



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

2021-2022 BUDGET IN BRIEF



Leonard Water
Treatment Plant



Wylie Water
Operations Center



Sister Grove Regional Water
Resource Recovery Facility

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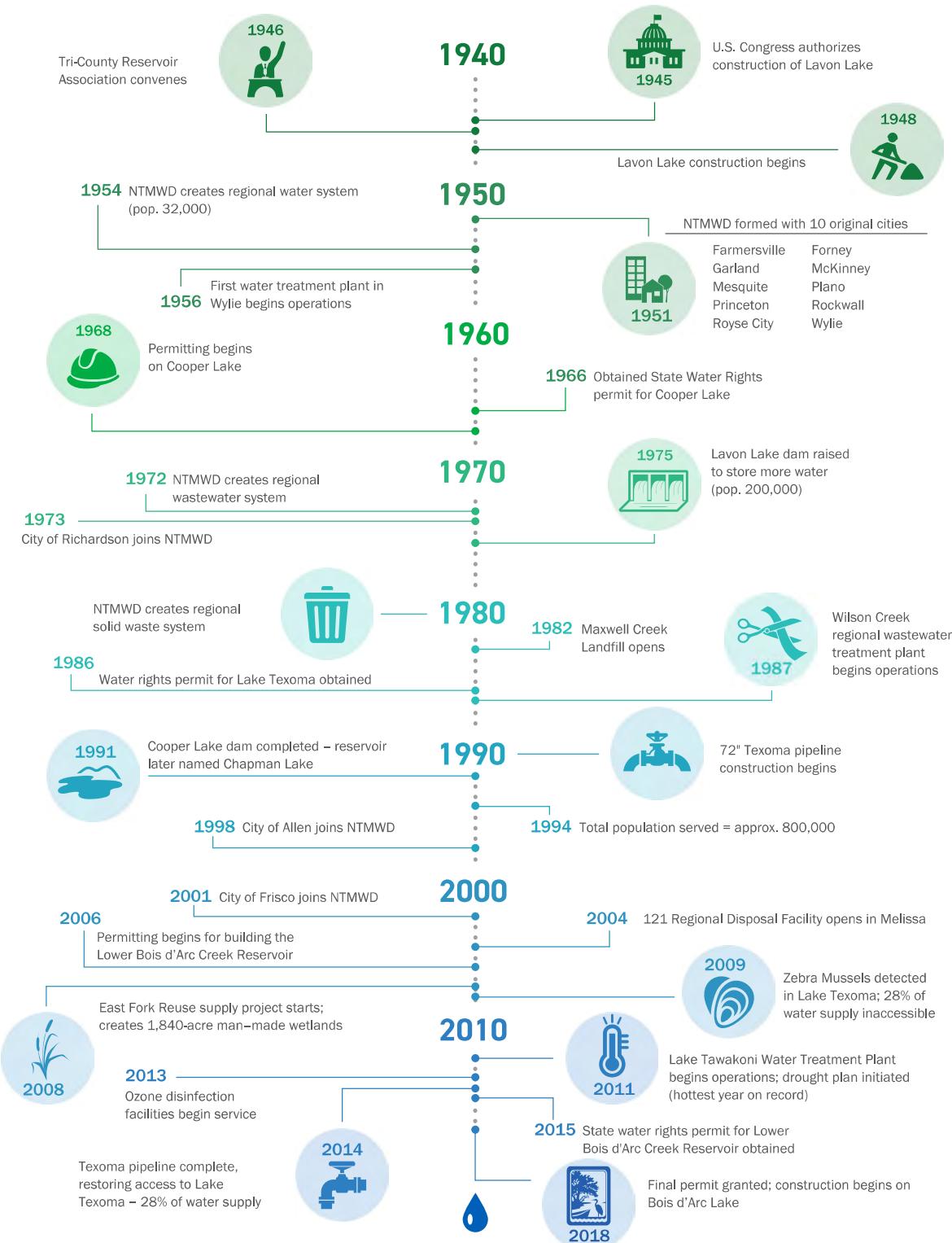
BUDGET OVERVIEW

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LEGACY OF SERVICE

Meeting Our Region's Needs Today and Tomorrow



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September 23, 2021

Board of Directors
North Texas Municipal Water District
P.O. Box 2408
Wylie, Texas 75098

RE: FY22 ALL SYSTEMS BUDGET

Dear Directors:

Submitted herewith is the proposed FY22 Annual All Systems Budget for the North Texas Municipal Water District. This budget document has been prepared by the Finance Staff, as submitted by the System Managers, and has been reviewed and approved by the Executive Director.

During FY21, and after years of discussion, the Member Cities and the District agreed to settle the ongoing Public Utility Commission of Texas's (PUCT) review of the District's Water Rate for 2018-2020. All thirteen Member Cities and the District coming together to agree on our path forward was a tremendous achievement. The settlement included a payment to the Member Cities of \$6.6M to facilitate resolution of the disputes related to the PUCT proceedings and also set forth a requirement and guidelines for an independent review, which will occur every 3 years. The independent review will focus on reasonableness of the Regional Water System O&M expenses as well as reserve balances, assigned shared costs, and adherence to the amended water contract and other areas. As part of the settlement, the Member Cities and the District amended the existing Regional Water System contract. The amended water contract established a new allocation method that gradually adjusts the annual contract water minimums, for each Member City, to more closely align with actual water usage. The amended water contract also established guidelines for distributing excess water charges and/or surplus budgeted funds to the Member Cities. Customers of the Regional Water System will have the option to opt into the new contract if they choose to do so. All changes to the Water Contract, settlement payment and the funding for the independent review are reflected in this budget document. Contract modifications have been incorporated into the budget process and we are in alignment with the updated contract terms.

FY21 posed some unique budgeting challenges. In addition to the ongoing COVID-19 pandemic, the State of Texas endured a record breaking winter storm in February 2021 which brought bitterly cold temperatures and wreaked havoc on the State's electric grid. The issues with the electric grid created pricing dislocation in the electric power market and caused the District to incur abnormally large power bills. In order to offset some of the costs and limit impacts, to Member Cities and Customers, some operating systems utilized maintenance reserves and a select few borrowed funds from the Regional Water System Contingency Fund. This impact will be felt for several years as reserves are replenished and borrowed funds are repaid. The winter storm revealed some additional needs for backup power generation that will be addressed with upcoming projects. FY21 also brought larger than expected price increases to chemicals and higher inflation expectations, both of which are increasing costs in FY22. Other major increases

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to the FY22 budget include the addition of 22 positions, electric power, insurance revaluations, short term capital outlay for vehicle and equipment purchases and additional debt service to fund approximately \$520 million of capital projects District-wide.

Despite these challenges the District remains in a sound financial condition. The Board's goal of meeting the contractual obligation of the participating cities within state and federal laws while protecting the environment continues to be accomplished with reasonable cost in all systems.

The budget, as submitted, provides the required funding for operation and maintenance expenses, capital expenditures and debt service, and allows the District to continue delivering essential services throughout its service area.

RECOMMENDATION

The FY22 Annual All Systems Budget, as proposed, of \$589,669,345, provides a responsible plan for the financial operations and development of the North Texas Municipal Water District. The Executive Director and Staff recommend approval, of the FY21 Amended and FY22 Proposed Budget, to the Board of Directors at the September 23, 2021 regular Board Meeting. Should you have any questions or need additional information, please do not hesitate to contact my office or Erik Felthous, Assistant Deputy - Finance.

Respectfully Submitted,

DocuSigned by:


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JENNAFER P. COVINGTON
Executive Director

Budget Summary

The FY21 All Systems Amended Budget is \$590,795,475, which is \$20,639,435 or 3.62% greater than the FY21 Original Budget.

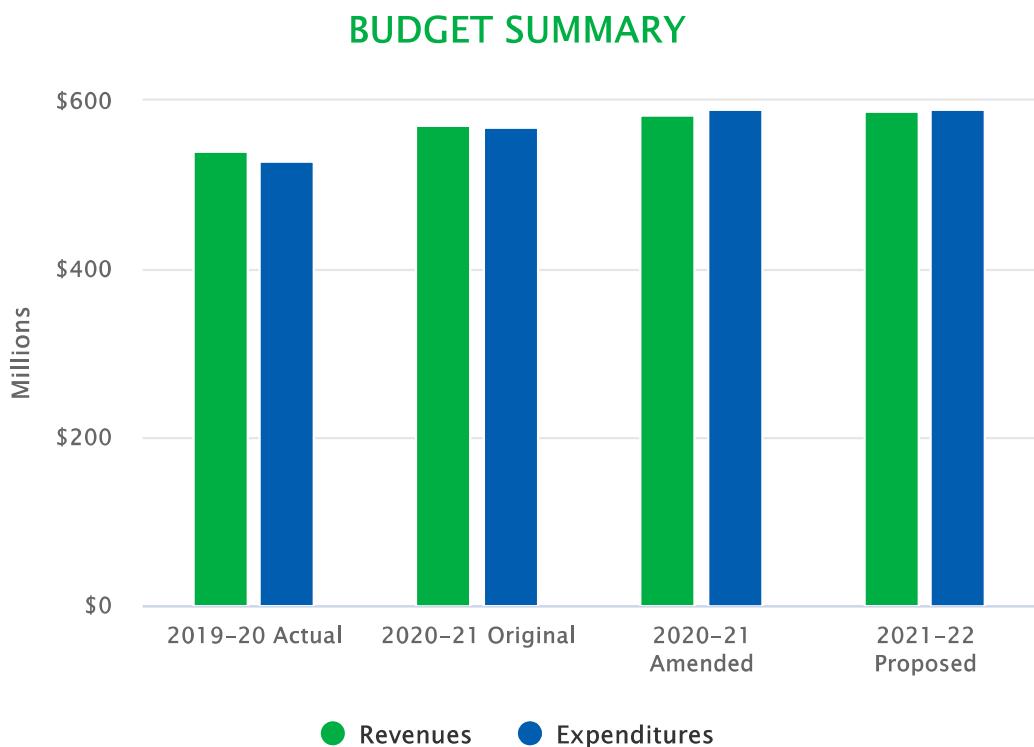
This increase is primarily the result of the following:

- Abnormally large electric power bills due to a catastrophic winter storm. The storm wreaked havoc on the electric grid and caused major pricing dislocation in the electric power market. Several systems reflect additional revenues, to offset the higher expenses, which were transferred in from their respective maintenance escrows and contingency funds. The escrow and contingency funds will need to be replenished in the future.
- A \$6,600,000 payment was made in order to settle the ongoing Public Utilities Commission (PUC) case regarding the Regional Water System contract dispute. This payment was funded out of excess fund balances in the Capital Improvement Fund.
- Chemicals in RWS driven by higher than expected contract bids.. The higher costs can be partially attributed to COVID-19 related supply chain disruptions as well as increased global demands.

These increases are offset by lower transfers to the Interest and Sinking Funds related to utilizing additional debt service reserves as well as changes in bond issue requirements.

The overall FY22 Annual All Systems Budget of \$589,669,345 represents an increase of \$19,513,305 or 3.42%.

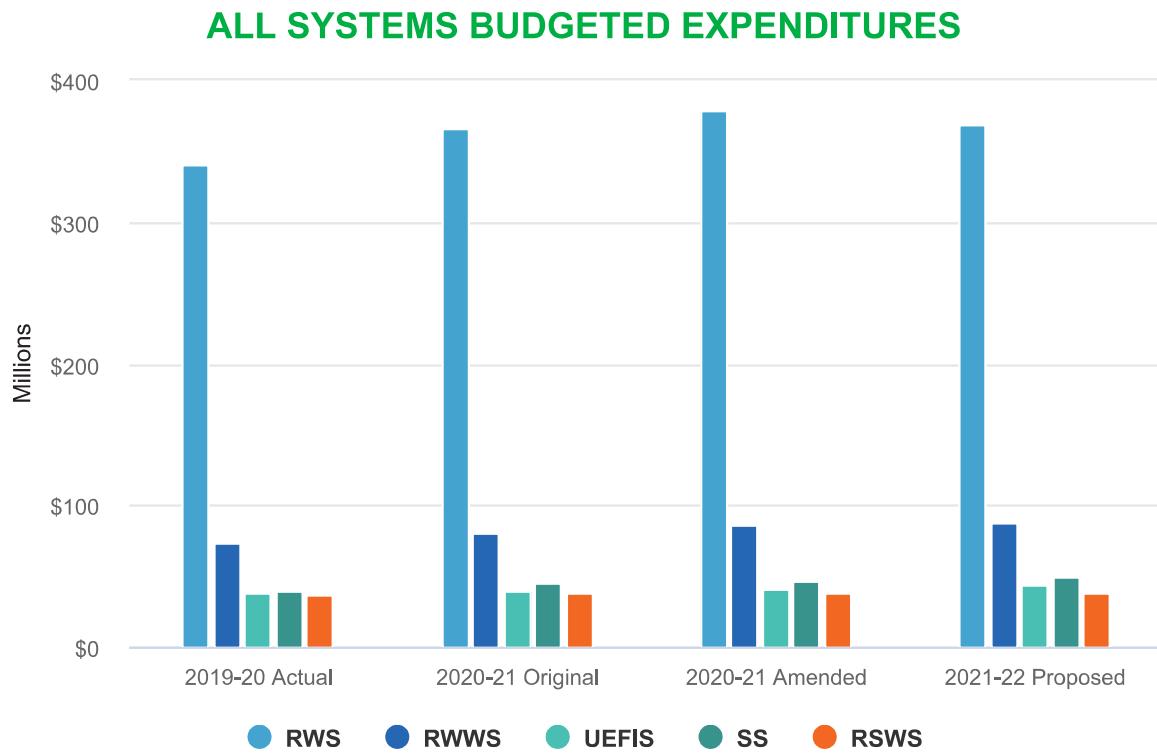
A comparison of the All Systems Budget for FY20 through FY22 is presented below:



