



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

Annual Comprehensive Financial Report

For the fiscal year ended
September 30, 2023



WATER
SERVICES



WASTEWATER
SERVICES



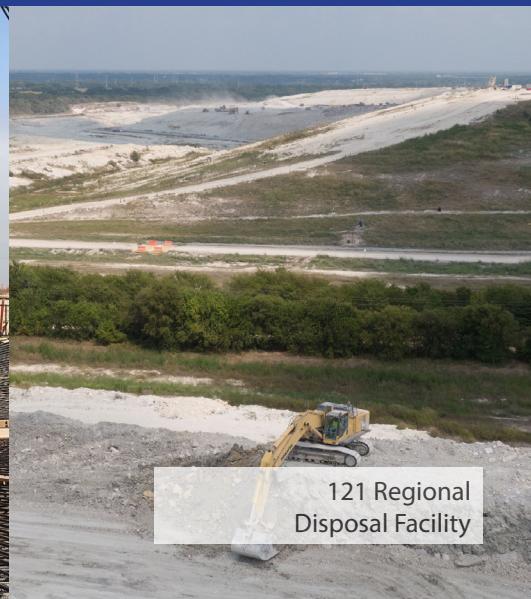
SOLID WASTE
SERVICES



Leonard Water
Treatment Plant



Sister Grove Regional Water
Resource Recovery Facility



121 Regional
Disposal Facility

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**AS PREPARED BY THE
NTMWD ACCOUNTING DEPARTMENT**

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NORTH TEXAS MUNICIPAL WATER DISTRICT

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INTRODUCTORY

SECTION (UNAUDITED)

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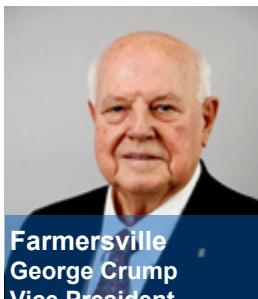
North Texas Municipal Water District Board of Directors



Allen
Joe Farmer



Allen
James Kerr



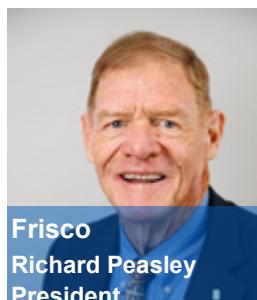
Farmersville
George Crump
Vice President



Forney
Kalen Boren



Forney
John Carr



Frisco
Richard Peasley
President



Frisco
Lynn Shuyler



Garland
Lori Barnett Dodson



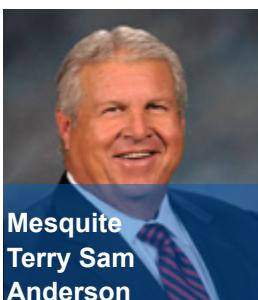
Garland
Jack May
Past President



McKinney
Geralyn Kever



McKinney
Donald E. Paschal,
Jr.



Mesquite
Terry Sam
Anderson



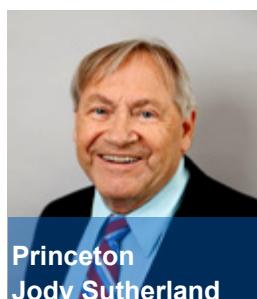
Mesquite
Rick Mann



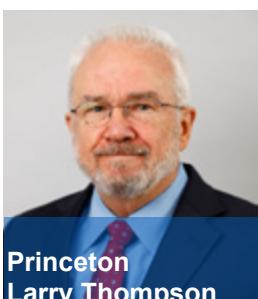
Plano
Phil Dyer



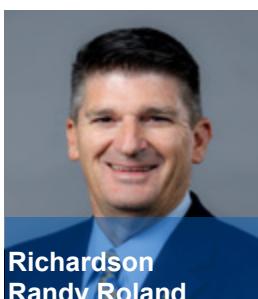
Plano
Ron Kelley



Princeton
Jody Sutherland



Princeton
Larry Thompson



Richardson
Randy Roland



Richardson
John Sweeden



Rockwall
Rick Crowley



Rockwall
Chip Imrie



Royse City
David Hollifield
Secretary



Royse City
Blair Johnson



Wylie
Marvin Fuller



Wylie
Keith Stephens

**ORGANIZATIONAL STRUCTURE
AS OF SEPTEMBER 30, 2023**

Executive Director/General Manager	Jennafer P. Covington
Deputy Director (Administrative Services)	Jeanne Chipperfield
Assistant Deputy – Finance	Vacant
Assistant Deputy – Human Resources	Ike Obi
Deputy Director - Engineering & Capital Improvement Program (CIP)	Cesar Baptista
Assistant Deputy – CIP & Planning	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	Vacant
Operations Technical Support Manager	Ellen Musallam
Deputy Director (Solid Waste & Integrated Services)	Jeff Mayfield
Assistant Deputy – Maintenance	Dave Patton
Assistant Deputy – Solid Waste	Michael Friesen
Assistant Deputy – Information Technology	Taylor Prentice
Environmental Services Manager	Brooke Noack
Health & Safety Manager	David Milligan
Director of Communications	Vacant
General Counsel	Christina Tsevoukas
Board Liaison & Assistant to the General Manager	Brian Brooks



Regional. Reliable. Everyday.

February 8, 2024

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, 2023.

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, 2023, 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, 2023, 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 people in north Texas. The District currently serves a 2,200 square-mile service area located in ten counties

adjacent to the north and east 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 Regional Water System member city with a population of 5,000 or more is represented by two Directors and each member city with 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. According to the Federal Reserve Bank of Dallas, the local economy has slowed recently. The job market continues to be resilient, albeit slightly worse than the prior year. The State of Texas and the Dallas/Fort Worth Metroplex are known for their traditionally lower cost of living, which continues to attract significant migration of new residents from across the U.S. to the District's service area. However, consumer prices have increased at a faster rate in Texas than the national average. Inflationary pressures are beginning to show some signs of cooling as the Federal Reserve maintains its aggressive monetary tightening policy despite the signs of moderating pricing pressure.

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 essential services of water, wastewater, and solid waste are not significantly affected in the medium term by a slowing economy. The diversity, size, and economic stability of the District's service area tend 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. Recent bond ratings for the District reflect our ability to meet financial commitments and also reflect the financial strengths and conditions of the District's Member Cities. The economic condition of our service area and bond ratings results in substantial savings for our Member Cities and Customers by lowering the District's debt service expense for improving and maintaining the District's facilities.

Budgeting. Each year, the District sets forth budget guidance, which guides the District's preparation of operating budgets.

The FY23 budget guidance included the following:

- Planning for operating and maintenance (O&M) increases of no more than 3% (excluding personnel and new facility O&M)
- Strategic Financial Plans (SFPs) serve as the upper limit for total increases to the operating systems

- Limiting staff increases and repurposing existing vacancies to critically needed positions, where possible, 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 long-term forecasts referred to as Strategic Financial Plans (SFPs). 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.

In order to provide a long-term view of the District's finances, the District maintains 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 solid waste tonnage and water/wastewater 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
- 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 notify the District's Members and Customers of projected future cost changes.

The May 2023 Water System rate projection included funding for capital projects to operate, maintain, and expand the Regional Water System over the next twenty-year period. The projection assumed the District will finance \$5.2 billion of capital projects between FY2024 and 2033 for several projects, including the expansions to the Leonard Water Treatment Plant. Also, between FY 2034 and 2043, it is assumed the District will finance approximately \$800 million of capital projects for additional system improvements, including several future water supply projects.

The May 2023 rate projection for the wholesale water sold by the District indicates there will need to be adjustments to the current rate in order to fully fund all operations and needed expansions. It is expected the rate will grow an additional \$3.86 per 1,000 gallons over the next ten-year period. Should projected expenditures increase or decrease significantly or should the development of expected projects be accelerated or rescheduled, the water rate will be adjusted accordingly.

The May 2023 Regional Wastewater System (RWWS), Upper East Fork Interceptor System (UEFIS), and 25 Small Systems' cost projections included funding for the District's rapidly growing region. The District's Wastewater systems comprise more than 236 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 in 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 \$1.3 billion 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 four customer cities. The UEFIS Capital Improvement Plan includes funding for approximately \$929 million of capital projects over the next ten years, which includes SH 121 Force Main Improvements, North McKinney Parallel Transfer Force Main, Preston Road Lift Station Expansion, Princeton Lift Station Expansion, Lower Tickey Creek Force Main and Lift Station 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:

- Received a 3-year temporary water right for Lavon Lake from the Texas Commission on Environmental Quality in May 2021.
- Contracted with the Trinity River Authority to purchase up to 50,060 acre-feet per year of reuse water to be withdrawn from the Trinity River at the Main Stem Pump Station, which began in 2019.

To meet long-term needs, the District has/is:

- Constructed 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 began in 2023.
- Participating in the statewide water planning process through the TWDB Region C Water Planning Group. There are a number of recommended and alternative 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
 - Additional Lake Texoma with blending
 - Additional measures to access the 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)

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, 2022. This was the thirty-third 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 and Compliance Supervisor, 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, 2022

Christopher P. Morill

Executive Director/CEO

NTMWD SERVICE AREA AND MEMBER CITIES

Regional. Reliable. Everyday.



THE FABRIC OF NORTH TEXAS

The District's 10 original Member Cities – Farmersville, Forney, Garland, McKinney, Mesquite, Princeton, Plano, Rockwall, Royse City and Wylie – came together in 1951 with a common need for water. Richardson, Allen and Frisco joined later. The diversity of these cities makes

up the fabric of North Texas. From national centers of business and commerce, to areas with thriving art, food and music scenes, the personality of each city shines through and makes our region a great place for millions to live and work.





2022–2027 STRATEGIC PLAN

OUR VISION

Regional service through unity:
meeting our region's needs
today and tomorrow

OUR MISSION

Provide high quality and dependable
water, wastewater and solid waste
services in a cost efficient manner



OBJECTIVE 1.1
High Quality
Services

OBJECTIVE 2.1
Efficient Business
Practices

OBJECTIVE 3.1
Well-Informed and
Educated Public

OBJECTIVE 4.1
Highly Skilled
Workforce

OBJECTIVE 1.2
Successfully Deliver
Capital Program

OBJECTIVE 2.2
Conscientious
Environmental Stewardship

OBJECTIVE 3.2
Engaged Members,
Customers and Stakeholders

OBJECTIVE 4.2
Safe and Healthy
Employees

OBJECTIVE 1.3
Proactive Asset and
Maintenance Management

OBJECTIVE 2.3
Rigorous Financial
Management

OBJECTIVE 3.3
Durable Strategic
Partnerships

OBJECTIVE 4.3
Performance-Driven
Culture

OBJECTIVE 1.4
Reliable and
Resilient Systems

OBJECTIVE 2.4
Systematic Risk
Management

OBJECTIVE 3.4
Effective Organizational
Communication

OUR CORE VALUES

INTEGRITY

WE ARE HONEST,
TRUSTWORTHY,
TRANSPARENT AND
RELIABLE IN OUR WORDS
AND ACTIONS AND
ACCOUNTABLE FOR WHAT
WE SAY AND DO.

TRUST

WE ARE RELIED ON TO BE
EFFECTIVE, HONEST,
OPEN AND CONSISTENT,
AND TO SERVE OUR
CUSTOMERS' BEST
INTERESTS.

RESPECT

WE TREAT OUR
CUSTOMERS AND
EACH OTHER WITH
COURTESY, KINDNESS
AND FAIRNESS.

UNITY

WE DO WHAT'S BEST
FOR OUR CUSTOMERS
AND THE REGION
—ALL-IN TOGETHER.

SAFETY

WE MITIGATE RISKS IN
OUR DAILY ACTIVITIES TO
MINIMIZE ACCIDENTS AND
INJURIES, AND PROTECT
OUR PUBLIC HEALTH AND
ENVIRONMENT; WE TAKE
CARE OF EACH OTHER
SO WE CAN FULFILL OUR
MISSION.

TEAMWORK

WE COOPERATE AND
COLLABORATE WITH
EACH OTHER, OUR
CUSTOMERS AND
PARTNERS TO MEET OUR
REGION'S NEEDS TODAY
AND TOMORROW.

WWW.NTMWD.COM



Strategic Plan

The District's Strategic Plan provides guidance for the decisions of the Board of Directors, executive leadership and staff over the next five years to effectively address the issues challenging the District.

The District developed its first strategic plan in 2015, by setting a long-range vision, establishing a focused Vision and Mission, as well as articulating a set of core values, summarized by the acronym I TRUST (Integrity, Trust, Respect, Unity, Safety, Teamwork).

In 2019, the District's leadership determined that an update and extension of the strategic plan for the coming five-year period was a high-priority need. The District engaged a third-party consultant to support the design and facilitation of an intensive and collaborative strategic planning process.

The consultant enabled open discussion of the District's strengths and weaknesses, opportunities and threats and then forged an agreement around the highest order priorities that needed to be addressed over the following five years. These priorities established a foundation for defining more specific action steps, budgets and performance measures for the District's staff. The District's executive leadership and the Board confirmed the continued accuracy and validity of the previously developed and adopted statements of vision, mission and values as critical elements in the strategic plan.

In late 2021, staff undertook a multi-phase process of reevaluating and rewriting the plan's initiatives associated with the Objectives and Goals. In March of 2022 the Board approved those changes, including changes to some Objectives. Managers were engaged and asked to submit initiatives for consideration and inclusion in the plan.

District staff regularly update the Board on the progress of the Strategic Plan. Annually, staff will update objectives and initiatives as execution of the strategic plan dictates and seek Board approval as appropriate. District management details how the departments' work functions and yearly spending support the strategic goals in departmental summaries within this budget document. Staff tracks progress on all of the plan's initiatives and the organization is held accountable for the results.

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 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, 2023, 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 each major fund and the aggregate remaining fund information of the District, as of September 30, 2023, 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 5-10, 63, 66, 67, 68, 71 and 72, 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 February 8, 2024, 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

Plano, Texas
February 8, 2024

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, 2023. 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

As of September 30, 2023:

- Total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$2.11 billion.
- The District's total net position increased approximately \$154 million, or 7.90 percent.
- During the year, the District's total revenues increased by approximately \$92 million or 13.63 percent, and total expenses increased by approximately \$110 million, or 24.38 percent.
- The District issued \$29 million in revenue bonds for various projects and to refinance outstanding debt to take advantage of favorable interest rates.
- Construction of the Bois d'Arc Lake, Leonard Water Treatment Plant (WTP), Wylie WTP II Improvements, Sister Grove Wastewater Treatment Plant (WWTP) and various other WWTP improvements led the way in capital expenditures totaling over \$240 million.

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 two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements.

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.

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 12 through 19 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources that are under the District's control, but are for the benefit of parties outside the District. The District's pension and OPEB trust are reported under the fiduciary funds. 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 20 through 21 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 22 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.

North Texas Municipal Water District's Net Position

	As of September 30		Increase/ (Decrease)	Percent Change
	2023	2022		
ASSETS:				
Current assets - unrestricted	\$ 272,159,938	\$ 266,431,610	\$ 5,728,328	2.2%
Current assets - restricted	91,080,914	73,060,923	18,019,991	24.7%
Noncurrent assets - restricted	964,980,541	1,150,733,862	(185,753,321)	-16.1%
Capital assets-net	5,384,491,490	5,081,560,687	302,930,803	6.0%
Total assets	6,712,712,883	6,571,787,082	140,925,801	2.1%
Total deferred outflows of resources	76,305,470	41,433,734	34,871,736	84.2%
Total assets and deferred outflows of resources	6,789,018,353	6,613,220,816	175,797,537	2.7%
LIABILITIES:				
Long-term liabilities outstanding	4,145,144,728	4,239,136,787	(93,992,059)	-2.2%
Current and other liabilities	530,964,290	407,434,419	123,529,871	30.3%
Total liabilities	4,676,109,018	4,646,571,206	29,537,812	0.6%
Total deferred inflows of resources	5,181,412	13,321,651	(8,140,239)	-61.1%
Total liabilities and deferred inflows of resources	4,681,290,430	4,659,892,857	21,397,573	0.5%
NET POSITION:				
Net investment in capital assets	1,734,270,828	1,585,820,870	148,449,958	9.4%
Restricted	262,426,104	234,821,681	27,604,423	11.8%
Unrestricted	111,030,991	132,685,408	(21,654,417)	-16.3%
Total net position	\$ 2,107,727,923	\$ 1,953,327,959	\$ 154,399,964	7.9%

The largest portion of the District's net position (82.3 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 (12.5 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 (5.3 percent) and may be used to meet the District's ongoing obligations. The overall increase in net position of \$154,399,964, or 7.9 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 (Decrease)	Percent Change
	2023	2022		
Operating Revenues:				
Water sales	\$ 420,935,131	\$ 370,408,583	\$ 50,526,548	13.6%
Wastewater service fees	198,930,141	173,430,008	25,500,133	14.7%
Solid waste service fees	40,894,421	38,586,524	2,307,897	6.0%
Intragovernmental	77,422,127	66,725,390	10,696,737	16.0%
Insurance premiums	20,601,527	17,378,872	3,222,655	18.5%
Other operating revenues	4,524,592	5,200,451	(675,859)	-13.00%
Total Operating Revenues	763,307,939	671,729,828	91,578,111	13.6%
Operating Expenses:				
Personnel	116,792,740	96,731,663	20,061,077	20.7%
Claims Paid	18,535,644	15,500,985	3,034,659	19.6%
Administrative Charges	1,905,769	2,061,634	(155,865)	-7.6%
Operating Supplies	108,095,080	86,613,642	21,481,438	24.8%
Operating Services	201,500,453	162,223,484	39,276,969	24.2%
Depreciation/amortization	111,945,502	86,126,599	25,818,903	30.0%
Total Operating Expenses	558,775,188	449,258,007	109,517,181	24.4%
Operating Income	204,532,751	222,471,821	(17,939,070)	-8.1%
Nonoperating Revenues (Expenses):				
Investment income (expense)	60,313,933	(7,398,800)	67,712,733	-915.2%
Miscellaneous revenue (expense)	127,617	27,631	99,986	361.9%
Grant income	33,508	28,958	4,550	15.7%
Gain (loss) on sale of capital assets	833,606	267,590	566,016	211.5%
Contribution revenue (expense)	61,070	20,207,696	(20,146,626)	-99.7%
Interest expense	(111,502,521)	(106,863,739)	(4,638,782)	4.3%
Net Nonoperating Revenues (Expenses)	(50,132,787)	(93,730,664)	43,597,877	-46.5%
Change in Net Position	154,399,964	128,741,157	25,658,807	19.9%
Net Position - Beginning	1,953,327,959	1,824,586,802	128,741,157	7.1%
Net Position - Ending	\$ 2,107,727,923	\$ 1,953,327,959	\$ 154,399,964	7.9%

Total revenues for the District for the years ended September 30, 2023 and 2022 were \$763,307,939 and \$671,729,828, respectively. The \$91,578,111 increase in total revenues was primarily driven by increases in water sales and wastewater service fees. The member city water rate for FY23 increased to \$3.39 per 1,000 gallons, an increase of \$.40 from FY22. The member cost for wastewater services increased from \$2.39 in FY22 to \$2.57 in FY23.

Total expenses for the District for the years ended September 30, 2023 and 2022 were \$558,775,188 and \$449,258,007, respectively. Several key factors, primarily increased personnel, operating supplies and services and depreciation expense, account for the \$109,517,181 increase in total expenses from 2022 to 2023. The increase in personnel expense is attributed to 46 new budgeted positions, average 5% merit increases, an internal pay compression analysis that resulted in salary adjustments, retirement plan funding increases and adjustments to the District's policies related to time off benefits, overtime, insurance and pay. The increase in operating supplies is the direct result of continued inflation on prices for chemicals, fuel, electrical, computer, safety and office supplies. Operating services increased primarily in the areas of electric power, maintenance and shared services. Electric power increased due to increased demand and rising costs, including new facilities coming online in FY23. Maintenance costs increased as a result of higher costs related to pipeline and vehicle maintenance, as well as increased costs for residual hauling, rehabilitation projects, and other miscellaneous maintenance costs.

The District's Internal Service Fund accounts for support services, as well as insurance benefits to District employees, participating dependents, and eligible retirees. Intragovernmental revenues are derived from direct and indirect allocations based on historical costs and trends. The allocation amounts and percentages are calculated based on a multi-faceted review including department specific metrics and manager input. These revenues are offset by specific operating expenses including personnel, supplies and services, including shared services which increased in FY23.

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 that are below budget, are rebated to the Member Cities and Customers on a proportionate basis. Each member city's or customer's share of the variable rebate is determined by actual use compared to their annual minimum requirements. Any Water System excess or shortage, after accounting for variable rebate costs, can be transferred to or from the Operating and/or the Contingency Fund subject to Fund Balance Policy limits. Funds in excess of policy limits are returned to the Member Cities.

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.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets as of September 30, 2023, amounted to \$5,384,491,490 (net of accumulated depreciation). These capital assets include land and land improvements, reservoir facilities, water treatment and transmission facilities, wastewater treatment facilities, buildings and other equipment and water rights. The total increase in the District's investment in capital assets for the current year was 6.0%.

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

- Completion of the Leonard Water Treatment Plant totaling approximately \$282.8 million;
- Water Treatment Plant (WTP) improvements, including WTP II Structural improvements, filter improvements to WTP IV, and improvements to the Wylie WTP Ammonia Systems, the cost of these additions was \$60 million;
- Completion of the Rowlett Ck WWTP Peak Flow Improvements totaling approximately \$54 million;
- Improvements to McKinney Lift Stations, Transfer Stations, Interceptors and Force Mains; the cost of additions to construction-in-progress was approximately \$49 million;
- Sister Grove WWTP and Plant Site development totaling more than \$88 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 \$31 million;
- Bois d'Arc raw water pipeline, Bois d'Arc raw water pump station, Bois d'Arc reservoir and dam, archaeological survey, Bois d'Arc boat ramps, Bois d'Arc Fannin County road and bridge improvements, and mitigation property; the cost of additions to construction-in-progress during the fiscal year was approximately \$26 million;
- Capitalized improvements of Upper East Fork Lift Stations and Interceptor Lines, including North McKinney, Indian Creek and Rowlett Creek facilities totaling approximately \$64.7 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/amortization)**

	As of September 30		Increase (Decrease)	Percent Change
	2023	2022		
Land	\$ 349,496,699	\$ 84,807,914	\$ 264,688,785	312.1%
Easements	93,174,510	76,035,685	17,138,825	22.5%
Land improvements	274,745,693	278,780,705	(4,035,012)	-1.4%
Water treatment, storage and transmission facilities	2,387,670,666	1,580,885,917	806,784,749	51.0%
Wastewater treatment and disposal facilities	879,460,774	698,670,503	180,790,271	25.9%
Solid waste transfer and disposal facilities	52,958,316	49,444,474	3,513,842	7.1%
Reservoir facilities and water rights	352,200,693	282,301,848	69,898,845	24.8%
Buildings	69,563,046	71,675,833	(2,112,787)	-2.9%
Automobiles and trucks	8,886,120	6,493,010	2,393,110	36.9%
Office furniture and fixtures	230,839	223,719	7,120	3.2%
Other equipment	38,699,941	39,676,782	(976,841)	-2.5%
Lease and subscription right-of-use assets	1,807,238	-	1,807,238	100.0%
Construction in progress	875,596,955	1,912,564,297	(1,036,967,342)	-54.2%
Total	\$ 5,384,491,490	\$ 5,081,560,687	\$ 302,930,803	6.0%

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 \$4,101,070,000. Of this amount 61% is reflected in the Water System revenue bonds and 21% is reflected in the Regional Wastewater System revenue bonds. For the ECP, 52% is reflected in the Water System, 32% in the Wastewater System and 16% in the Interceptor System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30		Increase (Decrease)	Percent Change
	2023	2022		
Revenue bonds	\$ 3,997,070,000	\$ 4,121,855,000	\$ (124,785,000)	-3.0%
Extendable commercial paper	104,000,000	17,000,000	87,000,000	511.8%
Total	\$ 4,101,070,000	\$ 4,138,855,000	\$ (37,785,000)	-1.3%

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 \$0 in the Water System.

