



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

Annual Comprehensive Financial Report

For the fiscal year ended
September 30, 2022



WATER
SERVICES



WASTEWATER
SERVICES



SOLID WASTE
SERVICES



Leonard Water
Treatment Plant



Wylie Water
Operations Center



Sister Grove Regional Water
Resource Recovery Facility

THIS PAGE INTENTIONALLY LEFT BLANK

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**AS PREPARED BY THE
NTMWD ACCOUNTING DEPARTMENT**

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

NORTH TEXAS MUNICIPAL WATER DISTRICT

INTRODUCTORY SECTION (UNAUDITED)

North Texas Municipal Water District Board of Directors	i
Organizational Structure	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence	viii
Executive Director Message	ix
North Texas Municipal Water District Operating System	x

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Statement of Net Position	13
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	19
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	22
Notes to the Basic Financial Statements	23
Required Supplementary Information (Unaudited):	
Schedule of Changes in Net Pension Liability and Related Ratios	63
Schedule of Employer Contributions	64
Money-Weighted Rate of Return - Retirement Plan	65
Schedule of Changes in Net OPEB Liability and Related Ratios	66
Schedule of NTMWD Contributions	67
Money-Weighted Rate of Return - OPEB	68
Other Supplementary Information:	
Combining and Individual Fund Financial Schedules - Sewer System:	
Schedules of Net Position	74
Schedules of Revenues, Expenses and Changes in Net Position	90
Schedules of Cash Flows	98

STATISTICAL SECTION (UNAUDITED)

Schedule 1 — Net Position by Component	110
Schedule 2 — Changes in Net Position	111
Schedule 3 — Total Revenues by Source	112
Schedule 4 — Total Expenses by Function	113
Schedule 5 — Total Revenues by System	114
Schedule 6 — Total Expenses by System	115
Schedule 7 — Operating Revenues	116
Schedule 8 — Operating Expenses	117
Schedule 9 — Nonoperating Revenues and Expenses	118
Schedule 10 — Net Additions to Capital Assets Excluding Construction in Progress	119

TABLE OF CONTENTS

NORTH TEXAS MUNICIPAL WATER DISTRICT

Schedule 11 — Water Produced and Consumed, Wastewater Treated and Solid Waste Disposed	120
Schedule 12 — Historic Service Use	121
Schedule 13 — Number of Water, Wastewater and Solid Waste Customers	123
Schedule 14 — Water Rates.	124
Schedule 15 — Largest Customers	125
Schedule 16 — Outstanding Debt by Type	126
Schedule 17 — Revenue Coverage	127
Schedule 18 — Demographic Statistics.	128
Schedule 19 — Principal Employers	129
Schedule 20 — Number of Employees by Function	130
Schedule 21 — Miscellaneous Statistical Data.	132
Schedule 22 — Operating and Capital Indicators	135
Schedule 23 — Insurance in Force.	136

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY

SECTION (UNAUDITED)

THIS PAGE INTENTIONALLY LEFT BLANK

BOARD OF DIRECTORS AS OF SEPTEMBER 30, 2022

Jack May	President	Garland
Richard Peasley	Vice President	Frisco
George Crump	Secretary	Farmersville
Joe Farmer		Allen
James Kerr		Allen
Kalen Boren		Forney
John Carr		Forney
Lynn Shuyler		Frisco
Don Gordon		Garland
Robert Appolito		McKinney
Geralyn Kever		McKinney
Terry Sam Anderson		Mesquite
VACANT		Mesquite
Phil Dyer		Plano
Ron Kelley		Plano
Jody Sutherland		Princeton
Larry Thompson		Princeton
Randy Roland		Richardson
John Sweeden		Richardson
Rick Crowley		Rockwall
Chip Imrie		Rockwall
David Hollifield		Royse City
Blair Johnson		Royse City
Marvin Fuller		Wylie
Keith Stephens		Wylie

Jennafer P. Covington
Executive Director/General Manager

**ORGANIZATIONAL STRUCTURE
AS OF SEPTEMBER 30, 2022**

Executive Director/General Manager	Jennafer P. Covington
Deputy Director (Engineering & CIP)	Cesar Baptista
Assistant Deputy – CIP	R. J. Muraski
Assistant Deputy – Engineering	Mark Simon
Deputy Director (Water & Wastewater)	Billy George
Assistant Deputy – Water Treatment & Conveyance	Zeke Campbell
Assistant Deputy – Water Resources	Galen Roberts
Assistant Deputy – Wastewater	David Brewster
Deputy Director (Administrative Services)	Jeanne Chipperfield
Assistant Deputy – Finance	Erik Felthous
Assistant Deputy – Human Resources	Ike Obi
Deputy Director (Solid Waste & Integrated Services)	Jeff Mayfield
Assistant Deputy – Maintenance	Dave Patton
Assistant Deputy – Solid Waste	Michael Friesen
Assistant Deputy – Information Technology	Jim Shirley
Environmental Services Manager	Brooke Noack
Health & Safety Manager	David Milligan
Director of Communications	Wayne Larson
Board Liaison & Assistant to the General Manager	Brian Brooks



Regional. Reliable. Everyday.

January 25, 2023

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

Per the Texas Administrative Code, the North Texas Municipal Water District (the "District") is required to publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the North Texas Municipal Water District for the fiscal year ended September 30, 2022.

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

The District's financial statements have been audited by Crowe LLP, independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District, as of and for the fiscal year ended September 30, 2022, 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, 2022, and the respective changes in financial position and respective cash flows, thereof for the year then ended in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the District

The District, a conservation and reclamation district and political subdivision of the state of Texas created in 1951, provides treated water, wastewater, and solid waste service to over 2 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 economy is resilient, with continued job growth and robust consumer spending, however, it is not without signs of weakness. In June 2022, inflation reached 40-year highs, and the Federal Reserve began raising interest rates more aggressively to combat it. Home sales have since been declining due to higher mortgage rates, and home prices are down from the records set back in April of 2022. Additionally, demand for office space has slowed and vacancies have increased. Costs for several commodities have also fallen from recent highs. While these are signs inflation may have peaked, most economists believe there is a long way to go to bring inflation down to an acceptable level. The ongoing Russia/Ukraine conflict, persistent inflation, and rising interest rates may ultimately lead to a recession in 2023, but it is too soon to tell. Despite the chances of a recession in the short term, it is expected that the region will continue to see long-term increases in economic activity and residential growth. In the absence of outward migration of population and/or industry, the demands for basic services of water, wastewater and solid waste are not significantly affected by changes in the economy. The diversity and size of the District's service area tends to moderate changes in any particular area and future growth is anticipated that will require the development of additional raw water supplies and capital expenditures for system improvements in all areas of service.

Budgeting. Each year the District sets forth budget guidance, which serves to guide the District as they prepare the operating budgets.

The budget guidance included the following:

- Planning for operating and maintenance (O&M) increases of 3% (excluding personnel and new facility O&M)
- Strategic Financial Plans (SFPs) serving as the upper limit for total increases to the operating systems
- Limit staff increases to critically needed positions
- Repurpose existing vacancies where possible to critically needed positions in an effort to limit the growth in headcount
- Accounting for inflation and market-based pricing of select commodities.

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

- Insurance coverages are reviewed to ensure that policy limits are adequate and in compliance with revenue bond covenants
- Fund balances are maintained in accordance with the Fund Balance Policy
- Expenses are reviewed to ensure they are reasonable and fall within the budget guidance
- Debt Service transfers are calculated based on existing and projected debt service as well as adequate funds to maintain required debt service reserves.
- All purchases are sourced in accordance with the District's Procurement Policy

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

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

The objective of long-term planning is to provide sufficient resources to fund needed capital projects, cover O&M expenses, manage debt incurred from bond sales, and to notify the District's Members and Customers of projected future cost changes.

The April 2022 Water System rate projection includes funding for capital projects to operate, maintain and expand the Regional Water System over the next twenty-year period. In May 2018, construction began on Bois d'Arc Lake to provide water needed to serve a growing population of 2 million north Texans. The Texas Water Development Board has approved \$1.6 billion for the project through the State Water Implementation Fund for Texas (SWIFT) program, which is anticipated to save NTMWD and its cities over \$230 million. The projection assumes that the District will finance \$3.5 billion of capital projects between FY2023 and 2032 for several projects including the expansions to the Leonard Water Treatment Plant. Also, between FY 2033 and 2042, it is assumed the District will finance approximately \$4.1 billion of capital projects for additional system improvements including expanding the Leonard Water Treatment Plant.

The April 2022 rate projection for the wholesale water sold by the District indicate that at least a \$3.00 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 2022 Regional Wastewater System (RWWS), Upper East Fork Interceptor System (UEFIS) and 25 Small Systems' cost projections includes funding for the District's rapidly growing region. The District's Wastewater systems consists of more than 250 miles of large diameter pipelines, 25 lift stations and 13 wastewater treatment plants. These facilities convey and treat approximately 179+ million gallons of wastewater daily. The Regional Wastewater Systems (RWWS) consists of four regional plants, which provide wholesale wastewater services for thirteen member cities. In April 2020, NTMWD received the wastewater permit from the Texas Commission on Environmental Quality (TCEQ) for the Sister Grove Regional Water Resource Recovery Facility (RWRRF) and

construction began July 2020. On February 27, 2020, the Texas Water Development Board (TWDB) approved \$459 million in low-interest state funding through the TWDB Clean Water State Revolving Fund (CWSRF) for phases I and II construction of the new facility. Financing from the CWSRF program is expected to save \$200 million in interest costs for this project. The RWWS Capital Improvement Plan includes funding for approximately \$721 million of capital projects over the next ten years, which includes the expansion of Sister Grove Regional Water Resource Recovery Facility (RWRRF) in 2024. Over the next five years, other major projects in the RWWS include the Rowlett Creek Regional Wastewater Treatment Plant (RWWTP) Peak Flow Management Project, South Mesquite RWWTP Expansion to 49 MGD and improvements to the Wilson Creek RWWTP and South Mesquite RWWTP. The Upper East Fork Interceptor System (UEFIS) is responsible for the conveyance of wastewater for 18 member cities and 4 customer cities. The UEFIS Capital Improvement Plan includes funding for approximately \$784 million of capital projects over the next ten years, which includes Wilson Creek Transfer Force Main, North McKinney Parallel Transfer Force Main, Preston Road Lift Station Expansion, Princeton Lift Station Expansion and Stover Creek Force Main Construction.

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 water right for Lavon Lake from the Texas Commission on Environmental Quality in May 2021.
- The District contracted with the Trinity River Authority to purchase up to 50,060 acre-feet per year of reuse water to be withdrawn out of the Trinity River at the Main Stem Pump Station which began in 2019.

To meet long-term needs, the District is:

- Constructing Bois d’Arc Lake which is projected to supply 82 million gallons per day (MGD). The U.S. Army Corps of Engineers issued its Record of Decision and issued the 404 Permit that allowed construction to begin in 2018. Water delivery from Bois d’Arc Lake is anticipated in 2023.
- The District also participates in the statewide water planning process through the TWDB Region C Water Planning Group. There are a number of recommended and alternate water management strategies for the District included in the 2021 Region C Water Plan that are intended to help meet long-term needs, including:
 - Conservation
 - Bois d’Arc Lake
 - Additional Lake Texoma with blending
 - Additional measures to access full Lavon Lake yield
 - Additional Lavon watershed reuse
 - Expanded wetland reuse
 - Marvin Nichols Reservoir
 - Wright Patman reallocation
 - Oklahoma water resources
 - Infrastructure to treat and deliver existing water supplies
 - Toledo Bend Reservoir
 - Lake O’ the Pines
 - Lake Texoma with desalination rather than blending
 - Carrizo Wilcox groundwater
 - Aquifer Storage and Recovery
 - George Parkhouse Reservoir (North)
 - George Parkhouse Reservoir (South)

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the thirty-second 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 ACFR. 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 ACFR 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 Holly Matthews, Accounting Manager, Eric Clein, 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,



JENNAFER P. COVINGTON
Executive Director/General Manager



JEANNE CHIPPERFIELD
Deputy Director – Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

North Texas Municipal Water District

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



STEWARDS OF THE FUTURE

The visionary partnerships that formed the North Texas Municipal Water District (NTMWD) more than 70 years ago were sparked by our region's growth and set in motion an unprecedented cooperative movement to provide excellent service through unity. The spirit that launched NTMWD remains today, and our dedicated team delivers critical services through our Member Cities and Customers in up to 80 communities regionally.

These partnerships are the reason NTMWD is able to implement future-facing projects while maintaining responsible stewardship of our region's precious natural resources. We reached a crucial milestone this year with the dedication of Bois d'Arc Lake in Fannin County on October 14—the first major reservoir in Texas in more than 30 years.

The Bois d'Arc Lake project was a monumental task that none of us could have accomplished on our own. The collaborative effort is the perfect example of how NTMWD puts our principles into action through our four goals—Service, Stewardship, People, and Partnership.

NTMWD has a long history of excellence in financial stewardship and ethical transparency. We remain committed to meeting our current and future obligations to protect public health and the environment in a cost-effective manner across all of our service areas. We have a FY23 Capital Improvement Program (CIP) valued at \$1 billion to address the growth in our service area, which adds 55,000 residents annually.

Capital investments continue to ensure service for our growing region, and improvements this year spanned a number of locations—the Wylie Water Treatment Plant, the Wilson Creek Regional Wastewater Treatment Plant (RWWTP), the South Mesquite Creek RWWTP, Lower Rowlett Creek and Lower Cottonwood Creek Lift Stations, Forney Mustang Creek Lift Station, McKinney Lift Station, and the 121 Regional

Disposal Facility. The Leonard Water Treatment Plant will go online in 2023, and the Sister Grove Regional Water Resource Recovery Facility will go online in 2024.

We faced many challenges in 2022 including the economic impacts of unstable chemical costs and increasing construction costs. We also weathered a regional call for critical water conservation efforts. Our long-standing partnerships with our Member Cities and Customers helped us meet these challenges with successful outcomes.

It is a great personal and professional honor of mine to lead the District's team of more than 850 employees. Every day, NTMWD employees ensure that North Texans in our 2,200-square-mile region receives safe drinking water and reliable wastewater and solid waste services. We work quietly behind the scenes to maintain uninterrupted essential services around the clock. I'm proud to be a member of this team, and to support our mission-critical promise to deliver reliable services that meet the needs of our region today and matches our vision as stewards of the future.

JENNAFER P. COVINGTON
Executive Director



WATER

NTMWD EMPLOYEES PROVIDE ESSENTIAL, SAFE DRINKING WATER EVERY DAY TO OUR FAST-GROWING REGION.

More than 2 million North Texans enjoy reliable access to safe drinking water because of the hard work and dedication of our employees. The NTMWD team works around the clock delivering essential water and protecting the public health of up to 80 communities in our region. The number of residents in the District's service area is anticipated to grow to 3.7 million people by 2050. The recent completion of construction at Bois d'Arc Lake will be a major source of supply in the years to come.

Daily activities include maintenance of plants, pump stations, and pipelines spanning 2,200 square miles across 10 counties. In addition, NTMWD employees collect hundreds of water samples each day to ensure the highest standards of water quality that are monitored in our state-certified laboratory. The water that NTMWD produces consistently meets or exceeds all federal and state health and regulatory standards and earns the "Superior" rating from Texas Commission on Environmental Quality (TCEQ).

NTMWD continues its commitment to future-facing planning through:

- *Wylie Water Treatment Plant improvements*
- *Diverting up to 90 MGD through the East Fork Water Reuse Project*
- *Continued progress of the water conveyance system pipeline and valve improvements*
- *Construction of a 7th water treatment plant in Leonard, TX*
- *Ongoing long-range water supply planning efforts to identify and develop future water supplies*
- *Pursuing various other innovative water sources, water savings and strategic partnerships*

TRINITY RIVER MAIN STEM
PUMP STATION



STRATEGIC OBJECTIVE HIGHLIGHT

PARTNERSHIPS:

NTMWD has enjoyed more than 70 years of collaborative partnerships with our Member Cities and Customers.

These dynamic partnerships allowed us to keep delivering essential water to the 2 million North Texans that rely on it this summer. Due to longstanding drought conditions and peak demand, our Member Cities and Customers heeded the call to conserve water together in July and August.

NTMWD crews worked around the clock to perform critical maintenance at the Wylie Water Treatment Plant Complex while our partners helped spread the word that conservation efforts were needed. Together, we were able to preserve and maintain crucial water resources. Proactive partnerships is the third goal of the Strategic Plan adopted this year.

QUICK FACTS | 5 MAJOR WATER SOURCES

LAVON LAKE • JIM CHAPMAN LAKE • LAKE TEXOMA
LAKE TAWAKONI • EAST FORK WATER REUSE PROJECT

QUICK FACTS | RECIPIENTS

UP TO 80 MEMBER AND
CUSTOMER COMMUNITIES

FY22 FAST FACTS



6
WATER TREATMENT
PLANTS



695+
MILES OF WATER
TRANSMISSION LINES



136
WATER EMPLOYEES



121 BILLION
GALLONS OF TREATED WATER
FY22 ANNUAL MINIMUM



32 BILLION
GALLONS OF WATER RE-USED
ANNUALLY



\$186.8 MILLION
IN WATER SYSTEM
CONSTRUCTION CONTRACTS
AWARDED IN FY22

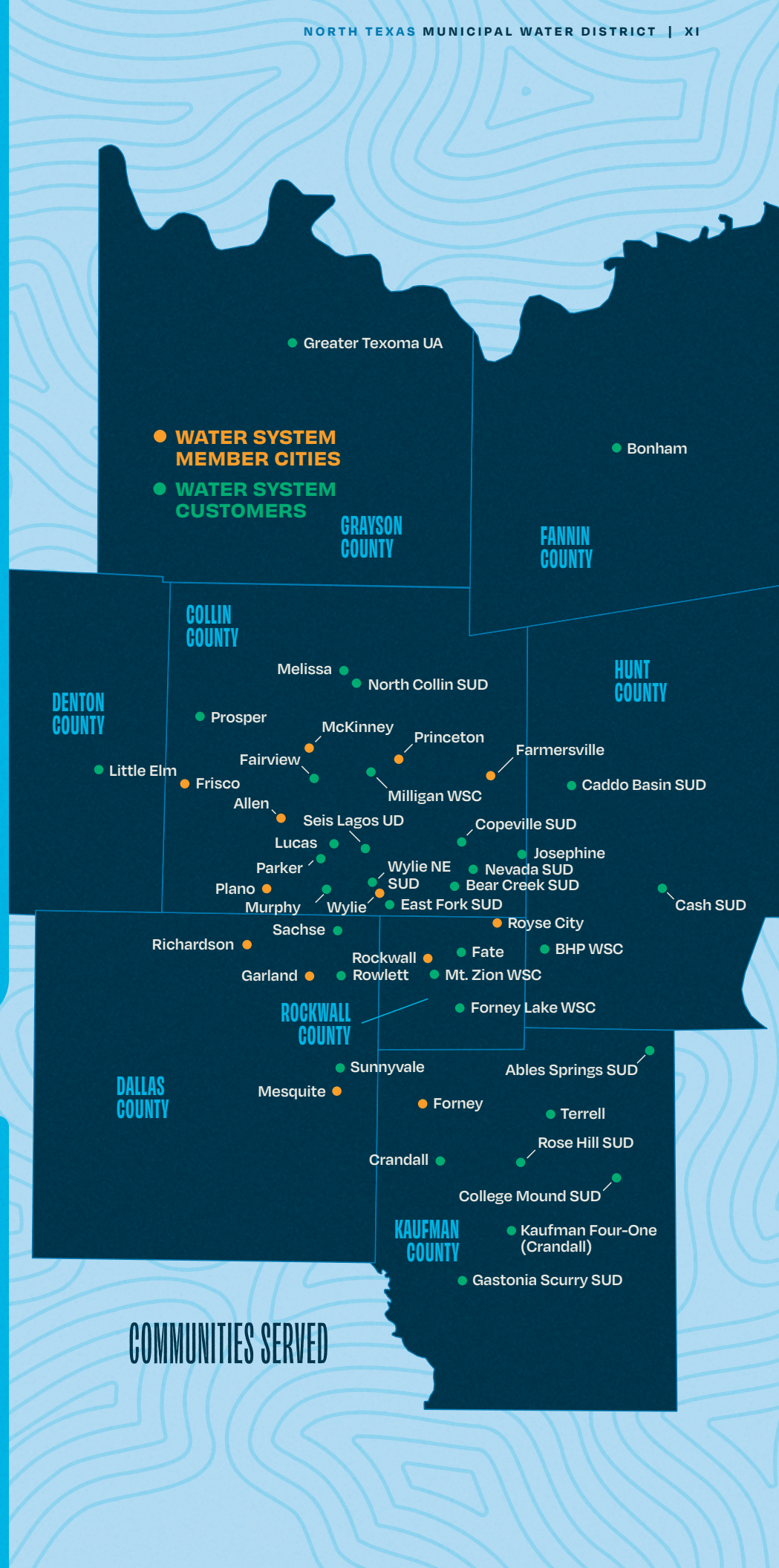
ANNUAL AVG. WATER USE



81% MEMBER CITIES



19% CUSTOMERS



BOIS D'ARC LAKE

October 14, 2022 marked a historic milestone for NTMWD as hundreds gathered to celebrate the completion of construction on Bois d'Arc Lake and its reservoir components. Bois d'Arc Lake received final approval and registration by the TCEQ as a new potable water source in the State of Texas—the first of which the District holds singular rights to since 1953 when Speaker Sam Rayburn dedicated Lavon Dam. Bois d'Arc Lake will deliver essential, safe drinking water to the region and will lay the groundwork for unprecedented economic growth in Fannin County and outlying areas through strategic partnerships. Bois d'Arc Lake will also bring new recreational opportunities and support wildlife habitats.

Completing the construction on this project that has been more than 30 years in the making is a major achievement for the District. Not only did the Bois d'Arc Lake construction project award \$70M to local contractors, it also employed extra workers during peak activities. Our team of employees share our commitment to responsible stewardship and were an integral part of caring for the land during the construction process. Caretaking the ancestral lands that the lake now sits on is an extraordinary responsibility. NTMWD is wholly committed to supporting conscious economic growth around Bois d'Arc Lake while protecting and preserving our collective environmental resources and deploying our financial resources in a manner that benefits all North Texans for many years to come.

Visit BoisdArcLake.org for more information.



BOIS
D'ARC
LAKE

BOIS D'ARC LAKE DAM



2022 ACCOMPLISHMENTS

- *Bois d'Arc Lake dam, intake, and spillway are complete.*
- *Received final approval and registration by the TCEQ as a new potable water source in the State of Texas.*
- *Completed all contract items related to CMAR 4-FM897 bridge, county roads, Lake Operations Center, and boat ramps. Work continues on contract closure and the floating boat dock contractual strategy to allocate a portion back to the District.*
- *Operations staff moved into the Lake Operations Center.*
- *Leonard Water Treatment Plant (WTP) Operations Building and the maintenance warehouse are substantially complete, and NTMWD teams took occupancy in August 2022. The Control Room at the Operations Building is fully complete and functional.*
- *Completed field demonstration tests and operational readiness tests at the raw water pump station, intake and dam service spillway, and the Leonard WTP.*
- *Completed high service pump station uncoupled pumps equipment test. Work continues to prepare for coupled test.*
- *Assembled all regulatory required documentation and submitted Surface Water Treatment Process (SWTP Step 2) to TCEQ.*
- *Completed all lake and dam documentation handover from Engineering to Operations: Lake Operations Plan, Dam Emergency Action Plan and Operations Plan, and Accounting Plan.*
- *Worked with local stakeholders to develop a Watershed Protection Plan for Bois d'Arc Lake which was accepted by EPA in 2022.*



WASTEWATER

NTMWD WASTEWATER EMPLOYEES PROTECT PUBLIC HEALTH AND THE ENVIRONMENT IN 24 NORTH TEXAS COMMUNITIES.

The District is fortunate to have employees who share our commitment to protecting and preserving public health and the environment. Now, 24 communities rely on our Wastewater Team to provide critical wastewater management services every day. NTMWD wastewater conveyance and treatment facilities never stop working, and our employees operate and maintain a complex system that spans hundreds of miles of pipeline, pumps, and state-of-the-art treatment technologies.

NTMWD facilities can convey and treat up to 163 million gallons of wastewater daily. After treatment, our Wastewater Team tests it against 18 different parameters and delivers approximately 2,500 results each month. The District is proud to consistently meet or exceed regulatory requirements for our cleaned and treated wastewater that is released back into local waterways.

NTMWD is dedicated to achieving excellence in systems maintenance and service quality through the following improvements:

- *South Mesquite Creek Wastewater Treatment Plant (WWTP) flow handling secondary clarifier*
- *Wilson Creek Regional WWTP advanced treatment and headworks project*
- *Ongoing construction on Sister Grove Regional Water Resource Recovery Facility—anticipated operations in 2024*
- *Forney Mustang Creek Lift Station was completed and is fully operational, increasing capacity from 24 MGD to 30 MGD*
- *Floyd Branch Regional WWTP Peak Flow and UV Improvements—Peak Flow, filter, and Operations Building*



STRATEGIC OBJECTIVE HIGHLIGHT

RELIABLE AND RESILIENT SYSTEMS:

NTMWD proactively manages inflow and infiltration (I&I) within the wastewater conveyance system. I&I is excess water that flows into sewer pipes from groundwater and stormwater and reduces the ability to transport and treat wastewater. This year, we conducted meetings with the members of the Upper East Fork Interceptor System (UEFIS) to provide updates to each Member City.

The members were encouraged to consider potential I&I improvements in the areas that contribute to the flow meters that observed high peaking factors, and were very supportive. Successful reduction in I&I allows all of our systems to work more efficiently and reduces the requirement for infrastructure and plant expansions. Partnering with communities to reduce I&I in their systems ultimately saves money both the Cities and the District.

QUICK FACTS | CURRENT WASTEWATER OPERATIONS

OVERALL SYSTEM IS AT 74% OF TOTAL CAPACITY
WITH SOME PLANTS REGULARLY OPERATING
BEYOND NORMAL FLOWS DURING STORM EVENTS.