	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
REVENUES	\$ 541,210,646	\$ 572,122,840	\$ 584,245,005	\$ 589,124,295
EXPENDITURES	\$ 527,845,463	\$ 570,156,040	\$ 590,795,475	\$ 589,669,345
	\$ 13,365,183	\$ 1,966,800	\$ (6,550,470)	\$ (545,050)

Review by System

Below is a breakdown of the Budgeted Expenditures by System for FY20 through FY22:



System	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
RWS	\$340,473,339	\$365,403,610	\$378,244,175	\$369,517,555
RWWS	\$73,690,439	\$80,523,835	\$86,010,380	\$88,100,745
UEFIS	\$37,911,473	\$39,961,760	\$41,550,000	\$43,722,855
SS	\$39,148,504	\$45,822,320	\$46,340,245	\$49,650,785
RSWS	\$36,621,708	\$38,444,515	\$38,650,675	\$38,677,405
Total	\$527,845,463	\$570,156,040	\$590,795,475	\$589,669,345

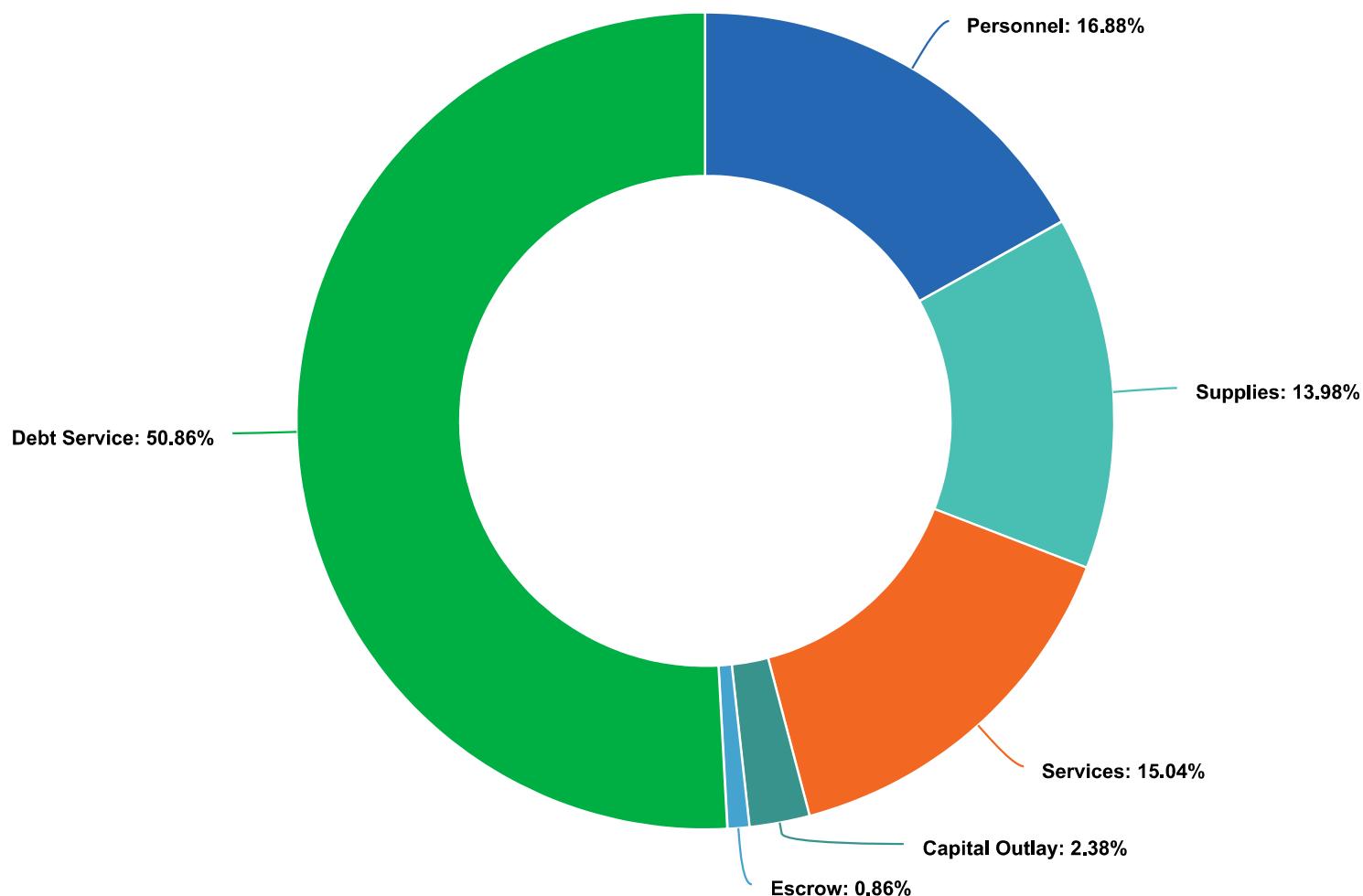
Review by Category

The following is a summary of FY20 through FY22 All Systems Budgets by Category:

ALL SYSTEMS BUDGET BY CATEGORY

Category	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
Personnel	\$ 89,763,556	\$ 91,914,145	\$ 89,998,850	\$ 99,546,135
Supplies	58,376,363	70,098,080	70,572,685	82,442,935
Services	62,647,479	86,741,445	119,500,325	88,685,475
Capital Outlay	10,341,217	13,496,175	13,319,170	14,033,275
Escrow	4,435,258	3,042,750	3,242,750	5,082,255
Debt Service	302,281,590	304,863,445	294,161,695	299,879,270
Total	\$ 527,845,463	\$ 570,156,040	\$ 590,795,475	\$ 589,669,345

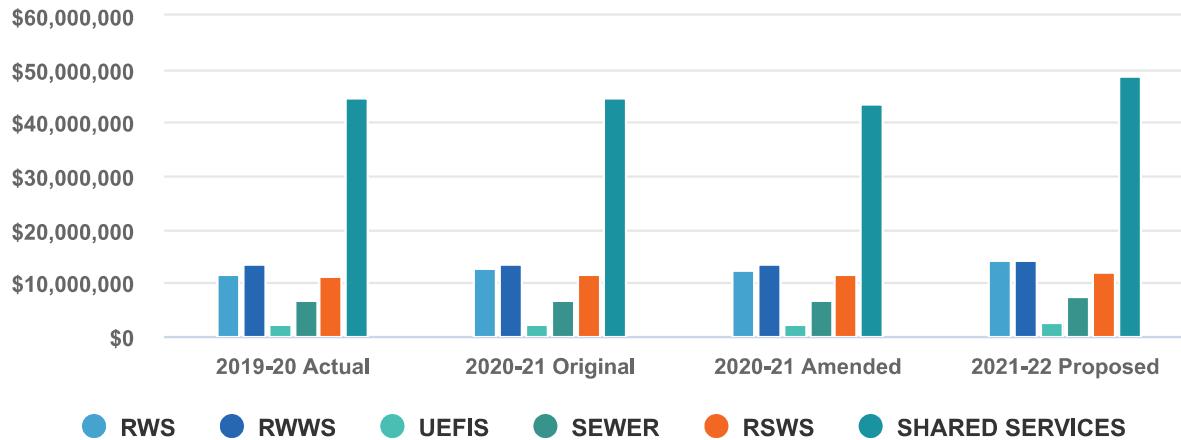
PROPOSED BUDGET EXPENSES BY CATEGORY



Personnel

The FY21 Amended All Systems Budget for Personnel is expected to be \$89,998,850 which is (\$1,915,295) or -2.08% less than the FY21 Original Budget. This decrease is due to savings related to vacant positions during the year.

PERSONNEL EXPENSES BY SYSTEM



Personnel	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
RWS	\$ 11,479,916	\$ 12,925,335	\$ 12,504,440	\$ 14,334,590
RWWS	13,397,675	13,546,650	13,393,355	14,429,145
UEFIS	2,234,596	2,279,335	2,275,150	2,712,110
SEWER	6,793,216	6,817,070	6,726,430	7,670,410
RSWS	11,370,003	11,724,615	11,495,445	11,813,405
SHARED SERVICES	44,488,151	44,621,140	43,604,030	48,586,475
Total Personnel	\$ 89,763,556	\$ 91,914,145	\$ 89,998,850	\$ 99,546,135

The FY22 All Systems Budget for personnel is \$99,546,135 which is \$7,631,990 or 8.30% greater than the FY21 Original Budget. The increase in salaries and benefits is primarily the result of funding 22 additional positions, employee raises, retirement plan funding increases and rising insurance costs.

The District faces several challenges when it comes to staffing:

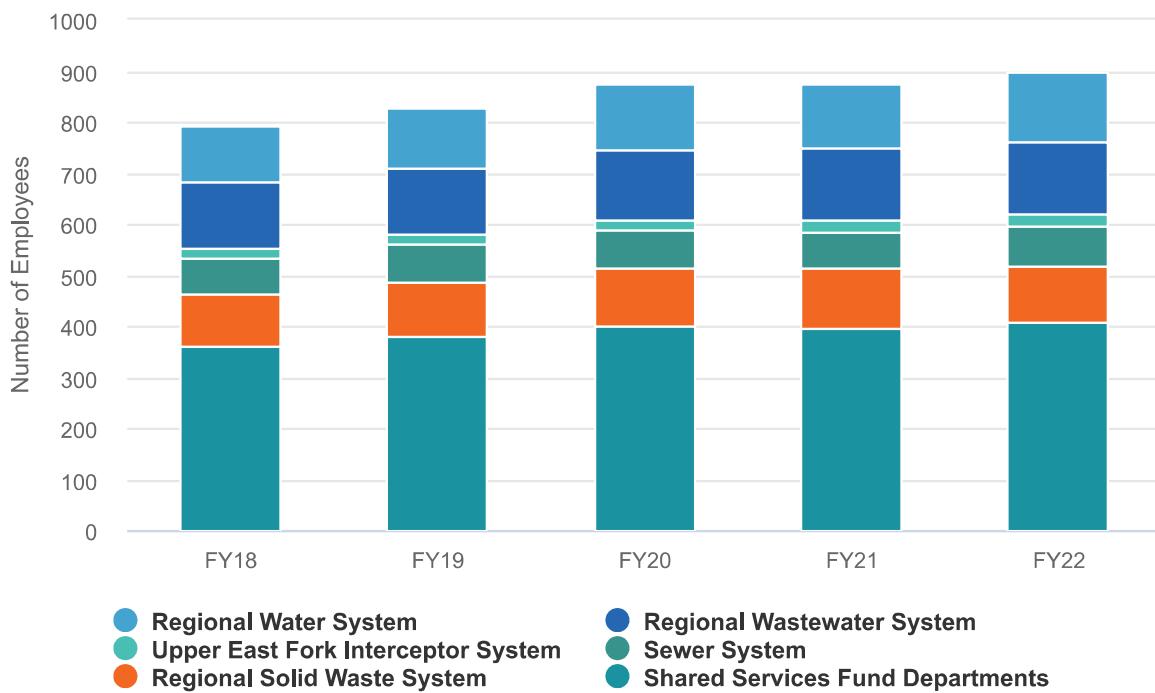
- Maintaining appropriate staffing levels as the District and service area grows.
- Maintaining and building bench strength in key positions.
- Ensuring compensation is competitive in the local labor market.
- Keeping employees safe and healthy.
- Providing career development opportunities for staff.

Meeting these challenges, as an organization, is a priority and the District includes a personnel goal as part of the Strategic Plan to ensure they are met.

Each year managers complete a performance evaluation for each of their staff. The performance evaluation is intended to assist supervisors and employees by providing a tool to:

- Recognize good performance.
- Identify areas needing improvement.
- Create incentives for increased efficiency and good conduct.
- Provide a record to support classification changes, salary adjustments and disciplinary actions.
- Improve communications between supervisors and employees.

DISTRICT STAFFING SUMMARY



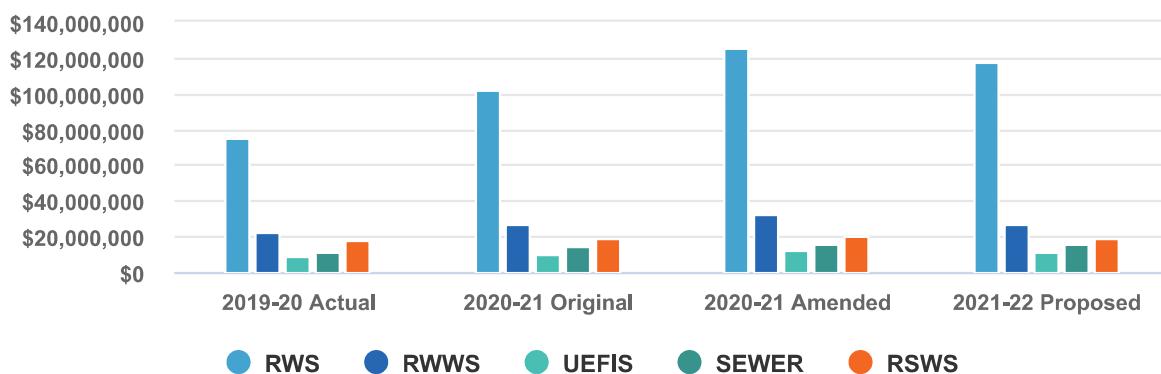
District Wide Staffing	FY18	FY19	FY20	FY21	FY22
Regional Water System	110	115	127	127	136
Regional Wastewater System	129	131	137	140	142
Upper East Fork Interceptor System	19	19	22	22	23
Sewer System	72	73	75	74	77
Regional Solid Waste System	104	108	113	114	113
Shared Services Fund Departments	359	380	399	398	406
Total Employees	793	826	873	875	897

Total budgeted positions for FY22 are 897, a 2.5% increase from the prior year. While the total headcount increased by 22, various positions were also repurposed between the Operating Systems and Shared Services. These repurposes came about as the District utilized existing vacancies, as well as, restructured some positions following the retirement incentive program that was offered in FY21. The major position additions are related to the building of new operating facilities. In the RWS, there are a net of 9 new additions to staff for Bois d'Arc Lake and the Leonard Water Treatment Plant. RWWS increased headcount related to the new Sister Grove facility that is being built. The Shared Services increases are related to maintenance / technical services staff for the Leonard WTP. All staffing changes are reflected within each department's staffing summaries throughout the budget document.

