851	660	26,984	-	1,725
264	-	56,361	322	-
40,245	11,449	408,356	5,517	51,155
49,320	33,956	610,271	54,941	171,343
108,680	46,065	1,148,532	60,780	224,223
168,216	141,350	821,799	(54,979)	390,857
3,613	2,639	41,454	38	33,383
-	-	-	-	-
(54,077)	(43,710)	(345,419)	-	(336,414)
(50,464)	(41,071)	(303,965)	38	(303,031)
117,752	100,279	517,834	(54,941)	87,826
1,212,603	756,768	4,833,673	451,955	437,296
<u>\$ 1,330,355</u>	<u>\$ 857,047</u>	<u>\$ 5,351,507</u>	<u>\$ 397,014</u>	<u>\$ 525,122</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
OPERATING REVENUES:		
Wastewater service fees	\$ 187,756	\$ -
Other operating revenues	-	-
Total operating revenues	187,756	-
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Other services	13,440	-
Depreciation	47,471	-
Total operating expenses	60,911	-
OPERATING INCOME (LOSS)	126,845	-
NONOPERATING REVENUES (EXPENSES):		
Investment income	7,923	-
Gain (loss) on sale of capital assets	-	-
Interest expense	(67,316)	-
Total nonoperating revenues (expenses)	(59,393)	-
CHANGE IN NET POSITION	67,452	-
NET POSITION AT OCTOBER 1, 2017	101,441	419,323
NET POSITION AT SEPTEMBER 30, 2018	\$ 168,893	\$ 419,323

See notes to the basic financial statements.

Wastewater		
Dewatering Operations	Pretreatment Program	Total Sewer System
\$ -	\$ 935,173	\$ 35,396,859
-	2,343	414,305
-	937,516	35,811,164
-	642,995	5,209,742
-	-	1,673,542
-	42,102	1,457,577
-	-	1,646,584
-	173,566	6,877,914
-	18,744	5,491,248
-	877,407	22,356,607
-	60,109	13,454,557
288	2,902	537,898
-	-	(33,017)
-	-	(5,403,981)
288	2,902	(4,899,100)
288	63,011	8,555,457
18,460	(309,403)	60,901,310
\$ 18,748	\$ (246,392)	\$ 69,456,767