The District's revenue bonds have been rated as follows for both FY23 and FY22:

	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. According to the Dallas Federal Reserve, the local economy has slowed but it appears to be on track for a soft landing. The job market continues to be resilient albeit slightly worse than the prior year. Inflation has continued its trend downward as higher interest rates are having an impact. The State of Texas and our local economy surrounding the Dallas/Fort Worth Metroplex is known for its traditionally lower cost of living which has attracted a large migration of new residents from across the U.S. to now call our service area home. However, consumer prices have increased at a faster rate in Texas than the national average. Inflationary pressures are beginning to show some signs of cooling as the Federal Reserve maintains its aggressive monetary tightening policy despite the signs of moderating pricing pressure.

The District increased rates by \$0.30 / 1,000 gallons to \$3.69 / 1,000 gallons for FY24. This represented a 9% increase and was necessary to cover increasing operating and capital costs. The District's Board of Directors 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 or Accounting@NTMWD.com.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Water System	Regional Wastewater System
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 79,219,021	\$ 9,891,209
Investments	82,864,953	1,691,628
Accounts receivable	17,554,155	3,304,488
Contracts receivable	-	-
Due from other funds	8	81,163
Prepaid expenses	6,999,075	792,706
Unbilled receivables	-	1,420,816
Total current unrestricted assets	186,637,212	17,182,010
Restricted assets:		
Cash and cash equivalents	30,243,539	17,592,201
Interest receivable	361,765	106,244
Due from other funds	252,795	2,774,470
Unbilled receivables	-	-
Total current restricted assets	30,858,099	20,472,915
TOTAL CURRENT ASSETS	217,495,311	37,654,925
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	208,029,831	226,871,150
Investments	166,441,874	78,392,190
Total noncurrent restricted assets	374,471,705	305,263,340
Capital assets:		
Land	314,458,336	20,854,911
Easements	77,578,168	40,598
Construction-in-progress	281,882,199	348,787,239
Land improvements	283,177,546	1,321,303
Water treatment, storage, and transmission facilities	2,889,869,755	-
Wastewater treatment and disposal facilities	-	572,481,949
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	494,380,821	-
Buildings	16,934,865	3,563,518
Automobiles and trucks	2,085,691	3,524,349
Office furniture and fixtures	42,008	101,610
Other equipment	29,430,671	15,256,619
Lease and subscription right-of-use assets	81,746	54,656
Less: accumulated depreciation/amortization	(719,537,375)	(163,220,269)
Net capital assets	3,670,384,431	802,766,483
TOTAL NONCURRENT ASSETS	4,044,856,136	1,108,029,823
TOTAL ASSETS	4,262,351,447	1,145,684,748
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	2,103,686	1,237,103
Deferred pension outflow	8,492,683	9,532,508
Deferred OPEB outflow	1,125,386	1,186,757
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,721,755	11,956,368
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,274,073,202	\$ 1,157,641,116

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ 14,596,417	\$ 9,704,952	\$ 7,621,598	\$ 121,033,197	\$ 15,538,642
-	5,144,112	1,739,507	91,440,200	-
2,170,950	301,930	991,414	24,322,937	-
-	-	-	-	30,000
38,211	707,066	13,401	839,849	1,390,395
411,516	451,078	133,254	8,787,629	785,209
422,199	1,023,545	221,939	3,088,499	4,903,381
<u>17,639,293</u>	<u>17,332,683</u>	<u>10,721,113</u>	<u>249,512,311</u>	<u>22,647,627</u>
10,405,048	1,044,900	10,668,888	69,954,576	-
100,840	4,649	84,789	658,287	-
2,040,456	2,058,900	1,658,162	8,784,783	2,201,258
-	9,482,010	-	9,482,010	-
<u>12,546,344</u>	<u>12,590,459</u>	<u>12,411,839</u>	<u>88,879,656</u>	<u>2,201,258</u>
<u>30,185,637</u>	<u>29,923,142</u>	<u>23,132,952</u>	<u>338,391,967</u>	<u>24,848,885</u>
66,660,866	54,023,093	60,453,461	616,038,401	-
64,051,018	4,038,170	36,018,888	348,942,140	-
<u>130,711,884</u>	<u>58,061,263</u>	<u>96,472,349</u>	<u>964,980,541</u>	<u>-</u>
436,498	13,662,831	84,123	349,496,699	-
3,079,791	-	12,475,953	93,174,510	-
74,304,569	2,396,626	168,226,322	875,596,955	-
417,138	10,890,996	-	295,806,983	1,910,708
46,501,709	-	-	2,936,371,464	-
248,474,769	-	380,390,519	1,201,347,237	-
-	96,192,501	-	96,192,501	-
-	-	-	494,380,821	-
192,616	43,852,730	1,673,848	66,217,577	27,731,608
809,139	6,730,766	1,037,048	14,186,993	9,411,091
-	-	-	143,618	986,713
5,582,827	35,351,062	6,390,939	92,012,118	14,213,538
59,872	24,729	-	221,003	2,442,456
(93,276,336)	(83,593,949)	(100,803,568)	(1,160,431,497)	(26,921,606)
<u>286,582,592</u>	<u>125,508,292</u>	<u>469,475,184</u>	<u>5,354,716,982</u>	<u>29,774,508</u>
<u>417,294,476</u>	<u>183,569,555</u>	<u>565,947,533</u>	<u>6,319,697,523</u>	<u>29,774,508</u>
<u>447,480,113</u>	<u>213,492,697</u>	<u>589,080,485</u>	<u>6,658,089,490</u>	<u>54,623,393</u>
712,831	683,834	1,132,070	5,869,524	-
4,372,683	8,379,759	1,388,804	32,166,437	29,885,807
623,686	916,884	225,385	4,078,098	4,305,604
5,709,200	9,980,477	2,746,259	42,114,059	34,191,411
<u>\$ 453,189,313</u>	<u>\$ 223,473,174</u>	<u>\$ 591,826,744</u>	<u>\$ 6,700,203,549</u>	<u>\$ 88,814,804</u>

(Continued)

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Water System	Regional Wastewater System
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 22,178,962	\$ 4,390,564
Due to other funds	924,161	3,432,912
Customers' advance payments	12,558,180	5,242,598
Total payable from unrestricted assets	35,661,303	13,066,074
Payable from restricted assets:		
Accounts payable and accrued liabilities	75,213,129	37,109,101
Due to other funds	179,655	54,152
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on notes	365,370	235,430
Accrued interest payable on revenue bonds	7,127,409	4,629,399
Accrued interest payable on lease and SBITA liability	-	-
Current portion of note payable	54,000,000	33,000,000
Current portion of revenue bonds	100,215,000	22,525,000
Total payable from restricted assets	237,100,563	97,553,082
TOTAL CURRENT LIABILITIES	272,761,866	110,619,156
NONCURRENT LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	448,306	458,803
Accrued sick—less current portion	489,746	754,906
Net pension liability	15,573,594	15,630,263
Net OPEB liability	1,857,069	2,005,417
Lease and SBITA liability	45,318	30,603
Deferred compensation	-	-
Long-term debt—less current portion	2,459,055,463	832,228,517
TOTAL NONCURRENT LIABILITIES	2,477,469,496	851,108,509
TOTAL LIABILITIES	2,750,231,362	961,727,665
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	158,629	543,698
Deferred OPEB inflow	205,404	263,090
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	364,033	806,788
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,750,595,395	962,534,453
NET POSITION:		
Net investment in capital assets	1,240,336,125	151,275,318
Restricted for debt service	154,025,770	48,682,924
Unrestricted	129,115,912	(4,851,579)
TOTAL NET POSITION	\$ 1,523,477,807	\$ 195,106,663

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ 7,624,445	\$ 3,035,870	\$ 2,684,712	\$ 39,914,553	\$ 15,159,818
2,429,864	2,080,986	1,759,651	10,627,574	2,262,748
2,224,495	1,140,321	2,001,368	23,166,962	89,070
<u>12,278,804</u>	<u>6,257,177</u>	<u>6,445,731</u>	<u>73,709,089</u>	<u>17,511,636</u>
6,927,727	19,099,854	12,925,221	151,275,032	-
24,875	-	67,281	325,963	-
-	6,646,320	-	6,646,320	-
-	-	121,282	722,082	-
3,455,871	287,735	4,172,906	19,673,320	-
-	-	-	-	25,848
-	-	17,000,000	104,000,000	-
13,605,000	4,635,000	16,095,000	157,075,000	-
<u>24,013,473</u>	<u>30,668,909</u>	<u>50,381,690</u>	<u>439,717,717</u>	<u>25,848</u>
<u>36,292,277</u>	<u>36,926,086</u>	<u>56,827,421</u>	<u>513,426,806</u>	<u>17,537,484</u>
-	2,835,690	-	2,835,690	-
160,685	414,060	80,799	1,562,653	1,334,915
273,415	465,549	114,764	2,098,380	2,192,175
7,140,889	13,392,827	2,332,215	54,069,788	47,586,814
1,036,477	1,558,690	371,605	6,829,258	7,173,613
31,119	9,427	-	116,467	1,539,512
-	-	-	-	135,000
290,321,385	75,440,460	360,624,638	4,017,670,463	-
<u>298,963,970</u>	<u>94,116,703</u>	<u>363,524,021</u>	<u>4,085,182,699</u>	<u>59,962,029</u>
<u>335,256,247</u>	<u>131,042,789</u>	<u>420,351,442</u>	<u>4,598,609,505</u>	<u>77,499,513</u>
53,977	539,840	(21,032)	1,275,112	1,168,497
126,146	221,816	34,908	851,364	886,439
1,000,000	-	-	1,000,000	-
1,180,123	761,656	13,876	3,126,476	2,054,936
<u>336,436,370</u>	<u>131,804,445</u>	<u>420,365,318</u>	<u>4,601,735,981</u>	<u>79,554,449</u>
87,203,475	81,725,580	143,955,822	1,704,496,320	29,774,508
29,014,909	6,173,209	24,529,292	262,426,104	-
534,559	3,769,940	2,976,312	131,545,144	(20,514,153)
<u>\$ 116,752,943</u>	<u>\$ 91,668,729</u>	<u>\$ 171,461,426</u>	<u>\$ 2,098,467,568</u>	<u>\$ 9,260,355</u>

(Concluded)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Water System	Regional Wastewater System
OPERATING REVENUES:		
Water sales	\$ 420,935,131	\$ -
Wastewater service fees	-	94,498,034
Solid waste service fees	-	-
Intragovernmental	-	-
Insurance premiums	-	-
Other operating revenues	352,299	212,921
Total operating revenues	421,287,430	94,710,955
OPERATING EXPENSES:		
Personnel	17,075,407	17,156,517
Claims Paid	-	-
Administrative Charges	-	-
Operating Supplies:		
Chemicals	68,144,424	5,414,948
Other supplies	5,980,265	4,662,782
Operating Services:		
Electric power	21,538,288	3,920,595
Wholesale water purchases	5,486,485	-
Consulting	2,838,569	283,913
Maintenance	16,579,227	1,465,333
Shared services	47,771,126	11,244,996
Other services	27,014,813	7,672,494
Depreciation/amortization	72,461,718	12,909,097
Total operating expenses	284,890,322	64,730,675
OPERATING INCOME	136,397,108	29,980,280
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	28,322,697	16,410,305
Miscellaneous revenue (expense)	-	-
Grant income	33,508	-
Gain (loss) on sale of capital assets	(24,626)	(167,375)
Contribution revenue (expense)	407,432	-
Interest expense	(75,543,124)	(13,188,512)
Total nonoperating revenues (expenses)	(46,804,113)	3,054,418
Income (loss) before contributions and transfers	89,592,995	33,034,698
CHANGE IN NET POSITION	89,592,995	33,034,698
NET POSITION AT OCTOBER 1, 2022	1,433,884,812	162,071,965
NET POSITION AT SEPTEMBER 30, 2023	\$ 1,523,477,807	\$ 195,106,663

See notes to the basic financial statements.

Sewer System	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
\$ -	\$ -	\$ -	\$ 420,935,131	\$ -
56,471,466	-	47,960,641	198,930,141	-
-	40,894,421	-	40,894,421	-
-	-	-	-	77,422,127
-	-	-	-	20,601,527
432,703	3,130,107	101,811	4,229,841	294,751
<u>56,904,169</u>	<u>44,024,528</u>	<u>48,062,452</u>	<u>664,989,534</u>	<u>98,318,405</u>
8,877,314	14,762,920	3,076,871	60,949,029	55,843,711
-	-	-	-	18,535,644
-	-	-	-	1,905,769
2,274,872	48,813	4,600,379	80,483,436	-
2,473,466	5,619,587	640,997	19,377,097	8,234,547
2,567,692	205,422	1,407,902	29,639,899	181,061
-	-	-	5,486,485	-
213,682	731,752	587,628	4,655,544	2,504,223
930,374	811,431	2,519,793	22,306,158	3,468,830
6,586,227	3,254,704	5,044,397	73,901,450	-
8,310,796	5,540,297	3,173,305	51,711,705	7,645,098
8,533,250	6,642,640	8,123,450	108,670,155	3,275,347
<u>40,767,673</u>	<u>37,617,566</u>	<u>29,174,722</u>	<u>457,180,958</u>	<u>101,594,230</u>
<u>16,136,496</u>	<u>6,406,962</u>	<u>18,887,730</u>	<u>207,808,576</u>	<u>(3,275,825)</u>
7,684,444	1,571,607	6,118,270	60,107,323	206,610
-	-	-	-	127,617
-	-	-	33,508	-
(6,164)	972,031	52,875	826,741	6,865
(346,362)	-	-	61,070	-
(9,905,930)	(1,787,732)	(11,077,223)	(111,502,521)	-
(2,574,012)	755,906	(4,906,078)	(50,473,879)	341,092
13,562,484	7,162,868	13,981,652	157,334,697	(2,934,733)
13,562,484	7,162,868	13,981,652	157,334,697	(2,934,733)
103,190,459	84,505,861	157,479,774	1,941,132,871	12,195,088
<u>\$ 116,752,943</u>	<u>\$ 91,668,729</u>	<u>\$ 171,461,426</u>	<u>\$ 2,098,467,568</u>	<u>\$ 9,260,355</u>

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS YEAR ENDED SEPTEMBER 30, 2023

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 430,820,288	\$ 93,704,682
Cash received from other funds	-	447,891
Cash received from (paid to) others	260,340	134,774
Cash paid to suppliers for goods and services	(154,252,566)	(26,251,664)
Cash paid for employee services	(10,354,964)	(10,096,697)
Cash paid to other funds	(47,077,073)	(13,723,734)
Net cash provided by operating activities	<u>219,396,025</u>	<u>44,215,252</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(171,608,402)	(126,230,286)
Proceeds from extended commercial paper	60,000,000	28,000,000
Interest paid on long-term debt	(88,933,626)	(14,551,622)
Interest paid on notes	(838,685)	(551,262)
Principal payments on long-term debt	(96,875,000)	(22,345,000)
Principal payments on notes	(11,000,000)	-
Payments for bond issue costs	-	-
Grant income	33,508	-
Net cash provided by (used for) capital and related financing activities	<u>(309,222,205)</u>	<u>(135,678,170)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	289,666,001	119,267,479
Purchases of investments	(222,254,267)	(65,746,229)
Interest received	20,719,178	13,728,008
Net cash provided by (used for) investing activities	<u>88,130,912</u>	<u>67,249,258</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS—Beginning of year	319,187,659	278,568,220
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 317,492,391</u>	<u>\$ 254,354,560</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 79,219,021	\$ 9,891,209
Restricted cash and cash equivalents	238,273,370	244,463,351
	<u>\$ 317,492,391</u>	<u>\$ 254,354,560</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 136,397,108	\$ 29,980,280
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization	72,461,718	12,909,097
Change in operating assets and liabilities:		
Accounts receivable and unbilled receivable	(2,317,034)	(754,856)
Prepaid expenses	(734,613)	185,823
Pension related deferred outflows of resources	(4,663,517)	(5,206,053)
OPEB related deferred outflows of resources	(180,049)	(177,405)
Net pension liability	6,581,931	7,347,646
Pension related deferred inflows of resources	(1,013,183)	(1,131,053)
OPEB related deferred inflows of resources	(77,620)	(76,480)
Net OPEB liability	181,671	179,003
Subscription liability	45,318	30,603
Due to/from other funds	(227,217)	654,428
Accounts payable, accrued liabilities, and developers' deposits	3,193,063	346,153
Accrued vacation and accrued sick	(15,389)	86,638
Landfill liability	-	-
Customers' advance payments	9,763,838	(158,572)
	<u>82,998,917</u>	<u>14,234,972</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 219,396,025</u>	<u>\$ 44,215,252</u>
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	\$ -	\$ -
Gain (loss) on disposal of capital assets	(36,050)	353,795
Amortization of bond-related items	(14,295,707)	(1,913,538)
Change in fair value of investments	(4,555,942)	(1,774,762)
Change in liabilities related to capital assets	(11,101,029)	(18,899,530)
Change in actuarial value of net pension liability	(6,581,931)	(7,347,646)

See notes to the basic financial statements

Sewer System		Solid Waste System		Interceptor System		Total Enterprise Funds		Internal Service Fund	
\$ 55,585,805	\$ 36,632,050	\$ 46,758,361	\$ 663,501,186	\$ 4,126,170	\$ 2,955,570	\$ (228,523,302)	\$ (34,371,213)	\$ 72,792,691	\$ 4,205,738
773	3,632,322	45,184	4,126,170	89,793	(13,958,485)	(36,598,542)	(76,827,231)	(34,160,816)	(91,631)
52,689	2,417,974	(17,568,411)	(28,523,302)	(1,913,468)	(4,714,274)	(76,827,231)	(91,631)	(24,230,526)	(24,230,526)
(16,492,176)									
(5,251,735)	(8,981,678)	(3,203,335)	(28,523,302)	(1,913,468)	(4,714,274)	(76,827,231)	(91,631)	(24,230,526)	(24,230,526)
(8,108,815)									
25,786,541	12,928,922	26,307,111	328,633,851					8,374,769	
	31,998,159	-	31,998,159						
(32,380,112)	(9,729,023)	(52,634,843)	(392,582,666)					(4,912,186)	
-	-	10,000,000	98,000,000					-	
(9,956,797)	(2,010,631)	(13,247,968)	(128,700,644)					-	
-	-	(314,157)	(1,704,104)					-	
(15,640,000)	(3,705,000)	(15,330,000)	(153,895,000)					-	
-	-	-	(11,000,000)					-	
-	(438,430)	-	(438,430)					-	
-	-	-	33,508					-	
(57,976,909)	16,115,075	(71,526,968)	(558,289,177)					(4,912,186)	
55,041,245	6,465,205	112,348,284	582,788,214					-	
(93,608,781)	(8,707,665)	(60,234,053)	(450,550,995)					-	
6,429,337	2,120,946	5,077,989	48,075,458					334,226	
(32,138,199)	(121,514)	57,192,220	180,312,677					334,226	
(64,328,567)	28,922,483	11,972,363	(49,342,649)					3,796,809	
155,990,898	35,850,462	66,771,584	856,368,823					11,741,833	
\$ 91,662,331	\$ 64,772,945	\$ 78,743,947	\$ 807,026,174					\$ 15,538,642	
\$ 14,596,417	\$ 9,704,952	\$ 7,621,598	\$ 121,033,197					\$ 15,538,642	
\$ 77,065,914	\$ 55,067,993	\$ 71,122,349	\$ 685,992,977					-	
\$ 91,662,331	\$ 64,772,945	\$ 78,743,947	\$ 807,026,174					\$ 15,538,642	
\$ 16,136,496	\$ 6,406,962	\$ 18,887,730	\$ 207,808,576					\$ (3,275,825)	
8,533,250	6,642,640	8,123,450	108,670,155					3,275,347	
(1,347,034)	(799,614)	(344,502)	(5,563,040)					1,752,092	
91,559	(13,577)	(1,867)	(472,675)					(21,376)	
(2,623,216)	(4,431,938)	(863,712)	(17,788,436)					(17,168,129)	
(92,584)	(132,701)	(36,231)	(618,970)					(646,765)	
3,702,317	6,255,085	1,219,019	25,105,998					24,230,526	
(569,911)	(962,869)	(187,654)	(3,864,670)					(3,729,900)	
(39,916)	(57,209)	(15,620)	(266,845)					(278,824)	
93,420	133,896	36,558	624,548					652,591	
31,119	9,427	-	116,467					1,565,360	
689,520	(320,643)	(70,019)	726,069					(758,673)	
806,901	(171,373)	368,984	4,543,728					2,739,004	
102,362	72,565	26,641	272,817					(49,729)	
-	836,213	-	836,213					-	
272,258	(537,942)	(835,666)	8,503,916					89,070	
9,650,045	6,521,960	7,419,381	120,825,275					11,650,594	
\$ 25,786,541	\$ 12,928,922	\$ 26,307,111	\$ 328,633,851					\$ 8,374,769	
\$ -	\$ 836,213	\$ -	\$ 836,213					-	
	(17,610)	(16,524)	283,611					(84,397)	
(1,014,265)	(343,081)	(2,341,929)	(19,908,520)					-	
(369,003)	(106,631)	(880,079)	(7,686,417)					-	
(3,525,282)	(422,992)	(4,018,705)	(37,967,538)					-	
(3,702,317)	(6,255,085)	(1,219,019)	(25,105,998)					(24,230,526)	

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS SEPTEMBER 30, 2023

	Total ⁽¹⁾
ASSETS	
Cash and cash equivalents	\$ 7,809,901
Investments	<u>114,393,176</u>
TOTAL ASSETS	<u>122,203,077</u>
LIABILITIES	
Accrued expenses and benefits payable	-
TOTAL LIABILITIES	<u>-</u>
NET POSITION:	
Restricted for pensions	112,499,757
Restricted for postemployment benefits other than pensions	<u>9,703,320</u>
TOTAL NET POSITION	<u>\$ 122,203,077</u>

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

Information presented for the OPEB Trust Fund is as of September 30, 2023.

See notes to the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Total ⁽¹⁾
Additions:	
Contributions:	
Employer	\$ 9,203,590
Member	3,682,521
Total contributions	<u>12,886,111</u>
Net investment income:	
Interest and dividends	4,964,784
Equity fund income, net	-
Net increase in fair value of investments	(16,784,039)
Less investment expenses:	
Direct investment expense	363,994
Total investment expenses	<u>363,994</u>
Net investment income	<u>(12,183,249)</u>
Other income	<u>-</u>
Total Additions	<u>702,862</u>
Deductions:	
Service benefits	<u>11,012,114</u>
Total Deductions	<u>11,012,114</u>
Net increase (decrease)	<u>(10,309,252)</u>
Net position	
Beginning of year	<u>132,512,329</u>
End of year	<u>\$ 122,203,077</u>

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

Information presented for the OPEB Trust Fund is as of September 30, 2023.

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 - Fund Financial Statements

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.

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, 2022 and the OPEB Trust is reported on a fiscal year basis, which reflects each of the trusts measurement dates respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. 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 fair 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, 2023; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2023, 71% of total accounts receivable was attributed to the member cities.

Material and Supplies Inventory

Inventory of supplies and parts is maintained at different warehouses for use in the operation and is recorded as an expense when consumed or placed in service. Inventory is valued based on first-in-first-out methodology.

Capital Assets

All purchased capital assets are stated at historical cost unless they are determined to be impaired based on GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Donated capital assets are reported at acquisition value based on GASB Statement No. 72, *Fair Value Measurement and Application*.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

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

Leases and Subscription-Based Information Technology Arrangements (SBITA)

In accordance with GASB Statement No. 87, *Leases*, a lessee is required to recognize an intangible right-to-use lease asset and a lease liability, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be during the lease term. The right-to-use leased asset is initially measured as the initial amount of the lease liability, adjusted for certain indirect costs and amortized on a straight-line basis over the shorter of the lease term or its useful life.

District as Lessee. The District is a lessee for noncancelable leases of land and equipment. The District recognizes a lease liability, reported with noncurrent liabilities, and a right-to-use leased asset reported with other capital assets, on the Statement of Net Position. The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the right-to-use leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

District as Lessor. As of September 30, 2023, the District is not a lessor that meets the pronouncement requirement.

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the District is required to recognize an intangible right-to-use subscription asset and a SBITA liability. At the commencement of a SBITA contract, the District initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of subscription payments made. The right-to-use subscription asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over its useful life.