Operations

The FY21 Amended All Systems Budget for Operations is \$206,634,930 which is \$33,256,480 or 19.18% greater than the FY21 Original Budget. The primary cause of this increase is the unusually large electric bills due to Winter Storm Uri. There is also an increase in chemicals, mainly in RWS, due to higher bids on chemical contracts.

OPERATING EXPENSES BY SYSTEM



Operating	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
RWS	\$ 74,831,065	\$ 102,408,545	\$ 125,675,760	\$ 117,359,456
RWWS	22,524,992	26,430,665	32,365,677	27,279,495
UEFIS	8,726,489	10,621,661	12,257,547	11,549,321
SEWER	11,595,391	15,081,985	16,183,515	15,152,863
RSWS	18,122,379	18,835,594	20,152,431	18,902,805
Total Operating	\$ 135,800,317	\$ 173,378,450	\$ 206,634,930	\$ 190,243,940

The FY22 All Systems Budget for Operations is \$190,243,940 which is \$16,865,490 or 9.73% greater than the FY21 Original Budget.

The following areas increased:

- Chemicals, primarily in the RWS, due to higher bids on new chemical contracts. The higher costs can be partially attributed to COVID-19 related supply chain disruptions as well as increased global demands.
- Electric power within the RWS.
- Non-vehicle equipment purchases:
 - RSWS - installation of a new truck wash at the 121 RDF.
 - RWS - purchasing an additional amphibious track vehicle, cell dewatering pump and a mower for levees for the Eastfork Wetlands.
 - UEFIS - purchasing a bioscrubber fan for the Lower Rowlett Creek Lift Station, replacement variable frequency drives and other replacement pumps and motors.
- Other services within RWWS for 5 year maintenance projects including plant structure and building coating rehab, coating on weirs, rake and center wells.

The above increases were partially offset by the following:

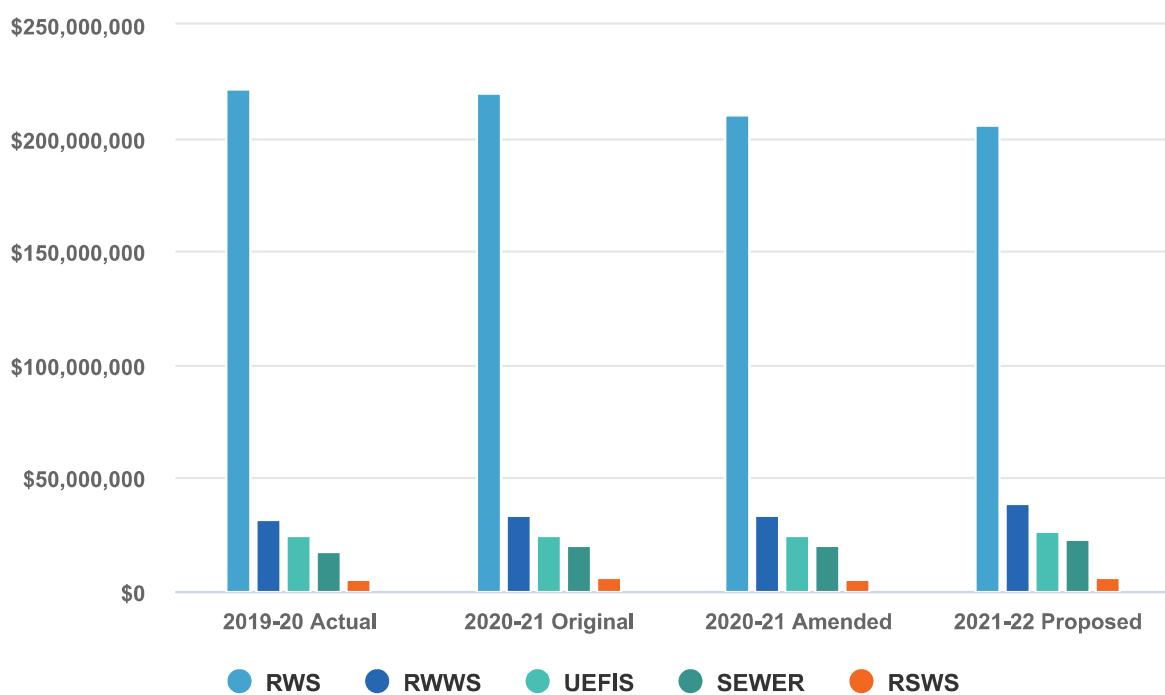
- Lower Special Maintenance based on a reduction in the amount of dry solids needing to be removed.
- Reductions in Pipeline Maintenance across the Sewer System.
- Reduced Contract Labor in the RWS at Bois d'Arc Lake.
- Reduced vehicle equipment purchases within the RWWS and RSWS.

Capital

The service area for the District is considered one of the fastest growing in the nation. This growth, along with aging infrastructure, makes ongoing investment in capital projects a critical piece of continuing to provide services for Member Cities and Customers. In addition to short term Capital Outlay, included as part of the operating budget, the District funds a large portion of Capital Projects through transfers to Capital Improvement Funds as well as issuing long term debt. In FY22, 51% of the total All Systems Budget is related to these transfers and debt service payments. It can be expected that adding new facilities to the District's infrastructure will bring the upfront capital cost as well as future ongoing O&M costs. For planning purposes the District uses a percentage of a project's capital cost to estimate future O&M costs, generally between 1-3% depending on the type of project being built. Over time, these additional costs are expected to be offset by the additional revenue that is generated by growing demands on the systems.

The FY21 Amended All Systems Budget for Capital is \$294,161,695 which is (\$10,701,750) or (-3.51%) less than the FY21 Original Budget. The decrease is due to delays in the Regional Solid Waste System, Forney Mustang Creek Lift Station Phase II/Force Main Improvements and Buffalo Creek Interceptor Tunnel projects. These projects have been pushed out to FY22 and beyond.

CAPITAL EXPENSE BY SYSTEM



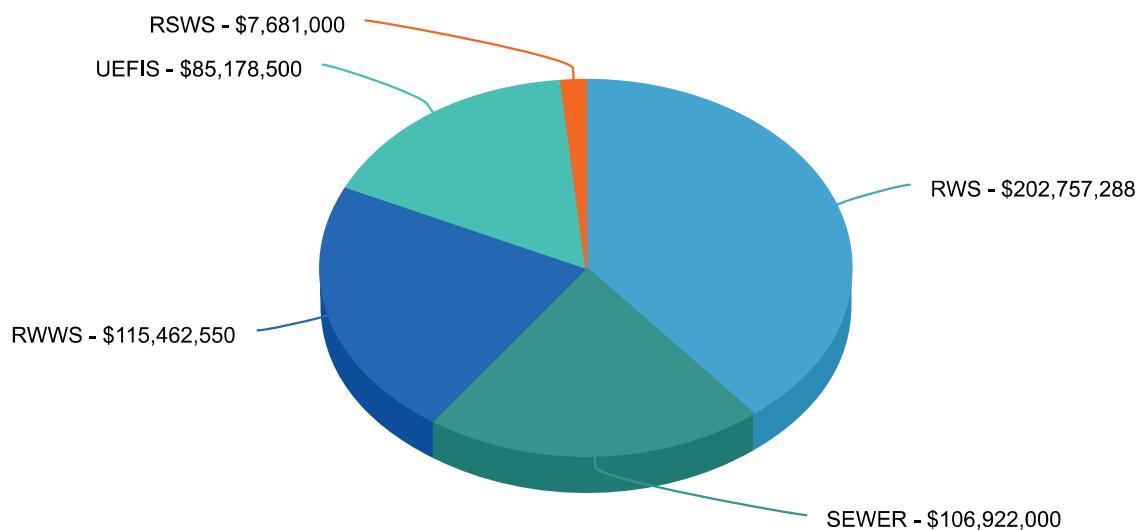
Capital	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
RWS	\$ 222,009,595	\$ 219,660,985	\$ 210,218,835	\$ 205,597,795
RWWS	31,967,330	33,952,900	33,952,900	39,115,870
UEFIS	24,866,625	24,554,700	24,554,700	26,352,120
SEWER	17,868,705	20,536,510	20,137,410	22,790,225
RSWS	5,569,335	6,158,350	5,297,850	6,023,260
Total Capital	\$ 302,281,590	\$ 304,863,445	\$ 294,161,695	\$ 299,879,270

The FY22 All Systems Budget for Capital is \$299,879,270 which is (\$4,984,175) or -1.63% less than the FY21 Original Budget. The decrease is due to lower capital improvement fund transfers in RWS which is partially offset by additional required debt service payments from new debt. For FY22, bond issues and Extendable Commercial Paper (ECP) of approximately \$520 million worth of capital projects are planned. ECP is a short-term financing vehicle that acts like a revolving line of credit that will be repaid with long-term bonds at a later date.

- In the RWS, bond sales of \$203 million to repay ECP issued for 50+ major contracts. These contracts include the construction of Wylie WTP II structural and mechanical improvements; construction of Water System maintenance facilities for Central Region Phase II; the design to expand Leonard WTP HSPS from 90 MGD to 180 MGD; construction of the 36" Plano West Side Pipeline (to Plano No. 3 and Richardson No. 2); design of 140 MGD Leonard WTP Site Phase II; Wylie WTP II Structural and Mechanical Improvements Phase II; permitting and mitigation of Future Water Supply Project; and other system improvements.
- In the RWWS, bonds sales of \$115 million to repay ECP issued for 20+ major contracts. These contracts include the construction of the South Mesquite Regional WWTP Peak Flow Management & Expansion Phase I; design of the South Mesquite Regional WWTP Peak Flow Management & Expansion Phase II; the construction of the Rowlett Creek Regional WWTP Operations Building; and other system improvements.
- In the UEFIS, issuance of \$24 million for the construction and inspection of the McKinney East Side Extension Improvements along with \$61 million in ECP (to be refunded with bonds in FY23) for the construction of the Wilson Creek Transfer Force Mains; construction of the Plano-McKinney Water Transmission System Phase I; construction of Sloan Creek Force Main; design of the expansion to 25 MGD of the Princeton Lift Station; and other system improvements.
- In the Sewer System, bond sales of \$107 million for the construction of the Buffalo Creek Interceptor Tunnel; construction of the Forney Mustang Creek Lift Station Phase II and Forney Force Main Improvements; and the construction of the expansion to 7 MGD of the Sabine Creek WWTP.
- In the RSWS, bond sales of \$8 million for the property and permitting for the North Transfer Station; construction for the closure of 121 RDF south slope; and other system improvements.

A complete listing of the contracts to be funded by the planned bond issues is included in the Appendix of the full budget document.

BUDGETED BOND ISSUES



REGIONAL WATER SYSTEM

REGIONAL WATER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

Revenues and Expenses	2019-20	2020-21	2020-21	2021-22	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Water Sales:						
Member Sales	\$ 287,414,848	\$ 297,693,696	\$ 290,090,413	\$ 298,350,342	\$ 656,646	0.22%
Customer Sales	64,334,472	66,047,428	66,007,190	67,217,086	1,169,658	1.77%
Retail Customer Sales	23,075	22,000	21,000	21,000	(1,000)	-4.55%
Raw Water Sales	1,109	655	990	990	335	51.15%
Total Water Sales	\$ 351,773,504	\$ 363,763,779	\$ 356,119,592	\$ 365,589,418	\$ 1,825,639	0.50%
Other Revenues:						
Tfr - PUC Rate Settlement	\$ -	\$ -	\$ 6,600,000	\$ -	\$ -	0.00%
Tfr from Contingency Fund	-	-	6,000,000	-	-	0.00%
Other	1,818,834	687,216	369,568	331,547	(355,669)	-51.76%
Total Other Revenues	\$ 1,818,834	\$ 687,216	\$ 12,969,568	\$ 331,547	\$ (355,669)	-51.76%
Interest Income	\$ 246,185	\$ 369,415	\$ 54,545	\$ 51,540	\$ (317,875)	-86.05%
Tfr from Rate Stabilization	\$ -	\$ 2,550,000	\$ 2,550,000	\$ 3,000,000	\$ 450,000	17.65%
Total Revenues	\$ 353,838,522	\$ 367,370,410	\$371,693,705	\$368,972,505	\$ 1,602,095	0.44%
Expenses						
Personnel:						
Salaries	\$ 7,834,471	\$ 8,951,740	\$ 8,233,320	\$ 9,873,670	\$ 921,930	10.30%
Other	3,645,445	3,973,595	4,271,120	4,460,920	487,325	12.26%
Total Personnel	\$ 11,479,916	\$ 12,925,335	\$ 12,504,440	\$ 14,334,590	\$ 1,409,255	10.90%
Supplies:						
Fuel	\$ 45,196	\$ 90,300	\$ 80,300	\$ 85,870	\$ (4,430)	-4.91%
Chemicals	32,087,533	38,867,615	40,129,840	49,768,805	10,901,190	28.05%
Other	3,015,836	3,553,755	3,502,815	3,506,800	(46,955)	-1.32%
Total Supplies	\$ 35,148,565	\$ 42,511,670	\$ 43,712,955	\$ 53,361,475	\$ 10,849,805	25.52%
Services:						
Consulting	\$ 3,002,286	\$ 3,617,000	\$ 3,542,000	\$ 3,594,500	\$ (22,500)	-0.62%
PUC	-	-	6,600,000	-	-	0.00%
Insurance	670,798	1,028,680	1,028,680	1,704,680	676,000	65.72%
Maintenance	3,553,557	13,363,510	11,764,210	13,431,710	68,200	0.51%
Power	14,174,425	18,338,400	36,815,670	21,698,100	3,359,700	18.32%
Shared Services	41,740,701	40,177,645	40,128,910	40,914,885	737,240	1.83%
Water Purchases	4,430,893	6,140,215	4,900,130	5,995,355	(144,860)	-2.36%
Other	3,514,983	5,918,645	5,258,625	5,978,965	60,320	1.02%
Total Services	\$ 71,087,644	\$ 88,584,095	\$ 110,038,225	\$ 93,318,195	\$ 4,734,100	5.34%
Capital Outlay	\$ 697,610	\$ 1,671,525	\$ 1,719,720	\$ 1,655,500	\$ (16,025)	-0.96%
Escrow	\$ 50,010	\$ 50,000	\$ 50,000	\$ 1,250,000	\$ 1,200,000	2400.00%
Capital Improvement Fund	\$ 34,471,001	\$ 36,200,000	\$ 36,200,000	\$ 15,000,000	\$ (21,200,000)	-58.56%
Debt Service	\$ 187,538,594	\$ 183,460,985	\$ 174,018,835	\$ 190,597,795	\$ 7,136,810	3.89%
Total Expenses	\$ 340,473,339	\$ 365,403,610	\$378,244,175	\$369,517,555	\$ 4,113,945	1.13%
Net Revenues	\$ 13,365,183	\$ 1,966,800	\$ (6,550,470)	\$ (545,050)	\$ (2,511,850)	