QUICK FACTS | WASTEWATER RECIPIENTS

1.4 MILLION RESIDENTS IN 13 MEMBER CITIES
AND 11 OTHER CUSTOMER COMMUNITIES

FY22 FAST FACTS



| 13

WASTEWATER
TREATMENT PLANTS



| 237

MILES OF LARGE-DIAMETER
WASTEWATER PIPELINES



| 242

WASTEWATER EMPLOYEES



| 40.5 BILLION

ESTIMATED GALLONS
OF WASTEWATER FLOWS



| \$186.3 MILLION

IN REGIONAL WASTEWATER,
CONVEYANCE AND SEWER SYSTEM
CONSTRUCTION CONTRACTS
AWARDED IN FY22



| 163.5 MGD

(MILLION GALLONS/DAY)

WASTEWATER
TREATMENT CAPACITY
ANNUAL AVERAGE



| 15 BILLION GALLONS

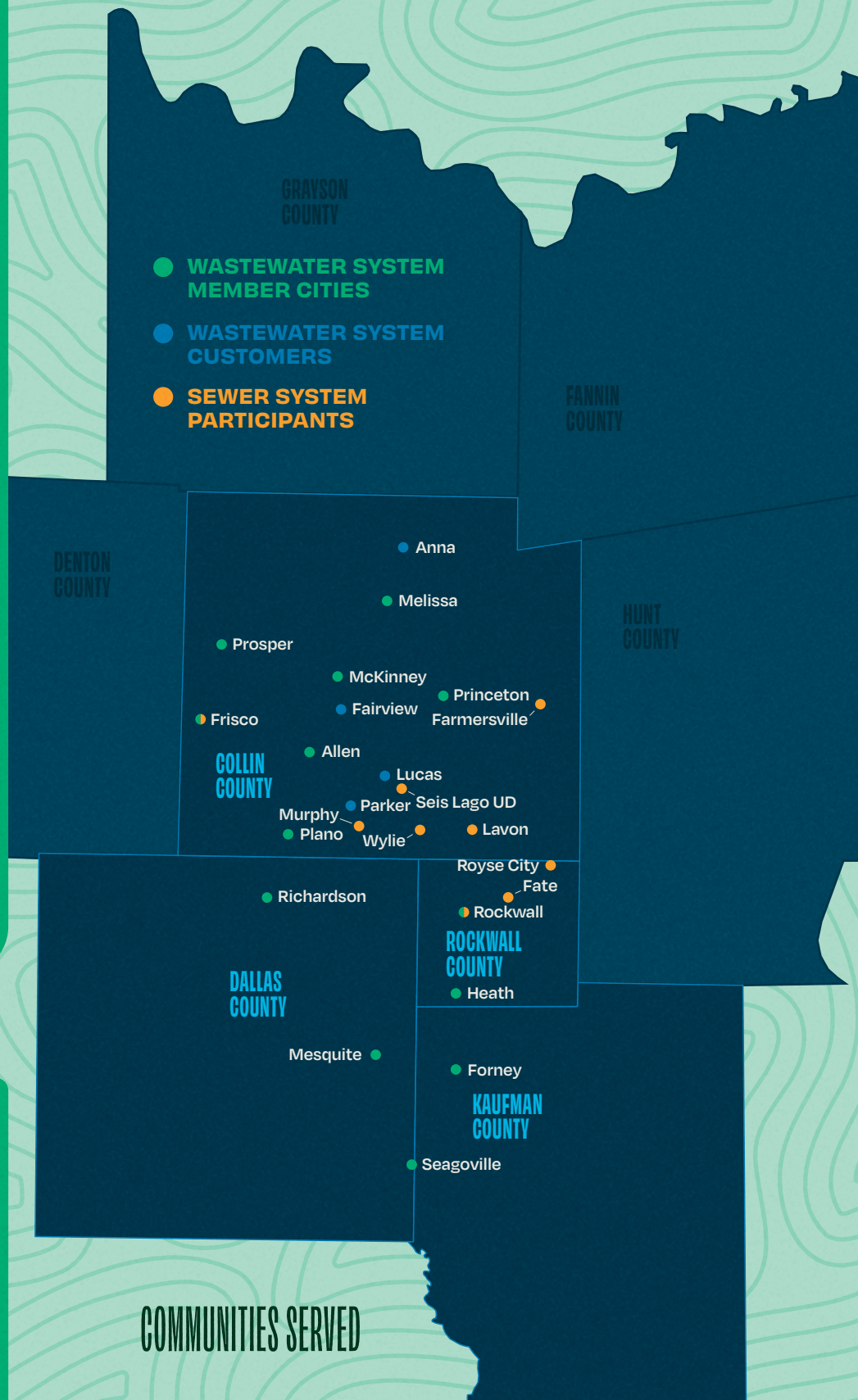
OF TREATED WASTEWATER IS
RETURNED TO THE EAST FORK
OF THE TRINITY RIVER WATERSHED
TYPICALLY EACH YEAR FOR REUSE



| 20 BILLION GALLONS

OF TREATED WASTEWATER IS
RETURNED TO LAVON LAKE
TYPICALLY EACH YEAR FOR REUSE

COMMUNITIES SERVED





SOLID WASTE

NTMWD SOLID WASTE TEAM MEMBERS EFFECTIVELY MANAGE ONE MILLION TONS OF WASTE EACH YEAR IN OUR COMMUNITIES.

NTMWD employs professionals on our Solid Waste Team who are passionate about properly and effectively managing the transport and disposal of tons of waste each year through our regional solid waste system. Five Solid Waste Member Cities, plus other communities in the surrounding area, rely on NTMWD for daily operations of transfer station collection sites and our regional disposal facility for safe and efficient waste management.

The District's dedicated professional staff interacts with the public hundreds of times each day and carries out our mission of providing reliable, customer-centric essential services. Every day, transfer station operations are completed, 18-wheel transfer trucks are driven for waste transfer, and 60-ton landfill compactors are operated by our Solid Waste Team. Our employees also oversee and monitor the landfills within the District, and partner with external agencies to recycle or compost as much material as possible. All of these critical services are executed in full compliance with state and federal regulations.

NTMWD is dedicated to achieving excellence in our solid waste service category. Some of our highlights include:

- *Implementing processes that decrease vehicle emissions and save money during waste transit.*
- *Partnering with the City of Plano on a composting program that helps divert about 50,000 tons of yard waste from the landfill each year.*
- *Partnering with Morrow Renewables on a state-of-the-art facility that captures landfill gas and converts it to clean, renewable natural gas.*
- *Completed 121 Regional Disposal Facility intermediate cover improvement project.*

121 REGIONAL DISPOSAL & FLEET MAINTENANCE FACILITY



STRATEGIC OBJECTIVE HIGHLIGHT

RELIABLE AND RESILIENT SYSTEMS:

Maximizing the Site Life of the 121 Regional Disposal Facility is a major initiative, and significant progress has already been made. Effectively managing the waste consumed each year extends the life of the landfill, reducing future capital costs. This is achieved by improving two operations at the landfill: waste placement and soil processing.

This year, all Heavy Equipment Operators were retrained with new optimum waste handling procedures to maximize compaction rates. In an effort to reduce the soil necessary to comply with our permit requirements, an Alternate Daily Cover (ADC) program was permitted with the TCEQ. In the last 6 months, the program has seen a 50 percent reduction in soil usage compared to the previous year.

QUICK FACTS | SOLID WASTE

MEMBER CITIES: ALLEN, FRISCO, MCKINNEY, PLANO, RICHARDSON
COUNTIES SERVED: COLLIN, DALLAS, DENTON, FANNIN, GRAYSON, HUNT

QUICK FACTS | CURRENT LANDFILL

CURRENT LANDFILL EXPECTED TO MEET THE SOLID WASTE NEEDS OF OUR REGION FOR THE NEXT 38 YEARS

FY22 FAST FACTS

 | **4**

CITIZEN DROP-OFF CENTERS

 | **113**

EMPLOYEES

 | **OVER 50K TONS**

OF YARD & ORGANIC WASTE
COMPOSTED ANNUALLY

 | **3,800 TONS**

OF SOLID WASTE DISPOSED
PER DAY AT 121 REGIONAL
DISPOSAL FACILITY

 | **1 MILLION TONS**

OF SOLID WASTE
DISPOSED EACH YEAR

 | **\$1.58 MILLION**

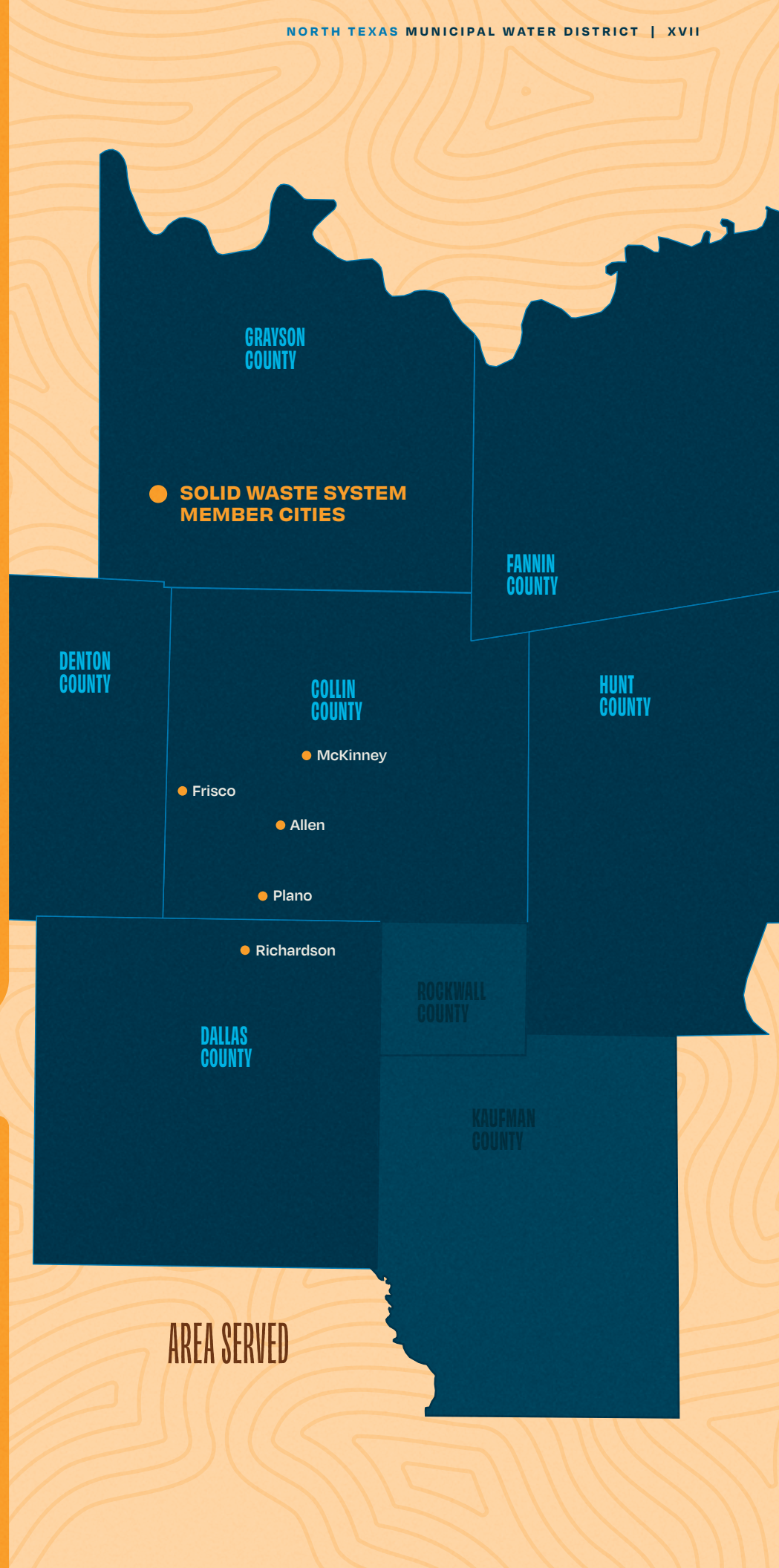
IN SOLID WASTE
CONSTRUCTION CONTRACTS
AWARDED IN FY22

 | **3**

TRANSFER STATIONS
PERMITTED TO PROCESS UP TO

3,370 TONS

OF SOLID WASTE PER DAY



AREA SERVED

STEWARDSHIP

NTMWD is wholly committed to responsible stewardship of the precious natural, environmental and financial resources under our care. Water conservation and reuse are central tenets of how we serve the region. The District is future-facing in our financial and resource planning efforts to ensure access to safe drinking water for all North Texans as our region continues to grow.



WATER CONSERVATION

The year was filled with many firsts. Public Education & Outreach participated in Soil and Water Stewardship week by hosting classes and giveaways. This paved the way for the new virtual Lunch & Learn series led by TAMU AgriLife experts. In the spirit of cooperation, NTMWD, City of Frisco and City of McKinney coordinated the region's first *No Water No Beer* trivia night. Water4Otter returned to school with 22 performances for 4,100 students.



WATERSHED PROTECTION

The U.S. Environmental Protection Agency accepted the Bois d'Arc Lake Watershed Protection Plan (WPP) as meeting the agency's guidelines for watershed-based plans. The Bois d'Arc Lake WPP will help improve and protect water quality in the watershed. NTMWD led development of the plan and numerous stakeholders, along with representatives from state and federal agencies, helped to shape the final plan. Maintaining healthy watersheds is vital for the protection of aquatic environments and water sources, including Bois d'Arc Lake.



ENERGY

The NTMWD water operations team implemented energy-saving efforts under the 4 Coincident Peaks (4CP) initiative which reduces pumping in the hot peak hours of the summer months. Water pumping loads at our main Wylie Water Treatment plant are reduced from June 1 to September 30. The 4CP efforts for the summer of 2022 resulted in a \$1.4 million cost avoidance in our wholesale energy and delivery fees.



WATER REUSE

The District built and uses the nation's largest manmade wetland to naturally polish wastewater effluent for reuse. Once through the wetlands, the water is piped 44 miles north to Lavon Lake, where it is stored for future treatment. The East Fork Water Reuse Project has reused approximately 130 billion gallons of water since its inception in 2009. John Bunker Sands Wetland Center was the recipient of the 2022 Texas Leopold Conservation Award, the state's highest honor for private land conservation.

FINANCIAL

SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information for the North Texas Municipal Water District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the District, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Money-Weighted Rate of Return – Retirement Plan, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of NTMWD Contributions and Money-Weighted Rate of Return - OPEB* on pages 5-9, 63, 64, 65, 66, 67 and 68, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



Crowe LLP

Dallas, Texas
January 25, 2023

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

As management of the North Texas Municipal Water District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished with our letter of transmittal, which can be found in the Introductory section of this report.

Financial Highlights

- Total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal by \$1.95 billion.
- The District's total net position increased approximately \$129 million, or 0.071 percent.
- During the year, the District's total revenues increased by approximately \$31 million or 0.055 percent, and total expenses decreased by approximately \$23 million, or 0.046 percent.
- Construction of the Bois d'Arc Lake, Leonard Water Treatment Plant (WTP), Sister Grove Wastewater Treatment Plant (WWTP) and various other WWTP improvements led the way in capital expenditures totaling over \$301 million.
- The District issued \$328 million in revenue bonds for various projects and to refinance outstanding debt to take advantage of favorable interest rates.

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private-sector business. The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District can be divided into two categories: Proprietary Funds and Fiduciary Funds.

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

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

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

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District's pension and OPEB trust are reported under the fiduciary funds. Since the resources of these funds are not available to support the District's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 21 through 22 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 23 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 63 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,953,327,959 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
	2022	2021		
ASSETS:				
Current and other assets	\$ 1,474,861,274	\$ 1,774,175,026	\$ (299,313,752)	-16.9%
Capital assets-net	5,081,560,687	4,649,149,347	432,411,340	9.3%
Total assets	6,556,421,961	6,423,324,373	133,097,588	2.1%
Total deferred outflows of resources	41,433,734	45,910,969	(4,477,235)	-9.8%
Total assets and deferred outflows of resources	<u>6,597,855,695</u>	<u>6,469,235,342</u>	<u>128,620,353</u>	<u>2.0%</u>
LIABILITIES:				
Long-term liabilities outstanding	4,410,031,787	4,436,020,821	(25,989,034)	-0.6%
Current and other liabilities	221,174,298	197,682,901	23,491,397	11.9%
Total liabilities	4,631,206,085	4,633,703,722	(2,497,637)	-0.1%
Total deferred inflows of resources	13,321,651	10,944,818	2,376,833	21.7%
Total liabilities and deferred inflows of resources	<u>4,644,527,736</u>	<u>4,644,648,540</u>	<u>(120,804)</u>	<u>0.0%</u>
NET POSITION:				
Net investment in capital assets	1,585,820,870	1,430,006,844	155,814,026	10.9%
Restricted	234,821,681	231,587,717	3,233,964	1.4%
Unrestricted	132,685,408	162,992,241	(30,306,833)	-18.6%
Total net position	<u>\$ 1,953,327,959</u>	<u>\$ 1,824,586,802</u>	<u>\$ 128,741,157</u>	<u>7.1%</u>

The largest portion of the District's net position (81 percent) reflects its investment in capital assets (e.g., land, reservoir facilities, water treatment facilities and wastewater disposal facilities) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its member and customer cities; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

An additional portion of the District's net position (12 percent) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position consists primarily of the reserve funds required by bond resolutions.

The remaining balance of the District's net position represents unrestricted net position (7 percent) and may be used to meet the District's ongoing obligations. The overall increase in net position of \$128,741,157, or 0.071 percent, during the current fiscal year indicates an improved financial position.

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

North Texas Municipal Water District's Changes in Net Position

	Year Ended September 30		Increase	Percent
	2022	2021	(Decrease)	Change
Program Revenues:				
Charges for services	\$ 587,243,513	\$ 565,674,044	\$ 21,569,469	3.8%
Operating grants and contributions	20,236,654	38,115	20,198,539	52993.7%
General Revenues:				
Investment earnings	(7,421,794)	1,928,909	(9,350,703)	-484.8%
Gain on sale of assets	307,590	1,472,901	(1,165,311)	-79.12%
Total Revenues	600,365,963	569,113,969	31,251,994	5.5%
Expenses:				
Water services	289,530,266	313,608,462	(24,078,196)	-7.7%
Wastewater services	144,423,993	143,982,196	441,797	0.3%
Solid waste services	37,670,547	36,743,937	926,610	2.5%
Total Expenses	471,624,806	494,334,595	(22,709,789)	-4.6%
Change in Net Position	128,741,157	74,779,374	53,961,783	72.2%
Net Position - Beginning	1,824,586,802	1,749,807,428	74,779,374	4.3%
Net Position - Ending	\$ 1,953,327,959	\$ 1,824,586,802	\$ 128,741,157	7.1%

Total revenues for the District for the years ended September 30, 2022 and 2021 were \$600,365,963 and \$569,113,969, respectively. The \$31,251,994 increase in total revenues was primarily due to a significant increase in the amount of water sold during the year due to an extended period of hot dry weather. The District set a new record for water sold with 117.3 billion gallons of water during the year, which surpassed the previous record set in 2020 of 106.2 billion gallons.

Total expenses for the District for the years ended September 30, 2022 and 2021 were \$471,624,806 and \$494,334,595, respectively. Several key factors account for the \$22,709,789 decrease in total expenses from 2021 to 2022. Fiscal year 2021 had several extraordinary standalone events that caused the expenses to be higher than typical. These included: much higher electric power costs related to Winter Storm Uri and expenses related to the PUC rate case settlement. The absence of those major events led to lower expenses in 2022. The District also budgeted for lower transfers to the capital improvement fund for 2022, which also reduced costs. These three major items were partially offset by higher than normal chemical costs stemming from record water demand as well as supply chain issues. The District has sought to reduce or limit these chemical expense increases going forward by restructuring contracts and moving to a quarterly index versus a yearly contract.

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

Financial Analysis of the District's Funds

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

Capital Assets and Debt Administration**Capital Assets**

The District's capital assets as of September 30, 2022, amounted to \$5,081,560,687 (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 9.3%.

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

- Completion of the Lower Bois D'arc Dam totaling approximately \$269.7 million;
- Water Treatment Plant (WTP) improvements, including WTP I Rapid Mix improvements, filter improvements to WTP II, and improvements to the Wylie WTP II Sedimentation Basin, the cost of these additions was \$124 million;
- Completion of the Trinity River Pump Station totaling approximately \$110.8 million;
- Improvements to McKinney Lift Stations, Transfer Stations, Interceptors and Force Mains; the cost of additions to construction-in-progress was approximately \$52.6 million;
- Sister Grove WWTP and Plant Site development totaling more than \$116 million;
- Construction of the treated water pipeline from Leonard WTP to McKinney No. 4, Leonard Water Treatment Plant and Leonard WTP HSPS; the cost of additions to construction-in-progress during the fiscal year was approximately \$67 million;
- Lower Bois D'Arc Creek (LBCR) raw water pipeline, LBCR raw water pump station, LBCR reservoir and dam, archaeological survey, LBCR boat ramps, LBCR Fannin County road and bridge improvements, and mitigation property; the cost of additions to construction-in-progress during the fiscal year was approximately \$77 million;
- Capitalized improvements of Upper East Fork Lift Stations and Interceptor Lines, including North McKinney, Beck Branch and Rowlett Creek facilities totaling approximately \$18 million.

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

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

	As of September 30		Increase	Percent
	2022	2021	(Decrease)	Change
Land	\$ 84,807,914	\$ 82,113,487	\$ 2,694,427	3.3%
Easements	76,035,685	68,763,285	7,272,400	10.6%
Land improvements	278,780,705	10,650,680	268,130,025	2517.5%
Water treatment, storage and transmission facilities	1,580,885,917	1,273,769,915	307,116,002	24.1%
Wastewater treatment and disposal facilities	698,670,503	575,754,043	122,916,460	21.3%
Solid waste transfer and disposal facilities	49,444,474	49,436,123	8,351	0.0%
Reservoir facilities and water rights	282,301,848	253,395,926	28,905,922	11.4%
Buildings	71,675,833	71,902,621	(226,788)	-0.3%
Automobiles and trucks	6,493,010	4,988,792	1,504,218	30.2%
Office furniture and fixtures	223,719	290,172	(66,453)	-22.9%
Other equipment	39,676,782	39,318,313	358,469	0.9%
Construction in progress	1,912,564,297	2,218,765,990	(306,201,693)	-13.8%
Total	<u>\$ 5,081,560,687</u>	<u>\$ 4,649,149,347</u>	<u>\$ 432,411,340</u>	<u>9.3%</u>

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

Debt Administration

At the end of the current fiscal year, the District had total outstanding debt of \$4,138,855,000. Of this amount 62% is reflected in the Water System revenue bonds and 21% is reflected in the Regional Wastewater System revenue bonds. For the ECP 30% is reflected in the Water System, 30% in the Wastewater System and 40% in the Interceptor System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30		Increase	Percent
	2022	2021	(Decrease)	Change
Revenue bonds	\$ 4,121,855,000	\$ 4,171,300,000	\$ (49,445,000)	-1.2%
Extendable commercial paper	17,000,000	-	\$ 17,000,000	0.0%
Total	<u>\$ 4,138,855,000</u>	<u>\$ 4,171,300,000</u>	<u>\$ (32,445,000)</u>	<u>-1.2%</u>

During the current fiscal year, the District refinanced a portion of the existing debt in order to take advantage of favorable interest rates. The result is expected to decrease future debt service payments by \$39,259,107 in the Water System.

The District's revenue bonds have been rated as follows for both FY22 and FY21:

	Moody's	S & P
Water System	Aa1	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 provide high-quality, cost-effective service to its Member Cities and Customers. The economy is resilient, with continued job growth and robust consumer spending; however, it is not without signs of weakness. In June 2022, inflation reached 40-year highs, and the Federal Reserve began raising interest rates more aggressively to combat it. Home sales have since been declining due to higher mortgage rates, and home prices are down from the records set back in April of 2022. Additionally, demand for office space has slowed, and vacancies have increased. Costs for several commodities have also fallen from recent highs. While these are signs inflation may have peaked, most economists believe there is a long way to go to bring inflation down to an acceptable level. The ongoing Russia/Ukraine conflict, persistent inflation, and rising interest rates may lead to a recession in 2023, but it is too soon to tell.

Over the past three years, The District has held wholesale water rates flat, at \$2.99/1,000 gallons, but due to several large input costs increasing the District has had to increase the wholesale rates up to \$3.39/1,000 gallons for FY23. This represents a 13% increase from the prior year. The ability to set adequate rates to cover ongoing expenses for operations, maintenance, and growth helps to keep the District in a sound financial condition. The Board's goal of meeting the contractual obligation of the participating cities within state and federal laws while protecting the environment continues to be accomplished with reasonable cost in all systems.

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, 2022

	Business-Type Activities
ASSETS	
Cash and cash equivalents	\$ 146,710,091
Investments	79,488,951
Accounts receivable	20,307,565
Contracts receivable	30,000
Prepaid expenses	9,078,788
Unbilled receivables	8,654,001
Restricted assets:	
Cash and cash equivalents	721,400,565
Investments	479,552,235
Interest receivable	993,281
Unbilled receivables	8,645,797
Capital assets not being depreciated	2,073,407,896
Capital assets net of accumulated depreciation	3,008,152,791
TOTAL ASSETS	6,556,421,961
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred loss on refunding	7,220,088
Deferred pension outflow	27,095,679
Deferred OPEB outflow	7,117,967
TOTAL DEFERRED OUTFLOWS OF RESOURCES	41,433,734
LIABILITIES	
Accounts payable and accrued liabilities	180,992,471
Customers' advance payments	14,663,046
Accrued interest payable	19,389,111
Accrued landfill closure and post-closure care cost	6,129,670
Noncurrent liabilities:	
Due within one year: Revenue bonds	170,895,000
Due in more than one year:	
Accrued landfill closure costs	2,516,127
Compensated absences	6,965,035
Deferred compensation	165,000
Net pension liability	52,320,077
Net OPEB liability	12,725,732
Revenue bonds	4,164,444,816
TOTAL LIABILITIES	4,631,206,085
DEFERRED INFLOWS OF RESOURCES:	
Deferred pension inflow	10,038,179
Deferred OPEB inflow	2,283,472
Deferred Grant Income	1,000,000
TOTAL DEFERRED INFLOWS OF RESOURCES	13,321,651
NET POSITION:	
Net investment in capital assets	1,585,820,870
Restricted for debt service	234,821,681
Unrestricted	132,685,408
TOTAL NET POSITION	\$ 1,953,327,959

See notes to the basic financial statements.