The District monitors changes in circumstances that would require a remeasurement of its SBITA arrangement and will remeasure the SBITA right-to-use subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA right-to-use assets are reported with other capital assets and SBITA liabilities are reported with noncurrent liabilities on the Statement of Net Position.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Deferred Inflow/Outflow of Resources (continued)**

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, 2023, a liability of \$6,510,813 for unused vacation and \$6,575,255 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, 2023 is as follows:

	Beginning Liability	Additions	Reductions	Ending Liability	Amount due within one year
Vacation	\$ 5,675,786	\$ 1,178,159	\$ 343,132	\$ 6,510,813	\$ 3,613,245
Sick	6,113,296	722,918	260,959	6,575,255	2,284,700

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.

Net Position

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intragovernmental Transactions

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. 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.

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.

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	\$ 135,315,382	\$ 66,570,051	\$ 137,941
Interest and Sinking	30,243,539	-	-
Reserve	31,179,365	99,871,823	223,824
Contingency	41,213,814	-	-
Reserve for Maintenance	321,270	-	-
	<u>238,273,370</u>	<u>166,441,874</u>	<u>361,765</u>
Regional Wastewater:			
Construction	218,175,210	47,697,372	48,173
Interest and Sinking	17,592,201	-	-
Reserve	5,202,662	30,694,818	58,071
Arbitrage	996,021	-	-
Reserve for Maintenance	2,497,257	-	-
	<u>244,463,351</u>	<u>78,392,190</u>	<u>106,244</u>
Sewer:			
Construction	62,469,133	45,422,293	67,402
Interest and Sinking	10,405,047	-	-
Reserve	3,403,571	18,628,725	33,438
Reserve for Maintenance	788,163	-	-
	<u>77,065,914</u>	<u>64,051,018</u>	<u>100,840</u>
Solid Waste:			
Construction	32,999,887	987,770	1,214
Interest and Sinking	1,044,900	-	-
Reserve	2,362,209	3,050,400	3,435
Reserve for Maintenance	1,372,383	-	-
Reserve for Equipment Replacement	17,288,614	-	-
	<u>55,067,993</u>	<u>4,038,170</u>	<u>4,649</u>
Interceptor:			
Construction	52,998,831	23,763,644	53,596
Interest and Sinking	10,668,888	-	-
Reserve	5,868,154	12,255,244	31,193
Reserve for Maintenance	1,586,476	-	-
	<u>71,122,349</u>	<u>36,018,888</u>	<u>84,789</u>
Total	<u>\$ 685,992,977</u>	<u>\$ 348,942,140</u>	<u>\$ 658,287</u>

Unbilled receivables of \$9,482,010 that are reflected as restricted assets in the Solid Waste System represent member cities' obligations for closure and postclosure costs related to solid waste landfills. Based on the contracts for services, member cities will be billed for the actual costs incurred to close the landfills.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

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

A. Deposits

At September 30, 2023, the carrying amount of cash deposits was \$10,518,236 and total bank balance was \$11,568,018. During 2022-2023, 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, 2023, 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, 2023, 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.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2023	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	\$ 185,595,935	\$ -	14.82%	39
Texas CLASS - CP	271,285,126	- -	21.66%	49
Texas CLASS - Government	115,793,174	- -	9.25%	23
Texpool	239,369,345	- -	19.11%	26
<i>Investments by Fair Value Level:</i>				
<i>U. S. Government Agency Securities:</i>				
Fannie Mae Note	18,992,610	18,992,610	1.52%	395
Federal Home Loan Mortgage Corp. Note	127,724,440	127,724,440	10.20%	295
Federal Home Loan Bank Note	86,028,140	86,028,140	6.87%	352
Federal Home Loan Bank Discount Note	79,399,640	79,399,640	6.34%	55
U. S. Treasury Bill	4,972,100	4,972,100	0.40%	40
U. S. Treasury Note	123,265,410	123,265,410	9.84%	230
<i>Total Value</i>	<u><u>\$ 1,252,425,920</u></u>	<u><u>\$ 440,382,340</u></u>		
Portfolio Weighted Average Maturity				110

*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.

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, 2023, 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	\$ 127,724,440	
FHLB NOTE	Federal agency notes	86,028,140	
FHLB DISCOUNT NOTE	Federal agency notes	79,399,640	
U.S. TREASURY NOTE	Treasury note	123,265,410	

The District held a total of \$440,382,340 in securities that equated to 35.17% 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, 2023, \$121,131,300 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	\$ 23,766,755	\$ 14,888,134	\$ 7,315,445	\$ 1,464,977	\$ 5,238,193	\$ 206,610	\$ 52,880,114
Arbitrage rebate	-	(252,592)	-	-	-	-	(252,592)
Net changes in the fair value of investments	4,555,942	1,774,763	368,999	106,630	880,077	-	7,686,411
Investment income:	<u>\$ 28,322,697</u>	<u>\$ 16,410,305</u>	<u>\$ 7,684,444</u>	<u>\$ 1,571,607</u>	<u>\$ 6,118,270</u>	<u>\$ 206,610</u>	<u>\$ 60,313,933</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.

FINANCIAL

NORTH TEXAS MUNICIPAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

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	\$ 79,219,021	\$ 9,891,209	\$ 14,596,417	\$ 9,704,952	\$ 7,621,598	\$ 15,538,642	\$ 136,571,839
Investments	82,864,953	1,691,628	-	5,144,112	1,739,507	-	91,440,200
Total unrestricted	<u>162,083,974</u>	<u>11,582,837</u>	<u>14,596,417</u>	<u>14,849,064</u>	<u>9,361,105</u>	<u>15,538,642</u>	<u>228,012,039</u>
Restricted-current:							
Cash and cash equivalents	30,243,539	17,592,201	10,405,048	1,044,900	10,668,888	-	69,954,576
Total restricted-current	<u>30,243,539</u>	<u>17,592,201</u>	<u>10,405,048</u>	<u>1,044,900</u>	<u>10,668,888</u>	<u>-</u>	<u>69,954,576</u>
Restricted -non-current:							
Cash and cash equivalents	208,029,831	226,871,150	66,660,866	54,023,093	60,453,461	-	616,038,401
Investments	166,441,874	78,392,190	64,051,018	4,038,170	36,018,888	-	348,942,140
Total restricted-non-current	<u>374,471,705</u>	<u>305,263,340</u>	<u>130,711,884</u>	<u>58,061,263</u>	<u>96,472,349</u>	<u>-</u>	<u>964,980,541</u>
Total Restricted	<u>404,715,244</u>	<u>322,855,541</u>	<u>141,116,932</u>	<u>59,106,163</u>	<u>107,141,237</u>	<u>-</u>	<u>1,034,935,117</u>
Total	<u>\$ 566,799,218</u>	<u>\$ 334,438,378</u>	<u>\$ 155,713,349</u>	<u>\$ 73,955,227</u>	<u>\$ 116,502,342</u>	<u>\$ 15,538,642</u>	<u>\$ 1,262,947,156</u>

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	\$ 66,449,631	\$ 8,201,640	\$ 4,075,980	\$ 4,656,319	\$ 4,172,828	\$ 7,121,695	\$ 94,678,093
Petty Cash	500	-	-	2,500	-	-	3,000
Capital Improvement Funds	95,633,843	2,901,678	4,961,885	10,190,245	4,077,906	-	117,765,557
Contingency Funds	-	-	-	-	-	4,413,367	4,413,367
Preventative Maintenance	-	479,519	5,558,552	-	1,110,371	-	7,148,442
Employee Insurance Funds	-	-	-	-	-	2,614,485	2,614,485
Retiree Insurance Funds	-	-	-	-	-	1,389,095	1,389,095
Total unrestricted	<u>\$ 162,083,974</u>	<u>\$ 11,582,837</u>	<u>\$ 14,596,417</u>	<u>\$ 14,849,064</u>	<u>\$ 9,361,105</u>	<u>\$ 15,538,642</u>	<u>\$ 228,012,039</u>

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

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At September 30, 2023, 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	\$ 10,517,823	N/A
Cash on hand	Not Rated	3,000	N/A
Texas CLASS - CP	AAAm	30,012,112	49 Days
Texas CLASS - Government	AAAm	11,561,809	23 Days
TexPool	AAAm	84,477,095	26 Days
Total cash and cash equivalents		<u>136,571,839</u>	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	46,084,865	162 Days
FHLB - Federal Home Loan Bank	Aaa	14,234,258	139 Days
FHLB - Federal Home Loan Bank Discount Note	Aaa	27,798,130	53 Days
FHLMC - Federal Home Loan Mortgage Corp.	Aaa	991,160	65 Days
FNMA - Fannie Mae	Aaa	2,331,787	58 Days
Total Securities of U.S. Government Agencies		<u>91,440,200</u>	
Total Unrestricted Investments and Cash Equivalents		<u>228,012,039</u>	
Restricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	413	N/A
LOGIC	AAAm	185,595,935	39 Days
Texas CLASS - CP	AAAm	241,273,014	49 Days
Texas CLASS - Government	AAAm	104,231,365	23 Days
TexPool	AAAm	154,892,250	26 Days
Total cash and cash equivalents		<u>685,992,977</u>	
Investments—Securities of U.S. Government Agencies:			
Treasury Bill - US Treasuries	Aaa	4,972,100	40 Days
Treasury Note - US Treasuries	Aaa	77,180,545	271 Days
FHLB - Federal Home Loan Bank	Aaa	71,793,882	394 Days
FHLB - Federal Home Loan Bank Discount Note		51,601,510	56 Days
FHLMC - Federal Home Loan Mortgage Corp.	Aaa	126,733,280	296 Days
FNMA - Fannie Mae	Aaa	16,660,823	443 Days
Total Securities of U.S. Government Agencies		<u>348,942,140</u>	
Total Restricted Investments and Cash Equivalents		<u>1,034,935,117</u>	
Total Cash and Investments		<u>\$ 1,262,947,156</u>	

NOTES TO FINANCIAL STATEMENTS

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 \$548,198 as of December 31, 2022. The balance per bank of cash on deposit in the OPEB Trust Fund and the carrying value was \$90,648 as of September 30, 2023. Additional cash in the amount of \$2,793,240 was held by Aetna as of December 31, 2022 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	Quoted Prices in Active Markets for Identical Assets (Level 1)		
	Pension Trust Fund ⁽¹⁾	OPEB Trust Fund	
Money Market Funds			
Fidelity Government Money Market Capital Reserves	\$ 27,450	\$ -	N/A
Equity Funds			
American Capital Income Builder	26,858,303	-	26,858,303
American Income Fund of America	31,076,258	-	31,076,258
Largecap Value Equity - EB	5,377,444	971,208	6,348,652
Baron Emerging Markets Fund Institutional Shares	1,538,870	475,600	2,014,470
Allcap Growth Equity - EB	5,807,946	-	5,807,946
iShares Russell 1000 Value Index Fund	2,050,869	-	2,050,869
Pgin Jennison Growth Fund R6	-	964,453	964,453
Smidcap Value Equity - EB	1,588,378	482,476	2,070,854
Smallcap Value Equity - EB	2,645,505	484,334	3,129,839
Westwood Smallcap Growth Fund - Inst	959,653	-	959,653
Vanguard FTSE Developed Markets Index Fund ETF Shares	2,649,989	658,773	3,308,762
Vanguard Scottsdale Vng Rus2000grw	1,492,775	467,445	1,960,220
Fixed Income Funds			
Core Investment Grade Bond - EB	10,362,920	2,169,146	12,532,066
Westwood High Income Fund Instl	4,096,682	742,020	4,838,702
Specialty Funds			
Westwood Total Return Fund Instl	5,122,080	934,493	6,056,573
Westwood Alternative Income Fund Ultra	2,786,043	403,234	3,189,277
Income Opportunity - EB	4,717,154	859,490	5,576,644
Total Investments and Cash Equivalents	\$ 109,158,319	\$ 9,612,672	\$ 118,743,541

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

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.

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at October 1, 2022	Additions and Transfers	Disposals and Transfers	Adjustments	Balance at September 30, 2023
Nondepreciable:					
Land	\$ 84,807,914	\$ 265,360,021	\$ 671,236	\$ -	\$ 349,496,699
Easements	76,035,685	18,287,399	1,148,574	-	93,174,510
Construction in progress	1,912,564,297	419,342,896	1,456,310,238	-	875,596,955
Total nondepreciable assets	2,073,407,896	702,990,316	1,458,130,048	-	1,318,268,164
Depreciable:					
Land improvements	287,507,874	10,209,817	-	-	297,717,691
Water treatment, storage and transmission facilities	2,083,889,159	856,909,045	4,426,740	-	2,936,371,464
Wastewater treatment and disposal facilities	995,613,758	205,882,675	149,196	-	1,201,347,237
Solid waste transfer and disposal facilities	91,032,691	5,159,810	-	-	96,192,501
Reservoir facilities and water rights	415,933,554	78,447,267	-	-	494,380,821
Buildings	93,796,606	165,289	12,710	-	93,949,185
Automobiles and trucks	20,194,479	5,143,606	1,740,001	-	23,598,084
Office furniture and fixtures	1,063,182	67,149	-	-	1,130,331
Other equipment	104,986,951	8,936,048	7,697,343	-	106,225,656
Total depreciable assets	4,094,018,254	1,170,920,706	14,025,990	-	5,250,912,970
Amortizable:					
Equipment lease assets	-	974,916	-	-	974,916
Subscription assets	-	1,688,543	-	-	1,688,543
Total amortizable assets	-	2,663,459	-	-	2,663,459
Total depreciable/amortizable assets	4,094,018,254	1,173,584,165	14,025,990	-	5,253,576,429
Less accumulated depreciation/amortization on:					
Land improvements, depreciation	(8,727,169)	(14,244,829)	-	-	(22,971,998)
Water treatment, storage and transmission facilities, depreciation	(503,003,242)	(47,586,528)	(1,888,972)	-	(548,700,798)
Wastewater treatment and disposal facilities, depreciation	(296,943,255)	(25,056,714)	(113,506)	-	(321,886,463)
Solid waste transfer and disposal facilities, depreciation	(41,588,217)	(1,645,968)	-	-	(43,234,185)
Reservoir facilities and water rights, depreciation	(133,631,706)	(8,548,422)	-	-	(142,180,128)
Buildings, depreciation	(22,120,773)	(2,269,771)	(4,405)	-	(24,386,139)
Automobiles and trucks, depreciation	(13,701,469)	(2,200,683)	(1,190,188)	-	(14,711,964)
Office furniture and fixtures, depreciation	(839,463)	(60,029)	-	-	(899,492)
Other equipment, depreciation	(65,310,169)	(9,574,915)	(7,359,369)	-	(67,525,715)
Equipment lease assets, amortization	-	(297,514)	-	-	(297,514)
Subscription assets, amortization	-	(460,129)	-	(98,578)	(558,707)
Total accumulated depreciation/amortization	(1,085,865,463)	(111,945,502)	(10,556,440)	(98,578)	(1,187,353,103)
Total depreciable/amortizable assets—net	3,008,152,791	1,061,638,663	3,469,550	(98,578)	4,066,223,326
TOTAL CAPITAL ASSETS—NET	\$ 5,081,560,687	\$ 1,764,628,979	\$ 1,461,599,598	\$ (98,578)	\$ 5,384,491,490

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS, CONTINUED

At September 30, 2023, capital assets by system were the following:

	Net Depreciable Assets	Net Amortizable Assets	Total Net Capital Assets
Water System	\$ 3,670,337,583	\$ 46,848	\$ 3,670,384,431
Regional Wastewater System	802,735,397	31,086	802,766,483
Sewer System	286,551,096	31,496	286,582,592
Solid Waste System	125,498,661	9,631	125,508,292
Interceptor System	469,475,184	-	469,475,184
Internal Service Funds	28,086,331	1,688,177	29,774,508
Total	\$ 5,382,684,252	\$ 1,807,238	\$ 5,384,491,490

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2023, 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	\$ 83,041,561	\$ 36,319,729	\$ 7,687,104	\$ 2,274,381	\$ 12,699,588	\$ 3,856,184	\$ 145,878,547
Insurance claims liability	-	-	-	-	-	2,215,829	2,215,829
Arbitrage liability	-	941,648	-	-	-	-	941,648
Escrow liability	13,021,270	2,976,776	6,346,716	18,660,997	2,696,846	4,324,805	48,027,410
Compensated absences	777,560	742,751	251,293	559,828	131,572	3,434,941	5,897,945
Accrued payroll and related benefits	551,700	518,761	267,059	640,518	81,927	1,328,059	3,388,024
Total	\$ 97,392,091	\$ 41,499,665	\$ 14,552,172	\$ 22,135,724	\$ 15,609,933	\$ 15,159,818	\$ 206,349,403
Payable from unrestricted assets	\$ 22,178,962	\$ 4,390,564	\$ 7,624,445	\$ 3,035,870	\$ 2,684,712	\$ 15,159,818	\$ 55,074,371
Payable from restricted assets	75,213,129	37,109,101	6,927,727	19,099,854	12,925,221	-	151,275,032
Total	\$ 97,392,091	\$ 41,499,665	\$ 14,552,172	\$ 22,135,724	\$ 15,609,933	\$ 15,159,818	\$ 206,349,403

NOTE 6. INTERFUND BALANCES

At September 30, 2023, interfund balances consisted of the following:

	Due From Other Funds	Due To Other Funds
Water System	\$ 252,803	\$ 1,103,816
Regional Wastewater System	2,855,633	3,487,064
Sewer System	2,078,667	2,454,739
Solid Waste System	2,765,966	2,080,986
Interceptor System	1,671,563	1,826,932
Internal Service Funds	3,591,653	2,262,748
Total	\$ 13,216,285	\$ 13,216,285

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, 2023, deferred outflows of resources consisted of the following:

	Balance at October 1, 2022	Additions	Deletions	Balance at September 30, 2023
Water System:				
Deferred loss on refunded debt	\$ 2,285,469	\$ -	\$ (181,783)	\$ 2,103,686
Deferred pension outflow	3,829,166	4,663,517	-	8,492,683
Deferred OPEB outflow	945,337	180,049	-	1,125,386
	<u>7,059,972</u>	<u>4,843,566</u>	<u>(181,783)</u>	<u>11,721,755</u>
Regional Wastewater:				
Deferred loss on refunded debt	1,547,597	-	(310,494)	1,237,103
Deferred pension outflow	4,326,455	5,206,053	-	9,532,508
Deferred OPEB outflow	1,009,352	177,405	-	1,186,757
	<u>6,883,404</u>	<u>5,383,458</u>	<u>(310,494)</u>	<u>11,956,368</u>
Sewer System:				
Deferred loss on refunded debt	1,004,031	-	(291,200)	712,831
Deferred pension outflow	1,749,467	2,623,216	-	4,372,683
Deferred OPEB outflow	531,102	92,584	-	623,686
	<u>3,284,600</u>	<u>2,715,800</u>	<u>(291,200)</u>	<u>5,709,200</u>
Solid Waste System:				
Deferred loss on refunded debt	957,423	-	(273,589)	683,834
Deferred pension outflow	3,947,821	4,431,938	-	8,379,759
Deferred OPEB outflow	784,183	132,701	-	916,884
	<u>5,689,427</u>	<u>4,564,639</u>	<u>(273,589)</u>	<u>9,980,477</u>
Interceptor System:				
Deferred loss on refunded debt	1,425,568	-	(293,498)	1,132,070
Deferred pension outflow	525,092	863,712	-	1,388,804
Deferred OPEB outflow	189,154	36,231	-	225,385
	<u>2,139,814</u>	<u>899,943</u>	<u>(293,498)</u>	<u>2,746,259</u>
Internal Service Funds:				
Deferred pension outflow	12,717,678	17,168,129	-	29,885,807
Deferred OPEB outflow	3,658,839	646,765	-	4,305,604
	<u>16,376,517</u>	<u>17,814,894</u>	<u>-</u>	<u>34,191,411</u>
Total deferred outflows of resources	<u>\$ 41,433,734</u>	<u>\$ 36,222,300</u>	<u>\$ (1,350,564)</u>	<u>\$ 76,305,470</u>

NOTE 8. LONG -TERM DEBT

At September 30, 2023, long-term debt consisted of the following :

	Original Borrowing	Balance at October 1, 2022	Issued	Retired or Refunded	Balance at September 30, 2023	Amounts due Within One Year
Water System:						
Water revenue bonds 3/23-9/51, 2.00-5.00%	\$ 2,629,713,000	\$ 1,208,875,000	\$	- \$ 58,865,000	\$ 1,150,010,000	\$ 61,535,000
Water direct placement 3/23-9/49, 1.060-3.43%	1,476,980,000	1,330,330,000		- 38,010,000	1,292,320,000	38,680,000
	4,106,693,000	2,539,205,000		- 96,875,000	2,442,330,000	100,215,000
Regional Wastewater:						
Wastewater revenue bonds, 12/22-6/51, 2.00-5.00%	451,360,000	363,865,000		- 14,190,000	349,675,000	14,820,000
Wastewater direct placement 12/22-6/50, .020-.170%	496,535,000	488,560,000		- 8,155,000	480,405,000	7,705,000
	947,895,000	852,425,000		- 22,345,000	830,080,000	22,525,000
Sewer System:						
Rockwall contract revenue bonds, 12/22-6/28, 5.75%	2,960,000	1,230,000		- 175,000	1,055,000	190,000
Mustang Creek Interceptor System revenue bonds, 12/22-6/50, 2.50- 5.125%	34,455,000	30,735,000		- 770,000	29,965,000	800,000
Rockwall-Heath contract revenue bonds 12/22-6/25, 4.20-4.25%	3,020,000	645,000		- 205,000	440,000	215,000
Terrell contract revenue bonds 12/22-6/35, 3.25-5.00%	10,465,000	7,565,000		- 455,000	7,110,000	475,000
Stewart Creek contract revenue bonds, 12/22-6/35, 3.00-5.00%	69,685,000	47,980,000		- 2,780,000	45,200,000	2,890,000
Little Elm contract revenue bonds, 12/21-6/23, 2.00%	3,555,000	405,000		- 405,000	-	-
Parker Creek Interceptor System, revenue bonds, 12/21-6/23, 5.125%	2,615,000	210,000		- 210,000	-	-
Sabine Creek Interceptor System revenue bonds, 12/21-6/23, 5.125%	2,115,000	170,000		- 170,000	-	-
Sabine Creek Wastewater System revenue bonds, 12/22-6/52, 2.00- 5.00%	101,710,000	94,105,000		- 1,295,000	92,810,000	640,000
Muddy Creek Wastewater System revenue bonds 12/22-6/40, 2.00- 4.00%	32,630,000	19,615,000		- 2,430,000	17,185,000	1,325,000
Muddy Creek Interceptor revenue bonds 12/22-6/24, 3.00%	2,135,000	490,000		- 240,000	250,000	250,000
Buffalo Creek Interceptor revenue bonds 12/22-6/50, 2.00-5.00%	50,525,000	38,825,000		- 1,550,000	37,275,000	1,625,000
Buffalo Creek Interceptor direct placement 12/21-6/52, 1.10-2.52%	38,615,000	38,615,000		- 250,000	38,365,000	250,000
Rockwall Water Pumping Facilities bonds 12/22-6/26, 4.55-4.60%	2,145,000	610,000		- 140,000	470,000	150,000

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Original Borrowing	Balance at September 30, 2022	Issued	Retired or Refunded	Balance at September 30, 2023	Amounts due Within One Year
Sewer System (continued):						
Panther Creek Wastewater System bonds 12/22-6/40, 2.50-5.00%	36,190,000	22,140,000	-	3,315,000	18,825,000	3,480,000
Lower East Fork Interceptor bonds 12/22-6/26, 3.00-4.00%	10,745,000	4,820,000	-	1,125,000	3,695,000	1,180,000
Parker Creek Parallel Interceptor bonds 12/21-6/36, 2.00-3.00%	3,045,000	2,335,000	-	125,000	2,210,000	135,000
	406,610,000	310,495,000	-	15,640,000	294,855,000	13,605,000
Solid Waste System- revenue bonds, 3/23-9/43, 3.00-5.00%	116,435,000	49,905,000	29,110,000	3,705,000	75,310,000	4,635,000
Interceptor System - revenue bonds, 12/22-6/51, 2.00-6.25%	536,935,000	369,825,000	-	15,330,000	354,495,000	16,095,000
Total	\$ 6,114,568,000	\$ 4,121,855,000	\$ 29,110,000	\$ 153,895,000	\$ 3,997,070,000	\$ 157,075,000

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, 2023, bond debt service of \$282,595,643 was fully secured by 100% of pledged revenues of \$664,989,534 and interest earned on accounts restricted for debt service. Also, the Interceptor System ECP Debt service amount of \$268,132 was paid directly from Operating and is not included in the pledged revenues.