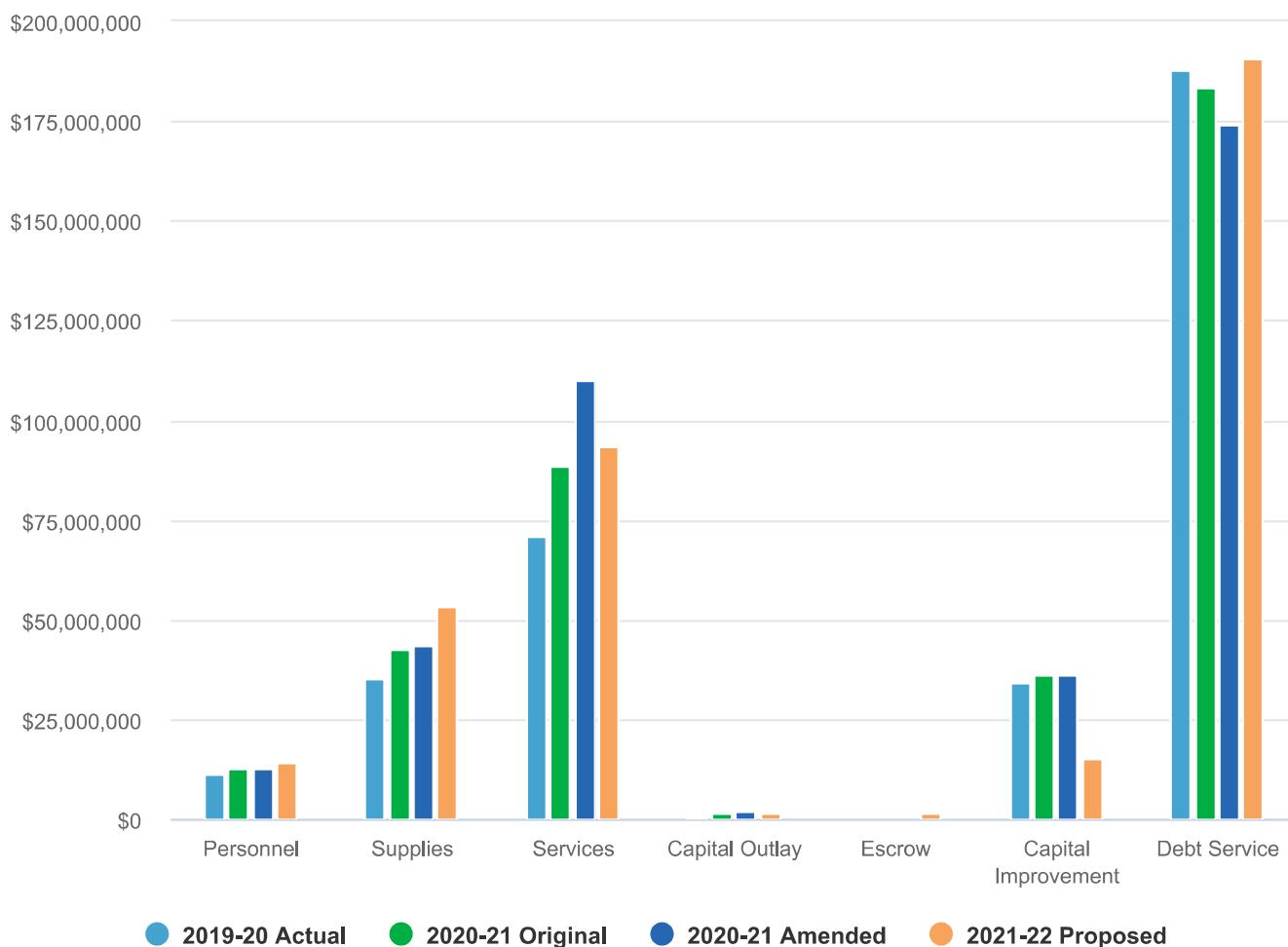
The FY21 Amended Budget for expenditures totals \$378,244,175, which is \$12,840,565 or 3.51% greater than the FY21 Original Budget of \$365,403,610. This increase is due to high electric power bills as a result of Winter Storm Uri and increased prices of Chemicals. These increases were partially offset by lower Debt Service.

For the FY22 Annual Budget, the total RWS expenditures requested are \$369,517,555, which is \$4,113,945 or 1.13% greater than the FY21 Original Budget.

Major budget variances are explained below:

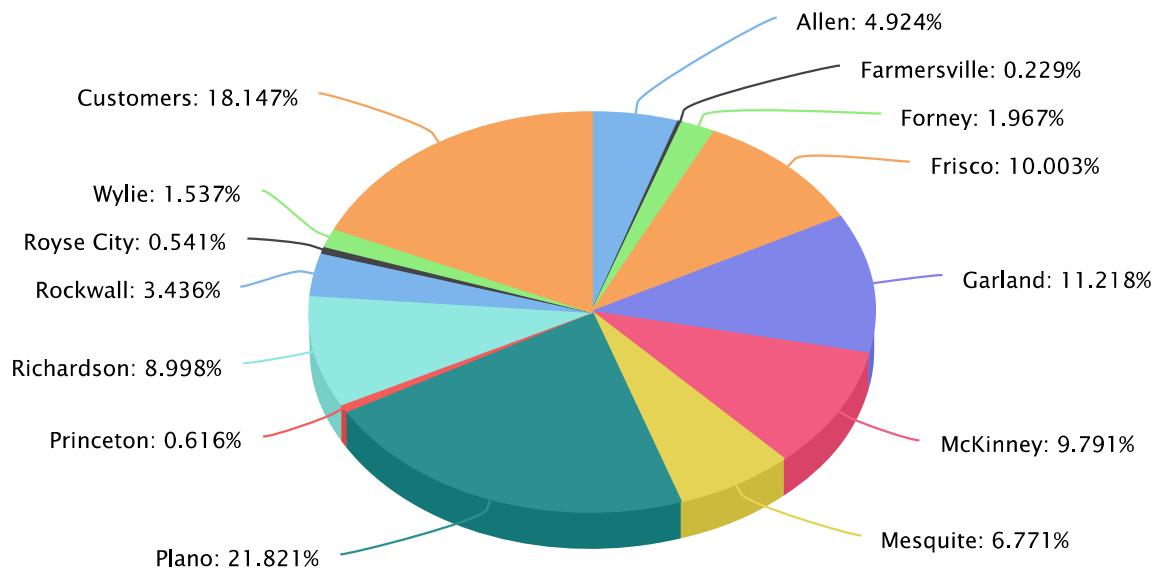
- Increase of \$10,849,805 in Supplies driven by Chemicals from higher bids on new contracts driven by supply chain issues and increased global demands.
- Increase of \$4,734,100 for Services as a result of higher electric power costs.
- Increase in Personnel of \$1,409,255 due to an additional 9 headcount, including those that were repurposed from Shared Services. The majority of these additions are for Bois d'Arc Lake and Leonard Water Treatment Plant as they begin full operations. In addition, there were cost increases in insurance and retirement costs.
- Higher debt service cost is offset by reduced Capital Improvement Fund transfers resulting in a net decrease of (\$14,063,190).

REGIONAL WATER SYSTEM EXPENDITURES



WATER ANNUAL MINIMUMS

Annual minimums are set each year based on contract required annual minimums or actual usage. Below is a chart of annual minimums for the upcoming year.

WATER ANNUAL MINIMUMS**FY22 ANNUAL MINIMUMS**

Member Cities	(1,000 gallons)
Allen	6,002,360
Farmersville	279,486
Forney	2,398,194
Frisco	12,194,343
Garland	13,674,674
McKinney	11,935,830
Mesquite	8,254,231
Plano	26,600,916
Princeton	751,294
Richardson	10,968,729
Rockwall	4,188,942
Royse City	659,940
Wylie	1,873,784
Total Member Cities	99,782,723
Customers	22,121,410
Grand Total	121,904,133

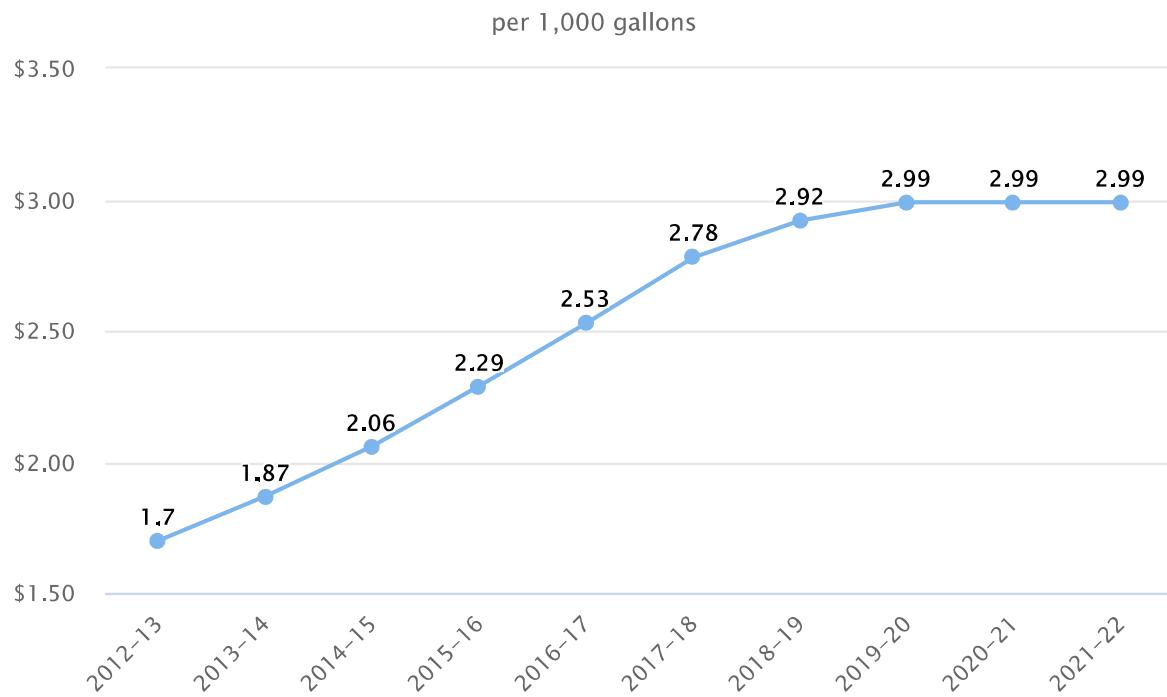
Regional Water System Rate Calculation

Total Expenses	\$	369,517,555
Total Other Revenues	\$	-
Net Expenses	\$	369,517,555
Maintain 90 Day Minimum - Operating Fund		(545,050)
Revenues Needed from Water Sales	\$	368,972,505
Member City Revenue	\$	298,350,342
Customer Revenue		67,217,086
Total Revenues from Water Sales	\$	365,567,428

Annual Minimums (1,000 gallons)