STATEMENT OF ACTIVITIES - BUSINESS-TYPE ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Water services	\$ 289,530,266	\$ 370,977,623	\$ 7,012,400	\$ 88,459,757
Wastewater services	144,423,993	174,391,046	13,224,254	43,191,307
Solid waste services	37,670,547	41,874,844	-	4,204,297
	<u>\$ 471,624,806</u>	<u>\$ 587,243,513</u>	<u>\$ 20,236,654</u>	<u>\$ 135,855,361</u>
General Revenues:				
	Investment earnings (loss)			(7,421,794)
	Gain on sale of assets			307,590
	Total general revenues			<u>(7,114,204)</u>
	Change in Net Position			128,741,157
	Net Position - Beginning			<u>1,824,586,802</u>
	Net Position - Ending			<u>\$ 1,953,327,959</u>

See notes to the basic financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Water System	Regional Wastewater System
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 102,785,315	\$ 8,477,658
Investments	70,959,076	2,237,202
Accounts receivable	14,874,067	2,305,171
Contracts receivable	-	-
Due from other funds	17,839	221,323
Prepaid expenses	6,264,461	978,529
Unbilled receivables	89,907	1,518,013
Total current unrestricted assets	194,990,665	15,737,896
Restricted assets:		
Cash and cash equivalents	19,624,551	12,840,350
Interest receivable	591,386	253,508
Due from other funds	7,398,718	1,754,837
Unbilled receivables	-	-
Total current restricted assets	27,614,655	14,848,695
TOTAL CURRENT ASSETS	222,605,320	30,586,591
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	196,777,793	257,250,212
Investments	238,145,742	128,306,592
Total noncurrent restricted assets	434,923,535	385,556,804
Capital assets:		
Land	68,867,525	1,739,328
Easements	59,668,378	-
Construction-in-progress	1,316,715,426	376,930,711
Land improvements	272,982,729	1,321,303
Water treatment, storage, and transmission facilities	2,034,317,324	-
Wastewater treatment and disposal facilities	-	431,520,967
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	415,933,554	-
Buildings	16,934,865	3,563,518
Automobiles and trucks	2,041,942	2,344,645
Office furniture and fixtures	42,008	101,610
Other equipment	26,923,772	16,523,462
Less: accumulated depreciation	(647,402,967)	(152,872,073)
Net capital assets	3,567,024,556	681,173,471
TOTAL NONCURRENT ASSETS	4,001,948,091	1,066,730,275
TOTAL ASSETS	4,224,553,411	1,097,316,866
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	2,285,469	1,547,597
Deferred pension outflow	3,829,166	4,326,455
Deferred OPEB outflow	945,337	1,009,352
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,059,972	6,883,404
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,231,613,383	\$ 1,104,200,270

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ 8,855,639	\$ 8,878,792	\$ 5,970,854	\$ 134,968,258	\$ 11,741,833
-	4,269,554	2,023,119	79,488,951	-
893,579	291,951	573,922	18,938,690	1,368,875
-	-	-	-	30,000
622,963	413,624	3,854	1,279,603	882,611
503,078	437,501	131,387	8,314,956	763,832
415,856	1,072,861	270,766	3,367,403	5,286,598
11,291,115	15,364,283	8,973,902	246,357,861	20,073,749
7,863,940	708,169	9,181,928	50,218,938	-
37,525	1,910	108,952	993,281	-
895,754	2,086,137	392,380	12,527,826	675,081
-	8,645,797	-	8,645,797	-
8,797,219	11,442,013	9,683,260	72,385,842	675,081
20,088,334	26,806,296	18,657,162	318,743,703	20,748,830
139,271,319	26,263,501	51,618,802	671,181,627	-
23,981,863	2,424,820	86,693,218	479,552,235	-
163,253,182	28,688,321	138,312,020	1,150,733,862	-
436,498	13,680,440	84,123	84,807,914	-
4,228,366	-	12,138,941	76,035,685	-
36,714,520	1,264,643	180,938,997	1,912,564,297	-
417,138	10,890,996	-	285,612,166	1,895,708
49,571,835	-	-	2,083,889,159	-
248,438,209	-	315,654,582	995,613,758	-
-	91,032,691	-	91,032,691	-
-	-	-	415,933,554	-
187,506	43,757,730	1,608,668	66,052,287	27,744,319
795,273	5,339,866	754,717	11,276,443	8,918,036
-	-	-	143,618	919,564
5,574,074	36,421,652	6,392,956	91,835,916	13,151,035
(86,577,748)	(81,637,183)	(92,877,635)	(1,061,367,606)	(24,497,857)
259,785,671	120,750,835	424,695,349	5,053,429,882	28,130,805
423,038,853	149,439,156	563,007,369	6,204,163,744	28,130,805
443,127,187	176,245,452	581,664,531	6,522,907,447	48,879,635
1,004,031	957,423	1,425,568	7,220,088	-
1,749,467	3,947,821	525,092	14,378,001	12,717,678
531,102	784,183	189,154	3,459,128	3,658,839
3,284,600	5,689,427	2,139,814	25,057,217	16,376,517
\$ 446,411,787	\$ 181,934,879	\$ 583,804,345	\$ 6,547,964,664	\$ 65,256,152

(Continued)

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Water System	Regional Wastewater System
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 23,030,837	\$ 4,023,782
Due to other funds	8,315,134	1,899,012
Customers' advance payments	2,794,342	5,401,170
Total payable from unrestricted assets	34,140,313	11,323,964
Payable from restricted assets:		
Accounts payable and accrued liabilities	67,297,710	28,299,947
Due to other funds	166,000	65,758
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on notes	15,123	15,123
Accrued interest payable on revenue bonds	7,411,135	4,850,541
Current portion of note payable	5,000,000	5,000,000
Current portion of revenue bonds	96,875,000	22,345,000
Total payable from restricted assets	176,764,968	60,576,369
TOTAL CURRENT LIABILITIES	210,905,281	71,900,333
NONCURRENT LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	404,336	387,973
Accrued sick—less current portion	549,105	739,098
Net pension liability	8,991,663	8,282,617
Net OPEB liability	1,675,398	1,826,414
Deferred compensation	-	-
Long-term debt—less current portion	2,573,747,952	856,977,549
TOTAL NONCURRENT LIABILITIES	2,585,368,454	868,213,651
TOTAL LIABILITIES	2,796,273,735	940,113,984
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	1,171,812	1,674,751
Deferred OPEB inflow	283,024	339,570
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,454,836	2,014,321
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,797,728,571	942,128,305
NET POSITION:		
Net investment in capital assets	1,143,997,144	122,962,462
Restricted for debt service	138,538,090	42,610,187
Unrestricted	151,349,578	(3,500,684)
TOTAL NET POSITION	\$ 1,433,884,812	\$ 162,071,965

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ 6,606,963	\$ 3,207,245	\$ 2,267,963	\$ 39,136,790	\$ 12,390,814
1,180,393	2,135,423	554,341	14,084,303	987,461
1,952,237	1,678,263	2,837,034	14,663,046	-
9,739,593	7,020,931	5,659,338	67,884,139	13,378,275
3,600,073	17,606,023	12,661,114	129,464,867	-
14,023	-	47,576	293,357	-
-	6,129,670	-	6,129,670	-
-	-	21,173	51,419	-
2,492,474	167,553	4,415,989	19,337,692	-
-	-	7,000,000	17,000,000	-
15,640,000	3,705,000	15,330,000	153,895,000	-
21,746,570	27,608,246	39,475,852	326,172,005	-
31,486,163	34,629,177	45,135,190	394,056,144	13,378,275
-	2,516,127	-	2,516,127	-
140,246	329,612	89,838	1,352,005	1,387,700
191,492	477,432	79,084	2,036,211	2,189,119
3,438,571	7,137,742	1,113,196	28,963,789	23,356,288
943,057	1,424,794	335,047	6,204,710	6,521,022
-	-	-	-	165,000
305,231,849	49,132,400	379,355,066	4,164,444,816	-
309,945,215	61,018,107	380,972,231	4,205,517,658	33,619,129
341,431,378	95,647,284	426,107,421	4,599,573,802	46,997,404
623,888	1,502,709	166,622	5,139,782	4,898,397
166,062	279,025	50,528	1,118,209	1,165,263
1,000,000	-	-	1,000,000	-
1,789,950	1,781,734	217,150	7,257,991	6,063,660
343,221,328	97,429,018	426,324,571	4,606,831,793	53,061,064
78,344,692	78,626,177	133,084,509	1,557,014,984	28,805,886
27,516,992	3,955,642	22,200,770	234,821,681	-
(2,671,225)	1,924,042	2,194,495	149,296,206	(16,610,798)
\$ 103,190,459	\$ 84,505,861	\$ 157,479,774	\$ 1,941,132,871	\$ 12,195,088

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

12,195,088
\$ 1,953,327,959

(Concluded)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	Water System	Regional Wastewater System
OPERATING REVENUES:		
Water sales	\$ 370,408,583	\$ -
Wastewater service fees	-	84,713,980
Solid waste service fees	-	-
Intragovernmental	-	-
Insurance premiums	-	-
Other operating revenues	569,040	443,952
Total operating revenues	<u>370,977,623</u>	<u>85,157,932</u>
OPERATING EXPENSES:		
Personnel	13,345,645	14,174,300
Claims Paid	-	-
Administrative Charges	-	-
Operating Supplies:		
Chemicals	53,482,904	4,337,458
Other supplies	4,260,291	4,187,393
Operating Services:		
Electric power	18,224,868	3,161,157
Wholesale water purchases	5,643,558	-
Consulting	2,597,632	365,962
Maintenance	12,683,995	1,303,277
Shared services	42,142,240	9,175,384
Other services	11,310,011	7,930,534
Depreciation	52,048,432	11,062,698
Total operating expenses	<u>215,739,576</u>	<u>55,698,163</u>
OPERATING INCOME	<u>155,238,047</u>	<u>29,459,769</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	(6,575,608)	(465,687)
Miscellaneous revenue (expense)	-	-
Grant income	28,958	-
Gain (loss) on sale of capital assets	148,562	-
Contribution revenue (expense)	6,983,442	-
Interest expense	(74,375,898)	(13,148,812)
Total nonoperating revenues (expenses)	<u>(73,790,544)</u>	<u>(13,614,499)</u>
Income (loss) before contributions and transfers	<u>81,447,503</u>	<u>15,845,270</u>
CHANGE IN NET POSITION	81,447,503	15,845,270
NET POSITION AT OCTOBER 1, 2021	<u>1,352,437,309</u>	<u>146,226,695</u>
NET POSITION AT SEPTEMBER 30, 2022	<u>\$ 1,433,884,812</u>	<u>\$ 162,071,965</u>

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ -	\$ -	\$ -	\$ 370,408,583	\$ -
47,687,766	-	41,028,262	173,430,008	-
-	38,586,524	-	38,586,524	-
-	-	-	-	66,725,390
-	-	-	-	17,378,872
488,829	3,288,320	28,257	4,818,398	382,053
48,176,595	41,874,844	41,056,519	587,243,513	84,486,315
7,202,943	11,721,753	2,641,679	49,086,320	47,645,343
-	-	-	-	15,500,985
-	-	-	-	2,061,634
2,318,707	46,470	3,811,934	63,997,473	16,817
1,700,447	5,115,659	712,144	15,975,934	6,623,418
2,351,947	173,254	1,093,049	25,004,275	169,986
-	-	-	5,643,558	-
282,852	589,867	673,133	4,509,446	2,138,150
516,898	1,029,600	1,457,637	16,991,407	2,088,517
5,191,736	2,671,414	4,038,783	63,219,557	-
6,839,040	8,516,427	3,049,787	37,645,799	4,812,789
6,395,583	6,106,604	8,049,021	83,662,338	2,464,261
32,800,153	35,971,048	25,527,167	365,736,107	83,521,900
15,376,442	5,903,796	15,529,352	221,507,406	964,415
(91,044)	(7,739)	(281,716)	(7,421,794)	22,994
-	-	-	-	27,631
-	-	-	28,958	-
346	158,682	-	307,590	(40,000)
1,669,971	-	11,554,283	20,207,696	-
(6,331,252)	(1,746,102)	(11,261,675)	(106,863,739)	-
(4,751,979)	(1,595,159)	10,892	(93,741,289)	10,625
10,624,463	4,308,637	15,540,244	127,766,117	975,040
10,624,463	4,308,637	15,540,244	127,766,117	975,040
92,565,996	80,197,224	141,939,530		11,220,048
\$ 103,190,459	\$ 84,505,861	\$ 157,479,774		\$ 12,195,088

Adjustment for the net effect of the current year activity between
the Internal Service Funds and the Enterprise Funds

Change in Net Position of Business-Type Activities

975,040
\$ 128,741,157

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS YEAR ENDED SEPTEMBER 30, 2022

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 374,643,169	\$ 86,735,849
Cash received from other funds	4,810	452,222
Cash received from (paid to) others	81,390	69,318
Cash paid to suppliers for goods and services	(113,107,128)	(23,683,073)
Cash paid for employee services	(8,796,149)	(8,914,542)
Cash paid to other funds	(41,903,609)	(11,884,990)
Net cash provided by operating activities	210,922,483	42,774,784
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	2,207,589	(11,413)
Cash paid for capital assets	(241,268,091)	(154,614,383)
Reimbursement from Fannin County Electric Cooperative	5,046,033	-
Proceeds from ECP	5,000,000	5,000,000
Interest paid on long-term debt	(90,327,258)	(15,458,898)
Interest paid on notes	(35,308)	(17,921)
Principal payments on long-term debt	(94,630,000)	(22,260,000)
Payments for bond issue costs	(1,100,034)	11,413
Grant income	28,958	-
Deferred grant income	-	-
Net cash provided by (used for) capital and related financing activities	(415,078,111)	(187,351,202)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	209,330,940	57,466,778
Purchases of investments	(133,832,743)	(84,794,536)
Interest received	4,520,336	2,896,842
Net cash provided by (used for) investing activities	80,018,533	(24,430,916)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(124,137,095)	(169,007,334)
CASH AND CASH EQUIVALENTS—Beginning of year	443,324,754	447,575,554
CASH AND CASH EQUIVALENTS—End of year	\$ 319,187,659	\$ 278,568,220
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 102,785,315	\$ 8,477,658
Restricted cash and cash equivalents	216,402,344	270,090,562
	\$ 319,187,659	\$ 278,568,220
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 155,238,047	\$ 29,459,769
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	52,048,432	11,062,698
Change in operating assets and liabilities:		
Accounts receivable and unbilled receivable	(168,484)	(13,379)
Prepaid expenses	(2,159,861)	(25,276)
Pension related deferred outflows of resources	(1,261,130)	(1,430,288)
OPEB related deferred outflows of resources	(188,551)	(189,817)
Net pension liability	882,845	1,001,262
Pension related deferred inflows of resources	314,894	(134,352)
OPEB related deferred inflows of resources	(133,456)	357,131
Net OPEB liability	468,097	471,241
Due to/from other funds	513,318	(441,481)
Accounts payable, accrued liabilities, and developers' deposits	2,570,030	191,630
Accrued vacation and accrued sick	24,981	139,711
Landfill liability	-	-
Customers' advance payments	2,773,321	2,325,935
	55,684,436	13,315,015
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 210,922,483	\$ 42,774,784
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	\$ -	\$ -
Gain (loss) on disposal of capital assets	80,000	-
Amortization of bond-related items	(15,531,727)	(2,005,506)
Change in fair value of investments	11,610,558	2,984,877
Change in liabilities related to capital assets	(22,385,580)	-
Change in actuarial value of net pension liability	(882,845)	(1,001,262)
Refunding bonds issued	200,560,000	-
Refunding proceeds deposited in escrow	233,439,273	-

See notes to the basic financial statements

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ 46,258,523	\$ 33,800,751	\$ 42,188,591	\$ 583,626,883	\$ -
-	3,728,045	46,884	4,231,961	63,106,781
38,072	2,453,001	2,518	2,644,299	4,204,076
(13,327,832)	(17,945,862)	(11,396,027)	(179,459,922)	(30,558,075)
(4,631,705)	(7,656,222)	(1,732,370)	(31,730,988)	(30,697,322)
(7,115,814)	(2,674,485)	(3,664,629)	(67,243,527)	(72,397)
21,221,244	11,705,228	25,444,967	312,068,706	5,983,063
124,058,062	8,244,222	(12,529)	134,485,931	-
(23,499,306)	(2,175,493)	(68,218,819)	(489,776,092)	(2,879,175)
-	-	-	5,046,033	-
-	-	7,000,000	17,000,000	-
(7,343,735)	(1,926,933)	(13,230,160)	(128,286,984)	-
-	-	(18,276)	(71,505)	-
(14,275,000)	(3,760,000)	(14,645,000)	(149,570,000)	-
(1,713,978)	(244,490)	12,529	(3,034,560)	-
-	-	-	28,958	-
1,000,000	-	-	1,000,000	-
78,226,043	137,306	(89,112,255)	(613,178,219)	(2,879,175)
14,778,117	4,254,194	83,100,007	368,930,036	-
(14,561,712)	(2,517,024)	(67,116,534)	(302,822,549)	-
668,584	271,845	322,411	8,680,018	50,623
884,989	2,009,015	16,305,884	74,787,505	50,623
100,332,276	13,851,549	(47,361,404)	(226,322,008)	3,154,511
55,658,622	21,998,913	114,132,988	1,082,690,831	8,587,322
\$ 155,990,898	\$ 35,850,462	\$ 66,771,584	\$ 856,368,823	\$ 11,741,833
\$ 8,855,639	\$ 8,878,792	\$ 5,970,854	\$ 134,968,258	\$ 11,741,833
147,135,259	26,971,670	60,800,730	721,400,565	-
\$ 155,990,898	\$ 35,850,462	\$ 66,771,584	\$ 856,368,823	\$ 11,741,833
\$ 15,376,442	\$ 5,903,796	\$ 15,529,352	\$ 221,507,406	\$ 964,415
6,395,583	6,106,604	8,049,021	83,662,338	2,464,261
273,939	(1,915,714)	(73,360)	(1,896,998)	(1,249,512)
(29,749)	(35,760)	(6,160)	(2,256,806)	129,418
(690,746)	(1,223,927)	(257,322)	(4,863,413)	(4,527,446)
(101,892)	(141,788)	(39,456)	(661,504)	(706,098)
483,552	856,801	180,139	3,404,599	3,169,405
172,474	305,606	64,249	722,871	1,130,465
(72,120)	(100,357)	(27,923)	23,275	(499,778)
252,960	352,003	97,952	1,642,253	1,752,966
(623,359)	(6,112)	116,050	(441,584)	407,014
991,031	46,452	398,614	4,197,757	2,482,856
(22,853)	(59,604)	50,271	132,506	465,097
-	1,838,971	-	1,838,971	-
(1,184,018)	(221,743)	1,363,540	5,057,035	-
5,844,802	5,801,432	9,915,615	90,561,300	5,018,648
21,221,244	11,705,228	25,444,967	312,068,706	5,983,063
\$ -	\$ 1,838,971	\$ -	\$ 1,838,971	\$ -
-	13,276	-	93,276	-
(1,057,048)	(192,372)	(2,515,462)	(21,302,115)	-
786,871	179,850	1,293,345	16,855,501	-
(946,519)	-	(4,602,587)	(27,934,686)	-
(483,552)	(856,801)	(180,139)	(3,404,599)	(3,169,405)
-	-	-	200,560,000	-
-	-	-	233,439,273	-

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS SEPTEMBER 30, 2022

	Total ⁽¹⁾
ASSETS	
Cash and cash equivalents	\$ 4,627,708
Investments	127,884,621
TOTAL ASSETS	<u>132,512,329</u>
LIABILITIES	
Accrued expenses and benefits payable	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION:	
Restricted for pensions	123,824,689
Restricted for postemployment benefits other than pensions	8,687,640
TOTAL NET POSITION	<u><u>\$ 132,512,329</u></u>

(1) Information presented for the Pension Trust Fund is as of December 31, 2021.
Information presented for the OPEB Trust Fund is as of September 30, 2022.

See notes to the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	Total ⁽¹⁾
Additions:	
Contributions:	
Employer	\$ 6,300,000
Member	3,907,911
Total contributions	<u>10,207,911</u>
Net investment income:	
Interest and dividends	2,883,018
Equity fund income, net	6,520,819
Net increase in fair value of investments	3,571,982
Less investment expenses:	
Direct investment expense	<u>386,933</u>
Total investment expenses	<u>386,933</u>
Net investment income	<u>12,588,886</u>
Other income	<u>-</u>
Total Additions	<u>22,796,797</u>
Deductions:	
Service benefits	10,338,773
Disability benefits	43,202
Death benefits	90,387
Refund of member contributions	<u>76,435</u>
Total Deductions	<u>10,548,797</u>
Net increase (decrease)	12,248,000
Net position	
Beginning of year	120,264,329
End of year	<u><u>\$ 132,512,329</u></u>

(1) Information presented for the Pension Trust Fund is as of December 31, 2021.

Information presented for the OPEB Trust Fund is as of September 30, 2022.

See notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation - Government-Wide and Fund Financial Statements

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

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

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

The District reports the following proprietary fund types:

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

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

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

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

Internal Service Fund. This fund accounts for support services, as well as insurance benefits to District employees, participating dependents, and eligible retirees.

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

Fiduciary funds are used to account for assets held on behalf of outside parties. The District reports the following fiduciary fund types:

Pension and Other Employee Benefit Trust Funds. These funds account for the operations of the retirement and other postemployment benefits. The Pension Trust is reported on a calendar year basis as of December 31, 2021 and the OPEB Trust is reported on a fiscal year basis, which reflects each of the trusts measurement dates respectively.

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

Measurement Focus and Basis of Accounting

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

Cash and Cash Equivalents

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

Deposits

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

Investments

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

Accounts Receivable

Management considers accounts receivable to be fully collectible as of September 30, 2022; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2022, member cities Allen, Garland, McKinney, Mesquite, Plano, Richardson, Rockwall, and Royse City accounted for approximately 68% 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*.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

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

Deferred Inflow/Outflow of Resources

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

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

Compensated Absences

Employees are allowed to accumulate vacation within certain limitations. Payment for accrued vacation (within limits) is payable upon termination. Payment for accrued sick leave (within limits) is paid upon retirement. As of September 30, 2022, a liability of \$5,675,786 for unused vacation and \$6,113,296 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, 2022 is as follows:

	Beginning Liability	Additions	Reductions	Ending Liability	Amount due within one year
Vacation	\$ 5,032,522	\$ 798,471	\$ 155,207	\$ 5,675,786	\$ 2,936,082
Sick	4,934,555	1,250,418	71,677	6,113,296	1,887,964

Net Position

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 62% of its revenues from the cities of Allen, Frisco, Garland, McKinney, Mesquite, Plano, and Richardson. Such revenues derived directly from the respective systems are defined by the District as operating revenues. All other revenues not directly related to the operations of the systems are reported as non-operating revenues. Revenues are shown net of rebates and/or excess billings.

Expenses

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

Intragovernmental Transactions

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

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 subsequent events through the filing of this report, and determined that there have been no events that would require adjustments to our disclosures.

NOTE 2. RESTRICTED ASSETS

Restricted assets represent amounts reserved for:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RESTRICTED ASSETS (CONTINUED)

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

Funds	Cash and Cash Equivalents	Investments	Interest Receivable
Water:			
Construction	\$ 171,019,366	\$ 116,448,311	\$ 250,638
Interest and Sinking	19,624,551	-	-
Reserve	4,301,617	121,697,431	340,747
Contingency	21,321,905	-	-
Reserve for Maintenance	134,905	-	-
	<u>216,402,344</u>	<u>238,145,742</u>	<u>591,386</u>
Regional Wastewater:			
Construction	253,873,560	94,877,242	184,269
Interest and Sinking	12,840,350	-	-
Reserve	1,136,911	33,429,350	69,239
Arbitrage	694,246	-	-
Reserve for Maintenance	1,545,495	-	-
	<u>270,090,562</u>	<u>128,306,592</u>	<u>253,508</u>
Sewer:			
Construction	128,530,108	11,826,264	16,575
Interest and Sinking	7,863,940	-	-
Reserve	9,968,975	12,155,599	20,950
Reserve for Maintenance	772,236	-	-
	<u>147,135,259</u>	<u>23,981,863</u>	<u>37,525</u>
Solid Waste:			
Construction	7,798,995	-	-
Interest and Sinking	708,169	-	-
Reserve	988,296	2,424,820	1,910
Reserve for Maintenance	1,303,551	-	-
Reserve for Equipment Replacement	16,172,659	-	-
	<u>26,971,670</u>	<u>2,424,820</u>	<u>1,910</u>
Interceptor:			
Construction	47,472,759	71,909,053	64,926
Interest and Sinking	9,181,928	-	-
Reserve	2,627,813	14,784,165	44,026
Reserve for Maintenance	1,518,230	-	-
	<u>60,800,730</u>	<u>86,693,218</u>	<u>108,952</u>
Total	<u>\$ 721,400,565</u>	<u>\$ 479,552,235</u>	<u>\$ 993,281</u>

Unbilled receivables of \$8,645,797 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.

NOTE 3. CASH AND INVESTMENTS

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

A. Deposits

At September 30, 2022, the carrying amount of cash deposits was \$7,186,539 and total bank balance was \$7,435,298. During 2021-2022, 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, 2022, the District also held petty cash of \$3,000.

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, 2022, the District did not own any types of securities other than those permitted by statute.

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

LOGIC

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

Texas CLASS

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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:

	September 30, 2022	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Percent Total Investments	Weighted Average Maturity (Days)
<i>Investments not Subject to Level Reporting:</i>				
<i>Investment Pools*:</i>				
LOGIC	\$ 235,202,574	\$ -	16.56%	19
Texas CLASS - CP	341,051,803	-	24.02%	31
Texas CLASS - Government	88,869,666	-	6.26%	24
Texpool	195,797,074	-	13.79%	25
<i>Investments by Fair Value Level:</i>				
<i>U. S. Government Agency Securities:</i>				
Fannie Mae Note	8,599,771	8,599,771	0.61%	423
Federal Home Loan Mortgage Corp. Note	103,803,320	103,803,320	7.31%	694
Federal Home Loan Bank Note	66,789,085	66,789,085	4.70%	595
U. S. Treasury Note	379,849,010	379,849,010	26.75%	170
<i>Total Value</i>	<u>\$ 1,419,962,303</u>	<u>\$ 559,041,186</u>		

Portfolio Weighted Average Maturity

142

*Investment Pools are exempt for level reporting.

U.S. Government Agency Securities and *U.S. Treasury Notes* classified in Level 2 of the fair value hierarchy are valued using both active market prices observable for each identical or similar securities and other observable inputs provided by a reputable and independent source including but not limited to Bloomberg, the Wall Street Journal, Intercontinental Exchange (ICE), and the District's safekeeping agent. In the event the District has retained the services of a Registered Investment Advisor, the advisor shall also provide security pricing from ICE, Bloomberg or similarly recognized pricing services. Since the District does not have visibility to the market pricing all such securities are classified as Level 2.

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

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

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

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 specifies the following limitations on the amount that can be invested in any one instrument at the time of purchase.

Instrument	Limitations
U.S. TREASURY SECURITIES	100%
U.S. AGENCIES & INSTRUMENTALITIES	75%
U.S. AGENCY BULLET	75%
U.S. AGENCY CALLABLE	25%
CERTIFICATES OF DEPOSIT	40%
REPURCHASE AGREEMENTS	40%
MONEY MARKET MUTUAL FUNDS	25%
AUTHORIZED INVESTMENT POOLS	100%

At September 30, 2022, investments, other than external investment pools, that represent 5% or more of the District's investments are as follows:

Issue	Investment Type	Reported Amount
FHLMC NOTE	Federal agency notes	\$ 103,803,320
U.S. TREASURY NOTE	Treasury note	379,849,010

The District held a total of \$559,041,186 in securities that equated to 39.37% 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, 2022, \$155,269,440 of the District's portfolio had a weighted average maturity of greater than one year.

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

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

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Investment income:							
Interest	\$ 5,034,950	\$ 3,208,246	\$ 695,828	\$ 172,114	\$ 1,011,629	\$ 22,994	\$ 10,145,760
Arbitrage rebate		(689,056)					\$ (689,056)
Net changes in the fair value of investments	(11,610,558)	(2,984,877)	(786,872)	(179,852)	(1,293,345)		(16,855,504)
Investment income:	<u>\$ (6,575,608)</u>	<u>\$ (465,687)</u>	<u>\$ (91,044)</u>	<u>\$ (7,739)</u>	<u>\$ (281,716)</u>	<u>\$ 22,994</u>	<u>\$ (7,398,800)</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	Internal Service Funds	Total
Unrestricted:							
Cash and cash equivalents	\$ 102,785,315	\$ 8,477,658	\$ 8,855,639	\$ 8,878,792	\$ 5,970,854	\$ 11,741,833	\$ 146,710,091
Investments	70,959,076	2,237,202	-	4,269,554	2,023,119	-	79,488,951
Total unrestricted	173,744,391	10,714,860	8,855,639	13,148,346	7,993,973	11,741,833	226,199,042
Restricted-current:							
Cash and cash equivalents	19,624,551	12,840,350	7,863,940	708,169	9,181,928	-	50,218,938
Total restricted-current	19,624,551	12,840,350	7,863,940	708,169	9,181,928	-	50,218,938
Restricted -non-current:							
Cash and cash equivalents	196,777,793	257,250,212	139,271,319	26,263,501	51,618,802	-	671,181,627
Investments	238,145,742	128,306,592	23,981,863	2,424,820	86,693,218	-	479,552,235
Total restricted-non-current	434,923,535	385,556,804	163,253,182	28,688,321	138,312,020	-	1,150,733,862
Total Restricted	454,548,086	398,397,154	171,117,122	29,396,490	147,493,948	-	1,200,952,800
Total	\$ 628,292,477	\$ 409,112,014	\$ 179,972,761	\$ 42,544,836	\$ 155,487,921	\$ 11,741,833	\$ 1,427,151,842

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

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Unrestricted:							
Operating Funds	\$ 57,064,648	\$ 6,971,309	\$ 3,402,840	\$ 5,617,918	\$ 3,787,385	\$ 5,135,445	\$ 81,979,545
Petty Cash	500	-	-	2,500	-	-	3,000
Capital Improvement Funds	116,679,243	3,284,660	1,219,346	7,527,928	3,143,983	-	131,855,160
Contingency Funds	-	-	-	-	-	2,866,577	2,866,577
Preventative Maintenance	-	458,891	4,233,453	-	1,062,605	-	5,754,949
Employee Insurance Funds	-	-	-	-	-	2,875,662	2,875,662
Retiree Insurance Funds	-	-	-	-	-	864,149	864,149
Total unrestricted	\$ 173,744,391	\$ 10,714,860	\$ 8,855,639	\$ 13,148,346	\$ 7,993,973	\$ 11,741,833	\$ 226,199,042

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At September 30, 2022, 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	\$ 7,186,478	N/A
Cash on hand	Not Rated	3,000	N/A
Texas CLASS - CP	AAAam	55,983,772	31 Days
Texas CLASS - Government	AAAam	8,621,528	24 Days
TexPool	AAAam	74,915,313	25 Days
Total cash and cash equivalents		146,710,091	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	73,333,691	155 Days
FHLB - Federal Home Loan Bank	Aaa	4,005,317	288 Days
FNMA - Fannie Mae	Aaa	2,149,943	423 Days
Total Securities of U.S. Government Agencies		79,488,951	
Total Unrestricted Investments and Cash Equivalents		226,199,042	
Restricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	61	N/A
LOGIC	AAAam	235,202,574	19 Days
Texas CLASS - CP	AAAam	285,068,031	31 Days
Texas CLASS - Government	AAAam	80,248,138	24 Days
TexPool	AAAam	120,881,761	25 Days
Total cash and cash equivalents		721,400,565	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	306,515,319	173 Days
FHLB - Federal Home Loan Bank	Aaa	62,783,768	615 Days
FHLMC - Federal Home Loan Mortgage Corp.	Aaa	103,803,320	694 Days
FNMA - Fannie Mae	Aaa	6,449,828	423 Days
Total Securities of U.S. Government Agencies		479,552,235	
Total Restricted Investments and Cash Equivalents		1,200,952,800	
Total Cash and Investments		\$ 1,427,151,842	

NOTE 3. CASH AND INVESTMENTS (CONTINUED)**D. Pension and OPEB Trust Fund Cash, Cash Equivalents, and Investments**

GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The balance per bank of cash on deposit in the Pension Trust Fund and the carrying value was \$103,451 as of December 31, 2021. The balance per bank of cash on deposit in the OPEB Trust Fund and the carrying value was \$16,221 as of September 30, 2022. Additional cash in the amount of \$2,251,207 was held by Aetna as of December 31, 2021 to cover the monthly benefit payments. See below for the detail of investments held.