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. Rebatabile arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that \$941,648 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 \$116,940,463 in the Water System, \$24,673,517 in the Regional Wastewater System, \$9,071,385 in the Sewer System, \$4,765,460 in the Solid Waste System and \$22,224,638 in the Interceptor System.

Other premiums and discounts related to long term debt activity for the year ended September 30, 2023, were as follows:

	Balance at October 1, 2022	Additions	Deletions	Balance at September 30, 2023
Water System:				
Premiums	\$ 131,417,952	\$ -	\$ (14,477,489)	\$ 116,940,463
	<u>131,417,952</u>	<u>-</u>	<u>(14,477,489)</u>	<u>116,940,463</u>
Regional Wastewater:				
Premiums	26,897,549	-	(2,224,032)	24,673,517
	<u>26,897,549</u>	<u>-</u>	<u>(2,224,032)</u>	<u>24,673,517</u>
Sewer System:				
Premiums	10,383,383	-	(1,307,248)	9,076,135
Discounts	(6,534)	-	1,784	(4,750)
	<u>10,376,849</u>	<u>-</u>	<u>(1,305,464)</u>	<u>9,071,385</u>
Solid Waste System:				
Premiums	2,932,400	2,449,729	(616,669)	4,765,460
	<u>2,932,400</u>	<u>2,449,729</u>	<u>(616,669)</u>	<u>4,765,460</u>
Interceptor System:				
Premiums	24,860,066	-	(2,635,428)	22,224,638
	<u>24,860,066</u>	<u>-</u>	<u>(2,635,428)</u>	<u>22,224,638</u>
Total	<u>\$ 196,484,816</u>	<u>\$ 2,449,729</u>	<u>\$ (21,259,082)</u>	<u>\$ 177,675,463</u>

Revenue bonds outstanding at September 30, 2023 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.
- **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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

- 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 \$29,110,000 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.

At September 30, 2023, 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, 2023, the amount of the unamortized deferred amount on refundings is \$5,869,524.

Additional debt information

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 \$1,292,320,000 for Water and \$480,405,000 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, 2023, the District has outstanding ECP notes of \$54,000,000 in the Water System, \$33,000,000 in the Wastewater System, and \$17,000,000 in the Interceptor System.

NOTE 8. LONG -TERM DEBT (CONTINUED)

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

	Water System			Water System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
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	64,690,000	36,784,359	101,474,359	41,835,000	33,847,041	75,682,041
2029-2033	345,580,000	137,586,855	483,166,855	224,500,000	153,854,468	378,354,468
2034-2038	242,985,000	69,276,793	312,261,793	257,160,000	121,148,844	378,308,844
2039-2043	144,940,000	32,508,225	177,448,225	298,880,000	79,267,793	378,147,793
2044-2048	90,900,000	9,214,673	100,114,673	306,080,000	28,211,195	334,291,195
2049-2052	13,845,000	548,430	14,393,430	4,635,000	125,145	4,760,145
	<u>\$ 1,150,010,000</u>	<u>\$ 463,043,719</u>	<u>\$ 1,613,053,719</u>	<u>\$ 1,292,320,000</u>	<u>\$ 559,937,858</u>	<u>\$ 1,852,257,858</u>

	Regional Wastewater System			Regional Wastewater System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
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	16,485,000	10,872,687	27,357,687	18,310,000	178,641	18,488,641
2029-2033	62,695,000	45,077,414	107,772,414	91,570,000	893,201	92,463,201
2034-2038	61,010,000	32,568,964	93,578,964	92,340,000	893,201	93,233,201
2039-2043	75,055,000	20,123,143	95,178,143	94,195,000	888,516	95,083,516
2044-2048	62,960,000	6,294,006	69,254,006	96,935,000	633,330	97,568,330
2049-2052	9,200,000	366,800	9,566,800	39,670,000	88,158	39,758,158
	<u>\$ 349,675,000</u>	<u>\$ 165,959,075</u>	<u>\$ 515,634,075</u>	<u>\$ 480,405,000</u>	<u>\$ 4,289,611</u>	<u>\$ 484,694,611</u>

	Sewer System			Sewer System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
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	11,210,000	7,462,769	18,672,769	1,140,000	710,932	1,850,932
2029-2033	56,495,000	30,634,269	87,129,269	5,890,000	3,358,677	9,248,677
2034-2038	47,540,000	20,272,263	67,812,263	6,340,000	2,920,055	9,260,055
2039-2043	33,115,000	13,797,456	46,912,456	6,985,000	2,269,575	9,254,575
2044-2048	33,475,000	8,180,081	41,655,081	7,810,000	1,439,485	9,249,485
2049-2052	22,365,000	2,200,213	24,565,213	6,960,000	440,461	7,400,461
	<u>\$ 256,490,000</u>	<u>\$ 117,558,499</u>	<u>\$ 374,048,499</u>	<u>\$ 38,365,000</u>	<u>\$ 14,088,458</u>	<u>\$ 52,453,458</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Solid Waste System			Interceptor System		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 4,635,000	\$ 3,321,047	\$ 7,956,047	\$ 16,095,000	\$ 12,518,718	\$ 28,613,718
2025	4,980,000	2,957,531	7,937,531	15,685,000	11,736,293	27,421,293
2026	5,205,000	2,708,531	7,913,531	17,620,000	10,988,468	28,608,468
2027	4,895,000	2,448,281	7,343,281	19,585,000	10,164,268	29,749,268
2028	5,105,000	2,203,531	7,308,531	20,545,000	9,244,743	29,789,743
2029-2033	20,025,000	8,454,488	28,479,488	84,860,000	34,104,062	118,964,062
2034-2038	18,940,000	4,429,713	23,369,713	66,415,000	19,680,615	86,095,615
2039-2043	11,525,000	1,355,600	12,880,600	44,220,000	12,191,281	56,411,281
2044-2048	-	-	-	48,275,000	6,351,275	54,626,275
2049-2052	-	-	-	21,195,000	904,050	22,099,050
	<u>\$ 75,310,000</u>	<u>\$ 27,878,722</u>	<u>\$ 103,188,722</u>	<u>\$ 354,495,000</u>	<u>\$ 127,883,773</u>	<u>\$ 482,378,773</u>
Total All Systems						
	Principal	Interest	Total			
2024	\$ 157,075,000	\$ 125,624,479	\$ 282,699,479			
2025	157,655,000	119,684,412	277,339,412			
2026	169,360,000	113,852,291	283,212,291			
2027	176,095,000	107,621,057	283,716,057			
2028	179,320,000	101,304,703	280,624,703			
2029-2033	891,615,000	413,963,434	1,305,578,434			
2034-2038	792,730,000	271,190,448	1,063,920,448			
2039-2043	708,915,000	162,401,589	871,316,589			
2044-2048	646,435,000	60,324,045	706,759,045			
2049-2052	117,870,000	4,673,257	122,543,257			
	<u>\$ 3,997,070,000</u>	<u>\$ 1,480,639,715</u>	<u>\$ 5,477,709,715</u>			

Lease and SBITA Payables

Lease Payable. As of September 30, 2023, the District's total lease liability is \$655,582. The total lease liability payable within one year is \$200,289.

SBITA Payable. As of September 30, 2023, the District's total SBITA liability is \$1,000,398, plus \$25,847 accrued interest payable. The total SBITA liability payable within one year is \$518,310.

NOTE 8. LONG -TERM DEBT (CONTINUED)

Lease and SBITA liabilities consist of the following at September 30, 2023:

	Balance at October 1, 2022		Additions	Deletions	Balance at September 30, 2023	
Water System:						
Lease liability	\$	-	\$ 62,860	\$ (17,542)	\$ 45,318	
Subscription liability		-	3,027	(3,027)		-
		-	65,887	(20,569)		45,318
Regional Wastewater:						
Lease liability		-	42,654	(12,051)		30,603
		-	42,654	(12,051)		30,603
Sewer System:						
Lease liability		-	46,197	(15,078)		31,119
		-	46,197	(15,078)		31,119
Solid Waste System:						
Lease liability		-	17,089	(7,662)		9,427
		-	17,089	(7,662)		9,427
Internal Service Funds:						
Lease liability		-	705,721	(166,607)		539,114
Subscription liability		-	1,679,665	(679,267)		1,000,398
		-	2,385,386	(845,874)		1,539,512
Total	\$	-	\$ 2,557,213	\$ (901,234)	\$	1,655,979

FINANCIAL

NORTH TEXAS MUNICIPAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

The following is a summary schedule of future lease and SBITA payments by fund type as of September 30, 2023:

	Internal Service Funds - Leases			Internal Service Funds - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 151,692	\$ 5,772	\$ 157,464	\$ 518,310	\$ 32,028	\$ 550,338
2025	141,298	4,239	145,537	444,917	15,462	460,379
2026	131,039	2,745	133,784	37,171	1,229	38,400
2027	113,061	1,329	114,390	-	-	-
2028	2,024	12	2,036	-	-	-
	<u>\$ 539,114</u>	<u>\$ 14,097</u>	<u>\$ 553,211</u>	<u>\$ 1,000,398</u>	<u>\$ 48,719</u>	<u>\$ 1,049,117</u>
Water System - Leases				Wastewater System - Leases		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 16,656	\$ 359	\$ 17,015	\$ 12,118	\$ 145	\$ 12,263
2025	15,765	224	15,989	11,455	77	11,532
2026	11,129	96	11,225	7,030	23	7,053
2027	1,768	13	1,781	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 45,318</u>	<u>\$ 692</u>	<u>\$ 46,010</u>	<u>\$ 30,603</u>	<u>\$ 245</u>	<u>\$ 30,848</u>
Sewer System - Leases				Solid Waste System - Leases		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 12,135	\$ 151	\$ 12,286	\$ 7,687	\$ 19	\$ 7,706
2025	9,863	91	9,954	1,740	2	1,742
2026	7,722	34	7,756	-	-	-
2027	1,399	3	1,402	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 31,119</u>	<u>\$ 279</u>	<u>\$ 31,398</u>	<u>\$ 9,427</u>	<u>\$ 21</u>	<u>\$ 9,448</u>
Total All Systems - Leases				Total All Systems - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 200,288	\$ 6,446	\$ 186,765	\$ 518,310	\$ 32,028	\$ 550,338
2025	180,121	4,633	171,480	444,917	15,462	460,379
2026	156,920	2,898	152,765	37,171	1,229	38,400
2027	116,228	1,345	117,573	-	-	-
2028	2,024	12	2,036	-	-	-
	<u>\$ 655,581</u>	<u>\$ 15,334</u>	<u>\$ 630,619</u>	<u>\$ 1,000,398</u>	<u>\$ 48,719</u>	<u>\$ 1,049,117</u>

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2023, deferred inflows of resources consisted of the following:

	Balance at October 1, 2022	Additions	Deletions	Balance at September 30, 2023
Water System:				
Deferred pension inflow	\$ 1,171,812	\$ -	\$ (1,013,183)	\$ 158,629
Deferred OPEB inflow	283,024		(77,620)	205,404
	<u>1,454,836</u>	<u>-</u>	<u>(1,090,803)</u>	<u>364,033</u>
Regional Wastewater:				
Deferred pension inflow	1,674,751	-	(1,131,053)	543,698
Deferred OPEB inflow	339,570	-	(76,480)	263,090
	<u>2,014,321</u>	<u>-</u>	<u>(1,207,533)</u>	<u>806,788</u>
Sewer System:				
Deferred pension inflow	623,888	-	(569,911)	53,977
Deferred OPEB inflow	166,062	-	(39,916)	126,146
Deferred grant revenue	1,000,000	-	-	1,000,000
	<u>1,789,950</u>	<u>-</u>	<u>(609,827)</u>	<u>1,180,123</u>
Solid Waste System:				
Deferred pension inflow	1,502,709	-	(962,869)	539,840
Deferred OPEB inflow	279,025	-	(57,209)	221,816
	<u>1,781,734</u>	<u>-</u>	<u>(1,020,078)</u>	<u>761,656</u>
Interceptor System:				
Deferred pension inflow	166,622	-	(187,654)	(21,032)
Deferred OPEB inflow	50,528	-	(15,620)	34,908
	<u>217,150</u>	<u>-</u>	<u>(203,274)</u>	<u>13,876</u>
Internal Service Funds:				
Deferred pension inflow	4,898,397	-	(3,729,900)	1,168,497
Deferred OPEB inflow	1,165,263	-	(278,824)	886,439
	<u>6,063,660</u>	<u>-</u>	<u>(4,008,724)</u>	<u>2,054,936</u>
Total	<u>\$ 13,321,651</u>	<u>\$ -</u>	<u>\$ (8,140,239)</u>	<u>\$ 5,181,412</u>

As of September 30, 2023, the Buffalo Creek Interceptor Fund had deferred grant income of \$1,000,000 that represents the Clean Water Principal Grant income received in May 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN

Plan Description

The District provides a Retirement Plan for Employees of North Texas Municipal Water District (the Plan), a single employer defined benefit pension plan, for all of its eligible full-time employees through an AETNA Life Insurance Company group pension defined benefit fund contract. The Plan is administered by the District's Executive Director/ General Manager. The Plan does not issue separate financial statements. An employee will become a participant in the Plan on the date of full-time employment.

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 80.
- *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, 2023, the following numbers of employees were covered by the benefit terms:

Active employees	838
Inactive employees entitled to but not yet receiving benefits (Vested Terminated)	181
Inactive employees entitled to but not yet receiving benefits (Nonvested Terminated)	79
Inactive employees or beneficiaries currently receiving benefits	264
Total	<u>1,362</u>

Contributions

The District's annual minimum contribution is actuarially calculated. 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. Effective January 1, 2023, the unfunded actuarial liability is amortized using a closed period, layered amortization approach. The unfunded actuarial liability comprises various sources, and under the layered amortization approach each component source of unfunded actuarial liability is amortized over a separated closed period.

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, 2022, the District made contributions of \$9,203,590, which represent 13.94% of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2022. For the fiscal year ended September 30, 2023, the District made contributions of \$12,500,000 of which contributions subsequent to the measurement date through September 30, 2023 were \$10,046,410.

Net Pension Liability

The District's Net Pension Liability reported for the fiscal year ending September 30, 2023 was measured as of December 31, 2022, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that same date.

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

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2022	January 1, 2023
Measurement date	December 31, 2021	December 31, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.00%	2.50%
Salary increases including inflation	4.00%	2.5% to 6.5%, including inflation
	Pub-2010 General Mortality with MP-2021 mortality improvement scales	Amount-weighted General Tables (i.e., PubG-2010) projected generationally using Scale MP-2021.
Mortality		

Many of the actuarial assumptions used in this valuation were based on the results of an actuarial experience study performed as of December 31, 2022. Several demographic and economic assumptions were updated to reflect recommended assumptions from this study. A detail of the changes can be found in the Required Supplementary Information.

Long-Term Expected Rate of Return

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments. This weighted-return is then increased by expected inflation and reduced by assumed investment expenses. Best estimates of geometric real rates of return for each major asset class included in the Plans asset allocation as of December 31, 2022 are summarized in the following tables:

Asset Class	Allocation	Long-Term Expected Real Rate of Return	Target Allocation Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	7.00%	0.25%	0.018%
Fixed Income	29.00%	2.00%	0.580%
U.S. Equities	46.00%	7.25%	3.335%
International Equities	15.00%	5.25%	0.788%
Alternative Income	3.00%	2.24%	0.123%
Total	100.00%		4.844%
Real Rate of Investment Return Assumption			4.844%
Assumed Inflation			2.500%
Assumed Investment Expenses			-0.200%
Unrounded Expected Long-Term Rate of Return			7.144%
Selected Rounded Expected Long-Term Rate of Return			7.25%

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made in amounts equal to the actuarially determined contribution amounts. Based on those assumptions, the plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	December 31, 2021	December 31, 2022
Discount rate	7.75%	7.25%
Long-term expected rate of return, net of investment expense	7.75%	7.25%

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2022	\$ 176,144,765	\$ 123,824,689	\$ 52,320,076
Changes for the year:			
Service cost	4,949,449	-	4,949,449
Interest on total pension liability	13,718,893	-	13,718,893
Differences between expected and actual experience	9,110,773	-	9,110,773
Contributions - Employer	-	9,203,590	(9,203,590)
Contributions - Member	-	977,896	(977,896)
Net investment income	-	(13,198,929)	13,198,929
Benefit payments, including refunds of employee contributions	(8,307,489)	(8,307,489)	-
Administrative expenses	-	-	-
Assumption changes	18,539,968	-	18,539,968
Balances as of September 30, 2023	<u>\$ 214,156,359</u>	<u>\$ 112,499,757</u>	<u>\$ 101,656,602</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability, calculated using the discount rate of 7.25%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's Net Pension Liability	\$ 133,480,019	\$ 101,656,602	\$ 75,569,470

Pension Expense

For the year ended September 30, 2023, the District recognized pension expense of \$19,285,391 of which \$9,471,590 was allocated to the Support Fund, \$2,572,842 was allocated to the Water System, \$2,872,156 was allocated to the Wastewater System, \$1,447,216 was allocated to the Sewer System, \$2,445,080 was allocated to the Solid Waste System, and \$476,507 was allocated to the Interceptor System.

The components of pension expense for the fiscal year ended September 20, 2023 are as follows:

Pension Expense	October 1, 2022 to September 30, 2023
Service cost	\$ 4,949,449
Interest on total pension liability	13,718,893
Amortization of differences between expected and actual experience	3,784,828
Amortization of changes of assumptions	3,411,532
Member contributions	(977,896)
Projected earnings on pension plan investments	(9,667,676)
Amortization of differences between projected and actual earnings on plan investments	4,066,261
Pension Plan administrative expense	-
Pension expense	<u>\$ 19,285,391</u>

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

At September 30, 2023, 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	\$ 14,583,689	\$ (821,101)
Changes of assumptions	24,434,647	(1,622,508)
Net difference between projected and actual earnings	12,987,498	-
Contributions made subsequent to measurement date	10,046,410	-
Total	\$ 62,052,244	\$ (2,443,609)

Year Ended September 30	Net Outflows/(Inflows) of Resources
2024	\$ 8,934,878
2025	10,711,942
2026	10,221,013
2027	11,312,726
2028	5,492,781
Thereafter*	<u>2,888,885</u>
	<u><u>\$ 49,562,225</u></u>

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

Pension Plan Fiduciary Net Position

	January 1, 2022	January 1, 2023
Assets		
Cash and cash equivalents	\$ 4,611,487	\$ 7,719,253
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	25,528,977	28,733,195
Alternative Investments	13,126,186	12,625,277
Stocks	<u>80,558,039</u>	<u>63,422,032</u>
Total investments	<u>119,213,202</u>	<u>104,780,504</u>
Total assets	<u>123,824,689</u>	<u>112,499,757</u>
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	\$ 123,824,689	\$ 112,499,757

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Changes in Pension Plan Fiduciary Net Position

	January 1, 2022	January 1, 2023
Additions:		
Contributions:		
Employer	\$ 6,300,000	\$ 9,203,590
Member	782,754	977,896
Total contributions	7,082,754	10,181,486
Net investment income:		
Interest and dividends	2,883,018	4,964,784
Net increase in fair value of investments	11,857,120	(17,830,025)
Less investment expenses:		
Direct investment expense	353,624	333,688
Total investment expenses	353,624	333,688
Net investment income	14,386,514	(13,198,929)
Total Additions	21,469,268	(3,017,443)
Deductions:		
Benefit Payments including refunds of employee contributions	7,423,640	8,307,489
Administrative expenses	-	-
Other	-	-
Total Deductions	7,423,640	8,307,489
Net increase (decrease)	14,045,628	(11,324,932)
Net position		
Beginning of year	109,779,061	123,824,689
End of year	<u>\$ 123,824,689</u>	<u>\$ 112,499,757</u>

NOTE 11. COMMITMENTS AND CONTINGENCIES**Commitments**

Remaining commitments under construction contracts as of September 30, 2023 were as follows:

Payable from:		Capital Improvement Funds	Restricted Bond Funds	Total Commitments
Water System	\$ 74,455,043	\$ 196,442,996	\$ 270,898,039	
Regional Wastewater System	73,750	192,837,122	192,910,872	
Sewer System	4,084,107	61,408,823	65,492,930	
Solid Waste System	885,399	20,449,614	21,335,013	
Interceptor System	2,904,544	149,005,120	151,909,664	
	<u>\$ 82,402,843</u>	<u>\$ 620,143,675</u>	<u>\$ 702,546,518</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, 2023.

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, 2023, a liability of \$9,482,010 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
\$ 8,645,797	\$ 836,213	-	\$ 9,482,010

The \$9,482,010 reported as landfill closure and postclosure care liability at September 30, 2023, includes \$247,161 for Transfer Stations, \$1,768,822 for the Maxwell Creek Landfill, \$3,297,085 for the McKinney Landfill and \$4,168,942 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 19% 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 \$17,420,611 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, 2023. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 92.4 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, 2023 and 2022 were:

Fiscal Year	Claims		Current Year Claim Payments	Liability End of Year
	Liability Beginning of Year	Incurred and Change in Estimates		
2022	\$ 1,768,028	\$ 15,630,851	\$ 15,500,985	\$ 1,897,894
2023	1,897,894	18,853,579	18,535,644	2,215,829

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, 2023, the participants comprised of the following:

	Medical	Dental
Medical benefit actives	883	883
Retirees and retiree spouses	128	129
Total number of participants	1,011	1,012

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	October 1, 2021	October 1, 2022
Measurement date	September 30, 2022	September 30, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.20%	2.50%
Salary increases including inflation	3.00%	2.5% to 6.5% including inflation
Long -Term Expected Rate of Return	7.50%	7.25%
Healthcare Cost Trend Rates (Medical)	6.5% for FY23 decreasing .50% per year to 4.50% for FY27, then to an ultimate rate of 4.20% for later years	6.5% for FY24 decreasing .50% per year to 4.50% for later years (medical)
Healthcare Cost Trend Rates (Dental)	3% each year for all years	3.30% 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

Discount Rate: 7.25% in the current year; 7.50% in 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: 7.25%; The plan operates on a pay-as-you-go (PAYGO) basis and accumulates assets in a trust in addition to the PAYGO amount.

Municipal Bond Rate: 4.09% as of September 30, 2023; 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.

For each future period, if the amounts of the OPEB plan's fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in that period and OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, the actuarial present value of benefit payments projected to be made in the period should be determined using the long-term expected rate of return on those investments discussed in (a) above. Per paragraph No. 40 of GASB No. 75, the long-term expected rate of return should be based on the mix of current and expected OPEB plan investments over a period representative of the expected length of time between (1) the point at which a plan member begins to provide service to the employer and (2) the point at which all benefits to the plan member have been paid. For this purpose, the long-term expected rate of return should be determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense. The municipal bond discussed in (b) above should be used to calculate the actuarial present value of all other benefit payments. The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values determined using the long-term rate of return and the municipal bond rate applied to the appropriate periods as described above.

Based on guidance in Illustration B2 of Appendix B to GASB Implementation Guide 2017-3, Accounting and Financial Reporting for Postemployment, Benefit Plans other than Pensions, as of September 30, 2023, the accumulated funds and expected contributions are projected to be sufficient to cover benefit payments in all future years. Therefore, the discount rate at the end of the measurement year must be based solely on the long-term expected rate of return on OPEB plan investments, discussed in (a) above. Discount rate information is summarized in the table.

Equivalent Single Discount Rate Determination	Beginning of Fiscal Year	End of Fiscal year
Measurement Date	09/30/2022	09/30/2023
Long-term Expected Rate of return (LTROR)	7.50%	7.25%
Bond Buyer Index of general obligation 20-year bonds	4.02%	4.09%
Projected year of asset depletion	None*	None*
Single Discount Rate equivalent to using:		
(a) LTROR for years prior to depletion date and		
(b) the 20-year bond rate for years on and after depletion date	7.50%	7.25%

* Accumulated Funds and expected contributions are projected to cover benefit payments in all future years.