Member Cities	99,782,723
Customers	22,121,410
	121,904,133

Member City Rate	\$	2.99
Customer Rate	\$	3.04

MEMBER CITY WATER RATES

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REGIONAL WASTEWATER SYSTEM

REGIONAL WASTEWATER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

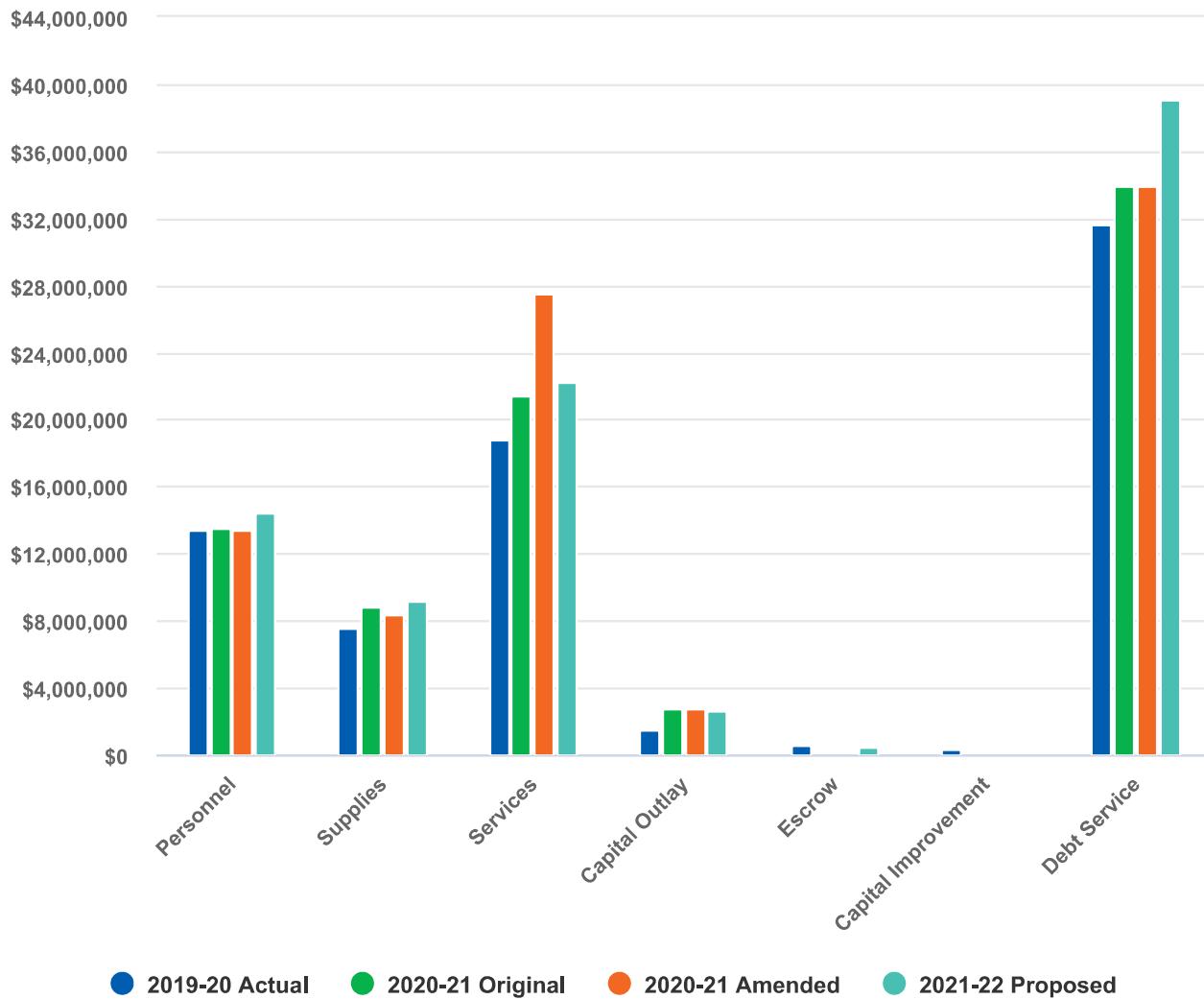
Revenues and Expenses	2019-20	2020-21	2020-21	2021-22	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 71,248,544	\$ 77,982,235	\$ 78,723,715	\$ 85,452,095	\$ 7,469,860	9.58%
Customers	1,776,014	1,893,060	1,813,110	2,030,340	137,280	7.25%
Total Wastewater Sales	\$ 73,024,558	\$ 79,875,295	\$ 80,536,825	\$ 87,482,435	\$ 7,607,140	9.52%
Total Other Revenues	\$ 591,378	\$ 543,605	\$ 5,457,160	\$ 607,920	\$ 64,315	11.83%
Interest Income	\$ 74,503	\$ 104,935	\$ 16,395	\$ 10,390	\$ (94,545)	-90.10%
Total Revenues	\$ 73,690,439	\$ 80,523,835	\$ 86,010,380	\$ 88,100,745	\$ 7,576,910	9.41%
Expenses						
Personnel:						
Salaries	\$ 9,116,347	\$ 9,143,260	\$ 8,802,435	\$ 9,548,820	\$ 405,560	4.44%
Other	4,281,328	4,403,390	4,590,920	4,880,325	476,935	10.83%
Total Personnel	\$ 13,397,675	\$ 13,546,650	\$ 13,393,355	\$ 14,429,145	\$ 882,495	6.51%
Supplies:						
Fuel	\$ 405,383	\$ 542,735	\$ 402,735	\$ 452,405	\$ (90,330)	-16.64%
Chemicals	3,564,987	4,548,165	4,548,165	4,849,455	301,290	6.62%
Other	3,580,020	3,711,555	3,433,910	3,887,435	175,880	4.74%
Total Supplies	\$ 7,550,389	\$ 8,802,455	\$ 8,384,810	\$ 9,189,295	\$ 386,840	4.39%
Services:						
Consulting	\$ 362,381	\$ 595,360	\$ 548,360	\$ 597,430	\$ 2,070	0.35%
Insurance	226,789	233,335	312,235	537,685	304,350	130.43%
Landfill Service Fees	3,923,558	3,873,995	3,773,995	3,690,275	(183,720)	-4.74%
Maintenance	1,120,367	2,225,955	2,056,005	2,106,245	(119,710)	-5.38%
Power	3,242,949	3,880,000	9,589,340	3,067,300	(812,700)	-20.95%
Shared Services	7,530,131	8,711,840	8,468,710	9,238,160	526,320	6.04%
Other	2,362,500	1,935,295	2,761,125	3,018,165	1,082,870	55.95%
Total Services	\$ 18,768,674	\$ 21,455,780	\$ 27,509,770	\$ 22,255,260	\$ 799,480	3.73%
Capital Outlay	\$ 1,456,371	\$ 2,766,050	\$ 2,769,545	\$ 2,668,175	\$ (97,875)	-3.54%
Escrow	\$ 550,000	\$ -	\$ -	\$ 443,000	\$ 443,000	0.00%
Capital Improvement Fund	\$ 300,000	\$ -	\$ -	\$ -	\$ -	0.00%
Debt Service	\$ 31,667,330	\$ 33,952,900	\$ 33,952,900	\$ 39,115,870	\$ 5,162,970	15.21%
Total Expenses	\$ 73,690,439	\$ 80,523,835	\$ 86,010,380	\$ 88,100,745	\$ 7,576,910	9.41%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY21 Amended Budget for expenditures and revenues totals \$86,010,380, which is \$5,486,545 or 6.81% greater than the FY21 Original Budget of \$80,523,835. This increase is due to high electric power bills as a result of Winter Storm Uri.

For the FY22 Annual Budget, the total RWWS expenditures are \$88,100,745 which is \$7,576,910 or 9.41% greater than the FY21 Original Budget. Major budget variances are explained below:

- Increase in Debt Service of \$5,162,970 for the financing of \$115 million in bonds and ECP.
- Increase in Services of \$799,480 due to higher Shared Services allocation, Other Services increased to repair a blower, plant structure and building coating rehabilitation, and annual preventative maintenance repairs and inspections at Wilson Creek Regional WWTP.
- Increase in Personnel of \$882,495 due to the higher retirement costs. Wages increased as a result of staffing the Sister Grove Regional Water Resource Recovery Facility.
- Increase in Supplies of \$386,840 due to higher Chemical contract bids that can be attributed to supply chain issues and increased global demand.
- Increase in Escrow of \$443,000 to replenish Reserve for Maintenance funds that were used to help offset the increased power costs during Winter Storm Uri.

RWWS EXPENDITURES

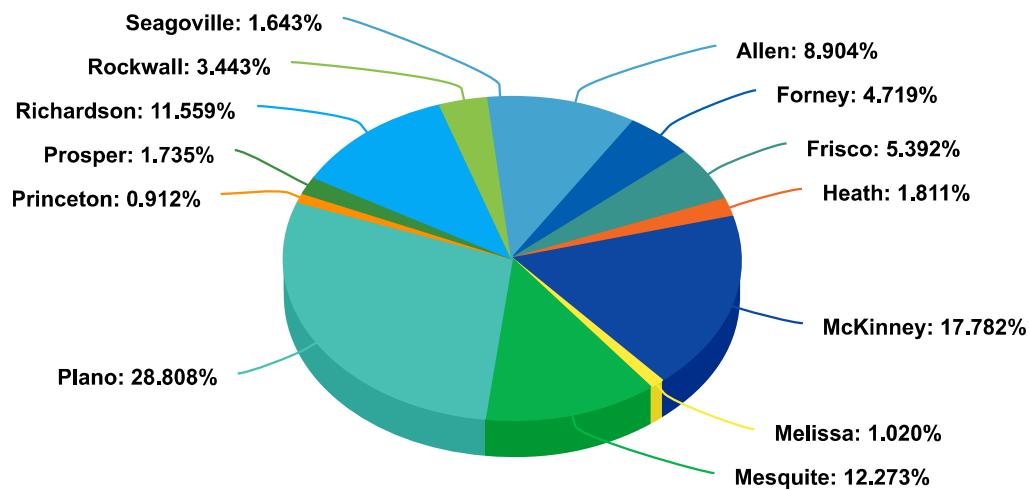


Cost Allocation for Member Cities

The Regional Wastewater System and its wastewater treatment plants have been acquired or constructed under a common bond pledge. Member Cities share the cost for wastewater treatment on the basis of proportional flow considering all four regional plants. Charges are based on current budgeted expenditures and are allocated to each city at the beginning of the year based on estimated flows. At the end of the year, the actual cost for each city is determined based on actual flows and final billings are adjusted accordingly.

Cost allocation by Member City based on flows for the FY22 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY22 are \$85,452,095 after deducting interest and other revenue in the estimated amount of \$2,648,650 from the proposed budget of \$88,100,745.

City	2019-20		2020-21		2020-21		2021-22	
	Actual	Original Budget		Amended Budget		Proposed Budget		
Allen	\$ 6,402,456	\$ 7,258,636		\$ 6,998,203		\$ 7,608,627		
Forney	3,347,537	3,627,994		3,708,633		4,032,122		
Frisco	3,489,532	3,652,347		4,237,672		4,607,307		
Heath	1,289,976	1,563,392		1,423,246		1,547,390		
McKinney	12,592,591	13,685,319		13,975,660		15,194,696		
Melissa	745,550	817,677		842,546		871,459		
Mesquite	8,994,322	9,381,175		9,646,469		10,487,888		
Plano	20,914,925	23,387,239		22,641,925		24,616,882		
Princeton	835,736	887,106		716,732		779,250		
Prosper	942,328	916,011		1,363,918		1,482,887		
Richardson	8,324,511	9,234,435		9,085,156		9,877,615		
Rockwall	2,150,429	2,234,356		2,706,356		2,942,421		
Seagoville	1,218,651	1,336,548		1,377,199		1,403,551		
Total	\$ 71,248,544	\$ 77,982,235		\$ 78,723,715		\$ 85,452,095		
Flows (1,000)	34,570,387		34,500,000		33,800,000		36,000,000	
Member Cost per 1,000	\$ 2.06		\$ 2.26		\$ 2.33		\$ 2.37	

UPPER EAST FORK INTERCEPTOR SYSTEM

UPPER EAST FORK INTERCEPTOR SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

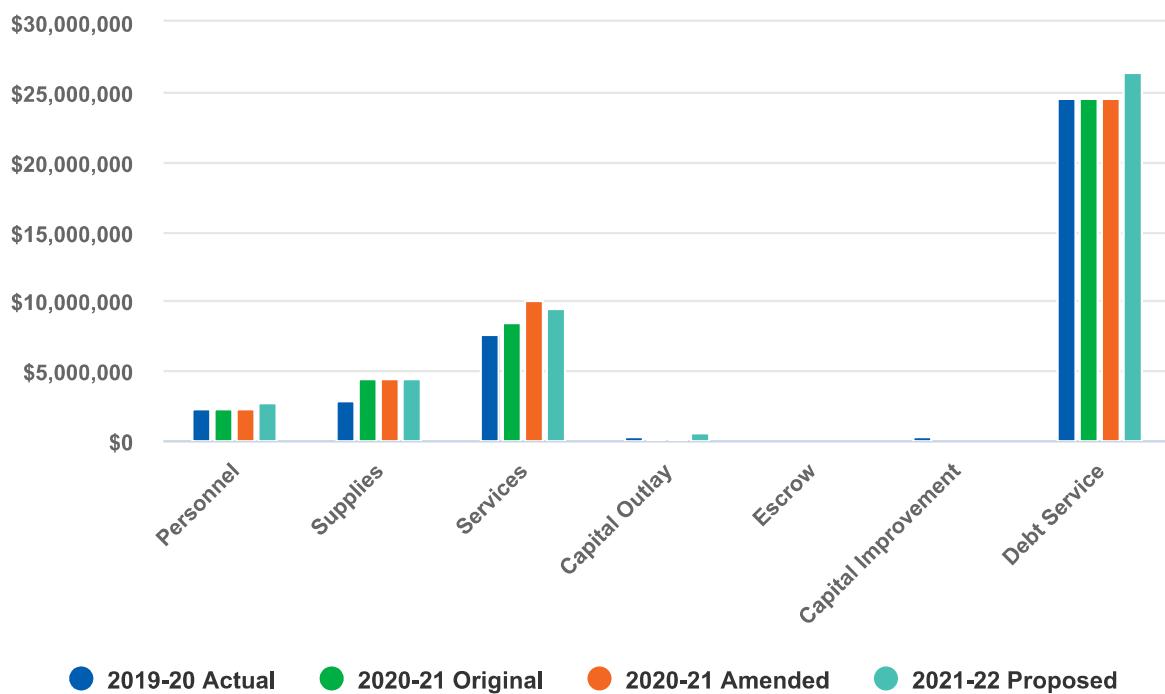
Revenues and Expenses	2019-20	2020-21	2020-21	2021-22	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 36,249,301	\$ 38,177,855	\$ 38,249,205	\$ 41,849,780	\$ 3,671,925	9.62%
Customers	1,222,609	1,244,920	1,192,380	1,348,470	103,550	8.32%
Total Wastewater Sales	\$ 37,471,911	\$ 39,422,775	\$ 39,441,585	\$ 43,198,250	\$ 3,775,475	9.58%
Total Other Revenues	\$ 398,843	\$ 485,750	\$ 2,097,890	\$ 519,230	\$ 33,480	6.89%
Interest Income	\$ 40,719	\$ 53,235	\$ 10,525	\$ 5,375	\$ (47,860)	-89.90%
Total Revenues	\$ 37,911,473	\$ 39,961,760	\$ 41,550,000	\$ 43,722,855	\$ 3,761,095	9.41%
Expenses						
Personnel:						
Salaries	\$ 1,558,504	\$ 1,603,495	\$ 1,600,235	\$ 1,868,930	\$ 265,435	16.55%
Other	676,092	675,840	674,915	843,180	167,340	24.76%
Total Personnel	\$ 2,234,596	\$ 2,279,335	\$ 2,275,150	\$ 2,712,110	\$ 432,775	18.99%
Supplies:						
Fuel	\$ 50,471	\$ 76,210	\$ 76,210	\$ 76,700	\$ 490	0.64%
Chemicals	2,167,252	3,679,500	3,679,500	3,679,500	-	0.00%
Other	637,666	728,435	728,685	762,280	33,845	4.65%
Total Supplies	\$ 2,855,389	\$ 4,484,145	\$ 4,484,395	\$ 4,518,480	\$ 34,335	0.77%
Services:						
Consulting	\$ 345,222	\$ 321,500	\$ 319,000	\$ 721,500	\$ 400,000	124.42%
Insurance	70,438	87,765	105,660	137,100	49,335	56.21%
Landfill Service Fees	2,271	5,000	4,230	5,020	20	0.40%
Maintenance	2,773,551	2,984,040	2,642,540	3,147,940	163,900	5.49%
Power	1,322,962	1,480,000	3,357,550	1,250,000	(230,000)	-15.54%
Shared Services	2,705,141	3,311,145	3,311,145	3,947,680	636,535	19.22%
Other	401,761	284,130	325,630	329,405	45,275	15.93%
Total Services	\$ 7,621,346	\$ 8,473,580	\$ 10,065,755	\$ 9,538,645	\$ 1,065,065	12.57%
Capital Outlay	\$ 275,488	\$ 170,000	\$ 170,000	\$ 601,500	\$ 431,500	253.82%
Escrow	\$ 58,030	\$ -	\$ -	\$ -	\$ -	0.00%
Capital Improvement Fund	\$ 350,000	\$ -	\$ -	\$ -	\$ -	0.00%
Debt Service	\$ 24,516,625	\$ 24,554,700	\$ 24,554,700	\$ 26,352,120	\$ 1,797,420	7.32%
Total Expenses	\$ 37,911,473	\$ 39,961,760	\$ 41,550,000	\$ 43,722,855	\$ 3,761,095	9.41%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY21 Amended Budget for expenditures and revenues totals \$41,550,000, which is \$1,588,240 or 3.97% greater than the FY21 Original Budget of \$39,961,760. The increase is related to high electric power bills as a result of Winter Storm Uri.