The assets of the District's Employee Benefit Pension Plan are administered by the North Texas Municipal Water District Finance Committee of the Board of Directors. The District has contracted with Westwood Trust, Commonwealth Financial, and Aetna as ancillary trustees and custodians for the District's investments and those investments are respectively held by each of these trustees and custodians.

The District has contracted with Westwood Trust for trust administration, and the District's OPEB Plan investments are held in the Investment Trust by its trustee and custodian Westwood Trust (the "Trustee").

Investments	Pension Trust Fund ⁽¹⁾	OPEB Trust Fund	Quoted Prices in Active Markets for Identical Assets (Level 1)
Money Market Funds			
Fidelity Government Money Market Capital Reserves	\$ 63,822	\$ -	N/A
Equity Funds			
American Capital Income Builder	28,519,551	-	28,519,551
American Income Fund of America	32,814,419	-	32,814,419
Largecap Value Equity - EB	6,079,290	866,919	6,946,209
Johcm International Select I	1,815,524	-	1,815,524
Baron Emerging Markets Fund Institutional Shares	4,217,524	254,351	4,471,875
Allcap Growth Equity - EB	5,982,817	822,927	6,805,744
iShares Russell 1000 Value Index Fund	3,639,211	506,019	4,145,230
Smidcap Value Equity - EB	3,053,003	255,495	3,308,498
Smallcap Value Equity - EB	4,263,527	416,510	4,680,037
Westwood Smallcap Growth Fund - Inst	-	162,802	162,802
Vanguard FTSE Developed Markets Index Fund ETF Shares	3,608,257	405,523	4,013,780
Vanguard Scottsdal Vng Rus2000grw	1,192,032	258,705	1,450,737
Fixed Income Funds			
Core Investment Grade Bond - EB	8,923,954	1,793,590	10,717,544
Westwood High Income Fund Instl	4,170,914	700,049	4,870,963
Specialty Funds			
Westwood Total Return Fund Instl	5,956,602	869,472	6,826,074
Westwood Alternative Income Fund Ultra	2,974,012	566,179	3,540,191
Income Opportunity - EB	4,195,572	792,878	4,988,450
Total Investments and Cash Equivalents	\$ 121,470,031	\$ 8,671,419	\$ 130,077,628

(1) Information presented for the Pension Trust Fund is as of December 31, 2021.

The Pension Trust Fund is invested in a Money Market Fund (Fidelity Government Money Market Capital Reserves) which is valued at Net Asset Value and is therefore excluded from leveling above. See discussion earlier in this note regarding inputs for each level.

Neither the Pension Trust Fund or OPEB Trust Fund have unfunded commitments and therefore may redeem investments at any time to pay for benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at October 1, 2021	Additions and Transfers	Disposals and Transfers	Balance at September 30, 2022
Nondepreciable:				
Land	\$ 82,113,487	\$ 2,707,703	\$ 13,276	\$ 84,807,914
Easements	68,763,285	7,272,400	-	76,035,685
Construction in progress	2,218,765,990	510,717,508	816,919,201	1,912,564,297
Total nondepreciable assets	2,369,642,762	520,697,611	816,932,477	2,073,407,896
Depreciable:				
Land improvements	17,496,851	270,011,023	-	287,507,874
Water treatment, storage and transmission facilities	1,736,414,124	347,475,035	-	2,083,889,159
Wastewater treatment and disposal facilities	850,921,693	144,692,065	-	995,613,758
Solid waste transfer and disposal facilities	89,429,156	1,603,535	-	91,032,691
Reservoir facilities and water rights	379,356,242	36,577,312	-	415,933,554
Buildings	91,752,167	2,044,439	-	93,796,606
Automobiles and trucks	17,273,462	3,097,676	176,659	20,194,479
Office furniture and fixtures	1,063,182	-	-	1,063,182
Other equipment	96,009,162	9,294,062	316,273	104,986,951
Total depreciable assets	3,279,716,039	814,795,147	492,932	4,094,018,254
Less accumulated depreciation on:				
Land improvements	(6,846,171)	(1,880,998)	-	(8,727,169)
Water treatment, storage and transmission facilities	(462,644,209)	(40,359,033)	-	(503,003,242)
Wastewater treatment and disposal facilities	(275,167,650)	(21,775,605)	-	(296,943,255)
Solid waste transfer and disposal facilities	(39,993,033)	(1,595,184)	-	(41,588,217)
Reservoir facilities and water rights	(125,960,316)	(7,671,390)	-	(133,631,706)
Buildings	(19,849,546)	(2,271,227)	-	(22,120,773)
Automobiles and trucks	(12,284,670)	(1,572,847)	(156,048)	(13,701,469)
Office furniture and fixtures	(773,010)	(66,453)	-	(839,463)
Other equipment	(56,690,849)	(8,933,862)	(314,542)	(65,310,169)
Total accumulated depreciation	(1,000,209,454)	(86,126,599)	(470,590)	(1,085,865,463)
Total depreciable assets—net	2,279,506,585	728,668,548	22,342	3,008,152,791
TOTAL CAPITAL ASSETS—NET	\$ 4,649,149,347	\$ 1,249,366,159	\$ 816,954,819	\$ 5,081,560,687

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

Water services	\$ 53,702,453
Wastewater services	26,212,463
Solid waste services	6,211,683
Total depreciation expense	\$ 86,126,599

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2022, accounts payable and accrued liabilities consisted of the following:

	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
Payable to vendors/ contractors	\$ 87,953,043	\$ 27,878,826	\$ 4,718,650	\$ 2,254,198	\$ 12,169,473	\$ 2,233,905	\$ 137,208,095
Insurance claims liability	-	-	-	-	-	1,897,894	1,897,894
Arbitrage liability	-	689,056	-	-	-	-	689,056
Escrow liability	1,334,905	2,693,442	5,005,690	17,476,210	2,580,835	4,235,330	33,326,412
Compensated absences	564,744	595,638	242,270	481,322	104,891	2,835,181	4,824,046
Accrued payroll and related benefits	475,855	466,767	240,426	601,538	73,878	1,188,504	3,046,968
Total	\$ 90,328,547	\$ 32,323,729	\$ 10,207,036	\$ 20,813,268	\$ 14,929,077	\$ 12,390,814	\$ 180,992,471
Payable from unrestricted assets	\$ 23,030,837	\$ 4,023,782	\$ 6,606,963	\$ 3,207,245	\$ 2,267,963	\$ 12,390,814	\$ 51,527,604
Payable from restricted assets	67,297,710	28,299,947	3,600,073	17,606,023	12,661,114	-	129,464,867
Total	\$ 90,328,547	\$ 32,323,729	\$ 10,207,036	\$ 20,813,268	\$ 14,929,077	\$ 12,390,814	\$ 180,992,471

NOTE 6. INTERFUND BALANCES

At September 30, 2022 interfund balances consisted of the following:

	Due From Other Funds	Due To Other Funds
Water System	\$ 7,416,557	\$ 8,481,134
Regional Wastewater System	1,976,160	1,964,770
Sewer System	1,518,717	1,194,416
Solid Waste System	2,499,761	2,135,423
Interceptor System	396,234	601,917
Internal Service Funds	1,557,692	987,461
Total	\$ 15,365,121	\$ 15,365,121

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2022 deferred outflows of resources consisted of the following:

	Balance at October 1, 2021	Additions	Deletions	Balance at September 30, 2022
Water System:				
Deferred loss on refunded debt	\$ 16,298,714	\$ (13,621,895)	\$ (391,350)	\$ 2,285,469
Deferred pension outflow	2,568,036	-	1,261,130	3,829,166
Deferred OPEB outflow	756,786	188,551	-	945,337
	<u>19,623,536</u>	<u>(13,433,344)</u>	<u>869,780</u>	<u>7,059,972</u>
Regional Wastewater:				
Deferred loss on refunded debt	1,911,770	-	(364,173)	1,547,597
Deferred pension outflow	2,896,167	-	1,430,288	4,326,455
Deferred OPEB outflow	819,535	189,817	-	1,009,352
	<u>5,627,472</u>	<u>189,817</u>	<u>1,066,115</u>	<u>6,883,404</u>
Sewer System:				
Deferred loss on refunded debt	1,295,221	-	(291,190)	1,004,031
Deferred pension outflow	1,058,721	-	690,746	1,749,467
Deferred OPEB outflow	429,210	101,892	-	531,102
	<u>2,783,152</u>	<u>101,892</u>	<u>399,556</u>	<u>3,284,600</u>
Solid Waste System:				
Deferred loss on refunded debt	1,231,013	-	(273,590)	957,423
Deferred pension outflow	2,723,894	-	1,223,927	3,947,821
Deferred OPEB outflow	642,395	141,788	-	784,183
	<u>4,597,302</u>	<u>141,788</u>	<u>950,337</u>	<u>5,689,427</u>
Interceptor System:				
Deferred loss on refunded debt	1,719,066	-	(293,498)	1,425,568
Deferred pension outflow	267,770	-	257,322	525,092
Deferred OPEB outflow	149,698	39,456	-	189,154
	<u>2,136,534</u>	<u>39,456</u>	<u>(36,176)</u>	<u>2,139,814</u>
Internal Service Funds:				
Deferred pension outflow	8,190,232	-	4,527,446	12,717,678
Deferred OPEB outflow	2,952,741	706,098	-	3,658,839
	<u>11,142,973</u>	<u>706,098</u>	<u>4,527,446</u>	<u>16,376,517</u>
Total	<u>\$ 45,910,969</u>	<u>\$ (12,254,293)</u>	<u>\$ 7,777,058</u>	<u>\$ 41,433,734</u>

NOTE 8. LONG -TERM DEBT

Long-term debt consists of the following at September 30, 2022:

	Original Borrowing	Balance at October 1, 2021	Issued	Retired or Refunded	Balance at September 30, 2022	Amounts due Within One Year
Water System:						
Water revenue bonds 3/22-9/51, 2.00-5.00%	\$ 2,629,713,000	\$ 1,293,850,000	\$ 200,560,000	\$ 285,535,000	\$ 1,208,875,000	\$ 58,865,000
Water direct placement 3/22-9/49, 1.040-3.43%	1,476,980,000	1,367,710,000	-	37,380,000	1,330,330,000	38,010,000
	4,106,693,000	2,661,560,000	200,560,000	322,915,000	2,539,205,000	96,875,000
Regional Wastewater:						
Wastewater revenue bonds, 12/21-6/51, 2.00-5.00%	451,360,000	380,920,000	-	17,055,000	363,865,000	14,190,000
Wastewater direct placement 12/21-6/50, .020-.170%	496,535,000	493,765,000	-	5,205,000	488,560,000	8,155,000
	947,895,000	874,685,000	-	22,260,000	852,425,000	22,345,000
Sewer System:						
Rockwall contract revenue bonds, 12/21-6/28, 5.75%	2,960,000	1,395,000	-	165,000	1,230,000	175,000
Mustang Creek Interceptor System revenue bonds, 12/21-6/50, 2.50- 5.125%	34,455,000	31,465,000	-	730,000	30,735,000	770,000
Rockwall-Heath contract revenue bonds 12/21-6/25, 4.10-4.25%	3,020,000	840,000	-	195,000	645,000	205,000
Terrell contract revenue bonds 12/21-6/35, 3.00-5.00%	10,465,000	8,005,000	-	440,000	7,565,000	455,000
Stewart Creek contract revenue bonds, 12/20-6/35, 3.00-5.00%	69,685,000	50,650,000	-	2,670,000	47,980,000	2,780,000
Little Elm contract revenue bonds, 12/21-6/23, 2.00%	3,555,000	795,000	-	390,000	405,000	405,000
Parker Creek Interceptor System, revenue bonds, 12/21-6/23, 5.125%	2,615,000	410,000	-	200,000	210,000	210,000
Sabine Creek Interceptor System revenue bonds, 12/21-6/23, 5.125%	2,115,000	330,000	-	160,000	170,000	170,000
Sabine Creek Wastewater System revenue bonds, 12/21-6/52, 2.00- 5.00%	101,710,000	13,620,000	81,615,000	1,130,000	94,105,000	1,295,000
Muddy Creek Wastewater System revenue bonds 12/21-6/40, 2.00- 5.00%	32,630,000	21,605,000	-	1,990,000	19,615,000	2,430,000
Muddy Creek Interceptor revenue bonds 12/21-6/24, 3.00%	2,135,000	725,000	-	235,000	490,000	240,000
Buffalo Creek Interceptor revenue bonds 12/21-6/50, 1.10-5.00%	50,525,000	40,295,000	-	1,470,000	38,825,000	1,550,000
Buffalo Creek Interceptor direct placement 12/21-6/52, 1.10-2.52%	38,615,000	-	38,615,000	-	38,615,000	250,000
Rockwall Water Pumping Facilities bonds 12/21-6/26, 4.50-4.60%	2,145,000	745,000	-	135,000	610,000	140,000

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Original Borrowing	Balance at October 1, 2021	Issued	Retired or Refunded	Balance at September 30, 2022	Amounts due Within One Year
Sewer System (continued):						
Panther Creek Wastewater System bonds 12/21-6/40, 2.50-5.00%	36,190,000	25,305,000	-	3,165,000	22,140,000	3,315,000
Lower East Fork Interceptor bonds 12/21-6/26, 3.00-5.00%	10,745,000	5,900,000	-	1,080,000	4,820,000	1,125,000
Parker Creek Parallel Interceptor bonds 12/21-6/36, 2.00-3.00%	3,045,000	2,455,000	-	120,000	2,335,000	125,000
	406,610,000	204,540,000	120,230,000	14,275,000	310,495,000	15,640,000
Solid Waste System- revenue bonds, 3/22-9/41, 3.00-5.00%	87,325,000	46,045,000	7,620,000	3,760,000	49,905,000	3,705,000
Interceptor System - revenue bonds, 12/21-6/51, 2.00-6.25%	536,935,000	384,470,000	-	14,645,000	369,825,000	15,330,000
Total	\$ 6,085,458,000	\$ 4,171,300,000	\$ 328,410,000	\$ 377,855,000	\$ 4,121,855,000	\$ 153,895,000

Pledged Revenue

Throughout the years, the District has issued revenue bonds and U.S. 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 ended September 30, 2022, bond debt service of \$277,856,986 was fully secured by 100% of pledged revenues of \$587,243,513 and interest earned on accounts restricted for debt service. Also, the Interceptor System ECP Debt service amount of \$18,277 was paid directly from Operating and is not included in the pledged revenues.

For the year ended September 30, 2022, debt service on U.S. Government Notes was refunded in July 2021.

Arbitrage

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term obligations. Under this act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebataable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that \$689,056 is due. Future calculations might result in adjustments to this determination.

NOTE 8. LONG -TERM DEBT (CONTINUED)

In the Statement of Net Position, the long-term liabilities include premiums net of discounts of \$131,417,952 in the Water System, \$26,897,549 in the Regional Wastewater System, \$10,376,849 in the Sewer System, \$2,932,400 in the Solid Waste System and \$24,860,066 in the Interceptor System.

Other long term debt activity for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021	Additions	Deletions	Balance at September 30, 2022
Water System:				
Premiums	\$ 132,130,369	\$ 33,987,731	\$ (34,700,148)	\$ 131,417,952
	132,130,369	33,987,731	(34,700,148)	131,417,952
Regional Wastewater:				
Premiums	29,262,228	-	(2,364,679)	26,897,549
	29,262,228	-	(2,364,679)	26,897,549
Sewer System:				
Premiums	9,619,563	2,114,082	(1,350,262)	10,383,383
Discounts	(8,557)	-	2,023	(6,534)
	9,611,006	2,114,082	(1,348,239)	10,376,849
Solid Waste System:				
Premiums	3,018,630	379,732	(465,962)	2,932,400
	3,018,630	379,732	(465,962)	2,932,400
Interceptor System:				
Premiums	27,669,025	-	(2,808,959)	24,860,066
	27,669,025	-	(2,808,959)	24,860,066
Total	\$ 201,691,258	\$ 36,481,545	\$ (41,687,987)	\$ 196,484,816

Revenue bonds outstanding at September 30, 2022, are secured as follows:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

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

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

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 \$200,560,000 in the Water System primarily for refunding a portion of the District's outstanding debt for debt service savings, \$7,620,000 in the Solid Waste System primarily for the construction and inspection of the 121 RDF Shop Addition and the construction and inspection of the 121 RDF South Slope Closure, and other system improvements, \$120,230,000 in the Sewer System primarily for the design and construction of an Interceptor Gravity Tunnel for the Buffalo Creek Interceptor System, and for the design of the Sabine Creek RWWTP Expansion to 6 MGD, and other system improvements. During the year, the District issued revenue refunding bonds in the amounts of \$228,285,000 in the Water System to refund a portion of the District's outstanding debt. As a result of the current refunding, the District decreased its aggregate debt service payment to maturity by \$39,259,107 and realized an economic gain (difference between the present value of debt service payments of the old debt and the new debt) of \$36,645,972.

At September 30, 2022, defeased bonds outstanding totaled \$0.

For current and advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. At September 30, 2022, the amount of the unamortized deferred amount on refundings is \$7,220,088.

NOTE 8. LONG -TERM DEBT (CONTINUED)**Additional debt information**

The District's outstanding notes from direct borrowings related to governmental contracts of \$24,952,694 was refunded in July 2021.

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

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

The District's outstanding revenue bonds from direct placements of \$1,208,875,000 for Water and \$488,560,000 for Wastewater contain a provision that if the District defaults on the payment of the principal and interest of the bond when due, there is no right to the acceleration of maturity of the Bonds. The District is eligible to seek relief from its creditors under chapter 9 of the U.S. Bankruptcy Code.

The Board has authorized using Extendable Commercial Paper (ECP) in the Water System (not to exceed \$250M), Regional Wastewater System (not to exceed \$150M), and Interceptor System (not to exceed \$75M). As of September 30, 2022, the District has outstanding ECP notes of \$5,000,000 in the Water System, \$5,000,000 in the Wastewater System, and \$7,000,000 in the Upper East Fork Interceptor System.

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

	Water System			Water System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 58,865,000	\$ 51,261,809	\$ 110,126,809	\$ 38,010,000	\$ 37,671,817	\$ 75,681,817
2024	61,535,000	48,531,958	110,066,958	38,680,000	36,996,949	75,676,949
2025	59,595,000	45,708,508	105,303,508	39,400,000	36,275,966	75,675,966
2026	61,430,000	42,943,859	104,373,859	40,165,000	35,510,487	75,675,487
2027	64,510,000	39,940,059	104,450,059	40,985,000	34,699,970	75,684,970
2028-2032	351,850,000	153,182,032	505,032,032	219,125,000	159,256,150	378,381,150
2033-2037	260,865,000	80,471,532	341,336,532	249,895,000	128,387,940	378,282,940
2038-2042	158,190,000	37,977,782	196,167,782	289,800,000	88,444,445	378,244,445
2043-2047	109,255,000	13,107,587	122,362,587	338,800,000	39,090,941	377,890,941
2048-2052	22,780,000	1,180,404	23,960,404	35,470,000	1,275,008	36,745,008
	<u>\$ 1,208,875,000</u>	<u>\$ 514,305,530</u>	<u>\$ 1,723,180,530</u>	<u>\$ 1,330,330,000</u>	<u>\$ 597,609,673</u>	<u>\$ 1,927,939,673</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Regional Wastewater System			Regional Wastewater System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 14,190,000	\$ 14,372,981	\$ 28,562,981	\$ 8,155,000	\$ 178,641	\$ 8,333,641
2024	14,820,000	13,709,556	28,529,556	7,705,000	178,641	7,883,641
2025	15,490,000	13,042,181	28,532,181	8,705,000	178,641	8,883,641
2026	16,190,000	12,316,499	28,506,499	12,665,000	178,641	12,843,641
2027	15,770,000	11,587,825	27,357,825	18,310,000	178,641	18,488,641
2028-2032	66,710,000	47,962,656	114,672,656	91,550,000	893,202	92,443,202
2033-2037	60,245,000	34,999,563	95,244,563	92,085,000	893,202	92,978,202
2038-2042	72,015,000	22,745,481	94,760,481	93,745,000	892,946	94,637,946
2043-2047	74,240,000	8,848,720	83,088,720	96,335,000	723,707	97,058,707
2048-2052	14,195,000	746,594	14,941,594	59,305,000	171,990	59,476,990
	<u>\$ 363,865,000</u>	<u>\$ 180,332,056</u>	<u>\$ 544,197,056</u>	<u>\$ 488,560,000</u>	<u>\$ 4,468,252</u>	<u>\$ 493,028,252</u>

	Sewer System			Sewer System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 15,390,000	\$ 9,197,067	\$ 24,587,067	\$ 250,000	\$ 759,729	\$ 1,009,729
2024	13,355,000	9,621,038	22,976,038	250,000	746,572	996,572
2025	13,050,000	9,041,470	22,091,470	750,000	743,822	1,493,822
2026	14,970,000	8,470,234	23,440,234	1,115,000	735,572	1,850,572
2027	10,915,000	7,878,706	18,793,706	1,125,000	723,307	1,848,307
2028-2032	55,720,000	32,800,007	88,520,007	5,825,000	3,425,946	9,250,946
2033-2037	52,275,000	22,125,088	74,400,088	6,230,000	3,025,722	9,255,722
2038-2042	34,365,000	14,933,351	49,298,351	6,840,000	2,414,480	9,254,480
2043-2047	32,285,000	9,329,032	41,614,032	7,635,000	1,619,335	9,254,335
2048-2052	29,555,000	3,359,576	32,914,576	8,595,000	653,702	9,248,702
	<u>\$ 271,880,000</u>	<u>\$ 126,755,569</u>	<u>\$ 398,635,569</u>	<u>\$ 38,615,000</u>	<u>\$ 14,848,187</u>	<u>\$ 53,463,187</u>

	Solid Waste System		
	Principal	Interest	Total
2023	\$ 3,705,000	\$ 2,010,631	\$ 5,715,631
2024	3,870,000	1,833,981	5,703,981
2025	4,045,000	1,640,481	5,685,481
2026	4,225,000	1,438,231	5,663,231
2027	3,865,000	1,226,981	5,091,981
2028-2032	14,805,000	3,989,651	18,794,651
2033-2037	13,420,000	1,621,732	15,041,732
2038-2042	1,970,000	200,600	2,170,600
2043-2047	-	-	-
2048-2052	-	-	-
	<u>\$ 49,905,000</u>	<u>\$ 13,962,288</u>	<u>\$ 63,867,288</u>

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Interceptor System			Total All Systems		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 15,330,000	\$ 13,247,968	\$ 28,577,968	\$ 153,895,000	\$ 128,700,643	\$ 282,595,643
2024	16,095,000	12,518,718	28,613,718	156,310,000	124,137,413	280,447,413
2025	15,685,000	11,736,292	27,421,292	156,720,000	118,367,361	275,087,361
2026	17,620,000	10,988,467	28,608,467	168,380,000	112,581,990	280,961,990
2027	19,585,000	10,164,268	29,749,268	175,065,000	106,399,757	281,464,757
2028-2032	90,485,000	37,869,438	128,354,438	896,070,000	439,379,082	1,335,449,082
2033-2037	73,145,000	22,120,053	95,265,053	808,160,000	293,644,832	1,101,804,832
2038-2042	43,085,000	13,221,944	56,306,944	700,010,000	180,831,029	880,841,029
2043-2047	48,150,000	7,588,956	55,738,956	706,700,000	80,308,278	787,008,278
2048-2052	30,645,000	1,675,637	32,320,637	200,545,000	9,062,911	209,607,911
	<u>\$ 369,825,000</u>	<u>\$ 141,131,741</u>	<u>\$ 510,956,741</u>	<u>\$ 4,121,855,000</u>	<u>\$ 1,593,413,296</u>	<u>\$ 5,715,268,296</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2022, deferred inflows of resources consisted of the following:

	Balance at October 1, 2021	Additions	Deletions	Balance at September 30, 2022
Water System:				
Deferred pension inflow	\$ 856,918	\$ 314,894	\$ -	\$ 1,171,812
Deferred OPEB inflow	416,480		(133,456)	283,024
	<u>1,273,398</u>	<u>314,894</u>	<u>(133,456)</u>	<u>1,454,836</u>
Regional Wastewater:				
Deferred pension inflow	1,317,620	357,131	-	1,674,751
Deferred OPEB inflow	473,922	-	(134,352)	339,570
	<u>1,791,542</u>	<u>357,131</u>	<u>(134,352)</u>	<u>2,014,321</u>
Sewer System:				
Deferred pension inflow	451,414	172,474	-	623,888
Deferred OPEB inflow	238,182	-	(72,120)	166,062
Deferred grant revenue		1,000,000		1,000,000
	<u>689,596</u>	<u>1,172,474</u>	<u>(72,120)</u>	<u>1,789,950</u>
Solid Waste System:				
Deferred pension inflow	1,197,103	305,606	-	1,502,709
Deferred OPEB inflow	379,382	-	(100,357)	279,025
	<u>1,576,485</u>	<u>305,606</u>	<u>(100,357)</u>	<u>1,781,734</u>
Interceptor System:				
Deferred pension inflow	102,373	64,249	-	166,622
Deferred OPEB inflow	78,451	-	(27,923)	50,528
	<u>180,824</u>	<u>64,249</u>	<u>(27,923)</u>	<u>217,150</u>
Internal Service Funds:				
Deferred pension inflow	3,767,932	1,130,465	-	4,898,397
Deferred OPEB inflow	1,665,041	-	(499,778)	1,165,263
	<u>5,432,973</u>	<u>1,130,465</u>	<u>(499,778)</u>	<u>6,063,660</u>
Total	<u>\$ 10,944,818</u>	<u>\$ 3,344,819</u>	<u>\$ (967,986)</u>	<u>\$ 13,321,651</u>

The Buffalo Creek Interceptor Fund had a deferred grant income as of May 26, 2022 of \$1,000,000 that represents the Clean Water Principal Grant income received.