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

The following presents the net OPEB liability as of September 30, 2023, as well as what the Net OPEB liability would be if were calculated using the discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net OPEB liability	\$ 15,987,872	\$ 14,002,871	\$ 12,206,338

The following presents the net OPEB liability as of September 30, 2023, 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 (5.50% for FY24 decreasing to 3.5% by FY28) or 1-percentage-point higher (7.50% for FY24 decreasing to 5.50% 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%)
Net OPEB liability	\$ 11,692,929	\$ 14,002,871	\$ 16,718,841

Deferred Outflows/Inflows of Resources Related to OPEB

At September 30, 2023, 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	\$ 5,163,289	\$ (1,375,114)
Changes of assumptions	2,345,709	(362,689)
Net difference between projected and actual earnings	874,704	-
Total	\$ 8,383,702	\$ (1,737,803)

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
2024	\$ 1,074,488
2025	1,063,857
2026	1,358,416
2027	974,332
2028	1,129,653
Thereafter*	1,045,153
	<u>\$ 6,645,899</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, 2022	\$ 21,413,372	\$ 8,687,640	\$ 12,725,732	
Changes for the year:				
Service cost	917,085	-	917,085	
Interest on total OPEB liability	1,573,361	-	1,573,361	
Changes of benefit terms	(817,528)	-	(817,528)	
Differences between expected and actual experience	1,389,617	-	1,389,617	
Effect of assumptions changes or inputs	1,934,909	-	1,934,909	
Benefit payments	(2,704,625)	(2,704,625)	-	
Employer contributions	-	2,704,625	(2,704,625)	
Member contributions	-	-	-	
Net investment income	-	1,015,680	(1,015,680)	
Administrative expenses	-	-	-	
Balances as of September 30, 2023	<u>\$ 23,706,191</u>	<u>\$ 9,703,320</u>	<u>\$ 14,002,871</u>	

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, 2022	September 30, 2023
Total OPEB liability	\$ 21,413,372	\$ 23,706,191
Fiduciary net position	8,687,640	9,703,320
Net OPEB liability	<u>\$ 12,725,732</u>	<u>\$ 14,002,871</u>
Fiduciary net position as a % of total OPEB liability	40.57%	40.93%

OPEB Plan Fiduciary Net Position

	September 30, 2022	September 30, 2023
Assets		
Cash and cash equivalents	\$ 16,221	\$ 90,648
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	2,493,639	2,911,166
Stocks	3,949,251	4,504,289
Real estate	-	-
Alternative investments	2,228,529	2,197,217
Total investments	<u>8,671,419</u>	<u>9,612,672</u>
Total assets	<u>8,687,640</u>	<u>9,703,320</u>
Liabilities		
Total liabilities	-	-
Net position restricted for OPEB	<u>\$ 8,687,640</u>	<u>\$ 9,703,320</u>

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

	September 30, 2022	September 30, 2023
Additions:		
Contributions:		
Member	\$ 3,125,157	\$ 2,704,625
Total contributions	3,125,157	2,704,625
Net investment income:		
Interest and dividends	-	-
Net increase in fair value of investments	(1,764,319)	1,045,986
Less investment expenses:		
Direct investment expense	33,309	30,306
Total investment expenses	33,309	30,306
Net investment income	(1,797,628)	1,015,680
Other income	-	-
Total Additions	1,327,529	3,720,305
Deductions:		
Service benefits	3,125,157	2,704,625
Total Deductions	3,125,157	2,704,625
Net increase (decrease)	(1,797,628)	1,015,680
Net position		
Beginning of year	10,485,268	8,687,640
End of year	<u>\$ 8,687,640</u>	<u>\$ 9,703,320</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RECENTLY ISSUED GASB STATEMENTS

The District has implemented the following new accounting pronouncements:

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. There was no material impact on the District's financial statements as a result of implementation.

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 prior year with no material impact to the financial statements. The requirements in paragraph 11b were implemented in the current year with no material impact on the District's financial statements.

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 was implemented in the current year with no material impact on the District's financial statements.

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).

GASB Statement No. 99, *Omnibus 2022*. 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. This statement was implemented in the current year with no material impact on the District's financial statements.

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. 99, *Omnibus 2022*, remaining provisions are 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 District's fiscal year ending September 30, 2025). The standard aligns the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures.

GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024). The standard requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued.

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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

PENSION & OPEB TREND INFORMATION (UNAUDITED)

North Texas Municipal Employee Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Years

(Dollar amounts in 1,000s)

	As of the Measurement Date December 31 for the Fiscal Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)										
Service cost	\$ 4,949	\$ 3,726	\$ 3,726	\$ 3,712	\$ 3,428	\$ 2,897	\$ 2,517	\$ 3,058	\$ 2,166	\$ 2,005
Interest on total pension liability	13,718	12,449	12,542	10,062	9,451	8,582	7,643	6,614	6,387	5,854
Effect of plan changes	-	-	13,026	-	-	(843)	-	-	-	0
Effect of economic/demographic gains or (losses)	9,111	3,480	2,104	(1,312)	5,496	6,366	(2,503)	8,442	(4,871)	1,527
Effect of assumptions changes or inputs	18,540	8,389	4,794	(243)	(3,039)	(1,928)	(1,115)	(6,899)	0	154
Benefit payments	(8,307)	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)
Net change in TPL	38,011	20,620	31,135	7,469	10,819	11,568	3,450	8,599	1,627	7840
TPL, beginning	176,145	155,525	124,390	116,921	106,102	94,534	91,085	82,486	80,859	73,020
TPL, ending (a)	\$214,156	\$176,145	\$155,525	\$124,390	\$116,921	106,102	\$ 94,535	\$ 91,085	\$ 82,486	\$ 80,860
Fiduciary Net Position (FNP)										
Employer contributions	\$ 9,203	\$ 6,300	\$ 8,108	\$ 6,808	\$ 6,450	\$ 6,765	\$ 5,957	\$ 4,999	\$ 5,595	\$ 4,945
Member contributions	978	783	577	347	98	-	-	-	-	0
Investment income net of investment expenses	(13,199)	14,387	8,101	15,158	(5,315)	9,686	5,284	(1,337)	3,689	7,436
Benefit payments	(8,307)	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)	(1,700)
Administrative expenses	-	-	-	-	-	-	-	(195)	(180)	(159)
Net change in FNP	(11,325)	14,046	11,729	17,564	(3,284)	12,944	8,149	850	7,049	10,522
FNP, beginning	123,825	109,779	98,050	80,486	83,770	70,827	62,678	61,828	54,779	44,257
FNP, ending (b)	112,500	123,825	109,779	98,050	80,486	83,771	70,827	62,678	61,828	54,779
Net Pension Liability, ending = (a) - (b)	\$101,656	\$ 52,320	\$ 45,746	\$ 26,340	\$ 36,435	\$ 22,331	\$ 23,708	\$ 28,407	\$ 20,658	\$ 26,081
FNP as a % of TPL	52.53%	70.30%	70.59%	78.82%	68.84%	78.95%	74.92%	68.81%	74.96%	67.75%
Covered payroll	\$ 66,021	\$ 49,341	\$ 53,290	\$ 42,877	\$ 41,022	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929
Net pension liability as a % of covered payroll	153.98%	106.04%	85.85%	61.43%	88.82%	66.49%	74.61%	94.42%	77.50%	100.59%

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.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Changes in Methods

The following methods have been updated since the previous valuation:

Actuarial Value of Assets

Current: Market Value of Assets as of the valuation date equals Fair Value plus any receivable contributions made or to be made for a prior plan year.

Prior: Assets are valued at the market value as reported by the trustee as of the valuation date, including any receivable contributions made for a prior plan year which were not recognized by the trustee as of the asset valuation date.

Amortization of Unfunded Accrued Liability

Current: The Entry Age Normal actuarial funding method is used in determining the contribution requirements for the plan. The actuarial funding method is the procedure by which the actuary annually identifies a series of annual contributions which, along with current assets and future investment earnings, will fund the expected plan benefits. The Entry Age Normal funding method compares the excess of the present value of expected future plan benefits over the current value of plan assets. This difference represents the expected present value of current and future contributions that will be paid into the plan. The contributions are divided into two components: an annual normal cost (or current cost) and an amortization charge for the unfunded accrued liability.

The normal cost for the plan is the sum of individually determined normal costs for each active participant. Each active participant's normal cost is the current annual contribution in a series of annual contributions which, if made throughout the participant's total period of employment, would fund his expected benefits from the plan. Each participant's normal cost is calculated to be an annual constant percentage of his expected compensation in each year of employment.

The plan's current accrued liability is the excess of the present value of expected future benefits over the present value of all future remaining normal cost contributions of active participants. The unfunded accrued liability is the amount by which the actuarial accrued liability exceeds the current plan assets. The unfunded accrued liability is recalculated each time a valuation is performed and is amortized as a level percentage of pay amount over a closed period in layers. The initial transition layer as of January 1, 2023 is amortized over 21 years.

Prior: Level dollar amount over a closed period initially set at 30 years beginning on January 1, 2014.

Changes in Assumptions

The following assumptions have been updated since the previous valuation:

Retirement

Current: Active participants are assumed to retire in accordance with specified annual rates.

Prior: Active participants are assumed to retire at the earlier of their Normal Retirement Age or the eligibility for unreduced early retirement benefit.

Termination

Current: Active participants are assumed to terminate their employment for causes other than death or retirement in accordance with annual rates based upon the actuary's review of recent termination experience in this plan, adjusted for the actuary's future expectations.

Prior: Active participants are assumed to terminate their employment for causes other than death or retirement.

Social Security Taxable Wage Base Increase

Current: The benefits of this plan are determined, in part, by 35-year averages of the Social Security Taxable Wage Base. The Social Security Taxable Wage Base is assumed to increase at an annual rate of 3.00%.

Prior: 4.00%

Salary Increases:

Current: Participant compensation is assumed to increase in accordance with annual rates based upon the actuary's review of recent wage growth experience in this plan, adjusted for the actuary's future expectations.

Prior: 4.00% per annum, compounded annually.

General Price Inflation:

Current: The assumed investment return (discount rate) and other assumptions with an inflationary component include the same inflation assumption of 2.50% attributable to changes in general price levels.

Prior: 2.00% per annum, compounded annually

COLA Increase

Current: Cost-of-living adjustments (COLAs) for current and future retirees and beneficiaries are assumed to be 2.00% compounded annually.

Prior: 2.00% for 2022, 3.00% for 2023-2025 due to market expectations, and then reverting to 2.00% per annum, compounded annually.

Recognition of IRC Benefit and Compensation Limitations

Current: The benefit and compensation limitations under IRC Sections 415(b) and 401(a)(17) have been reflected in the determination of plan costs, and these limits are assumed to increase at the annual rate of 2.50%.

Prior: 0%.

The above assumptions were updated to reflect the Actuarial Experience Study for the 5-year period ending December 31, 2022 as published on June 28, 2023.

North Texas Municipal Employee Retirement System

Schedule of Employer Contributions

Last 10 Fiscal Years

(Dollar amounts in 1,000s)

	Fiscal Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 11,762	\$ 9,478	\$ 7,599	\$ 6,510	\$ 5,195	\$ 5,213	\$ 5,034	\$ 4,600	\$ 4,386	\$ 4,504
Actual Employer Contribution	12,500	6,300	8,108	6,808	6,450	6,765	5,957	4,999	5,595	4,945
Contribution Deficiency (Excess)	(738)	3,178	(249)	(1,598)	(1,255)	(1,552)	(923)	(399)	(1,209)	(441)
Covered Payroll*	\$ 72,059	\$ 58,287	\$ 53,444	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	\$ 30,085	\$ 26,655	\$ 25,929
Contributions as a % of Covered Payroll	17.35%	10.81%	15.17%	12.51%	13.55%	20.14%	18.75%	16.62%	20.99%	19.07%

Notes to Schedule:

Valuation Date: January 1, 2023

Actuarially determined contribution rates are calculated as of January 1, which is the most recent valuation date prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for 2023:

Actuarial cost method	Entry age
Amortization method	Level percent, layered closed periods
Remaining amortization period	Layered amortization with 21 years remaining on unfunded accrued liability at date of transition to layered approach
Asset valuation method	5-year smoother market value
Inflation	2.50%
Salary increases	2.50% to 6.50%, including inflation
Investment rate of return	7.25% net of pension plan investment expenses, including inflation
Retirement age	Rates that vary by age
Mortality	Amount-weighted General Tables (i.e. PubG-2010) projected generationally using Scale MP-2021 mortality improvement rates

* Covered payroll for 2019-2023 is for the fiscal year period ended September 30. Covered payroll for 2014-2018 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
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%
2023	-10.58%

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 917	\$ 482	\$ 473	\$ 405	\$ 374	\$ 406	\$ 432	N/A	N/A	N/A
Interest on total OPEB liability	1,573	1,405	1,015	923	953	832	826	N/A	N/A	N/A
Changes on benefit terms	(817)	2,267	-	-	-	-	-	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	1,390	732	4,782	(828)	(1,677)	1,046	(1,258)	N/A	N/A	N/A
Effect of assumptions changes or inputs	1,935	(164)	481	662	(83)	(634)	104	N/A	N/A	N/A
Benefit payments	(2,705)	(3,125)	(1,963)	-	-	-	-	N/A	N/A	N/A
Employer contributions	-	-	2,128	-	-	-	-	N/A	N/A	N/A
Member contributions	-	-	29	-	-	-	-	N/A	N/A	N/A
Administrative expenses	-	-	(194)	-	-	-	-	N/A	N/A	N/A
Net change in total OPEB liability	2,293	1,597	6,751	1,162	(433)	1,650	104	N/A	N/A	N/A
Total OPEB liability, beginning	21,413	19,816	13,065	11,902	12,335	10,685	10,581	N/A	N/A	N/A
Total OPEB liability, ending (a)	23,706	21,413	19,816	13,065	11,902	12,335	10,685	N/A	N/A	N/A
Fiduciary Net Position (FNP)										
Employer contributions	\$ 2,705	\$ 3,125	\$ -	\$ 50	\$ -	\$ 696	\$ 600	N/A	N/A	N/A
Net investment income	1,016	(1,798)	1650	565	227	428	600	N/A	N/A	N/A
Benefit payments	(2,705)	(3,125)	-	-	-	-	-	N/A	N/A	N/A
Administrative expenses	-	-	-	-	-	-	-	N/A	N/A	N/A
Net change in FNP	1,016	(1,798)	1,650	615	227	1,124	1,200	N/A	N/A	N/A
FNP, beginning	8,687	10,485	8,835	8,220	7,993	6,869	5,669	N/A	N/A	N/A
FNP, ending (b)	9,703	8,687	10,485	8,835	8,220	7,993	6,869	N/A	N/A	N/A
Net OPEB liability, ending = (a) - (b)	\$ 14,003	\$ 12,726	\$ 9,331	\$ 4,230	\$ 3,682	\$ 4,342	\$ 3,816	N/A	N/A	N/A
FNP as a % of total OPEB liability	40.93%	40.57%	52.91%	67.62%	69.06%	64.80%	64.28%	N/A	N/A	N/A
Covered-employee payroll (as reported with pension data)	\$ 72,059	\$ 58,287	\$ 62,977	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	N/A	N/A	N/A
Net OPEB liability as a % of covered-employee payroll	19.43%	21.83%	14.82%	7.77%	7.74%	12.93%	12.01%	N/A	N/A	N/A

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

Notes to Schedule of Changes in OPEB and Related Ratios**Changes in Assumptions**

The following assumptions have been updated since the previous valuation:

Retirement:

Current: Active participants are assumed to retire in accordance with specified annual rates.

Prior: A participant who has attained the Rule of 80 is assumed to retire in accordance with annual rates.

Termination:

Current: Active participants are assumed to terminate their employment for causes other than death or retirement in accordance with annual rates based upon the actuary's review of recent termination experience in this plan, adjusted for the actuary's future expectations.

Prior: Active participants are assumed to terminate their employment for causes other than death or retirement.

Dependency Status and Coverage Elections:

Current: Marital status and spouse coverage elections in accordance with employer records were used for current retired participants. For future retired participants and their spouses, female spouses are assumed to be three years younger than their male counterparts. 65% of members who elect coverage for themselves upon retirement are assumed to elect coverage for their spouse.

These assumptions are based on the actuary's review of recent dependency status and coverage elections, adjusted for the actuary's future expectations. The experience study was completed in June 2023.

Prior: Marital status and spouse coverage elections in accordance with employer records were used for current retired participants. For future retired participants and their spouses, female spouses are assumed to be three years younger than their male counterparts. 60% of the members who elect coverage for themselves upon retirement are assumed to elect coverage for their spouse.

Expenses:

Current: For medical benefits, administration expenses directly related to the payment of benefits are \$76.46 per member per month for 2024. For dental benefits, administration expenses directly related to the payment of benefits are included in the assumed per capita claims costs.

Prior: For medical benefits, administration expenses directly related to the payment of benefits are \$210.96 per member per month for 2022. For dental benefits, administration expenses directly related to the payment of benefits are included in the assumed per capita claims costs.

Discount Rate:

Current: The expected long-term rate of return is 7.25% for fiscal year 2023. The Bond Buyer Index Rate 20-year Bonds is 4.09% for fiscal year 2023. The Discount rate is 7.25% for fiscal year 2023.

Prior: The expected long-term rate of return is 7.50% for fiscal year 2022. The Bond Buyer Index Rate 20-year Bonds is 4.02% for fiscal year 2022. The Discount rate is 7.50% for fiscal year 2022.

Health Benefit Cost and Retiree Contribution Trend:

Current: Medical rates of 6.50% from Fiscal Year 2023 to 2024. 6.00% from Fiscal Year 2024 to 2025. 5.50% from Fiscal Year 2025 to 2026. 5.00% from Fiscal Year 2026 to 2027. 4.50% from Fiscal Year 2027 to 2028 and beyond. Dental rates were 3.30% for each fiscal year.

Prior: Medical rates of 6.50% from Fiscal Year 2022 to 2023. 6.00% from Fiscal Year 2023 to 2024. 5.50% from Fiscal Year 2024 to 2025. 5.00% from Fiscal Year 2025 to 2026. 4.50% from Fiscal Year 2026 to 2027. 4.20% from Fiscal Year 2027 to 2028 and beyond. Dental rates are 3.00% for each fiscal year.

Expense Trend Rate:

Current: Expenses are assumed to increase at an annual rate of 4.50% for all years for medical benefits.

Prior: Expenses are assumed to increase at an annual rate of 4.20% for all years for medical benefits.

Assumed Per Capita Claims:

Current: Deductibles, copayments, coinsurance levels and retiree contribution levels are assumed to increase at the same rate as the health benefit cost trend, consistent with the expected operation of the substantive plan (i.e., the proportion of non-Medicare expenses covered by the employer/employee is assumed to remain constant).

Prior: Assumed per Capita Health Benefit Cost (Medical) by age for Fiscal Year 2023.

General Price Inflation:

Current: Both the Health Benefit Cost Trend and the Discount Rate include the same inflationary element attributable to changes in general price levels. These rates have been developed using 2.50% as the expected annual general price inflation.

Prior: 2.20%.

Salary Scale:

Current: Participant compensation assumption is based upon the actuary's review of recent wage growth experience in this plan, adjusted for the actuary's future expectations. The experience study was completed in June 2023.

Prior: The increase in the levels of participant compensation is assumed to occur at an annual rate of 3.00% (including inflation).

Assumptions for Per Capita Health Benefit Costs and Health Benefits Cost and Retiree Contribution Trend were updated to reflect recent experience and its effect on our short-term expectations. The administrative expense assumptions, for expenses which are directly related to the payment of benefits, were updated to reflect current expense levels. All other assumption changes were made to reflect the District's adoption of the recommended assumptions from the Actuarial Experience Study for the 5-year period ending December 31, 2022 as published on June 28, 2023.

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,428	\$ 1,539	\$ 905	\$ 819	\$ 864	\$ 832	\$ 669	N/A	N/A	N/A
Actual Employer Contribution	2,705	3,125	-	50	-	696	600	N/A	N/A	N/A
Contribution Deficiency (Excess)	(277)	(1,586)	905	769	864	137	69	N/A	N/A	N/A
Covered-employee Payroll	\$ 72,059	\$ 58,287	\$ 62,977	\$ 54,413	\$ 47,598	\$ 33,587	\$ 31,778	N/A	N/A	N/A
Contributions as a % of Covered-employee Payroll	3.75%	5.36%	0.00%	0.09%	0.00%	2.07%	1.89%	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	2.50%
Salary Increases	2.50% to 6.50% including inflation
Discount Rate	7.25%
Healthcare Cost Trend Rates (Medical)	6.5% for FY 2024, decreasing 0.50% per year to an ultimate rate of 4.50% for later years (medical)
Healthcare Cost Trend Rates (Dental)	3.30% each year for all years
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 Retirees: Pub-2010 General Healthy Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from year 2010. Retiree Spouses: PUB-2010 Contingent Survivors Amount-Weighted Table with MP-2021 Projection Scale projected generationally from the year 2010.

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.

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
2014	NA
2015	NA
2016	NA
2017	10.68%
2018	5.94%
2019	3.41%
2020	0.50%
2021	19.15%
2022	-17.14%
2023	11.69%

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

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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, 2023

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 68,634	\$ 37,374
Accounts receivable	-	-
Due from other funds	-	-
Prepaid expenses	-	-
Unbilled receivable	-	-
Total current unrestricted assets	<u>68,634</u>	<u>37,374</u>
Restricted assets:		
Cash and cash equivalents	-	-
Investments	-	-
Interest and accounts receivable	-	-
Due from other funds	-	15,000
Total current restricted assets	<u>-</u>	<u>15,000</u>
TOTAL CURRENT ASSETS	<u>68,634</u>	<u>52,374</u>
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	-	58,555
Investments	-	-
Total noncurrent restricted assets	<u>-</u>	<u>58,555</u>
Capital assets:		
Land	-	-
Easements	-	-
Construction-in-progress	-	-
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	9,233,771
Wastewater treatment and disposal facilities	-	-
Buildings	-	-
Automobiles and trucks	-	-
Other equipment	-	-
Lease and subscription right-of-use assets	-	-
Less accumulated depreciation/amortization	-	(5,318,128)
Net capital assets	<u>-</u>	<u>3,915,643</u>
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>3,974,198</u>
TOTAL ASSETS	<u>68,634</u>	<u>4,026,572</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>\$ 68,634</u>	<u>\$ 4,026,572</u>

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
\$ 63,014	\$ 893	\$ 2,824	\$ 765	\$ -	\$ 631,831
2,187	-	-	-	-	-
-	-	-	-	-	-
166	-	-	-	-	36,728
-	-	-	-	-	17,218
65,367	893	2,824	765	-	685,777
-	83,659	263,807	62,617	-	90,176
-	-	-	-	-	-
-	209	507	133	-	206
30,000	-	-	-	-	9,800
30,000	83,868	264,314	62,750	-	100,182
95,367	84,761	267,138	63,515	-	785,959
28,042	20,170	90,701	37,287	-	73,391
-	205,534	662,837	129,297	-	212,451
28,042	225,704	753,538	166,584	-	285,842
-	-	-	-	-	60,724
-	-	-	-	-	243,045
-	-	-	-	-	-
-	-	-	-	-	-
-	2,600,258	12,039,132	1,932,237	-	-
-	-	-	-	-	8,229,081
-	-	-	-	-	-
-	-	-	-	-	98,449
-	-	-	-	-	394,991
-	-	-	-	-	-
-	(845,084)	(4,715,327)	(772,899)	-	(6,602,621)
-	1,755,174	7,323,805	1,159,338	-	2,423,669
28,042	1,980,878	8,077,343	1,325,922	-	2,709,511
123,409	2,065,639	8,344,481	1,389,437	-	3,495,470
-	-	86,850	-	-	-
-	-	-	-	-	168,031
-	-	-	-	-	20,830
-	-	86,850	-	-	188,861
\$ 123,409	\$ 2,065,639	\$ 8,431,331	\$ 1,389,437	\$ -	\$ 3,684,331

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ (56,323)	1,715,347
Accounts receivable	129,538	-
Due from other funds	-	-
Prepaid expenses	31,298	71,598
Unbilled receivable	10,795	86,602
Total current unrestricted assets	115,308	1,873,547
Restricted assets:		
Cash and cash equivalents	-	1,556,196
Investments	-	-
Interest and accounts receivable	-	3,224
Due from other funds	7,000	246,404
Total current restricted assets	7,000	1,805,824
TOTAL CURRENT ASSETS	122,308	3,679,371
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	1,529	1,453,730
Investments	-	2,538,246
Total noncurrent restricted assets	1,529	3,991,976
Capital assets:		
Land	-	-
Easements	-	19,042
Construction-in-progress	-	3,661,737
Land improvements	-	-
Water treatment, storage, and transmission facilities	-	-
Wastewater treatment and disposal facilities	1,576,459	51,847,370
Buildings	-	-
Automobiles and trucks	59,352	68,318
Other equipment	86,903	862,773
Lease and subscription right-of-use assets	-	14,144
Less accumulated depreciation/amortization	(1,499,907)	(18,747,855)
Net capital assets	222,807	37,725,529
TOTAL NONCURRENT ASSETS	224,336	41,717,505
TOTAL ASSETS	346,644	45,396,876
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	476,993
Deferred pension outflow	108,992	1,105,936
Deferred OPEB outflow	13,734	160,126
TOTAL DEFERRED OUTFLOWS OF RESOURCES	122,726	1,743,055
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 469,370	\$ 47,139,931