For the FY22 Annual Budget, the total UEFIS expenditures are \$43,722,855, which is \$3,761,095 or 9.41% greater than the FY21 Original Budget. Major budget variances are explained below:

- Increase in Debt Service of \$1,797,420 as a result of higher debt service payments with the financing of \$85 million in bonds and ECP.
- Increase in Services of \$1,065,065 due to a higher Shared Services allocation. In addition, increases in Special Studies & Reports and Pipeline Maintenance to perform lift station condition assessment and scheduled pipeline inspections and cleanings per the CMOM plan.
- Increase in Personnel of \$432,775 for higher wages and insurance/retirement costs, and to fund a new Lead Maintenance Technician position.
- Increase in Capital Outlay of \$431,500 to purchase two new vehicles and replace three vehicles per the fleet replacement schedule. Non-vehicle Equipment purchases include a bioscrubber fan for the Lower Rowlett Creek Lift Station, replacement variable frequency drives and other replacement pumps and motors.

UEFIS EXPENDITURES

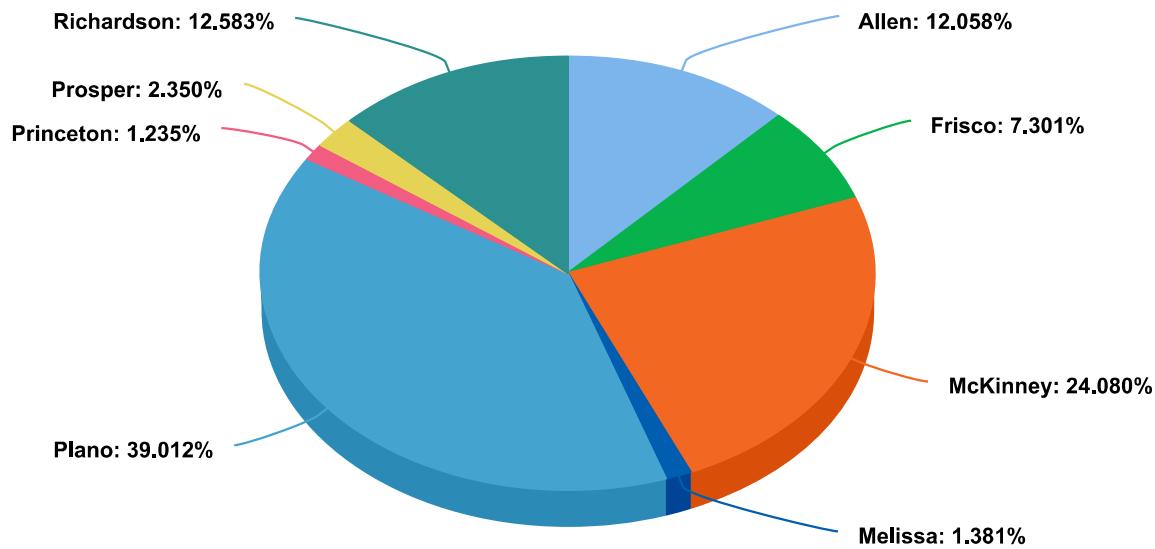


Cost Allocation for Member Cities

UEFIS has been constructed under a common bond pledge and the participating cities share the cost for wastewater transportation on the basis of proportional flows. Charges are based on current budgeted expenditures and are allocated to each city at the beginning of the year based on estimated flows. At the end of the year, the actual cost for each city is determined based on actual flows and final billing adjustments are applied accordingly.

Cost allocation by Member City based on flows for the FY22 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY22 are \$41,849,780 after deducting interest and other revenue in the estimated amount of \$1,873,075 from the proposed budget of \$43,722,855.

City	2019-20		2020-21		2020-21		2021-22	
	Actual		Original Budget		Amended Budget		Proposed Budget	
Allen	\$ 4,418,355		\$ 4,766,881		\$ 4,608,785		\$ 5,046,194	
Frisco	2,408,150		2,398,564		2,790,791		3,055,658	
McKinney	8,690,263		8,987,403		9,203,908		10,077,428	
Melissa	514,523		536,983		554,873		577,969	
Plano	14,433,602		15,358,833		14,911,223		16,326,413	
Princeton	576,763		582,579		472,016		516,814	
Prosper	755,363		788,337		898,231		983,480	
Richardson	4,452,284		4,758,275		4,809,378		5,265,824	
Total	\$ 36,249,301		\$ 38,177,855		\$ 38,249,205		\$ 41,849,780	
Flows (1,000)	25,486,487		25,719,095		24,936,391		26,583,688	
Member Cost per 1,000	\$ 1.42		\$ 1.48		\$ 1.53		\$ 1.57	

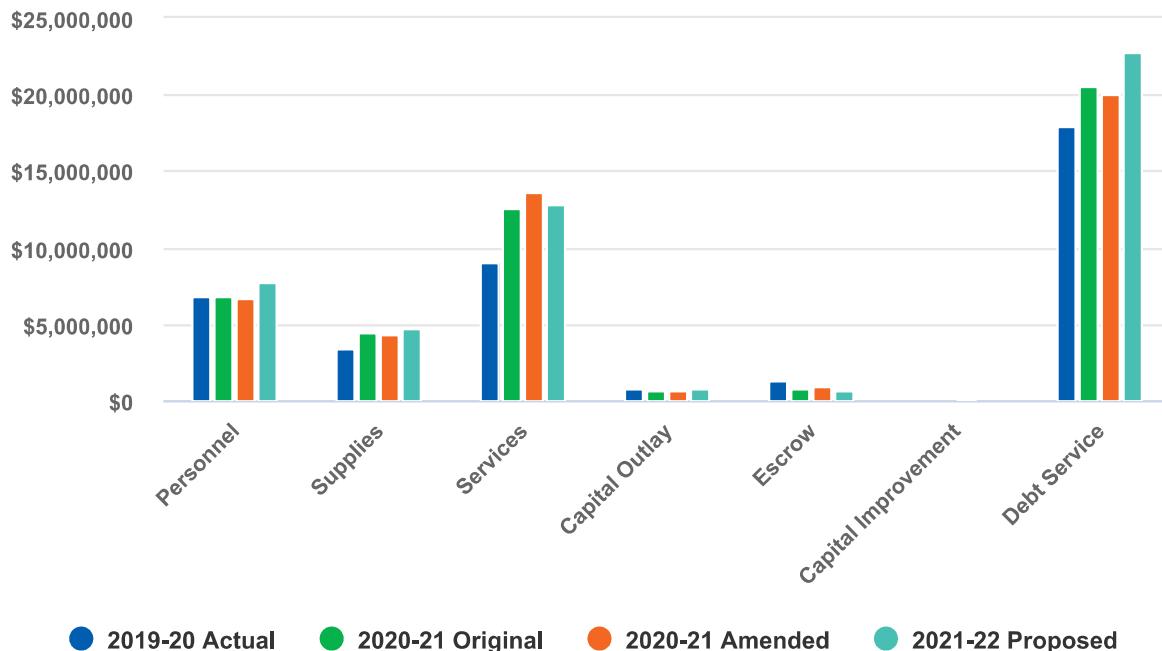
SEWER SYSTEM

Revenues and Expenses	2019-20	2020-21	2020-21	2021-22	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Sewer Sales:						
Sewer Facilities	\$ 28,031,374	\$ 32,500,610	\$ 33,201,305	\$ 35,545,860	\$ 3,045,250	9.37%
Interceptor Facilities	7,497,479	9,195,580	8,572,995	10,333,565	1,137,985	12.38%
Pretreatment	1,092,625	1,195,080	1,149,420	1,335,160	140,080	11.72%
Water Facilities	1,582,129	1,615,510	1,662,600	1,571,905	(43,605)	-2.70%
Total Sewer Sales	\$ 38,203,607	\$ 44,506,780	\$ 44,586,320	\$ 48,786,490	\$ 4,279,710	9.62%
Total Other Revenues	\$ 893,991	\$ 1,240,670	\$ 1,747,455	\$ 857,870	\$ (382,800)	-30.85%
Interest Income	\$ 50,906	\$ 74,870	\$ 6,470	\$ 6,425	\$ (68,445)	-91.42%
Total Revenues	\$ 39,148,504	\$ 45,822,320	\$ 46,340,245	\$ 49,650,785	\$ 3,828,465	8.36%
Expenses						
Personnel:						
Salaries	\$ 4,678,012	\$ 4,678,440	\$ 4,507,075	\$ 5,074,540	\$ 396,100	8.47%
Other	2,115,204	2,138,630	2,219,355	2,595,870	457,240	21.38%
Total Personnel	\$ 6,793,216	\$ 6,817,070	\$ 6,726,430	\$ 7,670,410	\$ 853,340	12.52%
Supplies:						
Fuel	\$ 46,281	\$ 54,125	\$ 55,120	\$ 55,825	\$ 1,700	3.14%
Chemicals	1,858,179	2,418,280	2,355,040	2,653,570	235,290	9.73%
Other	1,527,841	1,971,220	1,867,695	2,025,695	54,475	2.76%
Total Supplies	\$ 3,432,301	\$ 4,443,625	\$ 4,277,855	\$ 4,735,090	\$ 291,465	6.56%
Services:						
Consulting	\$ 235,681	\$ 440,000	\$ 413,405	\$ 446,750	\$ 6,750	1.53%
Insurance	56,705	69,220	117,705	140,585	71,365	103.10%
Landfill Service Fees	876,655	1,033,665	1,027,940	1,067,195	33,530	3.24%
Maintenance	529,933	2,042,390	1,987,645	1,595,500	(446,890)	-21.88%
Power	1,757,618	2,093,775	3,244,255	2,027,335	(66,440)	-3.17%
Shared Services	3,753,343	4,474,760	4,427,525	5,125,880	651,120	14.55%
Other	1,770,540	2,444,555	2,449,190	2,484,060	39,505	1.62%
Total Services	\$ 8,980,475	\$ 12,598,365	\$ 13,667,665	\$ 12,887,305	\$ 288,940	2.29%
Capital Outlay	\$ 741,589	\$ 695,000	\$ 599,135	\$ 848,500	\$ 153,500	22.09%
Escrow	\$ 1,332,218	\$ 731,750	\$ 931,750	\$ 719,255	\$ (12,495)	-1.71%
Capital Improvement Fund	\$ -	\$ -	\$ 125,000	\$ -	\$ -	0.00%
Debt Service	\$ 17,868,705	\$ 20,536,510	\$ 20,012,410	\$ 22,790,225	\$ 2,253,715	10.97%
Total Expenses	\$ 39,148,504	\$ 45,822,320	\$ 46,340,245	\$ 49,650,785	\$ 3,828,465	8.36%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY21 Amended Budget for expenditures totals \$46,340,245, which is \$517,925 or 1.13% greater than the FY21 Original Budget of \$45,822,320. For the FY22 Proposed Budget, the total expenditures for Sewer System facilities requested are \$49,650,785, which is \$3,828,465 or 8.36% greater than the FY21 Original Budget. Major budget variances are explained below:

- Increase in Debt Service of \$2,253,715 is the net result of the following:
 - Bond issue for the construction of the Buffalo Creek Interceptor Tunnel in the Buffalo Creek Interceptor System.
 - Bond issue for the Forney Mustang Creek Lift Station Phase II and Forney Force Main Improvements.
 - Bond issue for the expansion of Sabine Creek WWTP Expansion to 7 MGD.
 - Increased FY22 debt service payments for Panther Creek WWTP, Muddy Creek WWTP, Buffalo Creek Interceptor and Mustang Creek Interceptor related to previous bond issues.
- Increase in Personnel of \$853,340 due to higher wages and insurance/retirement costs, and to fund a new Wastewater Mechanic position.
- Increase in Services of \$288,940 due to increases in Hauling Fees and Shared Services allocation but offset by lower Pipeline Maintenance for inspections and reductions in Other Services.
- Increase in Capital Outlay of \$153,500 related to Vehicle Equipment replacements for Stewart Creek, Muddy Creek and Small Plants, which will also have a new vehicle for a new position. In addition, Machinery costs are higher due to a required maintenance overhaul and replacement parts to ensure sustainable process operations at the Muddy Creek WWTP.
- Increase in Supplies of \$291,465 driven by the purchase of Mechanical Supplies at Stewart Creek WWTP due to plant expansion and at Panther Creek WWTP for an influent pump rebuild, mechanical seals and rehabilitation of a 250 horsepower lift pump and the installation of a influent valve actuator. Chemicals also increased due to higher bids on new contracts related to supply chain issues and increased global demands.