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, 2022, the participants comprised the following:

Active participants	814
Terminated vested participants	245
Disabled Participants	2
Retired participants	219
Beneficiaries	24
Total number of participants	<u>1,304</u>

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

Contributions

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

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

For the plan year ended December 31, 2021, the District made contributions of \$6,300,000, which represent 10.81% of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2021. For the fiscal year ended September 30, 2022, the District made contributions of \$8,108,000 of which contributions subsequent to the measurement date through September 30, 2022 were \$6,750,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

Valuation date	January 1, 2021	January 1, 2022
Measurement date	December 31, 2020	December 31, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.00%	2.00%
Salary increases including inflation	4.00%	4.00%
Mortality	Pub-2010 General Mortality with MP-2020 mortality improvement scales	Pub-2010 General Mortality with MP-2021 mortality improvement scales

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

Discount Rate

	<u>December 31, 2020</u>	<u>December 31, 2021</u>
Discount rate	8.00%	7.75%
Long-term expected rate of return, net of investment expense	8.00%	7.75%

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

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

NOTE 10. RETIREMENT PLAN (CONTINUED)**Long-Term Expected Rate of Return**

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2021.

Asset Class	Index	Target	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	3.72%	-0.26%	-0.26%
US Treasury Bonds	Bloomberg US Treasury TR USD	20.00%	0.59%	0.44%
US Interm (1-10 Yr) Treasury	Bloomberg Interm US Treasury		0.52%	0.44%
US Government Bonds	Bloomberg US Government TR		0.58%	0.45%
US Long (11-30 Yr) Corporate Bonds	Bloomberg US Long Corporate TR	76.28%	2.24%	1.80%
	Bloomberg US Corp Aaa Interm TR		1.03%	0.91%
US Interm (1-10 Yr) AAA Corporate Bonds	Bloomberg US Corp Aa Interm TR		1.36%	1.23%
US Interm (1-10 Yr) AA Corporate Bonds	Bloomberg US Corp Aa Long TR		1.88%	1.38%
US Long (11-30 Yr) AA Corporate Bonds	Bloomberg US Corp Baa TR		2.29%	2.05%
US BBB Corporate Bonds			2.30%	2.30%
Assumed Inflation - Mean			1.23%	1.23%
Assumed Inflation - Standard Deviation			4.74%	3.74%
Portfolio Real Mean Return			7.04%	6.17%
Portfolio Nominal Mean Return				13.91%
Portfolio Standard Deviation				
Long-Term Expected Rate of Return				7.75%

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

Sensitivity Analysis

The following presents the net pension liability of the NTMWD, calculated using the discount rate of 7.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Total pension liability	\$ 201,217,767	\$ 176,144,766	\$ 155,543,459
Fiduciary net position	123,824,689	123,824,689	123,824,689
Net pension liability	77,393,078	52,320,077	31,718,770

Pension Expense

For the year ended September 30, 2022, the District recognized pension expense of \$8,787,960 of which \$4,236,776 was allocated to the Support Fund, \$1,180,166 was allocated to the Water System, \$1,338,463 was allocated to the Wastewater System, \$646,400 was allocated to the Sewer System, \$1,145,353 was allocated to the Solid Waste System, and \$240,802 was allocated to the Interceptor System.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,759,352	\$ (1,322,709)
Changes of assumptions	10,586,327	(2,902,624)
Net difference between projected and actual earnings	-	(5,812,846)
Contributions made subsequent to measurement date	6,750,000	
Total	<u>\$ 27,095,679</u>	<u>\$ (10,038,179)</u>

Investment gains/losses are recognized in pension expense over a period of five years; economic/demographic gains/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, currently 6.7 years for 2022.

\$6,750,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The net amounts of the employer's other balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended September 30	Net Outflows/(Inflows) of Resources
2023	\$ 2,562,324
2024	234,581
2025	2,011,645
2026	1,520,716
2027	2,612,432
Thereafter*	1,365,802
	<u>\$ 10,307,500</u>

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

NOTE 10. RETIREMENT PLAN (CONTINUED)**Net Pension Liability**

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2021	\$ 155,525,132	\$ 109,779,061	\$ 45,746,071
Changes for the year:			
Service cost	3,725,593		3,725,593
Interest on total pension liability	12,448,825		12,448,825
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	3,479,727		3,479,727
Effect of assumptions changes or inputs	8,389,129		8,389,129
Benefit payments	(7,423,640)	(7,423,640)	-
Employer contributions		6,300,000	(6,300,000)
Member contributions		782,754	(782,754)
Net investment income		14,386,514	(14,386,514)
Administrative expenses		-	-
Balances as of September 30, 2022	<u>\$ 176,144,766</u>	<u>\$ 123,824,689</u>	<u>\$ 52,320,077</u>

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

	December 31, 2020	December 31, 2021
Total pension liability	\$ 155,525,132	\$ 176,144,766
Fiduciary net position	109,779,061	123,824,689
Net pension liability	<u>45,746,071</u>	<u>52,320,077</u>
Fiduciary net position as a % of total pension liability	70.59%	70.30%

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

Pension Plan Fiduciary Net Position

	December 31, 2020	December 31, 2021
Assets		
Cash and cash equivalents	\$ 3,943,173	\$ 4,611,487
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	25,006,262	25,528,977
Stocks	80,829,626	93,684,225
Total investments	<u>105,835,888</u>	<u>119,213,202</u>
Total assets	<u>109,779,061</u>	<u>123,824,689</u>
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	<u>\$ 109,779,061</u>	<u>\$ 123,824,689</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Changes in Pension Plan Fiduciary Net Position

	<u>December 31, 2020</u>	<u>December 31, 2021</u>
Additions:		
Contributions:		
Employer	\$ 8,108,000	\$ 6,300,000
Member	577,140	782,754
Total contributions	8,685,140	7,082,754
Net investment income:		
Interest and dividends	2,365,142	2,883,018
Equity fund income, net	776,824	6,520,819
Net increase in fair value of investments	5,318,588	5,336,301
Less investment expenses:		
Direct investment expense	359,595	353,624
Total investment expenses	359,595	353,624
Net investment income	8,100,959	14,386,514
Total Additions	16,786,099	21,469,268
Deductions:		
Service benefits	4,894,124	7,213,616
Disability benefits	55,793	43,202
Death benefits	53,203	90,387
Refund of member contributions	53,761	76,435
Total Deductions	5,056,881	7,423,640
Net increase (decrease)	11,729,218	14,045,628
Net position		
Beginning of year	98,049,843	109,779,061
End of year	<u>\$ 109,779,061</u>	<u>\$ 123,824,689</u>

NOTE 11. COMMITMENTS AND CONTINGENCIES**Commitments**

Remaining commitments under construction contracts as of September 30, 2022 were as follows:

Payable from:	Capital Improvement Funds	Restricted Bond Funds	Total Commitments
Water System	\$ 96,586,773	\$ 317,260,274	\$ 413,847,047
Regional Wastewater System	449,666	282,800,994	283,250,660
Sewer System	1,189,563	97,985,964	99,175,527
Solid Waste System	1,580,353	-	1,580,353
Interceptor System	7,375,162	122,149,519	129,524,681
	<u>\$ 107,181,517</u>	<u>\$ 820,196,751</u>	<u>\$ 927,378,268</u>

Contingencies

The District is involved in threatened litigation and lawsuits arising in the ordinary course of business, including claims involving contract disputes. In the opinion of the District's management, potential liability in these matters will not have a material impact on the financial statements as of September 30, 2022.

NOTE 12. CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the District to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the District accrues a portion of these estimated closure and postclosure care costs in each period based on landfill capacity used as of each Statement of Net Position date. At September 30, 2022, a liability of \$8,645,797 for landfill closure and postclosure care costs has been accrued in the Solid Waste System Fund in the accompanying statement of net position.

Beginning Liability	Additions	Reductions	Ending Liability
\$ 6,806,826	\$ 1,838,971	\$ -	\$ 8,645,797

The \$8,645,797 reported as landfill closure and postclosure care liability at September 30, 2022, includes \$230,992 for Transfer Stations, \$1,653,105 for the Maxwell Creek Landfill, \$3,081,388 for the McKinney Landfill and \$3,680,312 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 18% 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 \$16,496,839 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, 2022. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 89.3 years. Actual costs may be higher due to inflation, changes in technology, or changes in laws or regulations.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

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

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

The liability for insurance claims is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities are based upon the insurance company's figures for the District's liability for termination claims upon the termination of the policy year and the stop loss premium for any claims above the District's liability. Additionally, the liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage, and subrogation. The liability is reported with accounts payable and accrued liabilities in the Statement of Net Position. Changes in the employees' health claims liability amount in fiscal September 30, 2022 and 2021 were:

Fiscal Year	Liability Beginning of Year	Claims Incurred and Change in Estimates	Current Year Claim Payments	Liability End of Year
2021	\$ 1,718,892	\$ 14,454,014	\$ 14,404,878	\$ 1,768,028
2022	1,768,028	15,630,851	15,500,985	1,897,894

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 the District pays claims directly to the insurance provider. 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, 2022, the participants comprised the following:

Actives	841
Retirees	88
Beneficiaries	-
Spouses of Retirees	47
Total number of participants	<u>976</u>

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. Currently, the District pays benefits on a pay-as-you-go basis.

Actuarial Assumptions

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	October 1, 2020	October 1, 2021
Measurement date	September 30, 2021	September 30, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.20%	2.20%
Salary increases including inflation	3.00%	3.00%
Long -Term Expected Rate of Return	7.50%	7.50%
	5.4% for 2021, gradually decreasing to 4.4% in 2029-2033 and increasing to 4.5% from 2034-2041 and ultimately decreasing to 3.7% in 2073.	6.5% for FY23 decreasing .50% per year to 4.50% for FY27, then to an ultimate rate of 4.20% for later years
Healthcare Cost Trend Rates (Medical)		
Healthcare Cost Trend Rates (Dental)	3% for 2021-2073.	3% each year for all years

Mortality rates (pre-retirement) were based on the Pub-2010 General Employees amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010. Mortality rates (post-retirement) were based on the Pub-2010 General Healthy Retiree mortality tables with MP-2021 projected generationally from the year 2010. Mortality rates (retirees) were based on the Pub-2010 General Healthy Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010. Mortality rates (retiree spouses) were based on the Pub-2010 General Contingent Survivor amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010. Mortality rates (disabled retirees) were based on the Pub-2010 General Disabled Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**Discount Rate**

Discount Rate: The discount rate used to measure the total OPEB liability was 7.50% and has not changed from the previous year.

Projected Cash Flows: Projected cash flows into the plan are equal to the greater of projected benefit payments out of the plan or the projected actuarially determined contribution in accordance with Paragraph No. 50 of GASB No. 74 and Paragraph No. 30 of GASB No. 75.

Long-Term Expected Rate of Return: 7.5%; The plan operates on a PAYGO basis and accumulates assets in a trust in addition to the PAYGO amount.

Municipal Bond Rate: 4.02% as of September 30, 2022; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Years of Projected Benefit Payments to which Long-Term Expected Rate of Return Applies: All years

Long-Term Expected Rate of Return

In accordance with Paragraph No. 48 of GASB No. 74 and Paragraph No. 36 of GASB No. 75, the discount rate should be the single rate that reflects the following: (a) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (i) the OPEB plan's fiduciary net position (i.e., plan assets) is projected to be sufficient to make projected benefit payments and (ii) OPEB plan assets are expected to be invested using a strategy to achieve that return, and (b) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

The capital market assumptions are per NEPC LLC's investment consulting practice as of December 31, 2021.

Asset Class	Asset Allocation	Long-Term Expected Geometric Nominal Rate of Return
US Cash	0.00%	1.50%
US Equities - 57% US LargeCap/43% US Sm/Mid Cap	40.00%	5.00%
International Equities	9.00%	5.20%
Emerging Markets Equities	7.00%	8.30%
Investment Grade Bonds - US Aggregate	15.00%	2.00%
High Income - 20% US LargeCap/80% US Aggregate	7.00%	2.60%
Income Opportunity - 40% US LargeCap/60% US Aggregate	7.00%	3.20%
Alternative Income - 50% Hedge Fund Credit/50% Hedge Fund Macro	5.00%	4.10%
Total Return - 60% US LargeCap/40% US Aggregate	10.00%	3.70%
Expected Return 10 yrs	4.67%	
Expected Return 30 yrs	5.98%	
Standard Deviation	12.24%	
Sharpe Ratio (10 years)	0.26	
Sharpe Ratio (30 years)	0.30	
Long-Term Expected Rate of Return		7.50%

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**Sensitivity Analysis**

The following presents the net OPEB liability as of September 30, 2022, as well as what the Net OPEB liability would be if were calculated using the discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current discount rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB liability	\$ 23,048,399	\$ 21,413,372	\$ 19,957,221
Fiduciary net position	8,687,640	8,687,640	8,687,640
Net OPEB liability	\$ 14,360,759	\$ 12,725,732	\$ 11,269,581

The following presents the net OPEB liability as of September 30, 2022, as well as what the Net OPEB liability would be if were calculated using the healthcare cost trend rates that are 1-percentage point lower (5.5% for FY23 decreasing to 3.2% by FY28) or 1-percentage-point higher (7.5% for FY23 decreasing to 5.20% by FY28) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.20%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.20%)	1% Increase (7.50% decreasing to 5.20%)
Total OPEB liability	\$ 19,753,608	\$ 21,413,372	\$ 23,324,983
Fiduciary net position	8,687,640	8,687,640	8,687,640
Net OPEB liability	\$ 11,065,968	\$ 12,725,732	\$ 14,637,343

Deferred Outflows/Inflows of Resources Related to OPEB

At September 30, 2022, the District reported deferred inflows and outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,734,963	\$ (1,818,805)
Changes of assumptions	812,578	(464,667)
Net difference between projected and actual earnings	1,570,426	-
Total	\$ 7,117,967	\$ (2,283,472)

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

Year Ended December 31	Net Outflows/ (Inflows) of Resources
2023	\$ 793,969
2024	719,442
2025	708,811
2026	1,003,370
2027	619,288
Thereafter*	989,615
	<u>\$ 4,834,495</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of September 30, 2021	\$ 19,815,781	\$ 10,485,268	\$ 9,330,513
Changes for the year:			
Service cost	482,393	-	482,393
Interest on total OPEB liability	1,405,170	-	1,405,170
Effect of plan changes	2,267,192	-	2,267,192
Effect of economic/demographic gains or losses	732,378	-	732,378
Effect of assumptions changes or inputs	(164,385)	-	(164,385)
Benefit payments	(3,125,157)	(3,125,157)	-
Employer contributions	-	3,125,157	(3,125,157)
Member contributions	-	-	-
Net investment income	-	(1,797,628)	1,797,628
Administrative expenses	-	-	-
Balances as of September 30, 2022	\$ 21,413,372	\$ 8,687,640	\$ 12,725,732

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.

	September 30, 2021	September 30, 2022
Total OPEB liability	\$ 19,815,781	\$ 21,413,372
Fiduciary net position	10,485,268	8,687,640
Net OPEB liability	\$ 9,330,513	\$ 12,725,732
Fiduciary net position as a % of total OPEB liability	52.91%	40.57%

OPEB Plan Fiduciary Net Position

	September 30, 2021	September 30, 2022
Assets		
Cash and cash equivalents	\$ 41,211	\$ 16,221
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	2,056,476	2,493,639
Stocks	5,595,344	3,949,251
Real estate	-	-
Alternative investments	2,792,237	2,228,529
Total investments	10,444,057	8,671,419
Total assets	10,485,268	8,687,640
Liabilities		
Total liabilities	-	-
Net position restricted for OPEB	\$ 10,485,268	\$ 8,687,640

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**Changes in OPEB Plan Fiduciary Net Position**

	September 30, 2021	September 30, 2022
Additions:		
Contributions:		
Member	\$ -	\$ 3,125,157
Total contributions	-	3,125,157
Net investment income:		
Interest and dividends	170,576	-
Net increase in fair value of investments	614,040	(1,764,319)
Less investment expenses:		
Direct investment expense	38,403	33,309
Total investment expenses	38,403	33,309
Net investment income	746,213	(1,797,628)
Other income	904,044	-
Total Additions	1,650,257	1,327,529
Deductions:		
Service benefits	-	3,125,157
Total Deductions	-	3,125,157
Net increase (decrease)	1,650,257	(1,797,628)
Net position		
Beginning of year	8,835,011	10,485,268
End of year	<u>\$ 10,485,268</u>	<u>\$ 8,687,640</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RECENTLY ISSUED GASB STATEMENTS

The District has implemented the following new accounting pronouncements:

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

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

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

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

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

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of paragraphs 13 and 14 were implemented in the current year with no material impact to the financial statements. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021.

NOTE 15. RECENTLY ISSUED GASB STATEMENTS (CONTINUED)

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

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

GASB Statement No. 99, *Omnibus 2022*, with certain provisions effective immediately, while other provisions were effective for periods beginning after June 15, 2022 and the remaining provisions being effective for periods beginning after June 15, 2023. The standard addresses a number of practice issues for certain previously issued GASB statements, as well as providing additional guidance for accounting and reporting for financial guarantees.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, effective for periods beginning after June 15, 2023. The standard is intended to improve the clarity of accounting and financial reporting for accounting changes and error corrections in order to provide greater consistency of application in practice with more understandable and relevant information.

GASB issued Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023 (for the City's fiscal year ending June 30, 2025). The standard aligns the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures.

THIS PAGE INTENTIONALLY LEFT BLANK

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 Years
(Dollar amounts in 1,000s)

	As of the Measurement Date December 31 for the Fiscal Year Ended September 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability (TPL)										
Service cost	\$ 3,726	\$ 3,726	\$ 3,712	\$ 3,428	\$ 2,897	\$ 2,517	\$ 3,058	\$ 2,166	\$ 2,005	N/A
Interest on total pension liability	12,449	12,542	10,062	9,451	8,582	7,643	6,614	6,387	5,854	N/A
Effect of plan changes	-	13,026	-	-	(843)	-	-	-	-	N/A
Effect of economic/ demographic gains or (losses)	3,480	2,104	(1,312)	5,496	6,366	(2,503)	8,442	(4,871)	1,527	N/A
Effect of assumptions changes or inputs	8,389	4,794	(243)	(3,039)	(1,928)	(1,115)	(6,899)	-	154	N/A
Benefit payments	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)	N/A
Net change in TPL	20,620	31,135	7,469	10,819	11,568	3,450	8,599	1,627	7,840	N/A
TPL, beginning	155,525	124,390	116,921	106,102	94,534	91,085	82,486	80,859	73,020	55,436
TPL, ending (a)	\$176,145	\$155,525	\$124,390	\$116,921	\$106,102	\$94,535	\$91,085	\$82,486	\$80,860	\$73,020
Fiduciary Net Position (FNP)										
Employer contributions	\$ 6,300	\$ 8,108	\$ 6,808	\$ 6,450	\$ 6,765	\$ 5,957	\$ 4,999	\$ 5,595	\$ 4,945	N/A
Member contributions	783	577	347	98	-	-	-	-	-	N/A
Investment income net of investment expenses	14,387	8,101	15,158	(5,315)	9,686	5,284	(1,337)	3,689	7,436	N/A
Benefit payments	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)	N/A
Administrative expenses	-	-	-	-	-	-	(195)	(180)	(159)	N/A
Net change in FNP	14,046	11,729	17,564	(3,284)	12,944	8,149	850	7,049	10,522	N/A
FNP, beginning	109,779	98,050	80,486	83,770	70,827	62,678	61,828	54,779	44,257	35,949
FNP, ending (b)	123,825	109,779	98,050	80,486	83,771	70,827	62,678	61,828	54,779	44,257
Net Pension Liability, ending = (a) - (b)	\$ 52,320	\$ 45,746	\$ 26,340	\$ 36,435	\$ 22,331	\$ 23,708	\$ 28,407	\$ 20,658	\$ 26,081	\$ 28,763
FNP as a % of TPL	70.30%	70.59%	78.82%	68.84%	78.95%	74.92%	68.81%	74.96%	67.75%	60.61%
Covered payroll	\$ 49,341	\$ 53,290	\$ 42,877	\$ 41,022	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929	\$ 24,859
Net pension liability as a % of covered payroll	106.04%	85.85%	61.43%	88.82%	66.49%	74.61%	94.42%	77.50%	100.59%	115.70%

Notes to Schedule:

Changes of assumptions. The mortality assumptions were updated from Projection Scale MP-2020 to Projection Scale MP-2021. Investment return rate was changed from 8% to 7.75%.

Cost of Living: 2% for 2022, 3% for 2023-2025 due to market expectations, and then reverting to 2% per annum, compounded annually.

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 FY2015. Information in this table has been determined as of the measurement date (December 31) of the net pension liability and will ultimately contain information for ten years.

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

		Fiscal Year Ended September 30,									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$	9,478	\$ 7,599	\$ 6,510	\$ 5,195	\$ 5,213	\$ 5,034	\$ 4,600	\$ 4,386	\$ 4,504	\$ 4,555
Actual Employer Contribution		6,300	8,108	6,808	6,450	6,765	5,957	4,999	5,595	4,945	5,022
Contribution Deficiency (Excess)		3,178	(249)	(1,598)	(1,255)	(1,552)	(923)	(399)	(1,209)	(441)	(467)
Covered Payroll*	\$	58,287	\$ 53,444	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929	\$ 24,859
Contributions as a % of Covered Payroll		10.81%	15.17%	12.51%	13.55%	20.14%	18.75%	16.62%	20.99%	19.07%	20.20%

* Covered payroll for 2019-2022 is for the fiscal year period ended September 30. Covered payroll for 2013-2018 is for the fiscal year period ending December 31 within each year.

North Texas Municipal Employee Retirement System

Money-Weighted Rate of Return**Fiscal Year Ended September 30**

Fiscal Year Ended September 30	Net Money-Weighted Rate of Return
2013	N/A
2014	16.58%
2015	6.64%
2016	-2.15%
2017	8.36%
2018	13.48%
2019	-6.29%
2020	18.56%
2021	8.18%
2022	13.16%

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

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 Ended September 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 482	\$ 473	\$ 405	\$ 374	\$ 406	\$ 432	N/A	N/A	N/A	N/A
Interest on total OPEB liability	1,405	1,015	923	953	832	826	N/A	N/A	N/A	N/A
Changes on benefit terms	2,267	-	-	-	-	-	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	732	4,782	(828)	(1,677)	1,046	(1,258)	N/A	N/A	N/A	N/A
Effect of assumptions changes or inputs	(164)	481	662	(83)	(634)	104	N/A	N/A	N/A	N/A
Benefit payments	(3,125)	(1,963)	-	-	-	-	N/A	N/A	N/A	N/A
Employer contributions	-	2,128	-	-	-	-	N/A	N/A	N/A	N/A
Member contributions	-	29	-	-	-	-	N/A	N/A	N/A	N/A
Administrative expenses	-	(194)	-	-	-	-	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,597	6,751	1,162	(433)	1,650	104	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	19,816	13,065	11,902	12,335	10,685	10,581	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	21,413	19,816	13,065	11,902	12,335	10,685	N/A	N/A	N/A	N/A
Fiduciary Net Position (FNP)										
Employer contributions	\$ 3,125	\$ -	\$ 50	\$ -	\$ 696	\$ 600	N/A	N/A	N/A	N/A
Net investment income	(1,798)	1,650	565	227	428	600	N/A	N/A	N/A	N/A
Benefit payments	(3,125)	-	-	-	-	-	N/A	N/A	N/A	N/A
Administrative expenses	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Net change in FNP	(1,798)	1,650	615	227	1,124	1,200	N/A	N/A	N/A	N/A
FNP, beginning	10,485	8,835	8,220	7,993	6,869	5,669	N/A	N/A	N/A	N/A
FNP, ending (b)	8,687	10,485	8,835	8,220	7,993	6,869	N/A	N/A	N/A	N/A
Net OPEB liability, ending = (a) - (b)	\$ 12,726	\$ 9,331	\$ 4,230	\$ 3,682	\$ 4,342	\$ 3,816	N/A	N/A	N/A	N/A
FNP as a % of total OPEB liability	40.57%	52.91%	67.62%	69.06%	64.80%	64.28%	N/A	N/A	N/A	N/A
Covered-employee payroll (as reported with pension data)	\$ 58,287	\$ 62,977	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered-employee payroll	21.83%	14.82%	7.77%	7.74%	12.93%	12.01%	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes of benefit terms. Reflects: (a) the granting of prior service credit from employment with any state, city, county, other utility districts and U.S. Military for eligibility purposes and (b) Resolution No. 22-43 which, for purposes of determining the retiree cost-sharing contribution, grants prior service credit from employment with any state, city, county, other utility districts and U.S. Military for those employees retiring January 1, 2018 or later who were employed with the District prior to October 1, 2022.

Changes of assumptions. Assumed mortality improvement scale and the assumed mortality rates for covered spouses prior to retiree death have been updated to reflect the Society of Actuaries' most recently published mortality study. Assumptions for Per Capita Health Benefit Costs and Health Benefits Cost and Retiree Contribution Trend have been updated since the previous valuation to reflect recent experience and its effect on our short-term expectations. The Administrative assumptions, for expenses which are directly related to the payment of benefits, were updated to reflect current expense levels. The assumed retirement rates have been updated to reflect the "Rule of 80" retirement eligibility provisions. Furthermore, dental plan coverage elections have been updated based upon recent plan experience and the actuary's best expectations of future plan experience.

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 Ended September 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 1,539	\$ 905	\$ 819	\$ 864	\$ 832	\$ 669	N/A	N/A	N/A	N/A
Actual Employer Contribution	3,125	-	50	-	696	600	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	(1,586)	905	769	864	137	69	N/A	N/A	N/A	N/A
Covered-employee Payroll	\$ 58,287	\$ 62,977	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	N/A	N/A	N/A	N/A
Contributions as a % of Covered-employee Payroll	5.36%	0.00%	0.09%	0.00%	2.07%	1.89%	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Timing	Actuarial valuations for funding purposes are performed annually as of October 1.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent; Closed
Amortization Period	15
Asset Valuation Method	Market Value
Inflation	2.20%
Salary Increases	3.00%
Discount Rate	7.50%
Healthcare Cost Trend Rates (Medical)	6.5% for FY 2023, decreasing 0.50% per year to 4.50% for FY27, than to an ultimate rate of 4.20% for later years in 2029-2033 and increasing to 4.5% from 2034-2041 and ultimately decreasing to 3.7% in 2073.
Healthcare Cost Trend Rates (Dental)	3% for 2022-2073.
Retirement age	Age-based table of rates upon attainment of eligibility for unreduced pension benefits.
Mortality	Pre-retirement: PUB-2010 General Employees Amount-Weighted Table with Mortality Improvement Scale MP-2021 Projection Scale projected generationally from the year 2010 Post-retirement: Pub-2010 General Healthy Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010 Disability retirement: Pub-2010 General Disabled Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010 Survivor retirement: PUB-2010 Contingent Survivors Amount-Weighted Table with Mortality Improvement Scale MP-2020 on a generational basis.

2017 and 2018 payroll as reported with pension data. 2019 through 2022 payroll shows fiscal year ending September 30 reported with OPEB data.