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 393,560	\$ 4,786
Cash received from (paid to) others	-	-
Cash paid to suppliers for goods and services	(7,875)	(2,350)
Cash paid for employee services	-	-
Cash paid to other funds	(465)	(455)
Net cash provided by (used for) operating activities	<u>385,220</u>	<u>1,981</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	(3,000)
Interest paid on long-term debt	(43,150)	(7,526)
Principal payments on long-term debt	(350,000)	(215,000)
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(393,150)</u>	<u>(225,526)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	10,448	3,483
Net cash provided by (used for) investing activities	<u>10,448</u>	<u>3,483</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,518	(220,062)
CASH AND CASH EQUIVALENTS—Beginning of year	193,266	311,747
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 195,784</u>	<u>\$ 91,685</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 3,422	\$ 17,277
Restricted cash and cash equivalents	<u>192,362</u>	<u>74,408</u>
	<u>\$ 195,784</u>	<u>\$ 91,685</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 281,433	\$ (231,598)
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	(1)	-
Prepaid expenses	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Due to/from other funds	-	-
Accounts payable, accrued liabilities, and developers' deposits	3	1
Accrued vacation and Accrued sick	-	-
Customers' advance payments	266	2,111
Total adjustments	<u>103,787</u>	<u>233,579</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 385,220</u>	<u>\$ 1,981</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ 9,244	\$ (1,044)
Change in fair value of investments	5,826	-
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Murphy WWTP/ Interceptor
\$ 56,629	\$ 226,410	\$ 726,329	\$ 168,906	\$ -
10	-	-	-	-
(62,885)	(4,508)	(4,513)	(4,512)	(71,515)
-	-	-	-	-
(21,147)	(455)	(6,505)	(470)	(194)
<u><u>(27,393)</u></u>	<u><u>221,447</u></u>	<u><u>715,311</u></u>	<u><u>163,924</u></u>	<u><u>(71,709)</u></u>
-	-	-	-	-
(1,000)	(63,022)	(342,782)	(55,520)	-
-	(160,000)	(385,000)	(110,000)	-
-	-	-	-	-
<u><u>(1,000)</u></u>	<u><u>(223,022)</u></u>	<u><u>(727,782)</u></u>	<u><u>(165,520)</u></u>	<u><u>-</u></u>
-	-	-	-	-
959	5,399	16,966	3,961	4
<u><u>959</u></u>	<u><u>5,399</u></u>	<u><u>16,966</u></u>	<u><u>3,961</u></u>	<u><u>4</u></u>
(27,434)	3,824	4,495	2,365	(71,705)
82,352	92,072	267,256	79,912	71,705
<u><u>\$ 54,918</u></u>	<u><u>\$ 95,896</u></u>	<u><u>\$ 271,751</u></u>	<u><u>\$ 82,277</u></u>	<u><u>\$ -</u></u>
\$ 219	\$ 197	\$ (177)	\$ 139	-
54,699	95,699	271,928	82,138	-
<u><u>\$ 54,918</u></u>	<u><u>\$ 95,896</u></u>	<u><u>\$ 271,751</u></u>	<u><u>\$ 82,277</u></u>	<u><u>\$ -</u></u>
\$ (42)	\$ 169,121	\$ 415,147	\$ 115,540	\$ (205)
-	52,005	300,978	48,306	-
(2,049)	120	(179)	(2)	-
(24)	-	-	-	-
-	-	-	-	-
(5,889)	-	-	-	(193)
(551)	4	1	-	21
-	-	-	-	-
(18,838)	197	(636)	80	(71,332)
(27,351)	52,326	300,164	48,384	(71,504)
<u><u>-\$27,393</u></u>	<u><u>\$ 221,447</u></u>	<u><u>\$ 715,311</u></u>	<u><u>\$ 163,924</u></u>	<u><u>\$ (71,709)</u></u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 42,073	\$ 1,589,826
Cash received from (paid to) others	15	21,822
Cash paid to suppliers for goods and services	(24,075)	(693,818)
Cash paid for employee services	(5,405)	(138,664)
Cash paid to other funds	(7,125)	(224,826)
Net cash provided by (used for) operating activities	<u>5,483</u>	<u>554,340</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(493)	(26,759)
Interest paid on long-term debt	-	(112,312)
Principal payments on long-term debt	-	(135,000)
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(493)</u>	<u>(274,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	440	15,282
Net cash provided by (used for) investing activities	<u>440</u>	<u>15,282</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,430	295,551
CASH AND CASH EQUIVALENTS—Beginning of year	25,611	563,063
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 31,041</u>	<u>\$ 858,614</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 6,882	\$ 725,901
Restricted cash and cash equivalents	24,159	132,713
	<u><u>\$ 31,041</u></u>	<u><u>\$ 858,614</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (76,596)	\$ 97,252
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	78,857	201,110
Change in current assets and liabilities:		
Accounts receivable and deferred billings	(782)	(10,673)
Prepaid expenses	13,155	107
Net pension liability	(256)	(8,765)
Net OPEB liability	(9)	(221)
Due to/from other funds	971	5,684
Accounts payable, accrued liabilities, and developers' deposits	(14,944)	(135,506)
Accrued vacation and Accrued sick	186	4,147
Customers' advance payments	4,901	401,205
Total adjustments	<u>82,079</u>	<u>457,088</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,483</u>	<u>\$ 554,340</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ -	\$ 2,879
Change in fair value of investments	-	3,641
Change in actuarial value of net pension liability	256	8,765
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
\$ 430,867	\$ 9,045,145	\$ 2,380,903	\$ 8,523,352	\$ 5,825,045
467	13,405	358	8,998	1,786
(218,256)	(3,157,923)	(392,180)	(1,494,137)	(942,091)
(79,605)	(1,006,818)	(136,798)	(723,693)	(1,117,441)
(115,094)	(943,883)	(233,280)	(562,042)	(924,982)
<u>18,379</u>	<u>3,949,926</u>	<u>1,619,003</u>	<u>5,752,478</u>	<u>2,842,317</u>
-	501,226	-	-	-
(7,243)	(367,038)	(4,779,867)	(8,491,551)	(847,800)
-	(1,488,759)	(456,176)	(2,451,690)	(424,850)
-	(2,595,000)	(1,005,000)	(2,800,000)	(1,440,000)
-	(255,363)	-	-	-
<u>(7,243)</u>	<u>(4,204,934)</u>	<u>(6,241,043)</u>	<u>(13,743,241)</u>	<u>(2,712,650)</u>
-	-	-	4,172,269	-
-	-	-	(2,000,341)	-
1,672	102,528	78,241	275,536	54,688
<u>1,672</u>	<u>102,528</u>	<u>78,241</u>	<u>2,447,464</u>	<u>54,688</u>
12,808	(152,480)	(4,543,799)	(5,543,299)	184,355
50,843	2,581,283	6,542,080	14,483,661	1,089,869
<u>\$ 63,651</u>	<u>\$ 2,428,803</u>	<u>\$ 1,998,281</u>	<u>\$ 8,940,362</u>	<u>\$ 1,274,224</u>
\$ (27,905)	\$ 2,600,905	\$ 1,200,227	\$ 4,874,139	\$ 1,317,486
48,820	1,356,263	290,956	284,193	1,005,536
(8,942)	(15,446)	(14,682)	(9,045)	116,857
(238)	(5,848)	(2,217)	2,372	18,056
(4,538)	(49,730)	(5,879)	(26,387)	(50,284)
(127)	(1,698)	(221)	(1,034)	(1,675)
10,759	(4,233)	15,669	8,719	11,157
9,524	(417,304)	20,849	(10,451)	568,350
2,574	10,027	5,189	4,750	(49,852)
(11,548)	476,990	109,112	625,222	(93,314)
<u>46,284</u>	<u>1,349,021</u>	<u>418,776</u>	<u>878,339</u>	<u>1,524,831</u>
<u>\$ 18,379</u>	<u>\$ 3,949,926</u>	<u>\$ 1,619,003</u>	<u>\$ 5,752,478</u>	<u>\$ 2,842,317</u>
\$ -	\$ (499,098)	\$ (26,507)	\$ (393,398)	\$ (98,845)
-	45,500	13,102	48,823	17,788
4,538	49,730	5,879	26,387	50,284
-	11,050,000	-	-	-
-	12,824,879	-	-	-