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ (93,783)	\$ 4,569,553	\$ 737,073	\$ 31,618	- \$	76,619
1,013,295	-	129,431	-	-	-
-	-	-	-	-	-
45,266	67,391	74,729	5,601	-	9,532
21,038	158,551	59,920	7,491	-	13,351
<u>985,816</u>	<u>4,795,495</u>	<u>1,001,153</u>	<u>44,710</u>	<u>-</u>	<u>99,502</u>
 1,714,401	 1,643,824	 2,058,454	 -	 -	 -
-	-	-	-	-	-
69,690	8,471	4,100	-	-	-
12,069	635,000	290,000	7,345	-	19,500
<u>1,796,160</u>	<u>2,287,295</u>	<u>2,352,554</u>	<u>7,345</u>	<u>-</u>	<u>19,500</u>
<u>2,781,976</u>	<u>7,082,790</u>	<u>3,353,707</u>	<u>52,055</u>	<u>-</u>	<u>119,002</u>
 16,496,082	 389,530	 3,774,581	 12,614	 -	 6,481
45,260,954	4,493,622	2,185,386	-	-	-
<u>61,757,036</u>	<u>4,883,152</u>	<u>5,959,967</u>	<u>12,614</u>	<u>-</u>	<u>6,481</u>
 375,774	 -	 -	 -	 -	 -
-	-	9,421	-	-	-
32,724,475	493,126	5,826,744	-	-	-
-	-	417,138	-	-	-
-	-	-	-	-	-
18,770,683	77,329,614	35,565,666	-	-	-
-	9,698	161,583	5,110	-	16,225
108,563	148,058	103,077	37,002	-	52,104
665,312	805,325	2,197,122	25,199	-	261,004
4,767	24,723	16,238	-	-	-
(5,920,284)	(7,484,318)	(17,488,919)	(49,514)	-	(265,549)
<u>46,729,290</u>	<u>71,326,226</u>	<u>26,808,070</u>	<u>17,797</u>	<u>-</u>	<u>63,784</u>
<u>108,486,326</u>	<u>76,209,378</u>	<u>32,768,037</u>	<u>30,411</u>	<u>-</u>	<u>70,265</u>
<u>111,268,302</u>	<u>83,292,168</u>	<u>36,121,744</u>	<u>82,466</u>	<u>-</u>	<u>189,267</u>
 -	 -	 27,293	 -	 -	 -
170,651	898,911	1,135,893	48,937	-	102,619
25,407	136,642	150,128	7,720	-	15,370
196,058	1,035,553	1,313,314	56,657	-	117,989
<u>\$ 111,464,360</u>	<u>\$ 84,327,721</u>	<u>\$ 37,435,058</u>	<u>\$ 139,123</u>	<u>\$ -</u>	<u>\$ 307,256</u>

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

	Lavon WWTP	Forney Interceptor
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,367	\$ 726,281
Accounts receivable	48,687	-
Due from other funds	-	-
Prepaid expenses	10,206	15,756
Unbilled receivable	10,831	766
Total current unrestricted assets	<u>75,091</u>	<u>742,803</u>
Restricted assets:		
Cash and cash equivalents	-	-
Investments	-	-
Interest and accounts receivable	-	-
Due from other funds	8,062	85,000
Total current restricted assets	<u>8,062</u>	<u>85,000</u>
TOTAL CURRENT ASSETS	<u>83,153</u>	<u>827,803</u>
NONCURRENT ASSETS		
Restricted assets:		
Cash and cash equivalents	26,967	19,333
Investments	-	-
Total noncurrent restricted assets	<u>26,967</u>	<u>19,333</u>
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	46,948	-
Other equipment	43,688	216,874
Lease and subscription right-of-use assets	-	-
Less accumulated depreciation/amortization	(70,667)	(1,647,100)
Net capital assets	<u>19,969</u>	<u>475,175</u>
TOTAL NONCURRENT ASSETS	<u>46,936</u>	<u>494,508</u>
TOTAL ASSETS	<u>130,089</u>	<u>1,322,311</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	-	-
Deferred pension outflow	80,204	2,890
Deferred OPEB outflow	15,427	20
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>95,631</u>	<u>2,910</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 225,720</u>	<u>\$ 1,325,221</u>

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 965,266	\$ 423,603	\$ 875,084	\$ 493,934	\$ 1,528,245
-	-	-	-	599,876
-	-	-	-	-
10,845	3,661	27	2	13,755
850	146	665	46	1,294
<u>976,961</u>	<u>427,410</u>	<u>875,776</u>	<u>493,982</u>	<u>2,143,170</u>
 442,381	 6,195	 9,660	 7,089	 1,288,670
-	-	-	-	-
4,048	163	-	-	7,153
<u>190,000</u>	<u>20,000</u>	<u>25,000</u>	<u>10,000</u>	<u>175,000</u>
<u>636,429</u>	<u>26,358</u>	<u>34,660</u>	<u>17,089</u>	<u>1,470,823</u>
<u>1,613,390</u>	<u>453,768</u>	<u>910,436</u>	<u>511,071</u>	<u>3,613,993</u>
 70,032	 97,918	 128,202	 142,512	 42,688,380
<u>1,261,301</u>	<u>198,232</u>	<u>-</u>	<u>-</u>	<u>4,736,346</u>
<u>1,331,333</u>	<u>296,150</u>	<u>128,202</u>	<u>142,512</u>	<u>47,424,726</u>
 - 193,687	 49,232	 104,203	 70,341	 1,253,590
-	-	(43,780)	(100,227)	29,877,350
-	-	-	-	-
-	-	-	-	-
<u>15,137,967</u>	<u>3,411,083</u>	<u>2,465,984</u>	<u>1,697,812</u>	<u>18,008,418</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(4,617,055)</u>	<u>(1,965,155)</u>	<u>(821,995)</u>	<u>(543,302)</u>	<u>(10,125,749)</u>
<u>10,714,599</u>	<u>1,495,160</u>	<u>1,704,412</u>	<u>1,124,624</u>	<u>39,013,609</u>
<u>12,045,932</u>	<u>1,791,310</u>	<u>1,832,614</u>	<u>1,267,136</u>	<u>86,438,335</u>
<u>13,659,322</u>	<u>2,245,078</u>	<u>2,743,050</u>	<u>1,778,207</u>	<u>90,052,328</u>
 56,533	 (1,456)	 -	 -	 66,618
<u>2,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,888</u>
<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>
<u>59,438</u>	<u>(1,456)</u>	<u>-</u>	<u>-</u>	<u>69,529</u>
<u>\$ 13,718,760</u>	<u>\$ 2,243,622</u>	<u>\$ 2,743,050</u>	<u>\$ 1,778,207</u>	<u>\$ 90,121,857</u>

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

		McKinney Interceptor	Mustang Creek Interceptor
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 347,248	\$ 1,181,097	
Accounts receivable	-	233,110	
Due from other funds	-	-	
Prepaid expenses	1	2,365	
Unbilled receivable	42	347	
Total current unrestricted assets	347,291	1,416,919	
Restricted assets:			
Cash and cash equivalents	-	1,108,767	
Investments	-	-	
Interest and accounts receivable	-	2,743	
Due from other funds	5,000	200,000	
Total current restricted assets	5,000	1,311,510	
TOTAL CURRENT ASSETS	352,291	2,728,429	
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	70,605	890,940	
Investments	-	1,975,874	
Total noncurrent restricted assets	70,605	2,866,814	
Capital assets:			
Land	-	-	
Easements	16,150	1,038,515	
Construction-in-progress	35,476	1,829,668	
Land improvements	-	-	
Water treatment, storage, and transmission facilities	-	20,696,311	
Wastewater treatment and disposal facilities	1,551,439	8,567,121	
Buildings	-	-	
Automobiles and trucks	-	-	
Other equipment	-	-	
Lease and subscription right-of-use assets	-	-	
Less accumulated depreciation/amortization	(1,446,135)	(1,930,112)	
Net capital assets	156,930	30,201,503	
TOTAL NONCURRENT ASSETS	227,535	33,068,317	
TOTAL ASSETS	579,826	35,796,746	
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	-	-	
Deferred pension outflow	-	-	
Deferred OPEB outflow	-	-	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 579,826	\$ 35,796,746	

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 109,310	\$ (19,595)	\$ 175,138	\$ 14,596,417
-	-	14,826	2,170,950
-	38,211	-	38,211
98	-	12,491	411,516
27	-	32,219	422,199
109,435	18,616	234,674	17,639,293
69,152	-	-	10,405,048
-	-	-	-
193	-	-	100,840
2,000	48,276	-	2,040,456
71,345	48,276	-	12,546,344
180,780	66,892	234,674	30,185,637
83,284	-	-	66,660,866
190,938	-	-	64,051,018
274,222	-	-	130,711,884
-	-	-	436,498
33,688	-	-	3,079,791
-	-	-	74,304,569
-	-	-	417,138
-	-	-	46,501,709
2,459,548	-	-	248,474,769
-	-	-	192,616
-	-	87,268	809,139
-	-	23,636	5,582,827
-	-	-	59,872
(297,440)	-	(101,221)	(93,276,336)
2,195,796	-	9,683	286,582,592
2,470,018	-	9,683	417,294,476
2,650,798	66,892	244,357	447,480,113
-	-	-	712,831
-	-	543,845	4,372,683
-	-	78,240	623,686
-	-	622,085	5,709,200
\$ 2,650,798	\$ 66,892	\$ 866,442	\$ 453,189,313

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ -	\$ -
Due to other funds	-	15,000
Customers' advance payments	55,412	22,374
Total payable from unrestricted assets	55,412	37,374
Payable from restricted assets:		
Accounts payable and accrued liabilities	-	58,555
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	-	58,555
TOTAL CURRENT LIABILITIES	55,412	95,929
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	-	-
Accrued sick—less current portion	-	-
Net pension liability	-	-
Net OPEB liability	-	-
Lease and SBITA liability	-	-
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	55,412	95,929
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	55,412	95,929
NET POSITION:		
Net investment in capital assets	-	3,930,643
Restricted for debt service	-	-
Unrestricted	13,222	-
TOTAL NET POSITION	\$ 13,222	\$ 3,930,643

Kaufman 4-1	Rockwall-Heath	Terrell	Rockwall		South Rockwall (Buffalo Creek)
Water	Water	Water	Water	Wylie	WWTP
Distribution	Storage	Transmission	Pump	WWTP	WWTP
Facilities	Facilities	Facilities	Station Facilities		
\$ 9,436	\$ -	\$ -	\$ -	\$ -	\$ 579,963
34,011	-	-	-	-	41,845
21,920	893	2,824	765	-	45,988
65,367	893	2,824	765	-	667,796
28,042	-	-	-	-	44,911
-	-	-	-	-	-
-	6,198	87,940	7,182	-	20,221
-	215,000	475,000	150,000	-	190,000
28,042	221,198	562,940	157,182	-	255,132
93,409	222,091	565,764	157,947	-	922,928
-	-	-	-	-	4,992
-	-	-	-	-	12,990
-	-	-	-	-	269,553
-	-	-	-	-	37,246
-	-	-	-	-	-
-	225,000	6,773,747	320,837	-	860,250
-	225,000	6,773,747	320,837	-	1,185,031
93,409	447,091	7,339,511	478,784	-	2,107,959
-	-	-	-	-	9,296
-	-	-	-	-	5,218
-	-	-	-	-	-
-	-	-	-	-	14,514
93,409	447,091	7,339,511	478,784	-	2,122,473
30,000	1,315,174	161,908	688,501	-	1,383,219
-	303,374	929,912	222,152	-	311,092
-	-	-	-	-	(132,453)
\$ 30,000	\$ 1,618,548	\$ 1,091,820	\$ 910,653	\$ -	\$ 1,561,858

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 60,598	\$ 589,427
Due to other funds	42,923	314,979
Customers' advance payments	-	3,220
Total payable from unrestricted assets	103,521	907,626
Payable from restricted assets:		
Accounts payable and accrued liabilities	1,529	390,089
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	283,869
Current portion of revenue bonds	-	3,480,000
Total payable from restricted assets	1,529	4,153,958
TOTAL CURRENT LIABILITIES	105,050	5,061,584
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	3,273	33,321
Accrued sick—less current portion	8,514	67,377
Net pension liability	170,762	1,786,057
Net OPEB liability	23,338	273,978
Lease and SBITA liability	-	7,652
Long-term debt—less current portion	-	16,486,297
TOTAL LONG-TERM LIABILITIES	205,887	18,654,682
TOTAL LIABILITIES	310,937	23,716,266
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	1,155	15,879
Deferred OPEB inflow	2,465	36,447
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,620	52,326
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	314,557	23,768,592
NET POSITION:		
Net investment in capital assets	229,807	20,456,518
Restricted for debt service	-	2,903,140
Unrestricted	(74,994)	11,681
TOTAL NET POSITION	\$ 154,813	\$ 23,371,339

	Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$	161,118	\$ 557,170	\$ 496,339	\$ 23,350	\$ -	\$ 52,256
	85,926	735,112	312,767	12,777	-	33,265
	716,856	2,260	134,948	562	-	375
	963,900	1,294,542	944,054	36,689	-	85,896
	4,426,696	356,997	12,152	12,614	-	6,481
	16,319	-	-	-	-	-
	1,310,217	583,979	183,550	-	-	-
	640,000	2,890,000	1,325,000	-	-	-
	6,393,232	3,830,976	1,520,702	12,614	-	6,481
	7,357,132	5,125,518	2,464,756	49,303	-	92,377
	6,156	54,204	23,828	2,188	-	3,738
	16,201	81,784	31,711	5,834	-	9,868
	271,602	1,449,638	1,846,625	78,572	-	160,884
	40,587	212,366	255,253	13,178	-	23,539
	683	12,985	9,799	-	-	-
	94,510,517	44,406,922	16,688,245	-	-	-
	94,845,746	46,217,899	18,855,461	99,772	-	198,029
	102,202,878	51,343,417	21,320,217	149,075	-	290,406
	(2,434)	(37,894)	39,237	(10)	-	(4,866)
	3,734	20,014	37,685	1,092	-	2,213
	-	-	-	-	-	-
	1,300	(17,880)	76,922	1,082	-	(2,653)
	102,204,178	51,325,537	21,397,139	150,157	-	287,753
	3,306,815	24,404,481	13,613,342	25,142	-	83,284
	6,071,922	5,854,294	3,325,595	-	-	-
	(118,555)	2,743,409	(901,018)	(36,176)	-	(63,781)
	\$ 9,260,182	\$ 33,002,184	\$ 16,037,919	\$ (11,034)	\$ -	\$ 19,503

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

	Lavon WWTP	Forney Interceptor
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 41,080	\$ 656,134
Due to other funds	21,328	85,656
Customers' advance payments	-	494
Total payable from unrestricted assets	<u>62,408</u>	<u>742,284</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	26,967	19,333
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	-
Current portion of revenue bonds	-	-
Total payable from restricted assets	<u>26,967</u>	<u>19,333</u>
TOTAL CURRENT LIABILITIES	<u>89,375</u>	<u>761,617</u>
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	3,474	154
Accrued sick—less current portion	9,209	365
Net pension liability	123,384	7,035
Net OPEB liability	23,617	822
Lease and SBITA liability	-	-
Long-term debt—less current portion	-	-
TOTAL LONG-TERM LIABILITIES	<u>159,684</u>	<u>8,376</u>
TOTAL LIABILITIES	<u>249,059</u>	<u>769,993</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	(5,572)	2,274
Deferred OPEB inflow	417	267
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>(5,155)</u>	<u>2,541</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>243,904</u>	<u>772,534</u>
NET POSITION:		
Net investment in capital assets	28,031	560,175
Restricted for debt service	-	-
Unrestricted	(46,215)	(7,488)
TOTAL NET POSITION	<u>\$ (18,184)</u>	<u>\$ 552,687</u>

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 778,154	\$ 403,089	\$ 550,230	\$ 483,560	\$ 1,123,842
193,963	20,428	25,822	10,108	182,074
4,269	3,791	3,723	292	836,503
<u>976,386</u>	<u>427,308</u>	<u>579,775</u>	<u>493,960</u>	<u>2,142,419</u>
26,822	25,039	4,451	31,829	1,395,251
-	-	-	-	8,556
40,883	2,500	-	-	561,745
<u>1,180,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>1,875,000</u>
1,247,705	277,539	4,451	31,829	3,840,552
<u>2,224,091</u>	<u>704,847</u>	<u>584,226</u>	<u>525,789</u>	<u>5,982,971</u>
171	29	225	15	304
404	74	53	7	447
7,010	-	-	-	7,028
799	-	-	-	934
-	-	-	-	-
<u>2,648,344</u>	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>75,223,101</u>
<u>2,656,728</u>	<u>2,448</u>	<u>278</u>	<u>22</u>	<u>75,231,814</u>
<u>4,880,819</u>	<u>707,295</u>	<u>584,504</u>	<u>525,811</u>	<u>81,214,785</u>
2,278	-	-	-	2,274
260	-	-	-	304
-	-	-	-	1,000,000
2,538	-	-	-	1,002,578
<u>4,883,357</u>	<u>707,295</u>	<u>584,504</u>	<u>525,811</u>	<u>82,217,363</u>
7,132,788	1,261,359	1,853,163	1,245,308	4,525,447
1,710,057	274,969	9,660	7,088	4,386,676
(7,442)	(1)	295,723	-	(1,007,629)
<u>\$ 8,835,403</u>	<u>\$ 1,536,327</u>	<u>\$ 2,158,546</u>	<u>\$ 1,252,396</u>	<u>\$ 7,904,494</u>

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULE OF NET POSITION SEPTEMBER 30, 2023

	McKinney	Mustang
	Interceptor	Creek
LIABILITIES		Interceptor
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 339,200	\$ 523,198
Due to other funds	5,001	203,426
Customers' advance payments	3,074	255,744
Total payable from unrestricted assets	<u>347,275</u>	<u>982,368</u>
Payable from restricted assets:		
Accounts payable and accrued liabilities	16,422	11,225
Due to other funds	-	-
Accrued interest payable on revenue bonds	-	348,235
Current portion of revenue bonds	-	800,000
Total payable from restricted assets	<u>16,422</u>	<u>1,159,460</u>
TOTAL CURRENT LIABILITIES	<u>363,697</u>	<u>2,141,828</u>
LONG-TERM LIABILITIES:		
Accrued vacation—less current portion	15	118
Accrued sick—less current portion	-	18
Net pension liability	-	-
Net OPEB liability	-	-
Lease and SBITA liability	-	-
Long-term debt—less current portion	-	30,078,229
TOTAL LONG-TERM LIABILITIES	<u>15</u>	<u>30,078,365</u>
TOTAL LIABILITIES	<u>363,712</u>	<u>32,220,193</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	-	-
Deferred OPEB inflow	-	-
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>363,712</u>	<u>32,220,193</u>
NET POSITION:		
Net investment in capital assets	216,114	684,929
Restricted for debt service	(1)	2,457,209
Unrestricted	1	434,415
TOTAL NET POSITION	<u>\$ 216,114</u>	<u>\$ 3,576,553</u>

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 107,233	\$ 16,284	\$ 72,784	\$ 7,624,445
2,000	50,608	845	2,429,864
187	-	108,021	2,224,495
<u>109,420</u>	<u>66,892</u>	<u>181,650</u>	<u>12,278,804</u>
32,322	-	-	6,927,727
-	-	-	24,875
19,352	-	-	3,455,871
<u>135,000</u>	<u>-</u>	<u>-</u>	<u>13,605,000</u>
186,674	-	-	24,013,473
<u>296,094</u>	<u>66,892</u>	<u>181,650</u>	<u>36,292,277</u>
8	-	24,472	160,685
7	-	28,552	273,415
-	-	962,739	7,140,889
-	-	130,820	1,036,477
-	-	-	31,119
<u>2,097,551</u>	<u>-</u>	<u>-</u>	<u>290,321,385</u>
2,097,566	-	1,146,583	298,963,970
<u>2,393,660</u>	<u>66,892</u>	<u>1,328,233</u>	<u>335,256,247</u>
-	-	32,360	53,977
-	-	16,030	126,146
-	-	-	1,000,000
-	-	48,390	1,180,123
<u>2,393,660</u>	<u>66,892</u>	<u>1,376,623</u>	<u>336,436,370</u>
9,368	48,276	9,683	87,203,475
247,770	-	-	29,014,909
-	(48,276)	(519,864)	534,559
<u>\$ 257,138</u>	<u>\$ -</u>	<u>\$ (510,181)</u>	<u>\$ 116,752,943</u>
(Concluded)			

SEWER SYSTEM SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED SEPTEMBER 30, 2023

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
OPERATING REVENUES:		
Wastewater service fees	\$ (45,472)	\$ 263,961
Other operating revenues	2	72
Total operating revenues	(45,470)	264,033
OPERATING EXPENSES:		
Personnel	-	-
Operating Supplies:		
Chemicals	-	-
Other supplies	-	-
Operating Services:		
Electric power	-	-
Consulting	-	-
Maintenance	-	-
Shared services	620	251,251
Other services	(45,949)	5,000
Depreciation/Amortization	94,893	231,467
Total operating expenses	49,564	487,718
OPERATING INCOME (LOSS)	(95,034)	(223,685)
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	12,023	2,218
Gain (loss) on sale of capital assets	-	-
Contribution revenue (expense)	(3,650,292)	-
Interest expense	(18,300)	-
Total nonoperating revenues (expenses)	(3,656,569)	2,218
CHANGE IN NET POSITION	(3,751,603)	(221,467)
NET POSITION AT OCTOBER 1, 2022	3,764,825	4,152,110
NET POSITION AT SEPTEMBER 30, 2023	\$ 13,222	\$ 3,930,643

Kaufman 4-1	Rockwall-Heath	Terrell	Rockwall	South Rockwall (Buffalo Creek)	
Water Distribution Facilities	Water Storage Facilities	Water Transmission Facilities	Water Pump Station Facilities	Wylie WWTP	WWTP
\$ 128,770	\$ 236,482	\$ 739,386	\$ 173,420	\$ -	\$ 1,804,558
75	-	-	-	-	29,055
<u>128,845</u>	<u>236,482</u>	<u>739,386</u>	<u>173,420</u>	<u>-</u>	<u>1,833,613</u>
					324,462
					99,642
1,729	-	-	-	-	143,273
52,988	-	-	-	-	136,662
-	-	-	-	-	25,966
2,040	-	-	-	-	62,899
32,689	675	1,390	570	-	336,699
17,200	4,694	4,696	4,691	-	479,618
-	52,005	300,979	48,306	-	184,495
<u>106,646</u>	<u>57,374</u>	<u>307,065</u>	<u>53,567</u>	<u>-</u>	<u>1,793,716</u>
<u>22,199</u>	<u>179,108</u>	<u>432,321</u>	<u>119,853</u>	<u>-</u>	<u>39,897</u>
1,801	13,938	46,991	10,466	-	33,872
-	-	-	-	-	877
-	-	-	-	-	-
-	(24,333)	(261,183)	(25,211)	-	(69,154)
1,801	(10,395)	(214,192)	(14,745)	-	(34,405)
24,000	168,713	218,129	105,108	-	5,492
6,000	1,449,835	873,691	805,545	-	1,556,366
<u>\$ 30,000</u>	<u>\$ 1,618,548</u>	<u>\$ 1,091,820</u>	<u>\$ 910,653</u>	<u>\$ -</u>	<u>\$ 1,561,858</u>