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

Changes in Actuarial Assumptions Since Prior Valuation

Effective October 1, 2021, the following changes were made to the actuarial assumptions:

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

North Texas Municipal Employee Other Postemployment Benefits Plan

Money-Weighted Rate of Return
Fiscal Year Ended September 30

Fiscal Year Ended September 30	Net Money-Weighted Rate of Return
2013	NA
2014	NA
2015	NA
2016	NA
2017	10.68%
2018	5.94%
2019	3.41%
2020	0.50%
2021	19.15%
2022	-17.14%

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

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

Little Elm Water Transmission Facilities

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

Plano Water Transmission Facilities

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

Kaufman Four-One Water Distribution Facilities

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

Rockwall-Heath Water Storage Facilities

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

Terrell Water Transmission Facilities

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

Rockwall Water Pump Station Facilities

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

Wylie Wastewater Treatment Plant - Decommissioned

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

South Rockwall (Buffalo Creek) Wastewater Treatment Plant

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

North Rockwall (Squabble Creek) Wastewater Treatment Plant

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

Panther Creek Wastewater Treatment Plant

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

Sabine Creek Wastewater Treatment Plant

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

Stewart Creek Wastewater Treatment Plant

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

Muddy Creek Wastewater Treatment Plant

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

Seis Lagos Wastewater Treatment Plant

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

Royse City Wastewater Treatment Plant - Decommissioned

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

Farmersville Wastewater Treatment Plant

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

Lavon (Bear Creek) Wastewater Treatment Plant

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

Forney Interceptor

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

Lower East Fork Interceptor

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

Muddy Creek Interceptor

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

Parker Creek Interceptor

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

Sabine Creek Interceptor

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

Buffalo Creek Interceptor

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

McKinney Interceptor

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

Mustang Creek Interceptor

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

Parker Creek Parallel Interceptor

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

Wastewater Pretreatment Program

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

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	Little Elm Water Transmission Facilities	Piano Water Transmission Facilities
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,412	\$ 20,428
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total current unrestricted assets	<u>2,412</u>	<u>20,428</u>
Restricted assets:		
Cash and cash equivalents	401	-
Investments	-	-
Interest and accounts receivable	7	-
Due from other funds	-	5,000
Total current restricted assets	<u>408</u>	<u>5,000</u>
TOTAL CURRENT ASSETS	<u>2,820</u>	<u>25,428</u>
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	459,214	51,046
Investments	4,168	-
Total noncurrent restricted assets	<u>463,382</u>	<u>51,046</u>
Capital assets:		
Land	-	-
Easements	1,148,575	-
Construction-in-progress	-	-
Land improvements	-	-
Water treatment, storage, and transmission facilities	4,140,772	9,233,770
Wastewater treatment and disposal facilities	-	-
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Less accumulated depreciation	(1,544,163)	(5,086,661)
Net capital assets	<u>3,745,184</u>	<u>4,147,109</u>
TOTAL NONCURRENT ASSETS	<u>4,208,566</u>	<u>4,198,155</u>
TOTAL ASSETS	<u>4,211,386</u>	<u>4,223,583</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	13,694	-
Deferred pension outflow	-	-
Deferred OPEB outflow	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>13,694</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,225,080</u>	<u>\$ 4,223,583</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 2,551	\$ 848	\$ 291	\$ 897	\$ -	\$ 559,509
12,825	-	-	-	-	-
-	-	-	-	-	18
197	-	-	-	-	30,007
-	-	-	-	-	21,144
15,573	848	291	897	-	610,678
-	78,729	249,389	57,875	-	83,723
-	-	-	-	-	-
-	234	1,023	192	-	244
6,000	-	-	-	-	-
6,000	78,963	250,412	58,067	-	83,967
21,573	79,811	250,703	58,964	-	694,645
10,557	3,704	11,510	753	-	47,230
-	214,056	711,520	159,734	-	228,213
10,557	217,760	723,030	160,487	-	275,443
-	-	-	-	-	60,724
-	-	-	-	-	243,045
-	-	-	-	-	-
-	-	-	-	-	-
-	2,600,259	12,039,133	1,932,237	-	-
-	-	-	-	-	8,229,081
-	-	-	-	-	-
-	-	-	-	-	101,554
-	-	-	-	-	392,442
-	(793,079)	(4,414,349)	(724,593)	-	(6,423,826)
-	1,807,180	7,624,784	1,207,644	-	2,603,020
10,557	2,024,940	8,347,814	1,368,131	-	2,878,463
32,130	2,104,751	8,598,517	1,427,095	-	3,573,108
-	-	94,086	-	-	-
-	-	-	-	-	76,370
-	-	-	-	-	17,551
-	-	94,086	-	-	93,921
\$ 32,130	\$ 2,104,751	\$ 8,692,603	\$ 1,427,095	\$ -	\$ 3,667,029

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ (1,242)	\$ 1,355,640
Accounts receivable	69,543	-
Due from other funds	12	61
Prepaid expenses	26,561	122,054
Unbilled receivable	15,041	75,470
Total current unrestricted assets	109,915	1,553,225
Restricted assets:		
Cash and cash equivalents	-	1,479,821
Investments	-	-
Interest and accounts receivable	-	3,915
Due from other funds	-	305,726
Total current restricted assets	-	1,789,462
TOTAL CURRENT ASSETS	109,915	3,342,687
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	1,463	2,479,149
Investments	-	2,608,926
Total noncurrent restricted assets	1,463	5,088,075
Capital assets:		
Land	-	-
Easements	-	19,042
Construction-in-progress	-	2,064,954
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	1,576,460	51,847,369
Buildings	-	-
Automobiles and trucks	62,458	80,388
Other equipment	103,702	862,773
Less accumulated depreciation	(1,476,123)	(17,365,616)
Net capital assets	266,497	37,508,910
TOTAL NONCURRENT ASSETS	267,960	42,596,985
TOTAL ASSETS	377,875	45,939,672
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	601,339
Deferred pension outflow	41,955	462,215
Deferred OPEB outflow	11,407	136,723
TOTAL DEFERRED OUTFLOWS OF RESOURCES	53,362	1,200,277
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 431,237	\$ 47,139,949

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 93,365	\$ 1,140,750	\$ 415,303	\$ 42,818	\$ 9,242	\$ 41,958
100,667	-	-	-	-	12,797
140	27	525,756	8	71	13
16,712	149,398	55,420	4,407	-	7,908
26,128	122,021	63,082	8,865	-	14,397
237,012	1,412,196	1,059,561	56,098	9,313	77,073
569,340	1,583,320	1,047,742	-	-	-
-	-	-	-	-	-
798	7,332	4,614	-	-	-
38,569	307,889	31,376	-	-	-
608,707	1,898,541	1,083,732	-	-	-
845,719	3,310,737	2,143,293	56,098	9,313	77,073
82,897,131	1,161,029	5,324,397	10,161	10,648	6,202
751,141	3,555,143	3,282,989	-	-	-
83,648,272	4,716,172	8,607,386	10,161	10,648	6,202
375,774	-	-	-	-	-
-	-	9,421	-	-	-
3,121,931	69,181	2,973,972	-	-	-
-	-	417,138	-	-	-
-	-	-	-	-	-
18,770,682	77,293,055	35,565,666	-	-	-
-	9,698	161,583	-	-	16,225
111,669	88,368	118,198	40,108	-	55,210
647,698	819,635	2,145,687	41,384	-	287,116
(5,261,153)	(5,428,565)	(16,073,596)	(63,532)	-	(286,567)
17,766,601	72,851,372	25,318,069	17,960	-	71,984
101,414,873	77,567,544	33,925,455	28,121	10,648	78,186
102,260,592	80,878,281	36,068,748	84,219	19,961	155,259
22,156	-	73,832	-	-	-
60,896	299,123	495,089	18,635	-	32,106
21,281	117,492	127,691	6,328	-	13,132
104,333	416,615	696,612	24,963	-	45,238
\$ 102,364,925	\$ 81,294,896	\$ 36,765,360	\$ 109,182	\$ 19,961	\$ 200,497

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	Lavon WWTP	Forney Interceptor
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,023	\$ 494,975
Accounts receivable	10,246	-
Due from other funds	14	-
Prepaid expenses	9,263	15,530
Unbilled receivable	16,173	3,914
Total current unrestricted assets	52,719	514,419
Restricted assets:		
Cash and cash equivalents	-	-
Investments	-	-
Interest and accounts receivable	-	-
Due from other funds	-	70,000
Total current restricted assets	-	70,000
TOTAL CURRENT ASSETS	52,719	584,419
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	22,257	18,501
Investments	-	-
Total noncurrent restricted assets	22,257	18,501
Capital assets:		
Land	-	-
Easements	-	48,877
Construction-in-progress	-	-
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	-	1,856,524
Buildings	-	-
Automobiles and trucks	50,052	-
Other equipment	49,286	189,025
Less accumulated depreciation	(69,986)	(1,597,395)
Net capital assets	29,352	497,031
TOTAL NONCURRENT ASSETS	51,609	515,532
TOTAL ASSETS	104,328	1,099,951
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	21,766	2,890
Deferred OPEB outflow	12,927	20
TOTAL DEFERRED OUTFLOWS OF RESOURCES	34,693	2,910
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 139,021	\$ 1,102,861

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 773,978	\$ 364,454	\$ 532,212	\$ 479,447	\$ 1,043,334
-	-	-	-	625,137
-	21,720	-	-	-
10,791	25,322	20	2	17,060
3,985	112	865	68	4,890
788,754	411,608	533,097	479,517	1,690,421
438,504	86,458	827	492	1,222,839
-	-	-	-	-
582	88	84	55	11,187
58,194	-	45,000	25,000	-
497,280	86,546	45,911	25,547	1,234,026
1,286,034	498,154	579,008	505,064	2,924,447
766,615	231,645	328,481	270,019	44,004,212
543,398	51,488	49,037	31,874	8,170,605
1,310,013	283,133	377,518	301,893	52,174,817
-	-	-	-	-
193,687	49,232	104,203	70,341	1,253,590
-	-	(77,472)	(111,384)	26,430,673
-	-	-	-	-
-	-	-	-	-
15,137,967	3,411,082	2,465,984	1,697,812	18,008,418
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(4,314,295)	(1,853,212)	(772,675)	(509,346)	(9,515,477)
11,017,359	1,607,102	1,720,040	1,147,423	36,177,204
12,327,372	1,890,235	2,097,558	1,449,316	88,352,021
13,613,406	2,388,389	2,676,566	1,954,380	91,276,468
77,734	(2,968)	-	-	124,158
2,886	-	-	-	2,888
19	-	-	-	23
80,639	(2,968)	-	-	127,069
\$ 13,694,045	\$ 2,385,421	\$ 2,676,566	\$ 1,954,380	\$ 91,403,537

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	McKinney Interceptor	Mustang Creek Interceptor
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 278,206	\$ 962,950
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	57	1,552
Unbilled receivable	58	522
Total current unrestricted assets	<u>278,321</u>	<u>965,024</u>
Restricted assets:		
Cash and cash equivalents	-	901,564
Investments	-	-
Interest and accounts receivable	-	6,977
Due from other funds	-	-
Total current restricted assets	<u>-</u>	<u>908,541</u>
TOTAL CURRENT ASSETS	<u>278,321</u>	<u>1,873,565</u>
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	86,133	990,529
Investments	-	3,434,353
Total noncurrent restricted assets	<u>86,133</u>	<u>4,424,882</u>
Capital assets:		
Land	-	-
Easements	16,150	1,038,515
Construction-in-progress	16,487	2,226,178
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	19,625,664
Wastewater treatment and disposal facilities	1,551,439	8,567,122
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Less accumulated depreciation	(1,391,193)	(1,254,547)
Net capital assets	<u>192,883</u>	<u>30,202,932</u>
TOTAL NONCURRENT ASSETS	<u>279,016</u>	<u>34,627,814</u>
TOTAL ASSETS	<u>557,337</u>	<u>36,501,379</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>\$ 557,337</u>	<u>\$ 36,501,379</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 54,571	\$ (50,041)	\$ 219,760	\$ 8,855,639
-	-	62,364	893,579
-	64,340	10,783	622,963
117	-	10,700	503,078
51	-	39,070	415,856
54,739	14,299	342,677	11,291,115
62,916	-	-	7,863,940
-	-	-	-
193	-	-	37,525
3,000	-	-	895,754
66,109	-	-	8,797,219
120,848	14,299	342,677	20,088,334
78,733	-	-	139,271,319
185,218	-	-	23,981,863
263,951	-	-	163,253,182
-	-	-	436,498
33,688	-	-	4,228,366
-	-	-	36,714,520
-	-	-	417,138
-	-	-	49,571,835
2,459,548	-	-	248,438,209
-	-	-	187,506
-	-	87,268	795,273
-	-	35,326	5,574,074
(248,208)	-	(109,591)	(86,577,748)
2,245,028	-	13,003	259,785,671
2,508,979	-	13,003	423,038,853
2,629,827	14,299	355,680	443,127,187
-	-	-	1,004,031
-	-	232,648	1,749,467
-	-	66,508	531,102
-	-	299,156	3,284,600
\$ 2,629,827	\$ 14,299	\$ 654,836	\$ 446,411,787

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ (13)	\$ -
Due to other funds	-	5,000
Customers' advance payments	2,425	15,428
Total payable from unrestricted assets	2,412	20,428
Payable from restricted assets:		
Accounts payable and accrued liabilities	49,349	51,045
Due to other funds	-	-
Accrued interest payable on revenue bonds	2,700	-
Current portion of revenue bonds	405,000	-
Total payable from restricted assets	457,049	51,045
TOTAL CURRENT LIABILITIES	459,461	71,473
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	794	-
TOTAL LONG-TERM LIABILITIES	794	-
TOTAL LIABILITIES	460,255	71,473
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	460,255	71,473
NET POSITION:		
Net investment in capital assets	3,353,085	4,152,110
Restricted for debt service	411,740	-
Unrestricted	-	-
TOTAL NET POSITION	\$ 3,764,825	\$ 4,152,110

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 1,909	\$ -	\$ -	\$ -	\$ -	\$ 410,111
6,597	-	-	-	-	27,274
7,067	848	291	897	-	158,198
15,573	848	291	897	-	595,583
10,557	-	-	-	-	42,979
-	-	-	-	-	-
-	9,068	93,627	9,282	-	23,575
-	205,000	455,000	140,000	-	175,000
10,557	214,068	548,627	149,282	-	241,554
26,130	214,916	548,918	150,179	-	837,137
-	-	-	-	-	3,320
-	-	-	-	-	11,776
-	-	-	-	-	140,185
-	-	-	-	-	33,937
-	440,000	7,269,994	471,371	-	1,048,466
-	440,000	7,269,994	471,371	-	1,237,684
26,130	654,916	7,818,912	621,550	-	2,074,821
-	-	-	-	-	29,210
-	-	-	-	-	6,632
-	-	-	-	-	-
-	-	-	-	-	35,842
26,130	654,916	7,818,912	621,550	-	2,110,663
6,000	1,162,180	(6,124)	596,273	-	1,379,554
-	287,655	879,815	209,272	-	292,856
-	-	-	-	-	(116,044)
\$ 6,000	\$ 1,449,835	\$ 873,691	\$ 805,545	\$ -	\$ 1,556,366

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 71,496	\$ 616,566
Due to other funds	27,877	335,375
Customers' advance payments	-	-
Total payable from unrestricted assets	99,373	951,941
Payable from restricted assets:		
Accounts payable and accrued liabilities	1,463	100,665
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	338,469
Current portion of revenue bonds	-	3,315,000
Total payable from restricted assets	1,463	3,754,134
TOTAL CURRENT LIABILITIES	100,836	4,706,075
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	2,322	38,640
Accrued sick—less current portion	8,220	27,943
Net pension liability	76,148	877,531
Net OPEB liability	20,990	250,364
Long-term debt—less current portion	-	20,361,648
TOTAL LONG-TERM LIABILITIES	107,680	21,556,126
TOTAL LIABILITIES	208,516	26,262,201
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	15,719	155,732
Deferred OPEB inflow	3,468	46,536
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	19,187	202,268
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	227,703	26,464,469
NET POSITION:		
Net investment in capital assets	266,497	18,164,549
Restricted for debt service	-	2,707,455
Unrestricted	(62,963)	(196,524)
TOTAL NET POSITION	\$ 203,534	\$ 20,675,480

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 82,926	\$ 803,892	\$ 535,432	\$ 28,662	\$ 151	\$ 25,894
115,579	334,885	43,959	14,523	246	40,869
20,047	-	426,292	6,576	8,474	-
218,552	1,138,777	1,005,683	49,761	8,871	66,763
53,963	168,937	164,420	10,161	10,648	6,202
-	-	-	-	-	-
125,319	630,313	217,867	-	-	-
1,295,000	2,780,000	2,430,000	-	-	-
1,474,282	3,579,250	2,812,287	10,161	10,648	6,202
1,692,834	4,718,027	3,817,970	59,922	19,519	72,965
3,993	44,135	27,509	1,383	-	2,269
14,467	52,426	24,882	4,953	-	8,042
116,697	603,118	942,216	35,806	-	61,364
36,424	193,043	232,614	11,773	-	21,281
95,302,680	47,611,864	18,142,951	-	-	-
95,474,261	48,504,586	19,370,172	53,915	-	92,956
97,167,095	53,222,613	23,188,142	113,837	19,519	165,921
21,411	92,414	178,456	6,573	-	10,453
5,513	28,270	47,358	1,693	-	3,178
-	-	-	-	-	-
26,924	120,684	225,814	8,266	-	13,631
97,194,019	53,343,297	23,413,956	122,103	19,519	179,552
(681,962)	22,706,819	11,903,958	17,960	-	71,984
5,950,736	5,568,152	2,223,823	-	-	-
(97,868)	(323,372)	(776,377)	(30,881)	442	(51,039)
\$ 5,170,906	\$ 27,951,599	\$ 13,351,404	\$ (12,921)	\$ 442	\$ 20,945

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	Lavon WWTP	Forney Interceptor
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 28,652	\$ 441,720
Due to other funds	12,370	71,099
Customers' advance payments	-	1,248
Total payable from unrestricted assets	<u>41,022</u>	<u>514,067</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	22,257	18,501
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	<u>22,257</u>	<u>18,501</u>
TOTAL CURRENT LIABILITIES	<u>63,279</u>	<u>532,568</u>
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	2,557	99
Accrued sick—less current portion	9,140	253
Net pension liability	40,906	7,035
Net OPEB liability	21,094	822
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	<u>73,697</u>	<u>8,209</u>
TOTAL LIABILITIES	<u>136,976</u>	<u>540,777</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	7,124	2,274
Deferred OPEB inflow	1,495	267
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>8,619</u>	<u>2,541</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>145,595</u>	<u>543,318</u>
NET POSITION:		
Net investment in capital assets	29,352	567,031
Restricted for debt service	-	-
Unrestricted	(35,926)	(7,488)
TOTAL NET POSITION	<u>\$ (6,574)</u>	<u>\$ 559,543</u>

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 587,500	\$ 394,598	\$ 436,932	\$ 408,434	\$ 873,264
63,171	1,719	45,305	25,000	3,278
137,697	15,224	50,311	46,045	813,166
788,368	411,541	532,548	479,479	1,689,708
25,668	23,962	4,260	5,509	1,668,339
-	-	-	-	14,023
55,883	4,900	3,588	2,904	594,250
1,125,000	240,000	210,000	170,000	1,800,000
1,206,551	268,862	217,848	178,413	4,076,612
1,994,919	680,403	750,396	657,892	5,766,320
110	19	148	10	198
277	48	401	29	516
7,010	-	-	-	7,028
799	-	-	-	934
3,914,097	256,941	-	-	77,230,298
3,922,293	257,008	549	39	77,238,974
5,917,212	937,411	750,945	657,931	83,005,294
2,278	-	-	-	2,274
260	-	-	-	304
-	-	-	-	1,000,000
2,538	-	-	-	1,002,578
5,919,750	937,411	750,945	657,931	84,007,872
6,114,190	1,107,193	1,705,177	1,118,698	4,228,028
1,667,548	340,817	220,444	177,752	4,175,267
(7,443)	-	-	(1)	(1,007,630)
\$ 7,774,295	\$ 1,448,010	\$ 1,925,621	\$ 1,296,449	\$ 7,395,665

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2022**

	McKinney Interceptor	Mustang Creek Interceptor
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 264,904	\$ 445,544
Due to other funds	-	808
Customers' advance payments	13,378	12,086
Total payable from unrestricted assets	278,282	458,438
Payable from restricted assets:		
Accounts payable and accrued liabilities	15,715	1,114,541
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	360,544
Current portion of revenue bonds	-	770,000
Total payable from restricted assets	15,715	2,245,085
TOTAL CURRENT LIABILITIES	293,997	2,703,523
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	10	77
Accrued sick—less current portion	29	210
Net pension liability	-	-
Net OPEB liability	-	-
Long-term debt—less current portion	-	30,945,028
TOTAL LONG-TERM LIABILITIES	39	30,945,315
TOTAL LIABILITIES	294,036	33,648,838
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	294,036	33,648,838
NET POSITION:		
Net investment in capital assets	263,301	176,464
Restricted for debt service	-	2,169,778
Unrestricted	-	506,299
TOTAL NET POSITION	\$ 263,301	\$ 2,852,541

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 50,731	\$ 12,328	\$ 85,330	\$ 6,606,963
3,000	1,971	488	1,180,393
989	-	215,550	1,952,237
54,720	14,299	301,368	9,739,593
30,932	-	-	3,600,073
-	-	-	14,023
20,185	-	-	2,492,474
125,000	-	-	15,640,000
176,117	-	-	21,746,570
230,837	14,299	301,368	31,486,163
5	-	13,442	140,246
14	-	27,866	191,492
-	-	523,527	3,438,571
-	-	118,982	943,057
2,235,717	-	-	305,231,849
2,235,736	-	683,817	309,945,215
2,466,573	14,299	985,185	341,431,378
-	-	99,970	623,888
-	-	21,088	166,062
-	-	-	1,000,000
-	-	121,058	1,789,950
2,466,573	14,299	1,106,243	343,221,328
(70,628)	-	13,003	78,344,692
233,882	-	-	27,516,992
-	-	(464,410)	(2,671,225)
\$ 163,254	\$ -	\$ (451,407)	\$ 103,190,459
(Concluded)			

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2022**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ 279,561	\$ 2,812
Other operating revenues	6	-
Total operating revenues	279,567	2,812
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Consulting	-	-
Maintenance	-	-
Shared services	505	21,422
Other services	4,442	(23,471)
Depreciation	103,519	231,466
Total operating expenses	108,466	229,417
OPERATING INCOME (LOSS)	171,101	(226,605)
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	965	139
Gain (loss) on sale of capital assets	-	-
Contribution revenue (expense)	-	-
Interest expense	(25,386)	-
Total nonoperating revenues (expenses)	(24,421)	139
CHANGE IN NET POSITION	146,680	(226,466)
NET POSITION AT OCTOBER 1, 2021	3,618,145	4,378,576
NET POSITION AT SEPTEMBER 30, 2022	\$ 3,764,825	\$ 4,152,110

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall-Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 123,279	\$ 236,196	\$ 743,468	\$ 174,063	\$ -	\$ 1,551,907
3	-	-	-	-	28,936
123,282	236,196	743,468	174,063	-	1,580,843
-	-	-	-	-	255,496
-	-	-	-	-	72,568
21,318	-	-	-	-	139,123
27,338	-	-	-	26	101,539
-	-	-	-	29	57,432
881	-	-	-	-	27,356
56,470	560	2,085	390	-	245,651
11,287	4,160	4,697	3,867	389	379,857
-	52,005	300,978	48,306	-	179,973
117,294	56,725	307,760	52,563	444	1,458,995
5,988	179,471	435,708	121,500	(444)	121,848
12	(13,805)	(24,129)	(8,861)	2	(11,139)
-	-	-	-	-	-
-	-	-	-	-	-
-	(32,532)	(274,434)	(31,243)	-	(79,073)
12	(46,337)	(298,563)	(40,104)	2	(90,212)
6,000	133,134	137,145	81,396	(442)	31,636
-	1,316,701	736,546	724,149	442	1,524,730
\$ 6,000	\$ 1,449,835	\$ 873,691	\$ 805,545	\$ -	\$ 1,556,366

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2022**

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 764,554	\$ 10,039,368
Other operating revenues	2,899	22,404
Total operating revenues	767,453	10,061,772
OPERATING EXPENSES:		
Personnel	177,510	1,847,329
Operating Supplies:		
Chemicals	222,173	603,773
Other supplies	61,813	313,858
Operating Services:		
Electric power	62,101	650,918
Consulting	3,847	4,977
Maintenance	4,533	76,489
Shared services	143,740	1,128,049
Other services	84,665	782,955
Depreciation	47,350	1,385,109
Total operating expenses	807,732	6,793,457
OPERATING INCOME (LOSS)	(40,279)	3,268,315
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	442	(16,319)
Gain (loss) on sale of capital assets	-	-
Contribution revenue (expense)	-	-
Interest expense	-	(785,265)
Total nonoperating revenues (expenses)	442	(801,584)
CHANGE IN NET POSITION	(39,837)	2,466,731
NET POSITION AT OCTOBER 1, 2021	243,371	18,208,749
NET POSITION AT SEPTEMBER 30, 2022	\$ 203,534	\$ 20,675,480

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 3,188,260	\$ 10,420,561	\$ 7,724,989	\$ 317,841	\$ 11,604	\$ 584,619
8,045	19,821	386,168	1,703	104	2,502
3,196,305	10,440,382	8,111,157	319,544	11,708	587,121
324,042	1,654,849	1,653,732	106,551	19	179,382
26,456	790,344	255,884	10,589	-	15,143
142,620	377,887	329,539	63,425	344	71,187
234,891	754,230	289,940	20,677	98	51,762
23,390	5,254	6,953	1,174	174	1,101
40,193	50,581	119,202	1,739	2,095	5,213
342,846	865,125	1,127,072	77,064	3,340	163,706
1,599,809	900,524	1,062,377	34,021	2,130	83,576
675,004	457,609	1,411,066	4,687	211	12,377
3,409,251	5,856,403	6,255,765	319,927	8,411	583,447
(212,946)	4,583,979	1,855,392	(383)	3,297	3,674
10,880	(149,281)	3,047	498	74	608
-	-	-	-	346	-
-	1,583,671	-	-	-	0
(376,325)	(1,647,468)	(602,079)	-	-	-
(365,445)	(213,078)	(599,032)	498	420	608
(578,391)	4,370,901	1,256,360	115	3,717	4,282
5,749,297	23,580,698	12,095,044	(13,036)	(3,275)	16,663
\$ 5,170,906	\$ 27,951,599	\$ 13,351,404	\$ (12,921)	\$ 442	\$ 20,945

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2022**

	Lavon WWTP	Forney Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 487,826	\$ 575,232
Other operating revenues	1,996	658
Total operating revenues	489,822	575,890
OPERATING EXPENSES:		
Personnel	194,084	3,702
Operating Supplies:		
Chemicals	23,391	163,757
Other supplies	60,651	8,039
Operating Services:		
Electric power	-	17,939
Consulting	3,791	52,300
Maintenance	5,310	44,086
Shared services	112,875	58,233
Other services	81,416	158,581
Depreciation	8,182	48,313
Total operating expenses	489,700	554,950
OPERATING INCOME (LOSS)	122	20,940
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	397	747
Gain (loss) on sale of capital assets	-	-
Contribution revenue (expense)	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	397	747
CHANGE IN NET POSITION	519	21,687
NET POSITION AT OCTOBER 1, 2021	(7,093)	537,856
NET POSITION AT SEPTEMBER 30, 2022	\$ (6,574)	\$ 559,543