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	Seis Lagos WWTP	Royse City WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 195,080	\$ 15,104
Cash received from (paid to) others	83	-
Cash paid to suppliers for goods and services	(79,802)	(5,414)
Cash paid for employee services	(42,249)	(5,405)
Cash paid to other funds	(55,134)	(1,144)
Net cash provided by (used for) operating activities	<u>17,978</u>	<u>3,141</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(3,843)	(493)
Interest paid on long-term debt	-	-
Principal payments on long-term debt	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(3,843)</u>	<u>(493)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	1,788	237
Net cash provided by (used for) investing activities	<u>1,788</u>	<u>237</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,923	2,885
CASH AND CASH EQUIVALENTS—Beginning of year	62,362	12,656
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 78,285</u>	<u>\$ 15,541</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 64,213	\$ 5,346
Restricted cash and cash equivalents	<u>14,072</u>	<u>10,195</u>
	<u>\$ 78,285</u>	<u>\$ 15,541</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (8,909)	\$ 1,888
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,286	383
Change in current assets and liabilities:		
Accounts receivable and deferred billings	(2,912)	(426)
Prepaid expenses	(73)	(10)
Net pension liability	(1,927)	(256)
Net OPEB liability	(67)	(9)
Due to/from other funds	6,231	722
Accounts payable, accrued liabilities, and developers' deposits	1,793	(396)
Accrued vacation and Accrued sick	1,352	186
Customers' advance payments	16,204	1,059
Total adjustments	<u>26,887</u>	<u>1,253</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 17,978</u>	<u>\$ 3,141</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ -	\$ -
Change in fair value of investments	3,025	-
Change in actuarial value of net pension liability	1,927	256
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Farmersville WWTP	Frisco Cottonwood Creek WWTP	Lavon WWTP	Crandall WWTP	Forney Interceptor
\$ 329,447	\$ 107,399	\$ 272,137	\$ -	\$ 330,589
200	44	88	-	123
(142,805)	(79,659)	(123,364)	(592)	(297,411)
(78,764)	-	(52,673)	-	(378)
(66,234)	(36,340)	(65,876)	-	(78,547)
<u>41,844</u>	<u>(8,556)</u>	<u>30,312</u>	<u>(592)</u>	<u>(45,624)</u>
 (15,319)	 -	 (9,921)	 -	 (4,335)
 -	 -	 -	 -	 -
 -	 -	 -	 -	 -
 <u>(15,319)</u>	 <u>-</u>	 <u>(9,921)</u>	 <u>-</u>	 <u>(4,335)</u>
 -	 -	 -	 -	 -
 <u>1,712</u>	 <u>729</u>	 <u>1,348</u>	 <u>1</u>	 <u>1,950</u>
 <u>1,712</u>	 <u>729</u>	 <u>1,348</u>	 <u>1</u>	 <u>1,950</u>
 28,237	 (7,827)	 21,739	 (591)	 (48,009)
 55,322	 50,801	 33,046	 591	 123,185
<u>\$ 83,559</u>	<u>\$ 42,974</u>	<u>\$ 54,785</u>	<u>\$ -</u>	<u>\$ 75,176</u>
 \$ 63,297	 \$ 28,643	 \$ 50,153	 \$ -	 \$ 57,462
<u>\$ 20,262</u>	<u>\$ 14,331</u>	<u>\$ 4,632</u>	<u>\$ -</u>	<u>\$ 17,714</u>
<u>\$ 83,559</u>	<u>\$ 42,974</u>	<u>\$ 54,785</u>	<u>\$ -</u>	<u>\$ 75,176</u>
 \$ 18,887	 \$ (406)	 \$ (4,995)	 \$ (592)	 \$ (64,906)
 9,601	 -	 8,793	 -	 63,426
 (12,537)	 -	 (3,611)	 -	 -
 (829)	 -	 (297)	 -	 3,369
 (2,846)	 -	 (1,921)	 -	 (660)
 (127)	 (81)	 (85)	 -	 -
 6,059	 (2,762)	 7,366	 -	 (25)
 9,007	 1,007	 6,799	 -	 5,276
 3,043	 -	 1,933	 -	 (229)
 11,586	 (6,314)	 16,330	 -	 (51,875)
 22,957	 (8,150)	 35,307	 -	 19,282
<u>\$ 41,844</u>	<u>\$ (8,556)</u>	<u>\$ 30,312</u>	<u>\$ (592)</u>	<u>\$ (45,624)</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 2,846	 -	 1,921	 -	 660
 -	 -	 -	 -	 -
 -	 -	 -	 -	 -