SEWER SYSTEM EXPENDITURES



Revenues and Expenditures

Below is a summary, by facility, of the Sewer System FY21 Original and Amended Budgets and the Proposed FY22 Budget.

	2019-20 Actual	2020-21 Original	2020-21 Amended	2021-22 Proposed
Water Facilities:				
Little Elm Water Transmission Facilities	\$ 396,004	\$ 403,290	\$ 403,290	\$ 282,050
Plano Water Transmission Facilities	3,159	3,670	3,670	3,825
Kaufman 4-1 Water Distribution Facilities	82,408	87,065	184,215	130,350
Rockwall-Heath Water Storage Facilities	226,565	229,375	229,375	237,075
Terrell Water Transmission Facilities	719,548	722,995	723,995	743,880
Rockwall Water Pump Station Facilities	168,552	171,100	171,100	174,985
Total	\$ 1,596,236	\$ 1,617,495	\$ 1,715,645	\$ 1,572,165
Sewer Facilities:				
Wylie WWTP	\$ 29,863	\$ 40,385	\$ 40,525	\$ -
South Rockwall WWTP	1,565,710	1,763,110	1,938,565	1,735,465
North Rockwall WWTP	632,570	623,205	684,765	698,010
Panther Creek WWTP	7,702,921	9,225,175	9,237,305	10,058,830
Sabine Creek WWTP	2,564,533	2,815,450	2,914,505	3,116,525
Stewart Creek WWTP	8,152,271	9,690,650	9,700,340	10,389,945
Muddy Creek WWTP	7,128,784	7,538,395	8,027,335	8,511,900
Seis Lagos WWTP	205,596	251,295	281,045	327,035
Royse City WWTP	14,983	25,030	24,975	20,180
Farmersville WWTP	471,295	529,610	532,865	576,170
Lavon WWTP	360,889	420,825	424,095	481,770
Total	\$ 28,829,415	\$ 32,923,130	\$ 33,806,320	\$ 35,915,830
Interceptor Facilities:				
Forney Interceptor	\$ 409,582	\$ 517,820	\$ 566,725	\$ 682,460
Lower East Fork Interceptor	1,777,330	1,858,310	2,019,845	1,928,410
Muddy Creek Interceptor	434,832	862,630	862,630	428,575
Parker Creek Interceptor	474,468	960,335	960,335	426,290
Sabine Creek Interceptor	278,197	301,845	301,845	313,985
Buffalo Creek Interceptor	2,382,881	3,099,530	2,540,495	3,821,410
McKinney Interceptor	286,865	52,650	52,650	56,775
Mustang Creek Interceptor	1,479,928	2,314,180	2,247,580	2,931,050
Parker Creek Parallel Interceptor	103,803	116,575	116,575	238,495
Total	\$ 7,627,887	\$ 10,083,875	\$ 9,668,680	\$ 10,827,450
Other:				
Wastewater Pretreatment Program	\$ 1,094,965	\$ 1,197,820	\$ 1,149,600	\$ 1,335,340
Total	\$ 1,094,965	\$ 1,197,820	\$ 1,149,600	\$ 1,335,340
TOTAL	\$ 39,148,504	\$ 45,822,320	\$ 46,340,245	\$ 49,650,785

REGIONAL SOLID WASTE SYSTEM

REGIONAL SOLID WASTE SYSTEM

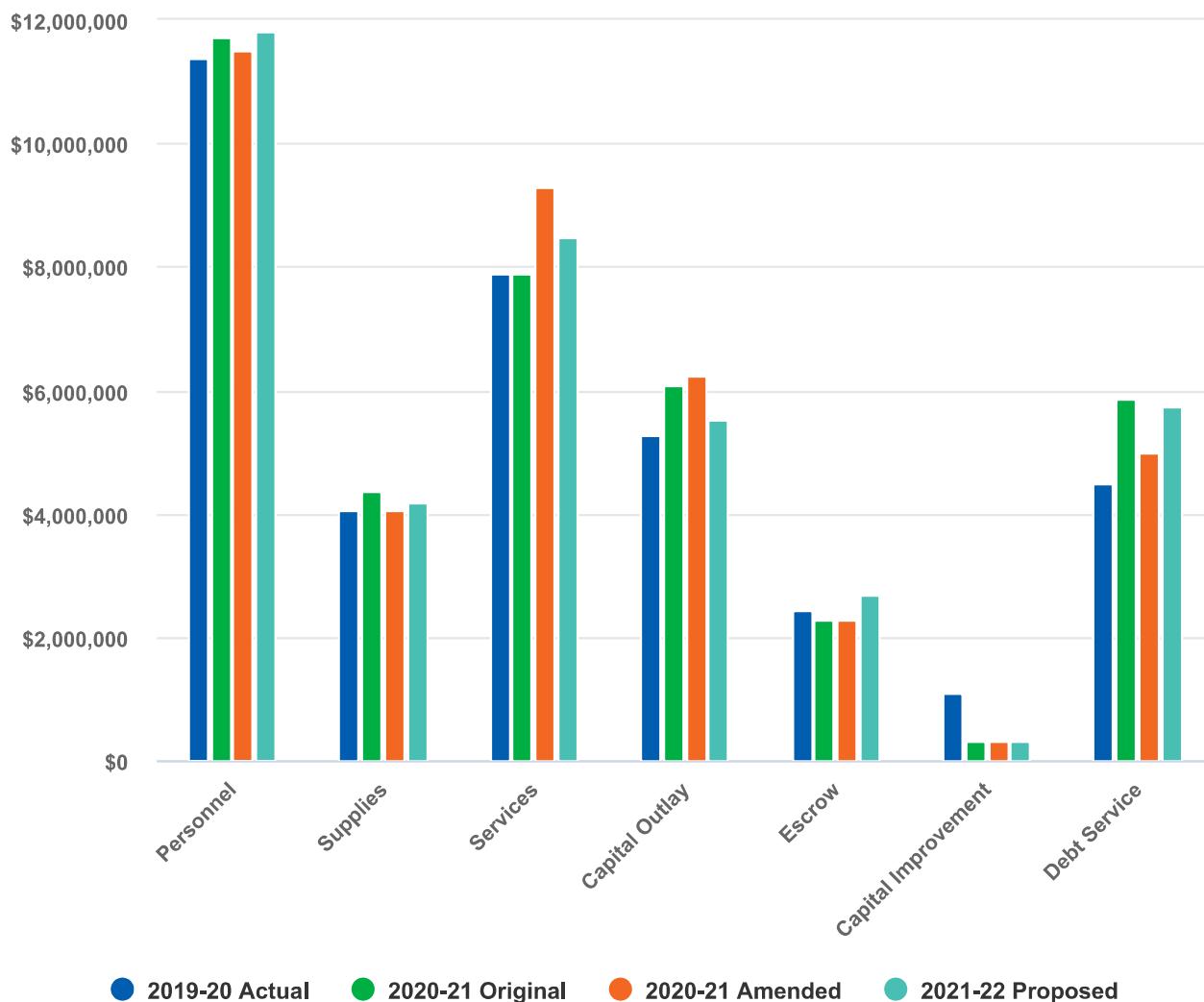
NORTH TEXAS MUNICIPAL WATER DISTRICT

Revenues and Expenses	2019-20	2020-21	2020-21	2021-22	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Solid Waste Sales:						
Member Sales	\$ 24,618,291	\$ 26,551,360	\$ 25,634,830	\$ 26,118,800	\$ (432,560)	-1.63%
Customers Sales	5,990,414	5,562,240	6,715,640	6,840,640	1,278,400	22.98%
Composting - Solid Waste	700,418	630,720	580,720	624,360	(6,360)	-1.01%
Landfill Sludge Disp Svc Fee	3,482,667	3,541,165	2,776,730	3,354,380	(186,785)	-5.27%
Total Solid Waste Sales	\$ 34,791,790	\$ 36,285,485	\$ 35,707,920	\$ 36,938,180	\$ 652,695	1.80%
Total Other Revenues	\$ 1,787,027	\$ 2,110,940	\$ 2,934,375	\$ 1,734,225	\$ (376,715)	-17.85%
Interest Income	\$ 42,890	\$ 48,090	\$ 8,380	\$ 5,000	\$ (43,090)	-89.60%
Total Revenues	\$ 36,621,708	\$ 38,444,515	\$ 38,650,675	\$ 38,677,405	\$ 232,890	0.61%
Expenses						
Personnel:						
Salaries	\$ 7,706,609	\$ 8,078,655	\$ 7,697,590	\$ 7,954,105	\$ (124,550)	-1.54%
Other	3,663,394	3,645,960	3,797,855	3,859,300	213,340	5.85%
Total Personnel	\$ 11,370,003	\$ 11,724,615	\$ 11,495,445	\$ 11,813,405	\$ 88,790	0.76%
Supplies:						
Fuel	\$ 1,610,351	\$ 1,721,490	\$ 1,514,490	\$ 1,769,920	\$ 48,430	2.81%
Chemicals	98,617	157,400	157,400	114,400	(43,000)	-27.32%
Other	2,357,187	2,478,025	2,391,015	2,304,870	(173,155)	-6.99%
Total Supplies	\$ 4,066,155	\$ 4,356,915	\$ 4,062,905	\$ 4,189,190	\$ (167,725)	-3.85%
Services:						
Consulting	\$ 728,490	\$ 679,675	\$ 685,175	\$ 607,890	\$ (71,785)	-10.56%
Insurance	283,420	268,660	268,660	466,470	197,810	73.63%
Maintenance	1,543,745	1,292,980	1,872,505	1,563,155	270,175	20.90%
Power	150,430	162,200	274,120	161,200	(1,000)	-0.62%
Shared Services	2,025,179	2,280,425	2,292,425	2,460,470	180,045	7.90%
Other	3,168,565	3,194,095	3,898,530	3,218,515	24,420	0.76%
Total Services	\$ 7,899,830	\$ 7,878,035	\$ 9,291,415	\$ 8,477,700	\$ 599,665	7.61%
Capital Outlay	\$ 5,271,385	\$ 6,065,600	\$ 6,242,060	\$ 5,503,850	\$ (561,750)	-9.26%
Escrow	\$ 2,445,000	\$ 2,261,000	\$ 2,261,000	\$ 2,670,000	\$ 409,000	18.09%
Capital Improvement Fund	\$ 1,084,000	\$ 297,900	\$ 297,900	\$ 297,900	-	0.00%
Debt Service	\$ 4,485,335	\$ 5,860,450	\$ 4,999,950	\$ 5,725,360	\$ (135,090)	-2.31%
Total Expenses	\$ 36,621,708	\$ 38,444,515	\$ 38,650,675	\$ 38,677,405	\$ 232,890	0.61%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY21 Amended Budget for expenditures and revenues totals \$38,650,675, which is \$206,160 or 0.54% greater than the FY21 Original Budget of \$38,444,515. For the FY22 Annual Budget, the total RSWS expenditures are \$38,677,405, which is \$232,890 or 0.61% greater than the FY21 Original Budget. Major budget variances are explained below:

- Increase in Services of \$599,665 due to higher Equipment Maintenance costs to repair aging equipment, higher Automotive Insurance premiums and increased allocation for Shared Services.
- Increase in Escrow of \$409,000 to transfer funds into the equipment replacement escrow.
- Increase in Personnel of \$88,790 due to higher retirement costs.
- Decrease in Capital Outlay of \$(561,750) as a result of a reduction in replacement Vehicle Equipment purchases.
- Decrease in Debt Service of \$(135,090) related to a bond issue reduction and later timing.
- Decrease in Supplies of \$(167,725) due to a reduction in Vehicle Supplies based on prior year's trend.

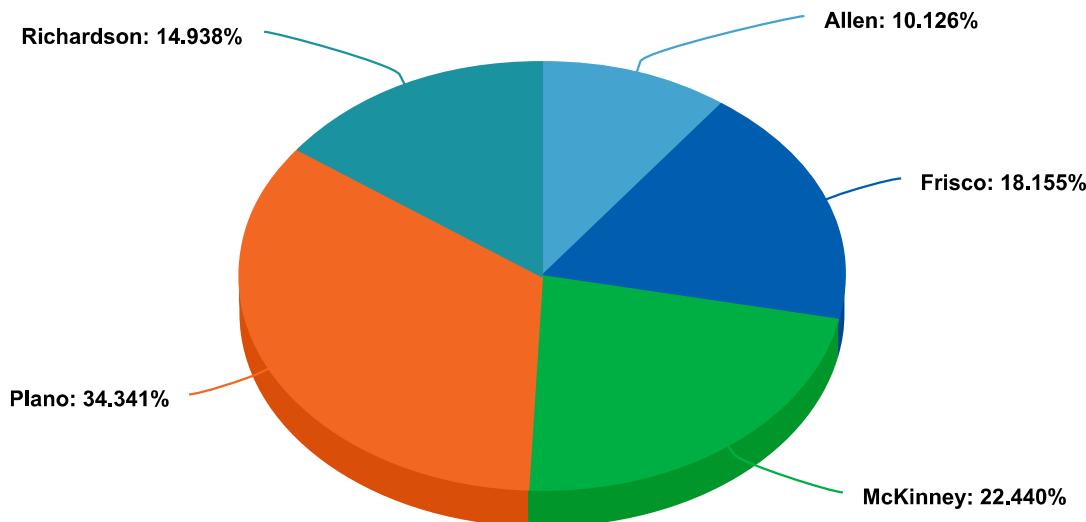
RSWS EXPENDITURES



Cost Allocation - Tonnage

Member City representatives provide estimated annual tonnage to amend the current year and future year projections. Finance compiles the actual tonnage data from monthly reports provided by RSWS management. Member Cities estimate that 680,948 tons of waste will be processed in FY21 and 682,853 tons in FY22.