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED SEPTEMBER 30, 2023

	North Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
OPERATING REVENUES:		
Wastewater service fees	\$ 885,881	\$ 10,342,852
Other operating revenues	2,091	12,217
Total operating revenues	887,972	10,355,069
OPERATING EXPENSES:		
Personnel	225,677	2,233,639
Operating Supplies:		
Chemicals	250,887	541,286
Other supplies	96,359	411,986
Operating Services:		
Electric power	68,442	645,407
Consulting	15	7,694
Maintenance	7,233	121,236
Shared services	170,183	1,299,366
Other services	67,426	716,486
Depreciation/Amortization	48,604	1,391,094
Total operating expenses	934,826	7,368,194
OPERATING INCOME (LOSS)	(46,854)	2,986,875
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	2,561	396,561
Gain (loss) on sale of capital assets	(4,428)	2,225
Contribution revenue (expense)	-	-
Interest expense	-	(689,802)
Total nonoperating revenues (expenses)	(1,867)	(291,016)
CHANGE IN NET POSITION		
NET POSITION AT OCTOBER 1, 2022	(48,721)	2,695,859
NET POSITION AT SEPTEMBER 30, 2023	203,534	20,675,480
	\$ 154,813	\$ 23,371,339

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 7,153,650	\$ 11,233,979	\$ 9,785,609	\$ 373,051	\$ -	\$ 632,649
5,086	11,483	360,004	1,464	-	1,996
<u>7,158,736</u>	<u>11,245,462</u>	<u>10,145,613</u>	<u>374,515</u>	<u>-</u>	<u>634,645</u>
402,145	2,011,621	2,078,735	134,994	-	229,783
78,999	671,822	272,091	19,897	-	34,751
278,320	641,645	556,732	46,876	56	70,362
252,885	746,198	369,709	22,158	8	53,389
60,267	6,282	21,231	-	15	-
93,319	292,045	113,479	16,622	-	8,095
546,288	1,099,168	1,370,741	97,043	-	155,482
326,258	831,582	1,165,758	32,407	500	75,753
<u>682,896</u>	<u>2,074,341</u>	<u>1,455,495</u>	<u>5,274</u>	<u>-</u>	<u>13,311</u>
<u>2,721,377</u>	<u>8,374,704</u>	<u>7,403,971</u>	<u>375,271</u>	<u>579</u>	<u>640,926</u>
<u>4,437,359</u>	<u>2,870,758</u>	<u>2,741,642</u>	<u>(756)</u>	<u>(579)</u>	<u>(6,281)</u>
3,574,676	409,506	480,786	2,087	137	4,449
(2,124)	(3,948)	204	556	-	390
-	3,303,930	-	-	-	-
<u>(3,920,635)</u>	<u>(1,529,661)</u>	<u>(536,117)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(348,083)</u>	<u>2,179,827</u>	<u>(55,127)</u>	<u>2,643</u>	<u>137</u>	<u>4,839</u>
<u>4,089,276</u>	<u>5,050,585</u>	<u>2,686,515</u>	<u>1,887</u>	<u>(442)</u>	<u>(1,442)</u>
<u>5,170,906</u>	<u>27,951,599</u>	<u>13,351,404</u>	<u>(12,921)</u>	<u>442</u>	<u>20,945</u>
<u>\$ 9,260,182</u>	<u>\$ 33,002,184</u>	<u>\$ 16,037,919</u>	<u>\$ (11,034)</u>	<u>-</u>	<u>\$ 19,503</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

	Lavon WWTP	Forney Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 570,083	\$ 587,694
Other operating revenues	1,996	105
Total operating revenues	<u>572,079</u>	<u>587,799</u>
OPERATING EXPENSES:		
Personnel	245,445	5,100
Operating Supplies:		
Chemicals	38,598	137,437
Other supplies	69,926	36,079
Operating Services:		
Electric power	-	15,357
Consulting	140	13,652
Maintenance	7,548	8,290
Shared services	130,417	50,478
Other services	85,227	285,169
Depreciation/Amortization	9,077	49,705
Total operating expenses	<u>586,378</u>	<u>601,267</u>
OPERATING INCOME (LOSS)	<u>(14,299)</u>	<u>(13,468)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	2,605	6,612
Gain (loss) on sale of capital assets	84	-
Contribution revenue (expense)	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	<u>2,689</u>	<u>6,612</u>
CHANGE IN NET POSITION	<u>(11,610)</u>	<u>(6,856)</u>
NET POSITION AT OCTOBER 1, 2022	<u>(6,574)</u>	<u>559,543</u>
NET POSITION AT SEPTEMBER 30, 2023	<u>\$ (18,184)</u>	<u>\$ 552,687</u>

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 1,983,573	\$ 279,096	\$ 440,842	\$ 98,572	\$ 4,397,667
160	2	57	155	178
<u>1,983,733</u>	<u>279,098</u>	<u>440,899</u>	<u>98,727</u>	<u>4,397,845</u>
5,721	965	4,536	314	10,588
46,154	25,870	-	-	52,277
20,148	3,929	1,230	1,000	21,428
39,822	763	608	-	69,927
29,819	-	9,574	1,183	29,914
135,752	2,900	2,900	3,930	14,550
95,466	27,312	34,725	21,408	197,415
253,477	29,089	121,901	87,739	3,501,954
<u>302,760</u>	<u>111,942</u>	<u>49,320</u>	<u>33,956</u>	<u>610,271</u>
929,119	202,770	224,794	149,530	4,508,324
<u>1,054,614</u>	<u>76,328</u>	<u>216,105</u>	<u>(50,803)</u>	<u>(110,479)</u>
94,591	18,181	23,995	12,559	2,284,488
-	-	-	-	-
-	-	-	-	-
<u>(88,097)</u>	<u>(6,192)</u>	<u>(7,175)</u>	<u>(5,809)</u>	<u>(1,665,180)</u>
6,494	11,989	16,820	6,750	619,308
1,061,108	88,317	232,925	(44,053)	508,829
7,774,295	1,448,010	1,925,621	1,296,449	7,395,665
<u>\$ 8,835,403</u>	<u>\$ 1,536,327</u>	<u>\$ 2,158,546</u>	<u>\$ 1,252,396</u>	<u>\$ 7,904,494</u>

(Continued)

**SEWER SYSTEM SUPPLEMENTAL
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

	McKinney Interceptor	Mustang Creek Interceptor
OPERATING REVENUES:		
Wastewater service fees	\$ 86,545	\$ 2,700,376
Other operating revenues	-	452
Total operating revenues	<u>86,545</u>	<u>2,700,828</u>
OPERATING EXPENSES:		
Personnel	276	2,679
Operating Supplies:		
Chemicals	-	5,000
Other supplies	1,166	11,020
Operating Services:		
Electric power	321	93,048
Consulting	-	-
Maintenance	1,875	27,185
Shared services	17,447	196,133
Other services	61,692	182,955
Depreciation/Amortization	54,941	675,566
Total operating expenses	<u>137,718</u>	<u>1,193,586</u>
OPERATING INCOME (LOSS)	<u>(51,173)</u>	<u>1,507,242</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	3,986	219,294
Gain (loss) on sale of capital assets	-	-
Contribution revenue (expense)	-	-
Interest expense	-	(1,002,524)
Total nonoperating revenues (expenses)	<u>3,986</u>	<u>(783,230)</u>
CHANGE IN NET POSITION	<u>(47,187)</u>	<u>724,012</u>
NET POSITION AT OCTOBER 1, 2022	<u>263,301</u>	<u>2,852,541</u>
NET POSITION AT SEPTEMBER 30, 2023	<u>\$ 216,114</u>	<u>\$ 3,576,553</u>

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 257,844	\$ -	\$ 1,360,398	\$ 56,471,466
-	-	6,053	432,703
257,844	-	1,366,451	56,904,169
283	-	960,351	8,877,314
-	161	-	2,274,872
1,668	(161)	58,695	2,473,466
-	-	-	2,567,692
-	-	7,930	213,682
-	7,108	1,368	930,374
5,350	84,881	363,030	6,586,227
64,793	(91,989)	42,669	8,310,796
49,232	-	3,320	8,533,250
121,326	-	1,437,363	40,767,673
136,518	-	(70,912)	16,136,496
13,923	-	12,138	7,684,444
-	-	-	(6,164)
-	-	-	(346,362)
(56,557)	-	-	(9,905,930)
(42,634)	-	12,138	(2,574,012)
93,884	-	(58,774)	13,562,484
163,254	-	(451,407)	103,190,459
\$ 257,138	\$ -	\$ (510,181)	\$ 116,752,943
			(Concluded)

SEWER SYSTEM SUPPLEMENTAL SCHEDULES OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2023

	Little Elm Water Transmission Facilities	Plano Water Transmission Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 7,516	\$ 270,302
Cash received from (paid to) others	2	72
Cash paid to suppliers for goods and services	45,970	(156,042)
Cash paid for employee services	-	-
Cash paid to other funds	(623)	(99,606)
Net cash provided by (used for) operating activities	<u>52,865</u>	<u>14,726</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(51,349)	5,000
Interest paid on long-term debt	(8,100)	-
Principal payments on long-term debt	(405,000)	-
Deferred Grant Income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(464,449)</u>	<u>5,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	4,269	-
Purchases of investments	-	-
Interest received	13,922	4,729
Net cash provided by (used for) investing activities	<u>18,191</u>	<u>4,729</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS—Beginning of year	(393,393)	24,455
CASH AND CASH EQUIVALENTS—End of year	<u>462,027</u>	<u>71,474</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u><u>\$ 68,634</u></u>	<u><u>\$ 95,929</u></u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 68,634	\$ 37,374
Restricted cash and cash equivalents	<u>0</u>	<u>58,555</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u><u>\$ 68,634</u></u>	<u><u>\$ 95,929</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (95,034)	\$ (223,685)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	94,893	231,467
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	9	-
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	-	-
Subscription liability	-	-
Due to/from other funds	-	-
Accounts payable, accrued liabilities, and developers' deposits	9	(2)
Accrued vacation and accrued sick	-	-
Customers' advance payments	52,988	6,946
Total adjustments	<u>147,899</u>	<u>238,411</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 52,865</u></u>	<u><u>\$ 14,726</u></u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	12,900	-
Change in fair value of investments	(87)	-
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	-	-

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
\$ 148,771	\$ 236,527	\$ 741,919	\$ 173,288	\$ -	\$ 1,689,842
75	-	-	-	-	27,501
(60,910)	(4,668)	(4,181)	(4,633)	-	(848,468)
-	-	-	-	-	(189,236)
(29,275)	(675)	(1,390)	(570)	-	(382,956)
<u>58,661</u>	<u>231,184</u>	<u>736,348</u>	<u>168,085</u>	<u>-</u>	<u>296,683</u>
-	-	-	-	-	-
16,505	-	-	-	-	(4,266)
-	(27,202)	(280,882)	(27,846)	-	(70,726)
-	(205,000)	(455,000)	(140,000)	-	(175,000)
-	-	-	-	-	-
<u>16,505</u>	<u>(232,202)</u>	<u>(735,882)</u>	<u>(167,846)</u>	<u>-</u>	<u>(249,992)</u>
-	15,068	376,710	35,160	-	22,603
-	-	(303,330)	-	-	-
2,782	7,391	22,296	5,745	-	35,642
2,782	22,459	95,676	40,905	-	58,245
77,948	21,441	96,142	41,144	-	104,936
13,108	83,281	261,190	59,525	-	690,462
<u>\$ 91,056</u>	<u>\$ 104,722</u>	<u>\$ 357,332</u>	<u>\$ 100,669</u>	<u>\$ -</u>	<u>\$ 795,398</u>
\$ 63,014	\$ 893	\$ 2,824	\$ 765	\$ -	631,831
28,042	103,829	354,508	99,904	-	163,567
<u>\$ 91,056</u>	<u>\$ 104,722</u>	<u>\$ 357,332</u>	<u>\$ 100,669</u>	<u>\$ -</u>	<u>\$ 795,398</u>
\$ 22,199	\$ 179,108	\$ 432,321	\$ 119,853	\$ -	\$ 39,897
-	52,005	300,979	48,306	-	184,495
10,638	23	516	59	-	3,961
31	-	-	-	-	(6,722)
-	-	-	-	-	(91,661)
-	-	-	-	-	(3,279)
-	-	-	-	-	129,366
-	-	-	-	-	(19,914)
-	-	-	-	-	(1,414)
-	-	-	-	-	3,309
3,414	-	-	-	-	4,788
7,525	3	(1)	(1)	-	163,181
-	-	-	-	-	2,886
14,854	45	2,533	(132)	-	(112,210)
36,462	52,076	304,027	48,232	-	256,786
<u>\$ 58,661</u>	<u>\$ 231,184</u>	<u>\$ 736,348</u>	<u>\$ 168,085</u>	<u>\$ -</u>	<u>\$ 296,683</u>
-	-	(14,011)	(534)	-	1,784
-	(6,485)	(18,998)	(4,596)	-	(6,750)
-	-	-	-	-	-
-	-	-	-	-	(129,366)
					(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULES OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2023

	N. Rockwall (Squabble Creek) WWTP	Panther Creek WWTP
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 825,727	\$ 10,384,810
Cash received from (paid to) others	1,059	3,926
Cash paid to suppliers for goods and services	(545,910)	(2,780,635)
Cash paid for employee services	(134,668)	(1,329,797)
Cash paid to other funds	(194,507)	(1,699,222)
Net cash provided by (used for) operating activities	<u>(48,299)</u>	<u>4,579,082</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(9,342)	(1,320,590)
Interest paid on long-term debt	-	(1,015,406)
Principal payments on long-term debt	-	(3,315,000)
Deferred grant income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(9,342)</u>	<u>(5,650,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	2,599,617
Purchases of investments	-	(2,453,928)
Interest received	2,626	336,888
Net cash provided by (used for) investing activities	<u>2,626</u>	<u>482,577</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,015)	(589,337)
CASH AND CASH EQUIVALENTS—Beginning of year	221	5,314,610
CASH AND CASH EQUIVALENTS—End of year	<u>-\$54,794</u>	<u>\$ 4,725,273</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ (56,323)	\$ 1,715,347
Restricted cash and cash equivalents	1,529	3,009,926
	<u>-\$54,794</u>	<u>\$ 4,725,273</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (46,854)	\$ 2,986,875
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	48,604	1,391,094
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	(55,751)	(10,440)
Prepaid expenses	(4,737)	50,457
Pension related deferred outflows of resources	(67,037)	(643,721)
OPEB related deferred outflows of resources	(2,327)	(23,403)
Net pension liability	94,614	908,526
Pension related deferred inflows of resources	(14,564)	(139,853)
OPEB related deferred inflows of resources	(1,003)	(10,089)
Net OPEB liability	2,348	23,614
Subscription liability	-	7,652
Due to/from other funds	8,059	38,986
Accounts payable, accrued liabilities, and developers' deposits	(10,896)	(37,951)
Accrued vacation and accrued sick	1,245	34,115
Customers' advance payments	-	3,220
Total adjustments	<u>(1,445)</u>	<u>1,592,207</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>-\$48,299</u>	<u>\$ 4,579,082</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	-	(271,005)
Change in fair value of investments	-	(51,703)
Change in liabilities related to capital assets	-	(284,899)
Change in actuarial value of net pension liability	(94,614)	(908,526)

Sabine Creek WWTP	Stewart Creek WWTP	Muddy Creek WWTP	Seis Lagos WWTP	Royse City WWTP	Farmersville WWTP
\$ 6,913,536	\$ 11,291,440	\$ 9,352,948	\$ 367,329	\$ -	\$ 645,467
3,280	4,279	6,582	931	-	901
(987,945)	(3,700,853)	(2,275,715)	(182,203)	(9,125)	(283,684)
(237,917)	(1,158,541)	(1,259,851)	(80,762)	-	(129,720)
(780,220)	(1,460,428)	(1,442,127)	(114,144)	(254)	(198,187)
<u>4,910,734</u>	<u>4,975,897</u>	<u>4,381,837</u>	<u>(8,849)</u>	<u>(9,379)</u>	<u>34,777</u>
(25,261,081)	2,934,431	(3,098,185)	(2,604)	(10,702)	(4,721)
(2,865,744)	(1,890,938)	(653,600)	-	-	-
(1,295,000)	(2,780,000)	(2,430,000)	-	-	-
-	-	-	-	-	-
<u>(29,421,825)</u>	<u>(1,736,507)</u>	<u>(6,181,785)</u>	<u>(2,604)</u>	<u>(10,702)</u>	<u>(4,721)</u>
32,371,356	1,422,584	3,773,087	-	-	-
(75,908,788)	(2,253,037)	(2,600,353)	-	-	-
2,605,387	308,871	409,880	2,706	191	4,884
(40,932,045)	(521,582)	1,582,614	2,706	191	4,884
(65,443,136)	2,717,808	(217,334)	(8,747)	(19,890)	34,940
83,559,836	3,885,099	6,787,442	52,979	19,890	48,160
<u>\$ 18,116,700</u>	<u>\$ 6,602,907</u>	<u>\$ 6,570,108</u>	<u>\$ 44,232</u>	<u>\$ -</u>	<u>\$ 83,100</u>
\$ (93,783)	\$ 4,569,553	\$ 737,073	\$ 31,618	\$ -	\$ 76,619
18,210,483	2,033,354	5,833,035	12,614	-	6,481
<u>\$ 18,116,700</u>	<u>\$ 6,602,907</u>	<u>\$ 6,570,108</u>	<u>\$ 44,232</u>	<u>\$ -</u>	<u>\$ 83,100</u>
\$ 4,437,359	\$ 2,870,758	\$ 2,741,642	\$ (756)	\$ (579)	\$ (6,281)
682,896	2,074,341	1,455,495	5,274	-	13,311
(976,428)	(37,668)	(125,754)	1,374	-	13,843
(28,556)	82,007	(19,309)	(1,194)	-	(1,625)
(109,755)	(599,788)	(640,804)	(30,302)	-	(70,513)
(4,126)	(19,150)	(22,437)	(1,392)	-	(2,238)
154,905	846,520	904,409	42,767	-	99,519
(23,845)	(130,308)	(139,219)	(6,583)	-	(15,319)
(1,779)	(8,256)	(9,673)	(601)	-	(965)
4,163	19,323	22,639	1,405	-	2,258
683	12,985	9,799	-	-	-
(3,013)	73,143	535,938	(9,082)	(175)	(27,090)
77,522	(249,697)	(42,693)	(5,430)	(152)	26,206
3,898	39,427	3,148	1,685	-	3,296
696,810	2,260	(291,344)	(6,014)	(8,473)	375
473,375	2,105,139	1,640,195	(8,093)	(8,800)	41,058
<u>\$ 4,910,734</u>	<u>\$ 4,975,897</u>	<u>\$ 4,381,837</u>	<u>-\$8,849</u>	<u>(9,379)</u>	<u>\$ 34,777</u>
(130,007)	(314,943)	(83,167)	-	-	-
33,465	(85,437)	(55,286)	-	-	-
(2,974,641)	(259,824)	-	-	-	-
(154,905)	(846,520)	(904,409)	(42,767)	-	(99,519)

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULES OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2023

	Lavon WWTP	Forney Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 536,276	\$ 589,867
Cash received from (paid to) others	1,145	106
Cash paid to suppliers for goods and services	(247,342)	(219,258)
Cash paid for employee services	(145,930)	(3,602)
Cash paid to other funds	(159,928)	(138,007)
Net cash provided by (used for) operating activities	<u>(15,006)</u>	<u>229,106</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	3,990	(27,849)
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	<u>3,990</u>	<u>(27,849)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	-
Purchases of investments	-	-
Interest received	4,070	30,881
Net cash provided by (used for) investing activities	<u>4,070</u>	<u>30,881</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS—Beginning of year	39,280	513,476
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 32,334</u>	<u>\$ 745,614</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 5,367	\$ 726,281
Restricted cash and cash equivalents	<u>26,967</u>	<u>19,333</u>
	<u>\$ 32,334</u>	<u>\$ 745,614</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (14,299)	\$ (13,468)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	9,077	49,705
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	(33,099)	3,147
Prepaid expenses	(942)	(227)
Pension related deferred outflows of resources	(58,438)	-
OPEB related deferred outflows of resources	(2,500)	-
Net pension liability	82,478	-
Pension related deferred inflows of resources	(12,696)	-
OPEB related deferred inflows of resources	(1,078)	-
Net OPEB liability	2,523	-
Subscription liability	-	-
Due to/from other funds	911	(442)
Accounts payable, accrued liabilities, and developers' deposits	12,071	190,978
Accrued vacation and accrued sick	986	167
Customers' advance payments	-	(754)
Total adjustments	<u>(707)</u>	<u>242,574</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (15,006)</u>	<u>\$ 229,106</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	(82,478)	-

Lower East Fork Interceptor	Muddy Creek Interceptor	Parker Creek Interceptor	Sabine Creek Interceptor	Buffalo Creek Interceptor
\$ 1,853,098	\$ 289,291	\$ 394,454	\$ 52,840	\$ 4,451,406
159	2	57	155	210
(271,287)	(37,181)	(19,011)	(33,320)	(3,350,448)
(4,069)	(679)	(3,668)	(262)	(8,677)
(192,124)	(40,945)	(61,317)	(26,101)	(318,040)
<u>1,385,777</u>	<u>210,488</u>	<u>310,515</u>	<u>(6,688)</u>	<u>774,451</u>
-	-	-	-	-
-	-	(33,692)	13,841	(3,732,575)
(167,650)	(14,700)	(10,762)	(8,712)	(1,772,341)
(1,125,000)	(240,000)	(210,000)	(170,000)	(1,800,000)
-	-	-	-	-
-	-	-	-	-
<u>(1,292,650)</u>	<u>(254,700)</u>	<u>(254,454)</u>	<u>(164,871)</u>	<u>(7,304,916)</u>
115,498	52,739	50,228	32,648	11,035,113
(814,286)	(195,431)	-	-	(7,471,487)
104,243	32,063	45,137	32,488	2,201,749
(594,545)	(110,629)	95,365	65,136	5,765,375
(501,418)	(154,841)	151,426	(106,423)	(765,090)
1,979,097	682,557	861,520	749,958	46,270,385
<u>\$ 1,477,679</u>	<u>\$ 527,716</u>	<u>\$ 1,012,946</u>	<u>\$ 643,535</u>	<u>\$ 45,505,295</u>
\$ 965,266	\$ 423,603	\$ 875,084	\$ 493,934	1,528,245
512,413	104,113	137,862	149,601	43,977,050
<u>\$ 1,477,679</u>	<u>\$ 527,716</u>	<u>\$ 1,012,946</u>	<u>\$ 643,535</u>	<u>\$ 45,505,295</u>
\$ 1,054,614	\$ 76,328	\$ 216,105	\$ (50,803)	\$ (110,479)
302,760	111,942	49,320	33,956	610,271
(332)	(109)	282	78	32,889
(54)	21,661	(7)	-	3,305
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,015)	20,429	516	107	3,797
163,044	(8,367)	91,159	55,742	211,297
188	37	(272)	(16)	37
(133,428)	(11,433)	(46,588)	(45,752)	23,334
331,163	134,160	94,410	44,115	884,930
<u>\$ 1,385,777</u>	<u>\$ 210,488</u>	<u>\$ 310,515</u>	<u>\$ (6,688)</u>	<u>\$ 774,451</u>
(64,553)	(6,108)	-	-	(74,657)
(12,463)	(1,069)	(1,030)	(671)	(99,816)
-	-	-	-	(5,918)
-	-	-	-	-

(Continued)

SEWER SYSTEM SUPPLEMENTAL SCHEDULES OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2023

	McKinney Interceptor	Mustang Creek Interceptor
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 76,257	\$ 2,711,099
Cash received from (paid to) others	-	100
Cash paid to suppliers for goods and services	(3,552)	(167,618)
Cash paid for employee services	(235)	(2,311)
Cash paid to other funds	(17,447)	(284,575)
Net cash provided by (used for) operating activities	<u>55,023</u>	<u>2,256,695</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	-	-
Cash paid for capital assets	(18,988)	(1,777,935)
Interest paid on long-term debt	-	(1,081,632)
Principal payments on long-term debt	-	(770,000)
Deferred grant income	-	-
Payments for bond issue costs	-	-
Net cash provided by (used for) capital and related financing activities	<u>(18,988)</u>	<u>(3,629,567)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	-	3,134,565
Purchases of investments	-	(1,608,141)
Interest received	17,479	172,209
Net cash provided by (used for) investing activities	<u>17,479</u>	<u>1,698,633</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,514	325,761
CASH AND CASH EQUIVALENTS—Beginning of year	364,339	2,855,043
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 417,853</u>	<u>\$ 3,180,804</u>
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	\$ 347,248	\$ 1,181,097
Restricted cash and cash equivalents	70,605	1,999,707
	<u>\$ 417,853</u>	<u>\$ 3,180,804</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (51,173)	\$ 1,507,242
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	54,941	675,566
Change in operating assets and liabilities:		
Accounts receivable and deferred billings	17	(228,701)
Prepaid expenses	56	(813)
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	-	-
Subscription liability	-	-
Due to/from other funds	-	2,619
Accounts payable, accrued liabilities, and developers' deposits	61,511	57,276
Accrued vacation and accrued sick	(24)	(152)
Customers' advance payments	(10,305)	243,658
Total adjustments	<u>106,196</u>	<u>749,453</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 55,023</u>	<u>\$ 2,256,695</u>
NONCASH TRANSACTION DISCLOSURES		
Amortization of bond-related items	-	(66,798)
Change in fair value of investments	-	(52,366)
Change in liabilities related to capital assets	-	-
Change in actuarial value of net pension liability	-	-

Parker Creek Parallel WW Interceptor	Small Plants Clearing	Wastewater Pretreatment Program	Total Sewer System
\$ 257,066	\$ -	\$ 1,324,729	\$ 55,585,805
-	1,358	789	52,689
(6,215)	118,784	(456,726)	(16,492,176)
(259)	-	(561,551)	(5,251,735)
(12,450)	(89,696)	(364,001)	(8,108,815)
238,142	30,446	(56,760)	25,786,541
-	-	-	-
(60,556)	-	-	(32,380,112)
(125,000)	-	-	(9,956,797)
-	-	-	(15,640,000)
-	-	-	-
(185,556)	-	-	(57,976,909)
-	-	-	55,041,245
-	-	-	(93,608,781)
12,940	-	12,138	6,429,337
12,940	-	12,138	(32,138,199)
65,526	30,446	(44,622)	(64,328,567)
196,220	(50,041)	219,760	155,990,898
\$ 261,746	-\$19,595	\$ 175,138	\$ 91,662,331
\$ 109,310	\$ (19,595)	\$ 175,138	\$ 14,596,417
152,436	0	0	77,065,914
\$ 261,746	-\$19,595	\$ 175,138	\$ 91,662,331
\$ 136,518	\$ -	\$ (70,912)	\$ 16,136,496
49,232	-	3,320	8,533,250
22	-	54,390	(1,347,034)
19	-	(1,791)	91,559
-	-	(311,197)	(2,623,216)
-	-	(11,732)	(92,584)
-	-	439,213	3,702,317
-	-	(67,610)	(569,911)
-	-	(5,058)	(39,916)
-	-	11,838	93,420
-	-	-	31,119
-	26,490	11,140	689,520
53,159	3,956	(12,548)	806,901
(5)	-	11,716	102,362
(803)	-	(107,529)	272,258
101,624	30,446	14,152	9,650,045
\$ 238,142	\$ 30,446	-\$56,760	25,786,541
(3,166)	-	-	(1,014,265)
(5,711)	-	-	(369,003)
-	-	-	(3,525,282)
-	-	(439,213)	(3,702,317)
			(Concluded)

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Fiduciary 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, 2022 and the OPEB Trust is reported on a fiscal year basis, which reflects each of the trusts measurement dates respectively.

COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Pension	OPEB		
	Trust	Trust	Trust	
	Fund ⁽¹⁾	Fund	Fund	Total
ASSETS				
Cash and cash equivalents	\$ 7,719,253	\$ 90,648	\$ 7,809,901	
Investments	104,780,504	9,612,672	114,393,176	
TOTAL ASSETS	112,499,757	9,703,320	122,203,077	
LIABILITIES				
Accrued expenses and benefits payable	-	-	-	
TOTAL LIABILITIES	-	-	-	
NET POSITION:				
Restricted for pensions	112,499,757	-	112,499,757	
Restricted for postemployment benefits other than pensions	-	9,703,320	9,703,320	
TOTAL NET POSITION	\$ 112,499,757	\$ 9,703,320	\$ 122,203,077	

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Pension Trust Fund ⁽¹⁾	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 9,203,590	\$ -	\$ 9,203,590
Member	977,896	2,704,625	3,682,521
Total contributions	10,181,486	2,704,625	12,886,111
Net investment income:			
Interest and dividends	4,964,784	-	4,964,784
Equity fund income, net	-	-	-
Net increase in fair value of investments	(17,830,025)	1,045,986	(16,784,039)
Less investment expenses:			
Direct investment expense	333,688	30,306	363,994
Total investment expenses	333,688	30,306	363,994
Net investment income	(13,198,929)	1,015,680	(12,183,249)
Other income	-	-	-
Total Additions	(3,017,443)	3,720,305	702,862
Deductions:			
Service benefits	8,307,489	2,704,625	11,012,114
Total Deductions	8,307,489	2,704,625	11,012,114
Net increase (decrease)	(11,324,932)	1,015,680	(10,309,252)
Net position			
Beginning of year	123,824,689	8,687,640	132,512,329
End of year	\$ 112,499,757	\$ 9,703,320	\$ 122,203,077

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

STATISTICAL

SECTION (UNAUDITED)

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TABLE OF CONTENTS

NORTH TEXAS MUNICIPAL WATER DISTRICT

STATISTICAL SECTION (UNAUDITED)

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

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

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

	2014	2015	2016
Net investment in capital assets	\$ 794,854,341	\$ 864,338,873	\$ 942,119,408
Restricted for debt service	138,297,302	142,275,759	141,312,557
Unrestricted	89,311,734	77,655,896	126,729,695
Total	\$ 1,022,463,377	\$ 1,084,270,528	\$ 1,210,161,660
	2017	2018	2019
Net investment in capital assets	\$ 1,055,668,099	\$ 1,077,370,618	\$ 1,206,866,459
Restricted for debt service	147,826,838	192,006,392	221,897,098
Unrestricted	130,713,207	182,514,170	190,419,144
Total	\$ 1,334,208,144	\$ 1,451,891,180	\$ 1,619,182,701
	2020	2021	2022
Net investment in capital assets	\$ 1,309,031,458	\$ 1,430,006,844	\$ 1,585,820,870
Restricted for debt service	242,546,402	231,587,717	234,821,681
Unrestricted	198,229,568	162,992,241	132,685,408
Total	\$ 1,749,807,428	\$ 1,824,586,802	\$ 1,953,327,959
	2023		
Net investment in capital assets	\$ 1,734,270,828		
Restricted for debt service	262,426,104		
Unrestricted	111,030,991		
Total	\$ 2,107,727,923		

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
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) (a)
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) (b)
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) (c)
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	-
2023	763,307,939	558,775,188	204,532,751	(50,132,787)	154,399,964	-

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

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 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 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 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		Internal Service Funds	Investment Income		Miscellaneous	Total
		(1)	(2)	(1)	(2)		(1)	(2)		
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			
2023	420,935,131	198,930,141	40,894,421	98,023,654	60,313,933	6,124,920	825,222,200			

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 and Amortization	Miscellaneous	Total
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
2023	446,829,686	111,502,521	111,945,502	544,527	670,822,236

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**

Year	Regional		Solid		Internal		(1)
	Water System	Wastewater System	Sewer System	Waste System	Interceptor System	Service Funds	
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
2023	450,051,067	111,121,260	64,588,613	46,568,166	54,233,597	98,659,497	825,222,200

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
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
2023	360,458,072	78,086,562	51,026,129	39,405,298	40,251,945	101,594,230	670,822,236

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

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

Fiscal Year	Water Sales	Wastewater Service Fees	Solid Waste Service Fees	Internal Service Funds	(1)		Other Operating Revenues	Total
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		
2023	420,935,131	198,930,141	40,894,421	98,023,654	4,524,592	763,307,939		

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
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
2023	137,234,153	29,820,960	80,483,436	199,291,137	111,945,502	558,775,188

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
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)				
2023	60,313,933	161,125	833,606	(111,502,521)	61,070	(50,132,787)				

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	Regional			Solid Waste System	Interceptor System	Internal Service Funds	Total
	Water System	Wastewater System	Sewer System				
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
2023	1,210,327,510	160,084,680	(4,094,540)	5,582,240	65,418,443	4,067,452	1,441,385,785

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	
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	
2023	118,987,069,000	117,547,424,000	1,439,645,000	1.2%	\$ 3.39	\$ 3.44	

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
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
2023	46,497,307,000	1,043,430

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

	2013-2014	2014-2015	2015-2016	2016-2017
WATER CONSUMPTION				
(GALLONS IN THOUSANDS):				
Member cities	69,155,408	66,632,698	80,685,320	78,723,004
Customer cities	14,475,125	13,390,178	16,655,941	16,398,007
Individual meters	3,216	5,039	3,978	2,940
Total	<u>83,633,749</u>	<u>80,027,915</u>	<u>97,345,239</u>	<u>95,123,951</u>
Total rainfall (in inches)	<u>29.08</u>	<u>44.54</u>	<u>53.71</u>	<u>32.33</u>
WASTEWATER VOLUME				
TREATED (GALLONS IN THOUSANDS):				
Regional system	26,468,520	32,164,465	34,983,736	30,525,105
Small plant system	6,078,417	7,199,860	7,965,967	7,044,514
Total	<u>32,546,937</u>	<u>39,364,325</u>	<u>42,949,703</u>	<u>37,569,619</u>
SOLID WASTE VOLUME				
(IN TONS):				
Transfer stations	495,756	533,545	566,601	586,098
Landfill	339,468	343,527	383,619	423,138
Total	<u>835,224</u>	<u>877,072</u>	<u>950,220</u>	<u>1,009,236</u>

Source: Based on information provided in NTMWD Operations Report.

Note: Data for water consumption is based on the NTMWD water year (August 1 through July 31). Data for wastewater volume treated and solid waste volume is reported on the NTMWD fiscal year (October 1 through September 30).

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
84,799,369	76,329,794	86,454,720	84,046,205	93,768,238	93,543,165
18,471,203	16,359,329	19,816,491	19,536,888	23,545,490	24,002,232
2,929	2,833	3,317	3,130	2,414	2,027
<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>117,547,424</u>
<u>45.76</u>	<u>61.34</u>	<u>39.43</u>	<u>25.58</u>	<u>23.04</u>	<u>31.18</u>
32,790,044	38,584,105	35,464,757	36,266,034	33,082,332	37,722,727
7,509,118	8,638,986	8,173,236	8,017,466	7,742,113	8,774,580
<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>	<u>46,497,307</u>
598,793	610,732	608,566	626,741	636,590	655,980
386,728	399,434	339,359	340,781	372,814	387,450
<u>985,521</u>	<u>1,010,166</u>	<u>947,925</u>	<u>967,522</u>	<u>1,009,404</u>	<u>1,043,430</u>

SCHEDULE - 13

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

Fiscal Year	Water			Wastewater Member Cities	Solid Waste Member Cities
	Member Cities	Customer Cities	Total Cities		
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
2023	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

	2014	2015	2016	2017	2018
Water Rates (per 1,000 gallons)					
Member Cities	\$ 1.87	\$ 2.06	\$ 2.29	\$ 2.53	\$ 2.78
Customer Cities	\$ 1.92	\$ 2.11	\$ 2.34	\$ 2.58	\$ 2.83
	2019	2020	2021	2022	2023
Water Rates (per 1,000 gallons)					
Member Cities	\$ 2.92	\$ 2.99	\$ 2.99	\$ 2.99	\$ 3.39
Customer Cities	\$ 2.97	\$ 3.04	\$ 3.04	\$ 3.04	\$ 3.44

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

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

Customer	Fiscal Year 2013					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 16,645,894	9.02%	\$ 11,149,140	13.38%	\$ 2,976,464	12.12%
Garland	22,431,264	12.15%	-	0.00%	-	0.00%
McKinney	17,148,225	9.29%	11,780,658	14.13%	4,569,593	18.61%
Mesquite	13,104,748	7.10%	7,505,648	8.99%	-	0.00%
Plano	43,466,729	23.54%	22,729,196	27.27%	6,993,790	28.48%
Richardson	17,868,807	9.68%	6,180,020	7.41%	3,262,780	13.29%
Subtotal	130,665,667	70.78%	59,344,662	71.18%	17,802,627	72.50%
Other Customers	53,975,485	29.22%	24,012,745	28.82%	6,751,339	27.50%
Grand Total	\$ 184,641,152	100.00%	\$ 83,357,407	100.00%	\$ 24,553,966	100.00%

Customer	Fiscal Year 2023					
	Water Sales		Wastewater Service Fees		Solid Waste Service Fees	
	Amount	%	Amount	%	Amount	%
Frisco	\$ 47,622,428	11.31%	\$ 29,788,604	14.97%	\$ 4,924,408	12.04%
Garland	42,416,151	10.08%	-	0.00%	-	0.00%
McKinney	41,394,069	9.83%	27,186,948	13.67%	5,764,515	14.10%
Mesquite	25,409,417	6.04%	14,444,188	7.26%	-	0.00%
Plano	81,795,167	19.43%	43,601,216	21.92%	8,472,511	20.72%
Richardson	35,326,737	8.39%	17,351,941	8.72%	3,682,158	9.00%
Subtotal	273,963,969	65.08%	132,372,897	66.54%	22,843,592	55.86%
Other Customers	146,971,162	34.92%	66,557,244	33.46%	18,050,829	44.14%
Grand Total	\$ 420,935,131	100.00%	\$ 198,930,141	100.00%	\$ 40,894,421	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	U.S.				District Population	Per Capita Debt
	Revenue Bonds ⁽¹⁾	Government Notes	Note Payable	Total		
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	-	17,000,000	4,335,339,816	1,158,696	3,742
2023	4,174,745,463	-	104,000,000	4,278,745,463	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 2023 Per Capita Debt and the 2023 District Population information at the time of publication of this report.

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

Fiscal Year	{a} Total Revenues	Less:		Net Available Revenues	Debt Service			Coverage Ratio
		Operating Expenses	(excluding depreciation)		Principal	Interest Paid	Total	
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
2023	825,222,200	446,829,686	378,392,514	164,895,000	130,404,748	295,299,748		1.28

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
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%
2022	1,158,696	62,490,793	53,932	3.4%

Source: Years 2013 - 2022 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 2023 at the time of publication of this report.

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

Employer	2022	
	Employees	Percentage of Total
State Farm Insurance Corporate Office	10,000	1.64%
JP Morgan Chase	8,108	1.33%
Frisco Independent School District	8,088	1.33%
Capital One Finance	7,273	1.20%
Bank of America	4,500	0.74%
Raytheon Intelligence and Space	4,347	0.71%
Toyota North American HQ	4,018	0.66%
University of Texas at Dallas	3,455	0.57%
Blue Cross Blue Shield of Texas	3,100	0.51%
McKinney Independent School District	2,749	0.45%
Liberty Mutual Insurance	2,652	0.44%
Total	58,290	9.58%
Total Employed in the County	608,091	
Employer	2012	
	Employees	Percentage of Total
Plano ISD	6,904	1.33%
Frisco ISD	5,100	0.98%
HP Enterprise Services	4,800	0.92%
Bank of America (formerly Countrywide Home Loans) - Corporate Dr.	4,646	0.89%
JC Penney Co., Inc.	3,800	0.73%
Capital Co.	3,500	0.67%
Bank of America (formerly Countrywide Home Loans) - Legacy Dr.	3,264	0.63%
Medical City Plano (HCA Inc.)	3,000	0.58%
McKinney ISD	2,571	0.49%
Total	37,585	7.22%

Source: Years 2012 and 2022 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 2023 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Support:										
General	31.0	30.0	8.0	11.0	11.0	11.0	12.0	12.0	13.0	12.0
Public Information	2.0	3.0	2.0	3.0	3.0	4.0	4.0	4.0	5.0	6.0
Engineering	50.0	62.0	74.0	77.0	82.0	87.0	91.9	91.9	89.9	97.9
Permitting			4.2	4.0	3.0	2.0	2.1	2.1	3.1	3.1
Control Systems							9.1	9.1	9.1	9.1
Facilities Service	48.5	55.0	61.0	61.0	60.5	61.5	64.5	64.5	62.5	62.5
Technical Service	80.5	85.0	91.0	92.0	91.5	101.5	95.5	95.5	102.5	104.5
Human Resources							11.5	11.5	11.0	12.0
Records							6.1	6.1	6.0	6.0
Safety					5.0	5.0	8.4	8.4	10.0	10.0
Accounting							15.5	15.5	15.5	16.5
Finance							10.5	10.5	10.5	10.5
Procurement							4.0	4.0	5.0	5.0
Information Technology			20.4	24.0	24.0	18.0	19.2	18.2	18.2	22.0
Environmental Service	9.2	11.4	11.0	11.5	10.5	11.5	9.6	9.6	9.6	9.4
Laboratory	27.3	26.9	27.8	26.0	27.0	29.0	31.7	31.7	31.7	32.5
Regulatory Compliance			3.3	4.0	3.0	3.0	3.5	3.5	3.5	3.3
Administration	25.0	28.0	36.0	38.0	39.0	47.0	0.0	0.0	0.0	0.0
Total	273.5	301.3	338.7	351.5	359.5	380.5	398.9	397.9	405.9	422.1
Water:										
Plant Operations	64.0	66.0	77.0	79.0	80.0	85.0	83.0	83.0	78.0	81.5
Tawakoni Raw Water Pump										
St	11.0	11.0	12.0	12.0	12.0	12.0	12.0	11.0	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	11.0
Leonard WTP							7.0	8.0	15.0	15.0
Transmission							5.0	4.0	6.0	9.0
Total	93.0	95.0	107.0	109.0	110.0	115.0	127.0	127.0	136.0	145.5
Wastewater:										
Sister Grove WRRF									5.0	21.0
Wilson Creek WWTP	56.1	56.4	58.8	59.0	59.0	62.0	66.0	67.0	66.0	65.0
Floyd Branch WWTP	6.4	6.5	7.5	8.0	8.0	7.0	7.0	7.0	7.2	7.2
Rowlett Creek WWTP	23.1	23.4	25.5	26.5	26.5	26.5	28.5	29.5	29.8	29.8
Mesquite WWTP	34.1	35.4	34.1	34.0	35.0	35.0	35.0	36.0	37.0	37.5
Panther Creek WWTP	12.1	12.6	17.8	17.8	17.8	17.8	17.8	18.3	18.0	18.0
Muddy Creek WWTP	12.1	12.1	18.4	18.9	18.9	19.4	19.4	18.4	18.0	19.0
Stewart Creek WWTP	6.1	6.6	10.6	11.5	18.5	18.5	19.5	19.0	19.0	19.0
Small WWTPs	5.5	7.5	7.0	9.0	9.0	9.5	10.5	10.5	11.0	11.0
Pretreatment	5.5	6.7	6.8	7.5	7.5	7.5	8.2	8.2	8.2	8.95
Dewatering	2.0	0.0	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	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	11.9	19.9	19.1	19.3	19.3	22.3	22.3	23.0	23.0
Total	171.6	178.7	206.3	211.5	219.5	222.5	234.2	236.2	242.2	259.5

Solid Waste:

Transfer Station	47.3	46.3	46.4	47.0	50.0	54.0	57.0	57.0	56.2	57.2
Landfills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal Facility	36.8	32.8	33.9	34.7	34.7	34.7	34.7	30.7	30.4	30.4
Fleet Maintenance Shop	15.0	16.0	18.7	19.4	19.4	19.4	21.4	26.4	26.4	28.4
Total	99	95	99	101	104	108	113	114	113	116
Total Employees	637	670	751	773	793	826	873	875	897	943

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

SCHEDULE - 21**MISCELLANEOUS STATISTICAL DATA (UNAUDITED)****YEAR ENDED SEPTEMBER 30, 2023**

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	21.81
Total employees	943

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	
Bois d' Arc Lake	82.0	
Total	452.0	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	
Leonard WTP	70.0	
Total	946.6	MGD

TRANSMISSION PIPELINES:

12" to 24" diameter	153.38	Miles
30" to 54" diameter	178.01	
60" to 96" diameter	366.38	
Total	697.77	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	
Total raw water pumping capacity	120.0	MGD

Lake Tawakoni—2 sites:

Total water pumps	7	
Total raw water pumping capacity	167.5	MGD

Wylie Water Plant - Treated Water Pump Stations

Wylie Water Plant - Treated Water Pumping Capacity	7	
	1070.0	MGD

Bois d' Arc Lake—1 site:

Total water pumps	3	
Total raw water pumping capacity	150.0	MGD

TREATED WATER STORAGE RESERVOIRS:

NTMWD Treatment plant storage	60.5	Million gallons
NTMWD Transmission system storage	87.4	
	<u>147.9</u>	Million gallons

TOTAL CITY DELIVERY POINTS

Permitted Capacity

WASTEWATER SYSTEM

REGIONAL SYSTEM:

Regional wastewater plants:

Floyd Branch RWWTP	*	4.750	MGD
South Mesquite RWWTP	*	33.000	
Rowlett Creek RWWTP	*	24.000	
Wilson Creek RWWTP	*	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	0.500	
Rockwall	North Rockwall Plant	*	1.200
	South Rockwall Plant	*	2.250

(Continued)

Royse City and Fate	Sabine Creek Plant	*	3.000
Seis Lagos MUD	Seis Lagos Plant		0.250
Wylie and Murphy	Muddy Creek Plant	*	10.000
Total treatment capacity			<u>163.705</u> MGD
Total number of plants			13
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, 2023			

INTERCEPTOR SYSTEMS

	Pipeline Length	
Upper East Fork Interceptor System	172.4	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	24.51	
McKinney Interceptor System	3.14	
Mustang Creek Interceptor System	7.59	
Parker Creek Parallel Interceptor	1.5	
Lower East Fork Interceptor System	9.39	
Total	<u>242.15</u>	Miles

SOLID WASTE SYSTEM

	Permitted Capacity	
TRANSFER STATIONS (3):		
Lookout Drive Transfer Station	700	Tons/day
Parkway Transfer Station	770	
Custer Road Transfer Station	<u>1,900</u>	
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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	374	370	452
Treatment Capacity (MGD)	807	807	807	807	807	807	807	877	877	947
Miles of Transmission Pipelines	566	573	573	576	576	576	611	611	696	698
Water Storage Capacity (MG)	403	410	410	410	410	410	410	410	140	148
City Delivery Points	77	77	82	82	82	82	82	82	82	82
Total Rainfall (Inches)	29	45	54	32	46	59	40	23	34	22
Annual Consumption (BG)	84	80	97	95	103	93	106	104	117	118
Wastewater:										
Miles of Interceptor Lines	250	250	251	252	223	225	228	229	238	242
Number of Treatment Plants	17	17	17	17	17	17	17	14	14	13
Treatment Capacity (MGD)	152	152	152	152	152	153	161	166	164	164
Annual Volume Treated (BG)	33	39	43	38	40	47	44	44	41	46
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)	835	877	950	1,009	986	1,010	948	968	1,009	1,009

Source: Based on information provided in NTMWD Operation Report.

SCHEDULE - 23
INSURANCE IN FORCE (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2023

Carrier	Policy No	Coverage	Policy Limits	Term	Approximate Annual Premium
Texas Water Conservation Association Risk Management Fund	7	Workers' compensation	Statutory	7-01-23 to 7-01-24	\$ 444,425
Texas Water Conservation Association Risk Management Fund	7	General liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-23 to 7-01-24	\$ 170,716
Texas Water Conservation Association Risk Management Fund	7	Automobile liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-23 to 7-01-24	\$ 166,194
Texas Water Conservation Association Risk Management Fund	7	Directors' and officers' liability	\$10,000,000 per occurrence \$10,000,000 annual aggregate	7-01-23 to 7-01-24	\$ 124,146
Texas Water Conservation Association Risk Management Fund	7	Automobile physical damage	Actual cash value	7-01-23 to 7-01-24	\$ 430,451
USI Insurance Services	IB016	Fire and extended coverage	\$1,345,768,124 scheduled property	12-31-22 to 12-31-23	\$ 2,483,512
Chubb & Son Insurance	6615026	Commercial floater	\$33,424,514 scheduled & \$1,110,000 unscheduled property	5-01-23 to 5-01-24	\$ 97,789
USI Insurance Services	105874034	Fidelity bond	\$1,000,000 per occurrence	1-01-23 to 1-01-24	\$ 7,760
Anco Insurance B/CS	04TOP0000 44933	Pollution storage tanks	\$1,000,000 per occurrence \$1,000,000 annual aggregate	12-01-23 to 12-01-24	\$ 602

Source: Based on information provided in NTMWD Insurance Policies.



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

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