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	Lower East Fork Interceptor	Muddy Creek Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,821,441	\$ 331,352
Cash received from (paid to) others	107	80
Cash paid to suppliers for goods and services	(279,268)	(67,702)
Cash paid for employee services	(367)	-
Cash paid to other funds	(110,541)	(17,286)
Net cash provided by (used for) operating activities	<u>1,431,372</u>	<u>246,444</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	-
Interest paid on long-term debt	(406,650)	(49,500)
Principal payments on long-term debt	(925,000)	(200,000)
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(1,331,650)</u>	<u>(249,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	717,337	149,445
Purchases of investments	(720,123)	(150,026)
Interest received	39,135	8,223
Net cash provided by (used for) investing activities	<u>36,349</u>	<u>7,642</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	136,071	4,586
CASH AND CASH EQUIVALENTS—Beginning of year	607,882	166,725
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 743,953</u>	<u>\$ 171,311</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 222,779	\$ 45,167
Restricted cash and cash equivalents	521,174	126,144
	<u>\$ 743,953</u>	<u>\$ 171,311</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 994,393	\$ 130,096
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	1,530	(4,024)
Prepaid expenses	817	-
Net pension liability	(673)	-
Net OPEB liability	-	-
Due to/from other funds	(1,897)	(58)
Accounts payable, accrued liabilities, and developers' deposits	100,381	33,635
Accrued vacation and Accrued sick	(222)	-
Customers' advance payments	34,283	(25,148)
Total adjustments	<u>436,979</u>	<u>116,348</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,431,372</u>	<u>\$ 246,444</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ (152,886)	\$ (16,285)
Change in fair value of investments	15,180	2,833
Change in actuarial value of net pension liability	673	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor	McKinney Interceptor	Mustang Creek Interceptor
\$ 285,133	\$ 181,382	\$ 2,055,291	\$ 5,206	\$ 615,856
15	-	464	8	5
(23,780)	(5,101)	1,020,042	(5,198)	1,332,526
-	-	(430)	-	-
(30,371)	(6,940)	(96,626)	(937)	(9,750)
<u>230,997</u>	<u>169,341</u>	<u>2,978,741</u>	<u>(921)</u>	<u>1,938,637</u>
7,667	-	(225,437)	4,880	(619,226)
(56,772)	(45,832)	(423,632)	-	(359,568)
(165,000)	(130,000)	(1,060,000)	-	(200,000)
-	-	-	-	-
<u>(214,105)</u>	<u>(175,832)</u>	<u>(1,709,069)</u>	<u>4,880</u>	<u>(1,178,794)</u>
119,556	109,593	538,003	-	-
(120,020)	(110,019)	(540,092)	-	-
6,506	4,929	57,971	249	42,672
<u>6,042</u>	<u>4,503</u>	<u>55,882</u>	<u>249</u>	<u>42,672</u>
22,934	(1,988)	1,325,554	4,208	802,515
86,927	75,764	835,212	13,310	908,337
<u>\$ 109,861</u>	<u>\$ 73,776</u>	<u>\$ 2,160,766</u>	<u>\$ 17,518</u>	<u>\$ 1,710,852</u>
\$ 16,709	\$ 875	\$ 251,027	\$ 2,471	\$ 584,045
<u>93,152</u>	<u>72,901</u>	<u>1,909,739</u>	<u>15,047</u>	<u>1,126,807</u>
<u>\$ 109,861</u>	<u>\$ 73,776</u>	<u>\$ 2,160,766</u>	<u>\$ 17,518</u>	<u>\$ 1,710,852</u>
<u>\$ 168,216</u>	<u>\$ 141,350</u>	<u>\$ 821,799</u>	<u>\$ (54,979)</u>	<u>\$ 390,857</u>
49,320	33,956	610,271	54,941	171,343
7,558	232	(134,167)	-	1,096,644
(95)	-	(929)	-	(1,512)
-	-	(664)	-	-
-	-	-	-	-
(737)	-	(2,042)	(300)	(516)
5,787	(164)	1,566,153	4	281,004
-	-	(260)	-	-
948	(6,033)	118,580	(587)	817
<u>62,781</u>	<u>27,991</u>	<u>2,156,942</u>	<u>54,058</u>	<u>1,547,780</u>
<u>\$ 230,997</u>	<u>\$ 169,341</u>	<u>\$ 2,978,741</u>	<u>\$ (921)</u>	<u>\$ 1,938,637</u>
\$ -	\$ -	\$ (63,854)	\$ -	\$ (19,155)
<u>2,530</u>	<u>2,034</u>	<u>12,044</u>	<u>-</u>	<u>8,733</u>
-	-	664	-	-
-	-	-	-	-
-	-	-	-	-

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	Parker Creek Parallel WW Interceptor	Small Plants Clearing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 184,022	\$ -
Cash received from (paid to) others	-	439
Cash paid to suppliers for goods and services	(4,938)	(45,111)
Cash paid for employee services	-	5
Cash paid to other funds	(6,098)	(5,452)
Net cash provided by (used for) operating activities	<u>172,986</u>	<u>(50,119)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(143,660)	-
Interest paid on long-term debt	(71,956)	-
Principal payments on long-term debt	(105,000)	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(320,616)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	<u>10,702</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>10,702</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(136,928)	(50,119)
CASH AND CASH EQUIVALENTS—Beginning of year	535,133	413,150
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 398,205</u>	<u>\$ 363,031</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 5,434	\$ 363,031
Restricted cash and cash equivalents	<u>392,771</u>	<u>-</u>
	<u>\$ 398,205</u>	<u>\$ 363,031</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 126,845</u>	<u>\$ -</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	47,471	-
Change in current assets and liabilities:		
Accounts receivable and deferred billings	3	-
Prepaid expenses	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Due to/from other funds	(490)	(59,200)
Accounts payable, accrued liabilities, and developers' deposits	2,891	9,081
Accrued vacation and Accrued sick	-	-
Customers' advance payments	(3,734)	-
Total adjustments	<u>46,141</u>	<u>(50,119)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 172,986</u>	<u>\$ (50,119)</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	\$ (3,940)	\$ -
Change in fair value of investments	2,907	-
Change in actuarial value of net pension liability	-	-
Refunding bonds issued	-	-
Refunding proceeds deposited in escrow	-	-

Dewatering Operations	Wastewater Pretreatment Program	Total Sewer System
\$ -	\$ 851,036	\$ 36,994,306
-	118	48,635
-	(257,621)	(6,145,836)
-	(460,942)	(3,849,627)
-	(142,202)	(3,770,401)
-	(9,611)	<u>23,277,077</u>