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 1,793,721	\$ 410,121	\$ 376,044	\$ 267,912	\$ 3,635,751
290	246	158	-	625
1,794,011	410,367	376,202	267,912	3,636,376
4,146	718	3,263	246	8,319
37,253	42,945	-	-	45,191
15,191	4,995	4,695	1,896	22,863
35,264	531	491	-	56,018
38,044	-	-	-	38,050
30,113	-	-	2,000	48,469
87,096	19,722	21,469	4,016	196,968
162,652	29,028	53,586	117,137	1,102,890
302,760	111,943	49,320	33,956	610,271
712,519	209,882	132,824	159,251	2,129,039
1,081,492	200,485	243,378	108,661	1,507,337
(27,232)	1,404	2,628	2,103	174,625
-	-	-	-	-
-	-	-	-	-
(119,882)	(11,088)	(17,597)	(14,180)	(1,222,746)
(147,114)	(9,684)	(14,969)	(12,077)	(1,048,121)
934,378	190,801	228,409	96,584	459,216
6,839,917	1,257,209	1,697,212	1,199,865	6,936,449
\$ 7,774,295	\$ 1,448,010	\$ 1,925,621	\$ 1,296,449	\$ 7,395,665

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2022**

	McKinney Interceptor	Mustang Creek Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 43,386	\$ 2,549,555
Other operating revenues	-	13
Total operating revenues	43,386	2,549,568
OPERATING EXPENSES:		
Personnel	204	2,043
Operating Supplies:		
Chemicals	-	9,240
Other supplies	1,700	7,897
Operating Services:		
Electric power	324	47,860
Consulting	-	28,836
Maintenance	-	47,563
Shared services	18,321	113,966
Other services	23,026	225,019
Depreciation	54,942	212,230
Total operating expenses	98,517	694,654
OPERATING INCOME (LOSS)	(55,131)	1,854,914
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	793	(29,332)
Gain (loss) on sale of capital assets	-	-
Contribution revenue (expense)	86,300	-
Interest expense	-	(1,033,126)
Total nonoperating revenues (expenses)	87,093	(1,062,458)
CHANGE IN NET POSITION	31,962	792,456
NET POSITION AT OCTOBER 1, 2021	231,339	2,060,085
NET POSITION AT SEPTEMBER 30, 2022	\$ 263,301	\$ 2,852,541

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 237,504	\$ -	\$ 1,147,632	\$ 47,687,766
-	-	12,252	488,829
237,504	-	1,159,884	48,176,595
237	-	787,071	7,202,943
-	-	-	2,318,707
1,939	-	49,467	1,700,447
-	-	-	2,351,947
-	-	17,500	282,852
-	9,310	1,765	516,898
4,995	99,735	276,315	5,191,736
23,885	(109,045)	35,580	6,839,040
49,231	-	4,775	6,395,583
80,287	-	1,172,473	32,800,153
157,217	-	(12,589)	15,376,442
(12,494)	-	2,184	(91,044)
-	-	-	346
-	-	-	1,669,971
(58,828)	-	-	(6,331,252)
(71,322)	-	2,184	(4,751,979)
85,895	-	(10,405)	10,624,463
77,359	-	(441,002)	92,565,996
\$ 163,254	\$ -	\$ (451,407)	\$ 103,190,459
			(Concluded)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022**

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 280,035	\$ -
Cash received from (paid to) others	6	-
Cash paid to suppliers for goods and services	(4,146)	23,470
Cash paid for employee services	-	-
Cash paid to other funds	(507)	(21,422)
Net cash provided by (used for) operating activities	<u>275,388</u>	<u>2,048</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	-	(23,470)
Interest paid on long-term debt	(15,900)	-
Principal payments on long-term debt	(390,000)	-
Deferred Grant Income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(405,900)</u>	<u>(23,470)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	399,925	-
Purchases of investments	-	-
Interest received	139	442
Net cash provided by (used for) investing activities	<u>400,064</u>	<u>442</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	269,552	(20,980)
CASH AND CASH EQUIVALENTS—Beginning of year	192,475	92,454
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 462,027</u>	<u>\$ 71,474</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 2,412	\$ 20,428
Restricted cash and cash equivalents	459,615	51,046
	<u>\$ 462,027</u>	<u>\$ 71,474</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 171,101	\$ (226,605)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	103,519	231,466
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	429	-
Prepaid expenses	-	-
Pension related deferred outflows of resources	-	-
OPEB related deferred outflows of resources	-	-
Net pension liability	-	-
Pension related deferred inflows of resources	-	-
OPEB related deferred inflows of resources	-	-
Net OPEB liability	-	-
Due to/from other funds	-	-
Accounts payable, accrued liabilities, and developers' deposits	(135)	-
Accrued vacation and accrued sick	-	-
Customers' advance payments	474	(2,813)
Total adjustments	<u>104,287</u>	<u>228,653</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 275,388</u>	<u>\$ 2,048</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	12,086	-
Change in fair value of investments	(944)	-
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Kaufman 4-1 Water Distribution Facilities	Rockwall Heath Water Storage Facilities	Terrell Water Transmission Facilities	Rockwall Water Pump Station Facilities	Wylie WWTP	South Rockwall (Buffalo Creek) WWTP
\$ 125,661	\$ 236,963	\$ 745,448	\$ 175,125	\$ -	\$ 1,749,486
3	-	-	-	-	25,037
(94,208)	(4,159)	(4,702)	(3,867)	(69,921)	(928,447)
-	-	-	-	-	(160,164)
(56,366)	(560)	(2,085)	(390)	-	(339,516)
(24,910)	232,244	738,661	170,868	(69,921)	346,396
-	-	-	-	-	-
10,505	-	-	-	-	(60,574)
-	(35,198)	(294,081)	(33,920)	-	(80,212)
-	(195,000)	(440,000)	(135,000)	-	(165,000)
-	-	-	-	-	-
-	-	-	-	-	-
10,505	(230,198)	(734,081)	(168,920)	-	(305,786)
-	-	-	-	-	-
-	-	-	-	-	-
60	1,627	4,812	1,167	2	5,990
60	1,627	4,812	1,167	2	5,990
(14,345)	3,673	9,392	3,115	(69,919)	46,600
27,453	79,608	251,798	56,410	69,919	643,862
\$ 13,108	\$ 83,281	\$ 261,190	\$ 59,525	\$ -	\$ 690,462
\$ 2,551	\$ 848	\$ 291	\$ 897	\$ -	559,509
10,557	82,433	260,899	58,628	-	130,953
\$ 13,108	\$ 83,281	\$ 261,190	\$ 59,525	\$ -	\$ 690,462
\$ 5,988	\$ 179,471	\$ 435,708	\$ 121,500	\$ (444)	\$ 121,848
-	52,005	300,978	48,306	-	179,973
(4,684)	(2)	1,686	167	-	40,816
(7)	-	-	-	217	(952)
-	-	-	-	-	(25,872)
-	-	-	-	-	(3,488)
-	-	-	-	-	18,112
-	-	-	-	-	6,460
-	-	-	-	-	(2,469)
-	-	-	-	-	8,660
102	-	-	-	(68)	(36,612)
(6,789)	4	(2)	(2)	(1,442)	(112,970)
-	-	-	-	-	(5,308)
(19,520)	766	291	897	(68,184)	158,198
(30,898)	52,773	302,953	49,368	(69,477)	224,548
\$ (24,910)	\$ 232,244	\$ 738,661	\$ 170,868	(69,921)	\$ 346,396
-	-	(15,247)	(652)	-	2,023
-	15,410	28,092	9,956	-	16,226
-	-	-	-	-	-
-	-	-	-	-	(18,112)

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022**

	N. Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 650,789	\$ 9,788,118
Cash received from (paid to) others	169	648
Cash paid to suppliers for goods and services	(449,362)	(2,473,156)
Cash paid for employee services	(108,952)	(1,176,248)
Cash paid to other funds	(171,036)	(1,475,959)
Net cash provided by (used for) operating activities	(78,392)	4,663,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(8,534)	(80,884)
Interest paid on long-term debt	-	(1,171,756)
Principal payments on long-term debt	-	(3,165,000)
Deferred grant income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	(8,534)	(4,417,640)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	175,254
Purchases of investments	-	(1,263,380)
Interest received	450	54,785
Net cash provided by (used for) investing activities	450	(1,033,341)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(86,476)	(787,578)
CASH AND CASH EQUIVALENTS—Beginning of year	86,697	6,102,188
CASH AND CASH EQUIVALENTS—End of year	\$ 221	\$ 5,314,610
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ (1,242)	\$ 1,355,640
Restricted cash and cash equivalents	1,463	3,958,970
	\$ 221	\$ 5,314,610
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (40,279)	\$ 3,268,315
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	47,350	1,385,109
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	(65,815)	9,710
Prepaid expenses	(725)	13,596
Pension related deferred outflows of resources	(16,235)	(176,204)
OPEB related deferred outflows of resources	(2,369)	(26,342)
Net pension liability	11,365	123,350
Pension related deferred inflows of resources	4,054	43,997
OPEB related deferred inflows of resources	(1,677)	(18,645)
Net OPEB liability	5,882	65,397
Due to/from other funds	9,178	(10,734)
Accounts payable, accrued liabilities, and developers' deposits	21,287	245,199
Accrued vacation and accrued sick	(3,267)	10,412
Customers' advance payments	(47,141)	(269,757)
Total adjustments	(38,113)	1,395,088
NET CASH PROVIDED BY OPERATING ACTIVITIES	-\$78,392	\$ 4,663,403
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	-	(334,375)
Change in fair value of investments	-	72,783
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	(11,365)	(123,350)

SEWER SYSTEM

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 3,292,860	\$ 9,547,023	\$ 7,796,503	\$ 355,370	\$ 1,502	\$ 535,989
2,993	1,833	3,458	247	-	77
(1,998,756)	(2,629,355)	(1,826,956)	(150,034)	(6,484)	(269,515)
(203,862)	(1,064,653)	(1,098,093)	(69,036)	(2,776)	(109,966)
(520,543)	(1,250,659)	(1,473,810)	(80,683)	(3,340)	(181,645)
572,692	4,604,189	3,401,102	55,864	(11,098)	(25,060)
84,774,896	-	(2,224)	-	-	-
(1,649,397)	(3,307,278)	(2,705,823)	84	285	(17,637)
(414,606)	(2,024,438)	(735,200)	-	-	-
(1,130,000)	(2,670,000)	(1,990,000)	-	-	-
-	-	-	-	-	-
(1,045,812)	-	2,224	-	-	-
80,535,081	(8,001,716)	(5,431,023)	84	285	(17,637)
-	2,000,341	2,248,727	-	-	-
-	(1,003,073)	(2,248,352)	-	-	-
67,147	75,472	72,679	539	134	644
67,147	1,072,740	73,054	539	134	644
81,174,920	(2,324,787)	(1,956,867)	56,487	(10,679)	(42,053)
2,384,916	6,209,886	8,744,309	(3,508)	30,569	90,213
\$ 83,559,836	\$ 3,885,099	\$ 6,787,442	\$ 52,979	\$ 19,890	\$ 48,160
\$ 93,365	\$ 1,140,750	\$ 415,303	\$ 42,818	\$ 9,242	41,958
83,466,471	2,744,349	6,372,139	10,161	10,648	6,202
\$ 83,559,836	\$ 3,885,099	\$ 6,787,442	\$ 52,979	\$ 19,890	\$ 48,160
\$ (212,946)	\$ 4,583,979	\$ 1,855,392	\$ (383)	\$ 3,297	\$ 3,674
675,004	457,609	1,411,066	4,687	211	12,377
361,389	6,459	521,064	31,466	77	(7,895)
(2,668)	(35,970)	4,706	(819)	56	298
(28,171)	(151,114)	(178,576)	(8,206)	1,434	(17,252)
(4,677)	(22,385)	(23,950)	(1,493)	240	(2,381)
22,688	105,786	125,011	5,745	(3,971)	12,077
7,314	37,732	44,589	2,049	(638)	4,308
(2,825)	(15,844)	(16,951)	(1,057)	(315)	(1,686)
11,535	55,573	59,457	3,707	(520)	5,912
29,544	(1,862)	(551,864)	4,090	336	19,219
(20,106)	419,665	81,565	11,883	(918)	(9,902)
(6,830)	6,138	(646)	(2,381)	(207)	(3,708)
(256,559)	(841,577)	70,239	6,576	(10,180)	(40,101)
785,638	20,210	1,545,710	56,247	(14,395)	(28,734)
\$ 572,692	\$ 4,604,189	\$ 3,401,102	\$ 55,864	(11,098)	\$ (25,060)
(25,398)	(332,470)	(105,922)	-	-	-
55,908	222,637	76,789	-	-	-
-	(69,181)	(149,893)	-	-	-
(22,688)	(105,786)	(125,011)	(5,745)	3,971	(12,077)

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022**

	Lavon WWTP	Forney Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 472,272	\$ 480,140
Cash received from (paid to) others	114	16
Cash paid to suppliers for goods and services	(223,955)	(252,839)
Cash paid for employee services	(123,880)	(2,677)
Cash paid to other funds	(140,782)	(155,557)
Net cash provided by (used for) operating activities	(16,231)	69,083
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(5,778)	-
Interest paid on long-term debt	-	-
Principal payments on long-term debt	-	-
Deferred grant income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	(5,778)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	548	3,211
Net cash provided by (used for) investing activities	548	3,211
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,461)	72,294
CASH AND CASH EQUIVALENTS—Beginning of year	60,741	441,182
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 39,280</u>	<u>\$ 513,476</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 17,023	\$ 494,975
Restricted cash and cash equivalents	22,257	18,501
	<u>\$ 39,280</u>	<u>\$ 513,476</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 122	\$ 20,940
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,182	48,313
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	(4,672)	(3,373)
Prepaid expenses	(1,213)	(13,829)
Pension related deferred outflows of resources	(11,856)	-
OPEB related deferred outflows of resources	(2,675)	-
Net pension liability	8,300	-
Pension related deferred inflows of resources	2,960	-
OPEB related deferred inflows of resources	(1,894)	-
Net OPEB liability	6,642	-
Due to/from other funds	(7,830)	(9,615)
Accounts payable, accrued liabilities, and developers' deposits	1,368	104,606
Accrued vacation and accrued sick	(4,232)	(32)
Customers' advance payments	(9,433)	(77,927)
Total adjustments	(16,353)	48,143
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (16,231)</u>	<u>\$ 69,083</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	-	-
Change in fair value of investments	-	-
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	(8,300)	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 1,927,984	\$ 406,706	\$ 432,043	\$ 314,365	\$ 2,937,325
41	4	144	-	190
(445,319)	(71,513)	(58,786)	(8,497)	(948,001)
(2,998)	(521)	(2,444)	(181)	(6,132)
(225,463)	(29,449)	(56,650)	(11,386)	(310,223)
1,254,245	305,227	314,307	294,301	1,673,159
-	-	-	-	39,285,390
-	-	(49,953)	(72,059)	(14,486,726)
(221,650)	(21,750)	(21,012)	(16,912)	(1,082,712)
(1,080,000)	(235,000)	(200,000)	(160,000)	(1,470,000)
-	-	-	-	1,000,000
-	-	-	-	(670,390)
(1,301,650)	(256,750)	(270,965)	(248,971)	22,575,562
720,123	150,026	120,020	110,019	8,753,536
-	-	-	-	(8,073,444)
24,296	6,398	7,446	6,280	282,424
744,419	156,424	127,466	116,299	962,516
697,014	204,901	170,808	161,629	25,211,237
1,282,083	477,656	690,712	588,329	21,059,148
\$ 1,979,097	\$ 682,557	\$ 861,520	\$ 749,958	\$ 46,270,385
\$ 773,978	\$ 364,454	\$ 532,212	\$ 479,447	1,043,334
1,205,119	318,103	329,308	270,511	45,227,051
\$ 1,979,097	\$ 682,557	\$ 861,520	\$ 749,958	\$ 46,270,385
\$ 1,081,492	\$ 200,485	\$ 243,378	\$ 108,661	\$ 1,507,337
302,760	111,943	49,320	33,956	610,271
(2,345)	212	5,900	25,266	(611,198)
(45)	3,161	(21)	(2)	1,908
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(52,387)	(20,260)	(9,980)	(2,869)	210
(212,820)	(5,452)	(24,528)	107,944	235,017
(35)	(6)	(36)	(3)	(56)
137,625	15,144	50,274	21,348	(70,330)
172,753	104,742	70,929	185,640	165,822
\$ 1,254,245	\$ 305,227	\$ 314,307	\$ 294,301	\$ 1,673,159
(83,767)	(8,312)	-	-	(93,313)
48,434	2,735	2,347	1,891	142,592
-	-	-	-	(509,315)
-	-	-	-	-

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022**

	McKinney Interceptor	Mustang Creek Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 25,982	\$ 2,549,321
Cash received from (paid to) others	-	5
Cash paid to suppliers for goods and services	(2,136)	(166,843)
Cash paid for employee services	(155)	(1,534)
Cash paid to other funds	(18,321)	(197,076)
Net cash provided by (used for) operating activities	<u>5,370</u>	<u>2,183,873</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(16,486)	(1,025,581)
Interest paid on long-term debt	-	(1,111,432)
Principal payments on long-term debt	-	(730,000)
Deferred grant income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(16,486)</u>	<u>(2,867,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	100,146
Purchases of investments	-	(1,973,463)
Interest received	2,338	45,177
Net cash provided by (used for) investing activities	<u>2,338</u>	<u>(1,828,140)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(8,778)</u>	<u>(2,511,280)</u>
CASH AND CASH EQUIVALENTS—Beginning of year	<u>373,117</u>	<u>5,366,323</u>
CASH AND CASH EQUIVALENTS—End of year	<u><u>\$ 364,339</u></u>	<u><u>\$ 2,855,043</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 278,206	\$ 962,950
Restricted cash and cash equivalents	86,133	1,892,093
	<u><u>\$ 364,339</u></u>	<u><u>\$ 2,855,043</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (55,131)	\$ 1,854,914
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	54,942	212,230
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	(8)	(2,663)
Prepaid expenses	(57)	(652)
Pension related deferred outflows of resources	-	-
OPEB related deferred outflows of resources	-	-
Net pension liability	-	-
Pension related deferred inflows of resources	-	-
OPEB related deferred inflows of resources	-	-
Net OPEB liability	-	-
Due to/from other funds	-	617
Accounts payable, accrued liabilities, and developers' deposits	23,022	119,532
Accrued vacation and accrued sick	(3)	(18)
Customers' advance payments	(17,395)	(87)
Total adjustments	<u>60,501</u>	<u>328,959</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 5,370</u></u>	<u><u>\$ 2,183,873</u></u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	-	(68,372)
Change in fair value of investments	-	77,752
Change in liabilities related to capital assets	-	(218,130)
Change in actuarial value of net pension liability	-	-

SEWER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 229,673	\$ -	\$ 1,201,840	\$ 46,258,523
-	2,927	160	38,072
(7,263)	128,057	(381,139)	(13,327,832)
(180)	-	(497,253)	(4,631,705)
(11,595)	(103,944)	(276,847)	(7,115,814)
210,635	27,040	46,761	21,221,244
-	-	-	124,058,062
-	-	-	(23,499,306)
(62,956)	-	-	(7,343,735)
(120,000)	-	-	(14,275,000)
-	-	-	1,000,000
-	-	-	(1,713,978)
(182,956)	-	-	78,226,043
-	-	-	14,778,117
-	-	-	(14,561,712)
2,193	-	2,184	668,584
2,193	-	2,184	884,989
29,872	27,040	48,945	100,332,276
166,348	(77,081)	170,815	55,658,622
\$ 196,220	-\$50,041	\$ 219,760	\$ 155,990,898
\$ 54,571	\$ (50,041)	\$ 219,760	\$ 8,855,639
141,649	0	0	147,135,259
\$ 196,220	-\$50,041	\$ 219,760	\$ 155,990,898
\$ 157,217	\$ -	\$ (12,589)	\$ 15,376,442
49,231	-	4,775	6,395,583
(25)	-	(28,022)	273,939
(6)	-	3,275	(29,749)
-	-	(78,694)	(690,746)
-	-	(12,372)	(101,892)
-	-	55,089	483,552
-	-	19,649	172,474
-	-	(8,757)	(72,120)
-	-	30,715	252,960
-	28,061	(10,635)	(623,359)
12,028	(1,021)	3,998	991,031
(2)	-	(12,633)	(22,853)
(7,808)	-	92,962	(1,184,018)
53,418	27,040	59,350	5,844,802
\$ 210,635	\$ 27,040	\$ 46,761	\$ 21,221,244
(3,329)	-	-	(1,057,048)
14,263	-	-	786,871
-	-	-	(946,519)
-	-	(55,089)	(483,552)
(Concluded)			

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL

SECTION (UNAUDITED)

THIS PAGE INTENTIONALLY LEFT BLANK

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.

Financial Trends 110

- Schedule 1 — Net Position by Component
- Schedule 2 — Changes in Net Position
- Schedule 3 — Total Revenues by Source
- Schedule 4 — Total Expenses by Function
- Schedule 5 — Total Revenues by System
- Schedule 6 — Total Expenses by System
- Schedule 7 — Operating Revenues
- Schedule 8 — Operating Expenses
- Schedule 9 — Nonoperating Revenues and Expenses

Revenue Capacity 119

- Schedule 10 — Net Additions to Capital Assets Excluding Construction in Progress
- Schedule 11 — Water Produced and Consumed, Wastewater Treated and Solid Waste Disposed
- Schedule 12 — Historic Service Use
- Schedule 13 — Number of Water, Wastewater and Solid Waste Customers
- Schedule 14 — Water Rates
- Schedule 15 — Largest Customers

Debt Capacity 126

- Schedule 16 — Outstanding Debt by Type
- Schedule 17 — Revenue Coverage

Economic and Demographic Information 128

- Schedule 18 — Demographic Statistics
- Schedule 19 — Principal Employers
- Schedule 20 — Number of Employees by Function

Operating Information 132

- Schedule 21 — Miscellaneous Statistical Data
- Schedule 22 — Operating and Capital Indicators
- Schedule 23 — Insurance in Force

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

	2013	2014	2015
Net investment in capital assets	\$ 747,192,747	\$ 794,854,341	\$ 864,338,873
Restricted for debt service	134,554,194	138,297,302	142,275,759
Unrestricted	83,782,522	89,311,734	77,655,896
Total	\$ 965,529,463	\$ 1,022,463,377	\$ 1,084,270,528
	2016	2017	2018
Net investment in capital assets	\$ 942,119,408	\$ 1,055,668,099	\$ 1,077,370,618
Restricted for debt service	141,312,557	147,826,838	192,006,392
Unrestricted	126,729,695	130,713,207	182,514,170
Total	\$ 1,210,161,660	\$ 1,334,208,144	\$ 1,451,891,180
	2019	2020	2021
Net investment in capital assets	\$ 1,206,866,459	\$ 1,309,031,458	\$ 1,430,006,844
Restricted for debt service	221,897,098	242,546,402	231,587,717
Unrestricted	190,419,144	198,229,568	162,992,241
Total	\$ 1,619,182,701	\$ 1,749,807,428	\$ 1,824,586,802
	2022		
Net investment in capital assets	\$ 1,585,820,870		
Restricted for debt service	234,821,681		
Unrestricted	132,685,408		
Total	\$ 1,953,327,959		

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
2013	\$ 294,318,335	\$ 185,544,056	\$ 108,774,279	\$ (49,877,698)	\$ 58,896,581	\$ (13,114,855) (a)
2014	310,571,544	206,640,634	103,930,910	(46,996,996)	56,933,914	-
2015	338,513,458	208,587,026	129,926,432	(43,095,097)	86,831,335	(25,024,184) (b)
2016	398,068,222	224,688,538	173,379,684	(47,488,552)	125,891,132	-
2017	439,923,445	253,691,088	186,232,357	(57,091,638)	129,140,719	(5,094,235) (c)
2018	484,209,991	264,672,663	219,537,328	(101,854,292)	117,683,036	-
2019	516,892,284	289,482,162	227,410,122	(60,118,601)	167,291,521	-
2020	616,687,602	394,966,412	221,721,190	(86,900,548)	134,820,642	(4,195,915) (d)
2021	644,002,832	458,971,448	185,031,384	(110,252,010)	74,779,374	-
2022	671,729,828	449,258,007	222,471,821	(93,730,664)	128,741,157	-

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

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

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

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

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

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

Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	(1)		Investment Income	(2)	
				Internal Service Funds			Miscellaneous	Total
2013	\$ 184,641,152	\$ 83,357,407	\$ 24,553,966	\$	-\$	1,261,442	\$ 6,686,736	\$ 300,500,703
2014	197,954,585	86,758,613	23,460,042		-	842,516	9,471,508	318,487,264
2015	215,871,181	93,754,382	27,603,397		-	2,034,940	5,685,793	344,949,693
2016	252,591,522	113,132,055	30,760,383		-	3,059,347	6,465,868	406,009,175
2017	282,595,391	120,803,096	34,206,532		-	7,981,554	6,576,178	452,162,751
2018	316,133,827	131,381,838	34,592,091		-	20,129,032	17,500,389	519,737,177
2019	335,832,842	143,817,640	34,242,029		-	52,093,577	7,639,127	573,625,215
2020	351,608,930	149,364,600	34,789,150	76,499,319		29,796,188	7,330,721	649,388,908
2021	358,703,567	160,257,679	35,456,934	78,803,502		1,928,909	12,852,423	648,003,014
2022	370,408,583	173,430,008	38,586,524	84,104,262		22,994	25,772,326	692,324,697

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

(1) The Internal Service Funds revenues are intragovernmental.

(2) Miscellaneous revenues includes grant income 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
2013	\$ 140,151,618	\$ 56,060,066	\$ 45,392,438	\$ -	\$ -	\$ 241,604,122
2014	157,424,943	53,416,490	49,215,691	-	1,496,226	261,553,350
2015	158,078,403	49,531,332	50,508,623	-	-	258,118,358
2016	171,021,459	54,997,252	54,099,332	-	-	280,118,043
2017	190,104,395	68,257,962	63,586,693	-	1,072,982	323,022,032
2018	197,014,560	90,004,570	67,658,103	-	47,376,908	402,054,141
2019	219,392,564	116,746,379	70,089,598	-	105,153	406,333,694
2020	320,017,085	119,601,854	74,949,327	-	-	514,568,266
2021	380,203,805	114,251,769	78,767,643	-	423	573,223,640
2022	363,131,408	106,863,739	86,126,599	-	7,461,794 (1)	563,583,540

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

(1) Includes investment loss

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

							(1)	
Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total	
2013	\$ 189,952,267	\$ 41,092,579	\$ 25,238,821	\$ 25,893,780	\$ 18,323,256	\$ -	300,500,703	
2014	205,567,790	43,985,499	24,534,984	25,009,414	19,389,577	-	318,487,264	
2015	221,944,473	45,406,393	27,623,302	28,193,176	21,782,349	-	344,949,693	
2016	258,967,069	55,054,270	34,653,940	32,223,631	25,110,265	-	406,009,175	
2017	292,601,342	59,123,075	35,907,347	35,340,336	29,190,651	-	452,162,751	
2018	334,990,069	67,068,949	36,349,062	46,792,834	34,536,263	-	519,737,177	
2019	382,738,816	73,888,631	42,592,552	37,226,358	37,178,858	-	573,625,215	
2020	379,221,159	75,933,178	40,117,161	37,289,568	40,137,409	76,690,433	649,388,908	
2021	368,686,451	80,204,478	42,962,606	38,540,612	38,636,523	78,972,344	648,003,014	
2022	378,138,585	85,157,932	49,846,912	42,033,526	52,610,802	84,536,940	692,324,697	

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

(1) The Internal Service Funds revenues are intragovernmental.