-	-	501,226
-	-	(15,534,438)
-	-	(6,859,697)
-	-	(11,980,000)
-	-	(255,363)
-	-	<u>(34,128,272)</u>

-	-	5,806,203
-	-	(3,640,621)
288	2,902	<u>750,949</u>
288	2,902	<u>2,916,531</u>
288	(6,709)	(7,934,664)
18,460	145,716	<u>30,579,299</u>
<u>\$ 18,748</u>	<u>\$ 139,007</u>	<u>\$ 22,644,635</u>

\$ 18,748	\$ 139,007	\$ 5,585,363
-	-	<u>17,059,272</u>
<u>\$ 18,748</u>	<u>\$ 139,007</u>	<u>\$ 22,644,635</u>

\$ -	\$ 60,109	\$ 13,454,557
-	18,744	5,491,248
-	(43,283)	960,183
-	(1,767)	24,037
-	(24,273)	(179,059)
-	(810)	(6,164)
-	158	(4,847)
-	19,976	2,062,231
-	2,392	(14,784)
-	(40,857)	1,489,675
-	(69,720)	<u>9,822,520</u>
<u>\$ -</u>	<u>\$ (9,611)</u>	<u>\$ 23,277,077</u>

\$ -	\$ -	\$ (1,283,759)
-	-	200,272
-	24,273	179,059
-	-	11,050,000
-	-	12,824,879
		(Concluded)

STATISTICAL

SECTION (UNAUDITED)

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TABLE OF CONTENTS

NORTH TEXAS MUNICIPAL WATER DISTRICT

STATISTICAL SECTION (UNAUDITED)

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

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

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

	2009	2010	2011
Net investment in capital assets	\$ 600,921,714	\$ 642,592,189	\$ 655,040,848
Restricted for debt service	95,516,877	98,617,167	102,802,273
Unrestricted	104,395,902	86,328,779	108,197,769
Total	\$ 800,834,493	\$ 827,538,135	\$ 866,040,890
	2012	2013	2014
Net investment in capital assets	\$ 687,317,597	\$ 747,192,747	\$ 794,854,341
Restricted for debt service	129,622,913	134,554,194	138,297,302
Unrestricted	102,807,227	83,782,522	89,311,734
Total	\$ 919,747,737	\$ 965,529,463	\$ 1,022,463,377
	2015	2016	2017
Net investment in capital assets	\$ 864,338,873	\$ 942,119,408	\$ 1,055,668,099
Restricted for debt service	142,275,759	141,312,557	147,826,838
Unrestricted	77,655,896	126,729,695	130,713,207
Total	\$ 1,084,270,528	\$ 1,210,161,660	\$ 1,334,208,144
	2018		
Net investment in capital assets	\$ 1,077,370,618		
Restricted for debt service	192,006,392		
Unrestricted	182,514,170		
Total	\$ 1,451,891,180		

Source: Statement of Net Position for the NTMWD

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

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues / (Expenses)	Change in Net Position	Prior Period Adjustment
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)
2018	484,209,991	264,672,663	219,537,328	(101,854,292)	117,683,036	-

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

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

Fiscal Year	Wastewater		Solid Waste		Investment		⁽¹⁾ Miscellaneous	Total
	Water Sales	Service Fees	Service Fees	Service Fees	Income			
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		
2018	316,133,827	131,381,838	34,592,091	20,129,032	17,500,389	519,737,177		

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.

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

Fiscal Year	Operating and Maintenance Expenses	Interest Expense	Depreciation	Amortization	Miscellaneous	Total
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
2018	197,014,560	90,004,570	67,658,103	-	47,376,908	402,054,141

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

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

Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
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
2018	334,990,069	67,068,949	36,349,062	46,792,834	34,536,263	519,737,177

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

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
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
2018	262,230,765	57,337,579	27,793,605	29,508,245	25,183,947	402,054,141

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

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

Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	Other Operating Revenues	Total
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
2018	316,133,827	131,381,838	34,592,091	2,102,235	484,209,991

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

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

Fiscal Year	Personnel	Electric Power	Chemicals	Operating Supplies and Services	Depreciation and Amortization	Total
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
2018	74,999,711	20,981,185	32,842,288	68,191,376	67,658,103	264,672,663

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

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

Fiscal Year	Investment Income	Miscellaneous Revenue	Gain (Loss) on			Interest Expense	Contributions	Total
			Sale of Capital Assets	Interest Expense	Contributions			
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)		
2018	20,129,032	3,987,226	11,377,911	(90,004,570)	(47,343,891)	(101,854,292)		

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

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

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Total
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
2018	57,840,911	4,140,754	990,455	16,333,754	12,822,617	92,128,491

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

SCHEDULE - 11

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

LAST TEN YEARS

Water Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Percent Unbilled	Water Rates (per 1,000 gallons)		
					Members	Customer	
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	
2018	106,625,709,000	103,273,501,000	3,352,208,000	3.1%	\$ 2.78	\$ 2.83	

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
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
2018	40,299,162,000	985,521

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).

SCHEDULE 12
HISTORIC SERVICE USE (UNAUDITED)
LAST TEN YEARS

	2008-2009	2009-2010	2010-2011	2011-2012
WATER CONSUMPTION				
(GALLONS IN THOUSANDS):				
Member cities	79,197,589	74,574,835	85,966,816	81,019,601
Customer cities	14,019,682	13,583,041	16,126,637	15,822,993
Individual meters	6,794	5,856	4,341	4,218
Total	<u>93,224,065</u>	<u>88,163,732</u>	<u>102,097,794</u>	<u>96,846,812</u>
Total rainfall (in inches)	<u>39.02</u>	<u>41.45</u>	<u>31.18</u>	<u>35.2</u>
WASTEWATER VOLUME				
TREATED (GALLONS IN THOUSANDS):				
Regional system	25,254,348	29,189,205	24,721,535	26,347,832
Small plant system	6,093,898	7,074,594	6,153,841	6,441,461
Total	<u>31,348,246</u>	<u>36,263,799</u>	<u>30,875,376</u>	<u>32,789,293</u>
SOLID WASTE VOLUME				
(IN TONS):				
Transfer stations	465,440	473,322	471,825	459,167
Landfill	284,578	269,849	279,962	263,646
Total	<u>750,018</u>	<u>743,171</u>	<u>751,787</u>	<u>722,813</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).

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
78,407,137	69,155,408	66,632,698	80,685,320	78,723,004	84,799,369
14,956,602	14,475,125	13,390,178	16,655,941	16,398,007	18,471,203
3,066	3,216	5,039	3,978	2,940	2,929
<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>103,273,501</u>
<u>29.17</u>	<u>29.08</u>	<u>44.54</u>	<u>53.71</u>	<u>32.33</u>	<u>45.76</u>
26,734,851	26,468,520	32,164,465	34,983,736	30,525,105	32,790,044
6,184,819	6,078,417	7,199,860	7,965,967	7,044,514	7,509,118
<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>	<u>40,299,162</u>
475,072	495,756	533,545	566,601	586,098	598,793
311,369	339,468	343,527	383,619	423,138	386,728
<u>786,441</u>	<u>835,224</u>	<u>877,072</u>	<u>950,220</u>	<u>1,009,236</u>	<u>985,521</u>

SCHEDULE - 13

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

Fiscal Year	Water			Wastewater Member Cities	Solid Waste Member Cities
	Member Cities	Customer Cities	Total Cities		
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(1)	12	5
2017	13	34	47(1)	12	5
2018	13	34	47(1)	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.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Rates (per 1,000 gallons)										
Member Cities	\$ 1.18	\$ 1.25	\$ 1.37	\$ 1.49	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29	\$ 2.53	\$ 2.78
Customer Cities	\$ 1.23	\$ 1.30	\$ 1.42	\$ 1.54	\$ 1.75	\$ 1.92	\$ 2.11	\$ 2.34	\$ 2.58	\$ 2.83

Source: Based on information provided in NTMWD Budget Resolution.

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

Customer	Fiscal Year 2008					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 9,901,110	9.81%	\$ 6,995,272	11.86%	\$ 2,519,895	13.08%
Garland	14,334,278	14.21%	-	0.00%	-	0.00%
McKinney	10,131,221	10.04%	9,574,284	16.23%	4,270,208	22.17%
Mesquite	8,642,278	8.57%	6,037,129	10.23%	-	0.00%
Plano	26,959,318	26.72%	18,158,310	30.78%	7,177,078	37.26%
Richardson	10,672,824	10.58%	3,845,926	6.52%	3,327,454	17.27%
Subtotal	80,641,029	72.80%	44,610,921	67.89%	17,294,635	77.09%
Other Customers	30,130,139	27.20%	21,103,663	32.11%	5,140,435	22.91%
Grand Total	\$ 110,771,168	100.00%	\$ 65,714,584	100.00%	\$ 22,435,070	100.00%

Customer	Fiscal Year 2018					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 28,730,310	9.08%	\$ 21,327,326	16.23%	\$ 4,255,492	12.30%
Garland	37,084,695	11.73%	-	0.00%	-	0.00%
McKinney	30,400,628	9.62%	18,782,202	14.30%	5,557,098	16.07%
Mesquite	22,000,870	6.96%	10,621,620	8.08%	-	0.00%
Plano	72,314,364	22.87%	31,430,016	23.92%	8,604,886	24.88%
Richardson	29,720,231	9.40%	10,625,358	8.09%	3,705,994	10.71%
Subtotal	220,251,098	69.67%	92,786,522	70.62%	22,123,470	63.96%
Other Customers	95,882,729	30.33%	38,595,316	29.38%	12,468,621	36.04%
Grand Total	\$ 316,133,827	100.00%	\$ 131,381,838	100.00%	\$ 34,592,091	100.00%

Source: Based on information provided in NTMWD Operations Report.

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

Fiscal Year	Revenue Bonds ⁽¹⁾	U.S. Government Notes	Capital Leases	Total	District Population	Per Capita Debt
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	969,603	2,332
2018	3,104,202,887	28,097,923	-	3,132,300,810	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 2018 District Population and the Per Capita Debt information at the time of publication of this report.

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

Fiscal Year	{a} Total Revenues	Less: Operating Expenses (excluding depreciation)	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Adjustment {b}	Interest Paid	
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
2018	519,737,177	197,014,560	322,722,617	98,764,187	-	103,020,601	201,784,788 1.60

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.

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

Calendar Year	District Population	Personal Income		Per Capita		Unemployment Rate
		(thousand dollars)	Personal Income	Personal Income	Personal Income	
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%
2017	969,603	41,933,391	43,248			3.6%

Source: Years 2008 - 2011 were based on information provided by North Central Texas Council of Governments. Years 2012 - 2017 were based on information provided by the U.S. Census Bureau; however, the District was unable to obtain this information for 2018 at the time of publication of this report.