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

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
2013	\$ 145,776,078	\$ 36,087,104	\$ 21,926,891	\$ 23,261,880	\$ 14,552,169	\$ -	\$ 241,604,122
2014	161,004,668	40,719,243	22,049,092	22,730,220	15,050,127	-	261,553,350
2015	153,916,103	41,678,405	22,319,175	23,317,420	16,887,255	-	258,118,358
2016	159,971,880	48,772,951	26,235,649	26,015,728	19,121,835	-	280,118,043
2017	194,027,288	52,302,307	27,167,227	26,479,241	23,045,969	-	323,022,032
2018	262,230,765	57,337,579	27,793,605	29,508,245	25,183,947	-	402,054,141
2019	254,951,283	61,449,275	31,218,894	32,193,397	26,520,845	-	406,333,694
2020	273,033,568	71,813,915	34,362,778	33,731,552	29,530,791	72,095,662	514,568,266
2021	309,405,597	74,049,533	36,981,418	36,488,492	31,222,269	85,076,331	573,223,640
2022	296,691,082	69,312,662	39,222,449	37,724,889	37,070,558	83,561,900	563,583,540

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

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

							(1)
Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	Internal Service Funds	Other Operating Revenues	Total	
2013	\$ 184,641,152	\$ 83,357,407	\$ 24,553,966	\$ -	\$ 1,765,810	\$ 294,318,335	
2014	197,954,585	86,758,613	23,460,042	-	2,398,304	310,571,544	
2015	215,871,181	93,754,382	27,603,397	-	1,284,498	338,513,458	
2016	252,591,522	113,132,055	30,760,383	-	1,584,262	398,068,222	
2017	282,595,391	120,803,096	34,206,532	-	2,318,426	439,923,445	
2018	316,133,827	131,381,838	34,592,091	-	2,102,235	484,209,991	
2019	335,832,842	143,817,640	34,242,029	-	2,999,773	516,892,284	
2020	351,608,930	149,364,600	34,789,150	76,499,319	4,425,603	616,687,602	
2021	358,703,567	160,257,679	35,456,934	78,803,502	10,781,150	644,002,832	
2022	370,408,583	173,430,008	38,586,524	84,104,262	5,200,451	671,729,828	

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

(1) The Internal Service Funds revenues are intragovernmental.

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

Fiscal Year	Personnel and Insurance	Electric Power	Chemicals	Operating Supplies and Services	Depreciation and Amortization	Total
2013	\$ 48,000,657	\$ 28,667,812	\$ 23,398,387	\$ 40,084,762	\$ 45,392,438	\$ 185,544,056
2014	53,252,470	26,628,105	24,178,928	53,365,440	49,215,691	206,640,634
2015	53,098,135	23,997,861	25,325,219	55,657,188	50,508,623	208,587,026
2016	65,389,176	19,187,942	28,283,012	57,729,076	54,099,332	224,688,538
2017	70,226,647	19,894,130	27,629,538	72,354,080	63,586,693	253,691,088
2018	74,999,711	20,981,185	32,842,288	68,191,376	67,658,103	264,672,663
2019	86,314,412	18,042,370	38,265,482	76,770,300	70,089,598	289,482,162
2020	123,933,142	20,788,418	40,015,685	135,279,840	74,949,327	394,966,412
2021	121,833,115	49,290,390	46,989,599	162,090,701	78,767,643	458,971,448
2022	114,294,282	25,174,261	64,014,290	159,648,575	86,126,599	449,258,007

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(Expense)	Miscellaneous Revenue	Gain (Loss) on Sale of Capital Assets	Interest Expense	Contributions Revenue(Expense)	Total
2013	\$ 1,261,442	\$ 4,740,486	\$ 180,440	\$ (56,060,066)	\$ -	\$ (49,877,698)
2014	842,516	6,748,435	(1,171,457)	(53,416,490)	-	(46,996,996)
2015	2,034,940	4,401,295	-	(49,531,332)	-	(43,095,097)
2016	3,059,347	3,573,729	875,624	(54,997,252)	-	(47,488,552)
2017	7,981,554	2,910,296	274,474	(68,257,962)	-	(57,091,638)
2018	20,129,032	3,987,226	11,377,911	(90,004,570)	(47,343,891)*	(101,854,292)
2019	52,093,577	3,907,246	732,108	(116,746,379)	-	(60,013,448)
2020	29,796,188	2,818,704	86,414	(119,601,854)	-	(86,900,548)
2021	1,928,909	597,949	1,472,901	(114,251,769)	-	(110,252,010)
2022	(7,398,800)	56,589	267,590	(106,863,739)	20,207,696 *	(93,730,664)

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

* The District made a contribution of \$47,343,891 to the Fannin County Electric Cooperative related to the electric power agreements for the construction of the Bois d'Arc Lake. The scope of the agreement included the relocation of electric utility facilities, temporary power for the Leonard Water Treatment Plant (WTP) and Bois d'Arc Lake dam site, permanent power supply to dam and raw water pump stations, including a new substation and the Leonard WTP and High Service Pump Station, and to relocate electric facilities due to construction and inundation of Bois d'Arc Lake. In May 2022, the District received a reimbursement from Fannin County Electric Cooperative for funds not utilized.

SCHEDULE - 10

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

Fiscal Year	Water System	Regional Wastewater System	Sewer System	Solid Waste System	Interceptor System	Internal Service Funds	Total
2013	\$ 103,316,959	\$ 90,768,086	\$ 320,947	\$ 5,979,869	\$ 30,382,947	\$ -	\$ 230,768,808
2014	25,269,744	7,857,071	(2,207,403)	1,450,082	2,557,388	-	34,926,882
2015	31,937,890	10,403,531	9,796,189	6,712,023	16,248,750	-	75,098,383
2016	398,312,927	11,077,703	721,164	4,078,101	29,053,254	-	443,243,149
2017	216,005,065	12,546,239	2,741,961	21,919,663	13,117,830	-	266,330,758
2018	57,840,911	4,140,754	990,455	16,333,754	12,822,617	-	92,128,491
2019	64,289,910	5,479,971	549,488	15,261,193	1,001,671	-	86,582,233
2020	50,185,768	62,929,670	11,551,067	10,449,405	12,458,564	47,678,006 *	195,252,480
2021	59,230,922	14,266,072	5,664,552	7,245,532	30,723,406	2,259,682	119,390,166
2022	646,247,226	57,972,992	89,158,539	5,842,575	19,990,180	2,690,974	821,902,486

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

* Amount includes the transfer from the Water System to establish the Internal Service Funds.

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
2013	98,031,722,000	93,366,805,000	4,664,917,000	4.8%	\$ 1.70	\$ 1.75
2014	88,512,901,000	83,633,749,000	4,879,152,000	5.5%	\$ 1.87	\$ 1.92
2015	83,288,227,957	80,027,915,000	3,260,312,957	3.9%	\$ 2.06	\$ 2.11
2016	100,282,548,000	97,345,239,000	2,937,309,000	2.9%	\$ 2.29	\$ 2.34
2017	97,942,133,000	95,123,951,000	2,818,182,000	2.9%	\$ 2.53	\$ 2.58
2018	106,625,709,000	103,273,501,000	3,352,208,000	3.1%	\$ 2.78	\$ 2.83
2019	95,027,289,000	92,691,956,000	2,335,333,000	2.5%	\$ 2.92	\$ 2.97
2020	108,773,163,000	106,274,528,000	2,498,635,000	2.3%	\$ 2.99	\$ 3.04
2021	105,003,880,000	103,586,223,000	1,417,657,000	1.4%	\$ 2.99	\$ 3.04
2022	119,164,500,000	117,316,142,000	1,848,358,000	1.6%	\$ 2.99	\$ 3.04

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

Fiscal Year	Gallons of Wastewater Treated	Tons of Solid Waste Disposed
2013	32,919,670,000	786,441
2014	32,546,937,000	835,224
2015	39,364,325,000	877,072
2016	42,949,703,000	950,220
2017	37,569,619,000	1,009,236
2018	40,299,162,000	985,521
2019	47,223,091,000	1,010,166
2020	43,637,993,000	947,925
2021	44,283,500,000	967,522
2022	40,824,445,000	1,009,405

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

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

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

	2012-2013	2013-2014	2014-2015	2015-2016
WATER CONSUMPTION (GALLONS IN THOUSANDS):				
Member cities	78,407,137	69,155,408	66,632,698	80,685,320
Customer cities	14,956,602	14,475,125	13,390,178	16,655,941
Individual meters	3,066	3,216	5,039	3,978
Total	93,366,805	83,633,749	80,027,915	97,345,239
Total rainfall (in inches)	29.17	29.08	44.54	53.71
WASTEWATER VOLUME TREATED (GALLONS IN THOUSANDS):				
Regional system	26,734,851	26,468,520	32,164,465	34,983,736
Small plant system	6,184,819	6,078,417	7,199,860	7,965,967
Total	32,919,670	32,546,937	39,364,325	42,949,703
SOLID WASTE VOLUME (IN TONS):				
Transfer stations	475,072	495,756	533,545	566,601
Landfill	311,369	339,468	343,527	383,619
Total	786,441	835,224	877,072	950,220

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).

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
78,723,004	84,799,369	76,329,794	86,454,720	84,046,205	93,768,238
16,398,007	18,471,203	16,359,329	19,816,491	19,536,888	23,545,490
2,940	2,929	2,833	3,317	3,130	2,414
<u>95,123,951</u>	<u>103,273,501</u>	<u>92,691,956</u>	<u>106,274,528</u>	<u>103,586,223</u>	<u>117,316,142</u>
<u>32.33</u>	<u>45.76</u>	<u>61.34</u>	<u>39.43</u>	<u>25.58</u>	<u>23.04</u>
30,525,105	32,790,044	38,584,105	35,464,757	36,266,034	33,082,332
7,044,514	7,509,118	8,638,986	8,173,236	8,017,466	7,742,113
<u>37,569,619</u>	<u>40,299,162</u>	<u>47,223,091</u>	<u>43,637,993</u>	<u>44,283,500</u>	<u>40,824,445</u>
586,098	598,793	610,732	608,566	626,741	636,590
423,138	386,728	399,434	339,359	340,781	372,814
<u>1,009,236</u>	<u>985,521</u>	<u>1,010,166</u>	<u>947,925</u>	<u>967,522</u>	<u>1,009,404</u>

SCHEDULE - 13

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

Fiscal Year	Member Cites	Water Customer Cities	Total Cities	Wastewater Member Cities	Solid Waste Member Cities
2013	13	33	46	12	5
2014	13	33	46	12	5
2015	13	33	46	12	5
2016	13	34 (1)	47	12	5
2017	13	34	47	12	5
2018	13	34	47	12	5
2019	13	34	47	13 (2)	5
2020	13	34	47	13	5
2021	13	34	47	13	5
2022	13	34	47	13	5

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

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

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

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

	2013	2014	2015	2016	2017
Water Rates (per 1,000 gallons)					
Member Cities	\$ 1.70	\$ 1.87	\$ 2.06	\$ 2.29	2.53
Customer Cities	\$ 1.75	\$ 1.92	\$ 2.11	\$ 2.34	2.58
	2018	2019	2020	2021	2022
Water Rates (per 1,000 gallons)					
Member Cities	\$ 2.78	\$ 2.92	\$ 2.99	\$ 2.99	2.99
Customer Cities	\$ 2.83	\$ 2.97	\$ 3.04	\$ 3.04	3.04

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

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

Customer	Fiscal Year 2012					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 14,495,524	8.97%	\$ 10,730,948	13.62%	\$ 3,243,330	13.37%
Garland	19,890,333	12.31%	-	0.00%	-	0.00%
McKinney	14,895,981	9.22%	11,219,669	14.24%	4,818,298	19.86%
Mesquite	11,653,640	7.21%	7,114,728	9.03%	-	0.00%
Plano	37,648,633	23.30%	22,155,665	28.14%	7,398,953	30.51%
Richardson	15,501,567	9.59%	5,393,830	6.85%	3,554,291	14.65%
Subtotal	114,085,678	70.60%	56,614,840	71.88%	19,014,872	78.39%
Other Customers	47,502,709	29.40%	22,148,022	28.12%	5,242,188	21.61%
Grand Total	\$ 161,588,387	100.00%	\$ 78,762,862	100.00%	\$ 24,257,060	100.00%

Customer	Fiscal Year 2022					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 37,137,392	10.03%	\$ 28,211,772	16.27%	\$ 4,707,520	12.20%
Garland	39,829,671	10.75%	-	0.00%	-	0.00%
McKinney	35,550,513	9.60%	24,761,198	14.28%	5,629,734	14.59%
Mesquite	24,003,839	6.48%	13,034,972	7.52%	-	0.00%
Plano	77,649,551	20.96%	37,493,445	21.62%	8,034,955	20.82%
Richardson	32,030,435	8.65%	14,485,662	8.35%	3,649,559	9.46%
Subtotal	246,201,401	66.47%	117,987,049	68.03%	22,021,768	57.07%
Other Customers	124,207,182	33.53%	55,442,959	31.97%	16,564,756	42.93%
Grand Total	\$ 370,408,583	100.00%	\$ 173,430,008	100.00%	\$ 38,586,524	100.00%

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

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

Fiscal Year	Revenue Bonds ⁽¹⁾	U.S. Government Notes	Capital Leases	Total	District Population	Per Capita Debt
2013	\$ 1,649,854,821	\$ 35,139,154	\$ -	\$ 1,684,993,975	854,778	1,971
2014	1,675,033,880	33,819,003	-	1,708,852,883	885,241	1,930
2015	1,821,632,620	32,456,205	-	1,854,088,825	914,127	2,028
2016	1,906,989,880	31,049,381	-	1,938,039,261	939,585	2,063
2017	2,231,875,720	29,597,110	-	2,261,472,830	969,603	2,332
2018	3,104,202,887	28,097,923	-	3,132,300,810	1,005,146	3,116
2019	4,121,054,853	25,002,689	-	4,146,057,542	1,034,730	4,007
2020	4,281,282,596	24,952,694	-	4,306,235,290	1,064,465	4,045
2021	4,372,991,258	-	-	4,372,991,258	1,109,462	3,942
2022	4,318,339,816	-	-	4,318,339,816	N/A (2)	N/A

Source: Notes to the Basic Financial Statements for the NTMWD

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

(1) Presented net of original issuance discounts and premiums

(2) The District was unable to obtain the 2022 Per Capita Debt and the 2022 District Population information at the time of publication of this report.

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

Fiscal Year	Less:							Coverage Ratio					
	{a} Total Revenues	Operating Expenses (excluding depreciation)	Net Available Revenues	Debt Service									
				Principal	Interest Paid	Total							
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
2019		573,625,215		219,497,717		354,127,498		131,907,616		130,553,352		262,460,968	1.35
2020		649,388,908		320,017,085		329,371,823		138,667,612		135,083,270		273,750,882	1.20
2021		648,003,014		380,203,805		267,799,209		144,109,225		132,490,030		276,599,255	0.97
2022		692,324,697		363,131,408		329,193,289		149,570,000		128,286,984		277,856,984	1.18

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

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

The District's ACFR represents multiple funds including a mix of proprietary, internal service and fiduciary funds. Each fund operates under its own bond resolution, customer service contract and is reported as its own enterprise fund with annual revenues calculated for each individual fund to cover all annual O&M and Debt Service obligations. The above calculated District-wide coverage ratio represents all funds combined and should not in any circumstance be used to determine the financial health and stability of an individual fund. The coverage ratio utilizes the GASB Statement No. 34/44 calculation. Many funds utilize non-operating transfers to assist in the debt service payment obligation, which may reduce the coverage ratio.

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

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

Calendar Year	District Population	Personal Income (thousand dollars)	Per Capita Personal Income	Unemployment Rate
2012	834,642	\$ 30,941,848	\$ 37,072	4.5%
2013	854,778	32,401,215	37,906	5.2%
2014	885,241	34,148,172	38,575	5.5%
2015	914,127	36,154,637	39,551	3.7%
2016	939,585	38,686,473	41,174	3.7%
2017	969,603	41,933,391	43,248	3.6%
2018	1,005,146	44,135,961	43,910	3.6%
2019	1,034,730	45,772,316	44,236	4.0%
2020	1,064,465	49,220,862	46,240	4.0%
2021	1,109,462	53,258,614	48,004	5.2%

Source: Year 2011 was based on information provided by North Central Texas Council of Governments. Years 2012 - 2020 were based on information provided by the U.S. Census Bureau.

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

The District was unable to obtain this information for calendar year 2022 at the time of publication of this report.

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

Employer	2021	
	Employees	Percentage of Total
State Farm Insurance Corporate Office	9,000	1.61%
Frisco Independent School District	7,048	1.26%
Capital One Finance	5,023	0.90%
JP Morgan Chase	4,988	0.89%
University of Texas at Dallas	3,911	0.70%
Toyota of America	3,815	0.68%
Raytheon Intelligence and Space	3,658	0.65%
Blue Cross Blue Shield of Texas	3,100	0.55%
McKinney Independent School District	2,814	0.50%
Liberty Mutual Insurance	2,652	0.47%
Total	46,009	8.21%
Total Employed in the County	559,662	
Employer	2011	
	Employees	Percentage of Total
JC Penney	5,100	0.98%
HP (formerly EDS)	5,000	0.96%
Bank of America (formerly Countrywide Home Loans)	4,646	0.89%
Dell (formerly Perot Systems)	2,950	0.57%
Raytheon	2,500	0.48%
CHC Acquisition Corp	2,000	0.38%
Frito-Lay Inc	2,000	0.38%
Alcatel	1,830	0.35%
T-Mobile	1,500	0.29%
Total	27,526	5.26%

Source: Years 2011 and 2021 are based on information provided by North Central Texas Council of Governments and Collin County; however, the District was unable to obtain this information for 2022 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Support:										
General	31.0	31.0	30.0	8.0	11.0	11.0	11.0	12.0	12.0	13.0
Public Information	2.0	2.0	3.0	2.0	3.0	3.0	4.0	4.0	4.0	5.0
Engineering	44.0	50.0	62.0	74.0	77.0	82.0	87.0	91.9	91.9	89.9
Permitting				4.2	4.0	3.0	2.0	2.1	2.1	3.1
Control Systems								9.1	9.1	9.1
Facilities Service	46.5	48.5	55.0	61.0	61.0	60.5	61.5	64.5	64.5	62.5
Technical Service	58.5	80.5	85.0	91.0	92.0	91.5	101.5	95.5	95.5	102.5
Human Resources								11.5	11.5	11.0
Records								6.1	6.1	6.0
Safety						5.0	5.0	8.4	8.4	10.0
Accounting								15.5	15.5	15.5
Finance								10.5	10.5	10.5
Purchasing								4.0	4.0	5.0
Information Technology				20.4	24.0	24.0	18.0	19.2	18.2	18.2
Environmental Service	7.7	9.2	11.4	11.0	11.5	10.5	11.5	9.6	9.6	9.6
Laboratory	27.3	27.3	26.9	27.8	26.0	27.0	29.0	31.7	31.7	31.7
Regulatory Compliance				3.3	4.0	3.0	3.0	3.5	3.5	3.5
Administration	21.0	25.0	28.0	36.0	38.0	39.0	47.0	0.0	0.0	0.0
Total	238.0	273.5	301.3	338.7	351.5	359.5	380.5	398.9	397.9	405.9
Water:										
Plant Operations	78.0	64.0	66.0	77.0	79.0	80.0	85.0	83.0	83.0	78.0
Tawakoni Raw Water Pump St	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0
East Fork Raw Water Supply	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Bonham Water Treatment	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Bois d'Arc lake								2.0	3.0	8.0
Leonard WTP								7.0	8.0	15.0
Transmission								5.0	4.0	6.0
Total	107.0	93.0	95.0	107.0	109.0	110.0	115.0	127.0	127.0	136.0
Wastewater:										
Sister Grove WRRF										5.0
Wilson Creek WWTP	55.8	56.1	56.4	58.8	59.0	59.0	62.0	66.0	67.0	66.0
Floyd Branch WWTP	6.3	6.4	6.5	7.5	8.0	8.0	7.0	7.0	7.0	7.2
Rowlett Creek WWTP	21.8	23.1	23.4	25.5	26.5	26.5	26.5	28.5	29.5	29.8
Mesquite WWTP	32.8	34.1	35.4	34.1	34.0	35.0	35.0	35.0	36.0	37.0
Panther Creek WWTP	12.1	12.1	12.6	17.8	17.8	17.8	17.8	17.8	18.3	18.0
Muddy Creek WWTP	12.1	12.1	12.1	18.4	18.9	18.9	19.4	19.4	18.4	18.0
Stewart Creek WWTP	6.1	6.1	6.6	10.6	11.5	18.5	18.5	19.5	19.0	19.0
Small WWTPs	5.5	5.5	7.5	7.0	9.0	9.0	9.5	10.5	10.5	11.0
Pretreatment	5.0	5.5	6.7	6.8	7.5	7.5	7.5	8.2	8.2	8.2
Dewatering	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forney Interceptor					0.1	0.0	0.0	0.0	0.0	0.0
Lower East Fork Interceptor				0.1	0.1	0.0	0.0	0.0	0.0	0.0
Buffalo Creek Interceptor					0.1	0.0	0.0	0.0	0.0	0.0
Upper East Fork Interceptor	8.9	8.9	11.9	19.9	19.1	19.3	19.3	22.3	22.3	23.0
Total	168.0	171.6	178.7	206.3	211.5	219.5	222.5	234.2	236.2	242.2

Solid Waste:

Transfer Station	47.8	47.3	46.3	46.4	47.0	50.0	54.0	57.0	57.0	56.2
Landfills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal Facility	39.3	36.8	32.8	33.9	34.7	34.7	34.7	34.7	30.7	30.4
Fleet Maintenance Shop	12.0	15.0	16.0	18.7	19.4	19.4	19.4	21.4	26.4	26.4
Total	99	99	95	99	101	104	108	113	114	113
Total Employees	612	637	670	751	773	793	826	873	875	897

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

SCHEDULE - 21
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2022

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

Year of creation	1951
Domicile	Wylie, Texas
District population	2,000,000
District service area	2,200 square miles
Water Treatment Plant	420 Acres
Rain received at Lavon Lake during fiscal year	34.07
Total employees	897

REGIONAL WATER SYSTEM

RAW WATER SUPPLY—RELIABLE SUPPLY:

Lavon Lake	84.0	MGD
Lake Texoma	60.0	
Jim Chapman Lake	40.0	
Lake Bonham	2.0	
Lake Tawakoni	44.0	
Wilson Creek Reuse	51.0	
East Fork Raw Water Supply	39.0	
Main Stem Trinity River	50.0	
Total	370.0	MGD

WATER TREATMENT PLANTS:

Wylie—WTP I	70.0	MGD
Wylie—WTP II	280.0	
Wylie—WTP III	280.0	
Wylie—WTP IV	210.0	
Bonham WTP	6.6	
Tawakoni WTP	30.0	
Total	876.6	MGD

TRANSMISSION PIPELINES:

12" to 24" diameter	152.36	Miles
30" to 54" diameter	173.26	
60" to 96" diameter	369.90	
Total	695.52	Miles

(Continued)

RAW WATER PUMP STATIONS:

Lake Lavon—3 sites:

Total water pumps	18	
Total raw water pumping capacity	1026.0	MGD

Lake Texoma—1 site:

Total water pumps	4	
Total raw water pumping capacity	216.0	MGD

Jim Chapman Lake—1 site:

Total water pumps	3	
Total raw water pumping capacity	176.0	MGD

East Fork Raw Water Supply—2 sites:

Total water pumps	10	
Total raw water pumping capacity	351.3	MGD

Main Stem Trinity River

Total water pumps	4.0	MGD
Total raw water pumping capacity	120.0	

Lake Tawakoni—2 sites:

Total water pumps	7	MGD
Total raw water pumping capacity	195.5	

Wylie Water Plant - Treated Water Pump Stations

Wylie Water Plant - Treated Water Pumping Capacity	7	
	1069.0	MGD

TREATED WATER STORAGE RESERVOIRS:

NTMWD Treatment plant storage	52.5	Million gallons
NTMWD Transmission system storage	87.6	
	140.1	Million gallons

TOTAL CITY DELIVERY POINTS

82

WASTEWATER SYSTEM

**Permitted
Capacity**

REGIONAL SYSTEM:

Regional wastewater plants:

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

SEWER SYSTEM:

City:

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

(Continued)

Wylie and Murphy	Muddy Creek Plant	*	10.000	
Wylie	Wylie Plant	*	0.000	c
Total treatment capacity			<u>163.955</u>	MGD
Total number of plants			14	
Total number of plants in operation			13	**
a) Operates as a single plant				
b) Not in operation				
c) Decommissioned				
* Number of plants owned by NTMWD			11	
** Total number of plants in operation at September 30, 2022				

INTERCEPTOR SYSTEMS

	Pipeline Length	
Upper East Fork Interceptor System	176.38	Miles
Lakeside Interceptor (Rockwall)	4.33	
Muddy Creek Interceptor	4.14	
Forney Interceptor	6.86	
Sabine Creek Interceptor	3.21	
Parker Creek Interceptor	5.08	
Buffalo Creek Interceptor	16.28	
McKinney Interceptor System	3.14	
Mustang Creek Interceptor System	7.59	
Parker Creek Parallel Interceptor	1.5	
Lower East Fork Interceptor System	9.35	
Total	<u>237.86</u>	Miles

SOLID WASTE SYSTEM

TRANSFER STATIONS (3):

Lookout Drive Transfer Station	700	Tons/day
Parkway Transfer Station	770	
Custer Road Transfer Station	1,900	
Total transfer capacity	<u>3,370</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water:										
Size of Service Area (square miles)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Water Supply (MGD)	370	370	370	370	370	370	370	370	374	370
Treatment Capacity (MGD)	807	807	807	807	807	807	807	807	877	877
Miles of Transmission Pipelines	518	566	573	573	576	576	576	611	611	696
Water Storage Capacity (MG)	403	403	410	410	410	410	410	410	410	140
City Delivery Points	77	77	77	82	82	82	82	82	82	82
Total Rainfall (Inches)	29	29	45	54	32	46	59	40	23	34
Annual Consumption (BG)	93	84	80	97	95	103	93	106	104	117
Wastewater:										
Miles of Interceptor Lines	243	250	250	251	252	223	225	228	229	238
Number of Treatment Plants	17	17	17	17	17	17	17	17	14	14
Treatment Capacity (MGD)	152	152	152	152	152	152	153	161	166	164
Annual Volume Treated (BG)	33	33	39	43	38	40	47	44	44	41
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)	786	835	877	950	1,009	986	1,010	948	968	1,009

Source: Based on information provided in NTMWD Operation Report.

SCHEDULE - 23
INSURANCE IN FORCE (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2022

Carrier	Policy No	Coverage	Policy Limits	Term	Approximate Annual Premium
Texas Water Conservation Association Risk Management Fund	7	Workers' compensation	Statutory	7-01-22 to 7-01-23	\$ 493,767
Texas Water Conservation Association Risk Management Fund	7	General liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-22 to 7-01-23	\$ 173,175
Texas Water Conservation Association Risk Management Fund	7	Automobile liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-22 to 7-01-23	\$ 163,358
Texas Water Conservation Association Risk Management Fund	7	Directors' and officers' liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-22 to 7-01-23	\$ 140,780
Texas Water Conservation Association Risk Management Fund	7	Automobile physical damage	Actual cash value	7-01-22 to 7-01-23	\$ 399,679
USI Insurance Services	IB016	Fire and extended coverage	\$1,223,425,567 scheduled property	12-31-21 to 12-31-22	\$ 1,790,902
Chubb & Son Insurance	6615026	Commercial floater	\$33,717,878 scheduled & \$1,110,000 unscheduled property	5-01-22 to 5-01-23	\$ 91,669
USI Insurance Services	105874034	Fidelity bond	\$1,000,000 per occurrence	1-01-22 to 1-01-23	\$ 6,330
Anco Insurance B/CS	04TOP0000 24273	Pollution storage tanks	\$1,000,000 per occurrence \$1,000,000 annual aggregate	12-01-21 to 12-01-22	\$ 567

Source: Based on information provided in NTMWD Insurance Policies.



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

Regional. Reliable. Everyday.

501 EAST BROWN ST
WYLIE, TX 75098

P • 972.442.5405

WWW.NTMWD.COM