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

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

Employer	2017	
	Employees	Percentage of Total
HP Enterprise Services, LLC	10,000	1.99%
JP Morgan Chase & Co	6,000	1.19%
Bank of America Home Loans-Corporate Dr.	4,646	0.93%
Liberty Mutual Insurance	4,000	0.80%
Toyota	4,000	0.80%
JC Penney (Corporate HQ)	3,800	0.76%
Capital One	3,683	0.73%
University of Texas at Dallas	3,500	0.70%
Blue Cross and Blue Shield of Texas	3,100	0.62%
Medical Center of Plano (HCA Inc.)	3,000	0.60%
Total	45,729	9.12%
Total Employed in the County	502,181	
Employer	2007	
	Employees	Percentage of Total
Countrywide Home Loans	4,860	1.27%
EDS	5,700	1.49%
JC Penney	4,850	1.27%
University of Texas at Dallas	3,058	0.80%
Raytheon	2,500	0.66%
Perot Systems	2,732	0.72%
City of Plano	2,378	0.62%
Alcatel	2,280	0.60%
Plano ISD	6,825	1.79%
AT&T Inc.	2,140	0.56%
Total	37,323	9.78%

Years 2007 and 2017 are based on information provided by North Central Texas Council of Governments; however, the District
Source: was unable to obtain this information for 2018 at the time of publication of this report.

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

SCHEDULE - 20

NUMBER OF EMPLOYEES BY FUNCTION (UNAUDITED) LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water:										
General	18.0	18.0	29.0	29.0	31.0	31.0	30.0	8.0	11.0	11.0
Public Information	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	3.0	3.0
Information Technology								20.4	24.0	24.0
Administration	22.0	23.0	21.0	21.0	21.0	25.0	28.0	36.0	38.0	39.0
Plant Operations	40.0	45.0	47.0	66.0	78.0	64.0	66.0	77.0	79.0	80.0
Tawakoni Raw Water Pump St	0.0	5.0	10.0	11.0	11.0	11.0	11.0	12.0	12.0	12.0
East Fork Raw Water Supply	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Bonham Water Treatment	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Facilities Service	40.0	40.5	40.5	43.5	46.5	48.5	55.0	61.0	61.0	60.5
Technical Service	53.0	56.5	55.5	56.5	58.5	80.5	85.0	91.0	92.0	91.5
Laboratory	24.3	25.3	25.3	25.3	27.3	27.3	26.9	27.8	26.0	27.0
Engineering	40.0	40.0	40.0	43.0	44.0	50.0	62.0	74.0	77.0	82.0
Environmental Service	5.5	5.7	7.7	7.7	7.7	9.2	11.4	11.0	11.5	10.5
Permitting								4.2	4.0	3.0
Regulatory Compliance								3.3	4.0	3.0
Safety										5.0
Total	261.8	279.0	296.0	323.0	345.0	366.5	396.3	445.7	460.5	469.5
Wastewater:										
Wilson Creek WWTP	52.8	52.8	52.8	55.8	55.8	56.1	56.4	58.8	59.0	59.0
Floyd Branch WWTP	6.3	6.3	6.3	6.3	6.3	6.4	6.5	7.5	8.0	8.0
Rowlett Creek WWTP	21.8	21.8	21.8	21.8	21.8	23.1	23.4	25.5	26.5	26.5
Mesquite WWTP	29.8	29.8	29.8	32.8	32.8	34.1	35.4	34.1	34.0	35.0
Panther Creek WWTP	6.1	6.1	12.1	12.1	12.1	12.1	12.6	17.8	17.8	17.8
Muddy Creek WWTP	12.1	12.1	12.1	12.1	12.1	12.1	12.1	18.4	18.9	18.9
Stewart Creek WWTP	6.1	6.1	6.1	6.1	6.1	6.1	6.6	10.6	11.5	18.5
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	5.5	5.5	5.5	5.5	5.5	7.5	7.0	9.0	9.0
Pretreatment	5.2	5.0	5.0	5.0	5.0	5.5	6.7	6.8	7.5	7.5
Dewatering	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0
Forney Interceptor									0.1	0.0
Lower East Fork Interceptor								0.1	0.1	0.0
Buffalo Creek Interceptor									0.1	0.0
Upper East Fork Interceptor	6.9	6.9	6.9	7.9	8.9	8.9	11.9	19.9	19.1	19.3
Total	155.2	154.0	160.0	167.0	168.0	171.6	178.7	206.3	211.5	219.5
Solid Waste:										
Transfer Station	52.8	52.8	50.8	48.8	47.8	47.3	46.3	46.4	47.0	50.0
Landfills	8.3	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal Facility	33.0	37.8	39.3	40.3	39.3	36.8	32.8	33.9	34.7	34.7
Fleet Maintenance Shop	13.0	13.0	13.0	12.0	12.0	15.0	16.0	18.7	19.4	19.4
Total	107	106.1	103.0	101.0	99.0	99.0	95.0	99.0	101.0	104.0
Total Employees	524.0	539.0	559.0	591.0	612.0	637.0	670.0	751.0	773.0	793.0

Source: Based on information provided in NTMWD Annual Budget.

SCHEDULE - 21**MISCELLANEOUS STATISTICAL DATA (UNAUDITED)****YEAR ENDED SEPTEMBER 30, 2018**

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	45.76
Total employees	793

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	940.0	MGD

Lake Texoma—1 site:

Total water pumps	4	
Total raw water pumping capacity	125.0	MGD

Jim Chapman Lake—1 site:			
Total water pumps	3		
Total raw water pumping capacity	165.0	MGD	
East Fork Raw Water Supply—2 sites:			
Total water pumps	8		
Total raw water pumping capacity	270.0	MGD	
Lake Tawakoni—2 sites:			
Total water pumps	7	MGD	
Total raw water pumping capacity	168.0		
Wylie Water Plant - Treated Water Pump Stations	7		
Wylie Water Plant - Treated Water Pumping Capacity	953.5	MGD	
TREATED WATER STORAGE RESERVOIRS:			
NTMWD Treatment plant storage	42.0	Million gallons	
NTMWD Transmission system storage	368.0		
	410.0	Million gallons	
TOTAL CITY DELIVERY POINTS	82		

WASTEWATER SYSTEM

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:		Permitted Capacity	
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	

Wylie and Murphy	Muddy Creek Plant	*	10,000
Wylie	Wylie Plant	*	2,000
			<u>151,755</u>
Total treatment capacity			MGD
Total number of plants			17
Total number of plants in operation			13***
a) Operates as a single plant			
b) Not in operation			
* Number of plants owned by NTMWD			11
** Closed in September 2018			
*** Total number of plants in operation at September 30, 2018			

INTERCEPTOR SYSTEMS

	Pipeline Length	
Upper East Fork Interceptor System	161.45	Miles
Lakeside Interceptor (Rockwall)	4.34	
Muddy Creek Interceptor	4.04	
Forney Interceptor	6.86	
Sabine Creek Interceptor	3.16	
Parker Creek Interceptor	5.07	
Buffalo Creek Interceptor	16.28	
McKinney Interceptor System	3.11	
Mustang Creek Interceptor System	7.56	
Parker Creek Parallel Interceptor	1.5	
Lower East Fork Interceptor System	9.35	
Total	<u>222.72</u>	Miles

SOLID WASTE SYSTEM

	Permitted Capacity	
TRANSFER STATIONS (3):		
Lookout Drive Transfer Station	625	Tons/day
Parkway Transfer Station	770	
Custer Road Transfer Station	<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 yd ³
Maxwell Creek Landfill*		
Permit Boundary	193	Acres
Landfillable	139	Acres
Permitted Airspace	6	M yd ³
McKinney Landfill**		
Permit Boundary	162	Acres
Landfillable	94	Acres
Permitted Airspace	13	M yd ³

* Closed in 2006.

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

(Concluded)

SCHEDULE - 22 OPERATING AND CAPITAL INDICATORS LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water:										
Size of Service Area (square miles)	1,985	1,985	1,985	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Water Supply (MGD)	333	369	369	369	370	370	370	370	370	370
Treatment Capacity (MGD)	777	777	777	807	807	807	807	807	807	807
Miles of Transmission Pipelines	482	482	487	518	518	566	573	573	576	576
Water Storage Capacity (MG)	314	400	400	400	403	403	410	410	410	410
City Delivery Points	78	78	78	78	77	77	77	82	82	82
Total Rainfall (Inches)	39	41	31	35	29	29	45	54	32	46
Annual Consumption (BG)	93	88	102	97	93	84	80	97	95	103
Wastewater:										
Miles of Interceptor Lines	210	210	226	243	243	250	250	251	252	252
Number of Treatment Plants	18	18	18	18	17	17	17	17	17	17
Treatment Capacity (MGD)	132	132	137	145	152	152	152	152	152	152
Annual Volume Treated (BG)	31	36	31	33	33	33	39	43	38	40
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)	750	743	752	723	786	835	877	950	1,009	986

Source: Based on information provided in NTMWD Operation Report.

SCHEDULE 23
INSURANCE IN FORCE (UNAUDITED)
September 30, 2017

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)	7-01-18 to 7-01-19	\$ 636,588
Texas Water Conservation Association Risk Management Fund	7	General liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-18 to 7-01-19	\$ 178,744
Texas Water Conservation Association Risk Management Fund	7	Automobile liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-18 to 7-01-19	\$ 173,573
Texas Water Conservation Association Risk Management Fund	7	Directors' and officers' liability	\$1,000,000 per occurrence \$1,000,000 annual aggregate	7-01-18 to 7-01-19	\$ 108,571
Texas Water Conservation Association Risk Management Fund	7	Automobile physical damage	Actual cash value	7-01-18 to 7-01-19	\$ 180,495
USI Insurance Services	GS330	Fire and extended coverage	\$602,456,134 scheduled property	12-31-17 to 12-31-18	\$ 570,234
Chubb & Son Insurance	6615026	Commercial floater	\$26,979,907 scheduled & \$870,000 unscheduled property	5-01-18 to 5-01-19	\$ 65,818
USI Insurance Services	105874034	Fidelity bond	\$1,000,000 per occurrence	1-01-18 to 1-01-19	\$ 8,281
Anco Insurance B/CS	04TO00099228	General liability Pollution storage tanks	\$1,000,000 per occurrence \$1,000,000 annual aggregate	12-01-17 to 12-01-18	\$ 500

Source: Based on information provided in NTMWD Insurance Policies.

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NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

NORTH TEXAS MUNICIPAL WATER DISTRICT

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