MEMBER CITY COST ALLOCATION



Cost Allocation for Member Cities

The Regional Solid Waste System has been developed under a common bond pledge and the Member Cities share the cost of solid waste transfer and disposal services on the basis of contributed tonnage. O&M charges are allocated to each city based on estimated tonnage. Debt service charges are allocated to each city based on the greater of the city's 5-year average tonnage or 25% of the highest year tonnage. At the end of the year, the actual cost for each city is determined based on actual tonnage and final billing adjustments are applied accordingly.

The total charges to be allocated to the Member Cities for FY22 are \$26,118,800 after deducting customer landfill fees, composting revenues, gas collection royalties, sludge disposal fees, interest and other revenue in the estimated amount of \$12,558,605 from the proposed budget of \$38,677,405.

Cities	2019-20		2020-21		2020-21		2021-22	
	Actuals		Original Budget		Amended Budget		Proposed Budget	
Allen	\$	2,522,614	\$	2,621,801	\$	2,580,356	\$	2,644,687
Frisco		4,355,568		4,711,002		4,509,289		4,741,984
McKinney		5,583,969		5,901,777		5,711,357		5,860,974
Plano		8,338,024		9,175,710		9,030,661		8,969,513
Richardson		3,818,116		4,141,070		3,803,167		3,901,642
Total	\$	24,618,291	\$	26,551,360	\$	25,634,830	\$	26,118,800
Tonnage		649,386		694,145		680,948		682,853
Cost per ton	\$	37.91	\$	38.25	\$	37.65	\$	38.25

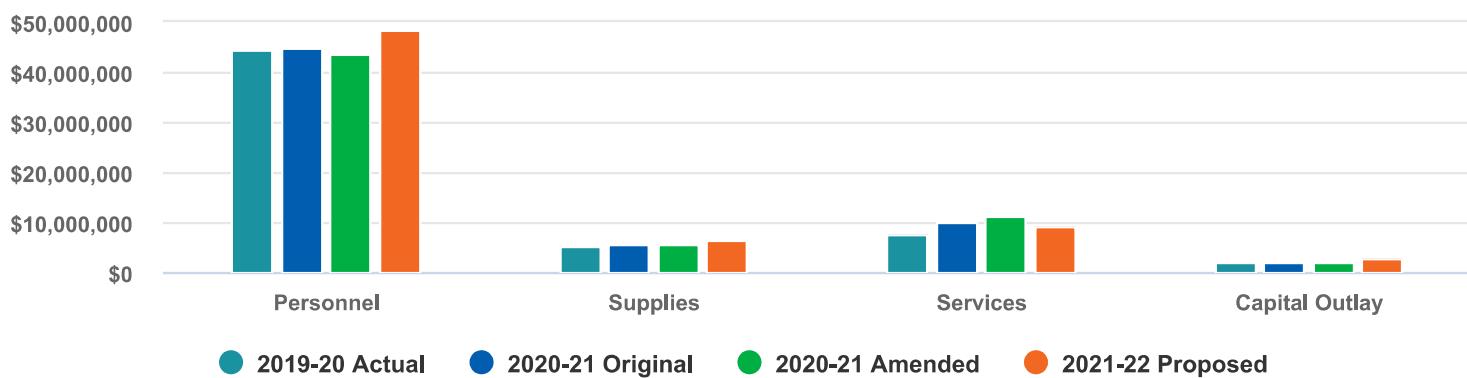
SHARED SERVICES FUND

SHARED SERVICES FUND

NORTH TEXAS MUNICIPAL WATER DISTRICT

Revenues and Expenses	2019-20	2020-21	2020-21	2021-22	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Shared Service Revenue	\$ 61,298,374	\$ 62,378,815	\$ 62,322,385	\$ 65,476,140	\$ 3,097,325	4.97%
Interest Income	\$ 9,935	\$ 12,455	\$ 1,715	\$ 1,710	\$ (10,745)	-86.27%
Total Revenues	\$ 61,308,309	\$ 62,391,270	\$ 62,324,100	\$ 65,477,850	\$ 3,086,580	4.95%
Expenses						
Personnel:						
Salaries	\$ 31,210,304	\$ 30,978,270	\$ 29,736,730	\$ 32,877,920	\$ 1,899,650	6.13%
Other	13,277,847	13,642,870	13,867,300	15,708,555	2,065,685	15.14%
Total Personnel	\$ 44,488,151	\$ 44,621,140	\$ 43,604,030	\$ 48,586,475	\$ 3,965,335	8.89%
Supplies:						
Fuel	\$ 362,333	\$ 485,455	\$ 485,455	\$ 501,100	\$ 15,645	3.22%
Chemicals	1,285	26,995	26,995	26,995	-	0.00%
Other	4,959,946	4,986,820	5,137,315	5,921,310	934,490	18.74%
Total Supplies	\$ 5,323,564	\$ 5,499,270	\$ 5,649,765	\$ 6,449,405	\$ 950,135	17.28%
Services:						
Consulting	\$ 693,528	\$ 1,097,700	\$ 1,094,635	\$ 1,739,400	\$ 641,700	58.46%
Insurance	438,987	463,375	463,375	539,985	76,610	16.53%
Maintenance	2,014,667	2,314,150	2,060,245	2,510,290	196,140	8.48%
Power	140,036	115,800	151,615	124,600	8,800	7.60%
Shared Services	17,506	-	-	10,000	10,000	0.00%
Other	4,342,991	6,151,835	7,415,580	4,426,325	(1,725,510)	-28.05%
Total Services	\$ 7,647,715	\$ 10,142,860	\$ 11,185,450	\$ 9,350,600	\$ (792,260)	-7.81%
Capital Outlay	\$ 1,898,774	\$ 2,128,000	\$ 1,818,710	\$ 2,755,750	\$ 627,750	29.50%
Total Expenses	\$ 59,358,204	\$ 62,391,270	\$ 62,257,955	\$ 67,142,230	\$ 4,750,960	7.61%
Net Revenues	\$ 1,950,105	\$ -	\$ 66,145	\$ (1,664,380)	\$ (1,664,380)	0.00%

SHARED SERVICES FUND EXPENDITURES BY CATEGORY



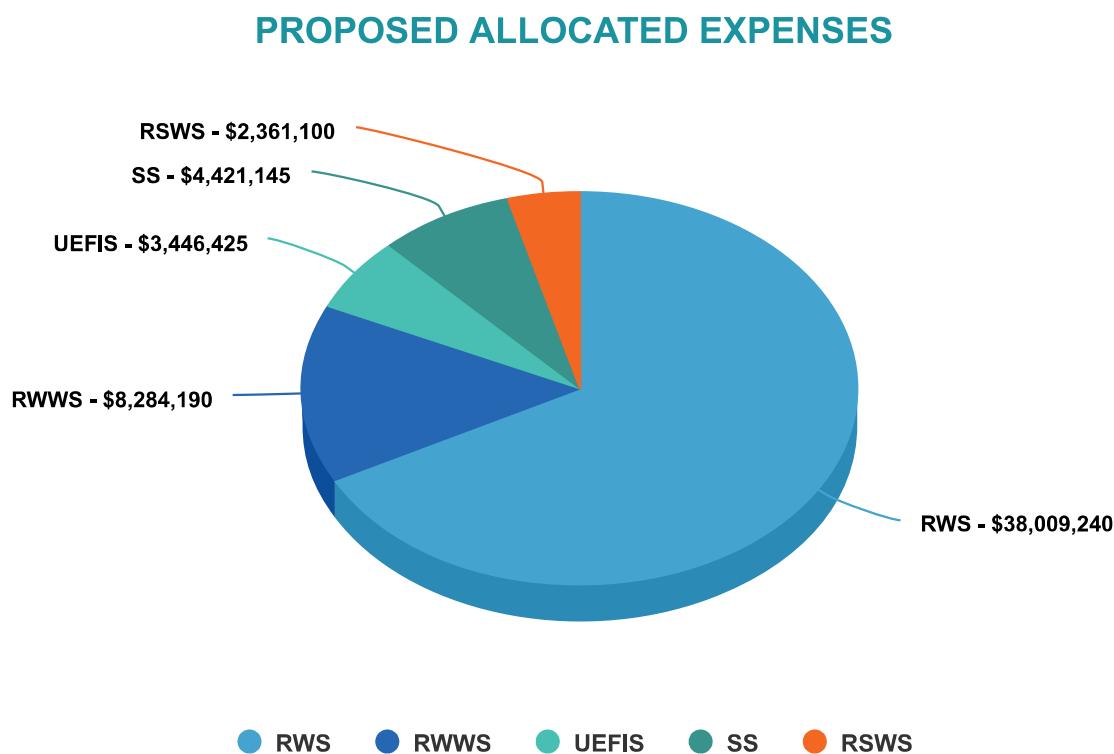
The FY21 Amended Budget for expenditures totals \$62,257,955 which is \$133,315 or 0.21% less than the Original Budget of \$62,391,270. Shared Services Fund expenditures for FY22 are \$67,142,230, which is \$4,750,960 or 7.61% greater than the FY21 Budget. Major budget variances are explained below:

- Increase of \$3,965,335 for Personnel due to employee raises, higher retirement costs and to fund three new positions for various Shared Services departments.
- Increase in Supplies of \$950,135 for Computer Supplies for a cyber network monitoring tool and Small Tools & Equipment to stock the new maintenance building at the Leonard WTP.
- Increase of \$627,750 in Capital Outlay to purchase a new large hydraulic excavator, a lowboy trailer for the excavator, a roll off trailer for containers and to replace other non-vehicle equipment.
- Decrease of (\$792,260) in Services due to lower legal service costs.

Cost Allocation

The Shared Services Fund is an internal service fund and all expenses must be allocated to the Operating Systems. The cost allocations are both Direct and Indirect. For the Direct Costs each operating system budgets for expected direct expenses based on historicals and trends. Each year, as part of the budgeting process, the District reviews its Indirect Cost allocations to ensure that appropriate Shared Services fund expenses are allocated to the appropriate Operating System. The review is multi-faceted and includes department specific metrics as well as manager input to determine the allocation amounts and percentages. Throughout the year, the Finance department reviews budgeted to actual expenses within the Shared Services Fund and determines if any adjustments are needed.

The following chart represents where the Shared Services Fund expenses are expected to be allocated this year:



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APPENDIX

2021-22
BUDGET RESOLUTION

NORTH TEXAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 21 - 48

A RESOLUTION APPROVING APPROPRIATIONS FOR THE 2021-22 ALL SYSTEMS ANNUAL BUDGET, AMENDING THE 2020-21 ANNUAL BUDGET AND PROVIDING RATES AND CHARGES FOR SYSTEM SERVICES OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT

WHEREAS, State Law and contracts between the North Texas Municipal Water District and the municipalities served require the adoption of an Annual Budget appropriating funds for the operation, maintenance and debt service requirements for each of the District Systems; and

WHEREAS, it is necessary to establish rates and charges to meet the financial requirements for each of the District Systems in accordance with contractual agreements; and

WHEREAS, the Executive Director/General Manager has prepared the Annual Budget and has determined that the charges for services as proposed will meet the overall financial requirements for each of the District Systems.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT THAT THE 2021-22 ALL SYSTEMS ANNUAL BUDGET BE APPROVED AS SUBMITTED BY THE EXECUTIVE DIRECTOR FOR THE FISCAL YEAR OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022. FURTHER, THE RATES AND CHARGES FOR SERVICES ARE HEREBY APPROVED IN ACCORDANCE WITH THE FOLLOWING APPROPRIATIONS, CHARGES AND SPECIAL DETAILS.

SECTION A - APPROPRIATIONS

1. The major budgetary control shall be the expenditure summary sheet of each Function in the 2021-22 Annual All Systems Budget document and the Executive Director shall have the authority to transfer funds between accounts but shall require the express approval of the Board of Directors by budget amendment to exceed funding for any Fund. Following are system control details:

	2020-21	2021-22
	Amended Budget	Budget
<u>By System:</u>		
Regional Water System	\$ 378,244,175	\$ 369,517,555
Regional Wastewater System	86,010,380	88,100,745
Upper East Fork Interceptor System	41,550,000	43,722,855
Sewer System	46,340,245	49,650,785
Regional Solid Waste System	38,650,675	38,677,405
Total	<u>\$ 590,795,475</u>	<u>\$ 589,669,345</u>

	2020-21	2021-22
	Amended Budget	Budget
<u>By Character:</u>		
Personnel	\$ 89,998,850	\$ 99,546,135
Supplies	70,572,685	82,442,935
Services	119,500,325	88,685,475
Capital Outlay	13,319,170	14,033,275
Escrow	3,242,750	5,082,255
Capital Improvement	36,622,900	15,297,900
Debt Service	257,538,795	284,581,370
Total	<u>\$ 590,795,475</u>	<u>\$ 589,669,345</u>

2. The Amended Budget, as set forth in the 2021-22 All Systems Annual Budget Document, shall be approved as the authorized Amended Budget for the 2020-21 Fiscal Year and the Proposed Budget, as set forth in the 2021-22 All Systems Annual Budget Document, shall be approved as the authorized Budget for the 2021-22 Fiscal Year.

3. The Salary Plan for 2020-21 was amended to include a 2% increase for all employees to be paid from salary savings. The Salary Plan as set forth in the 2021-22 All Systems Annual Budget Document shall be applicable to all District employees, including the Executive Director and the Deputy Directors, and salaries shall be paid during the 2021-22 Fiscal Year in biweekly payments (every two weeks).

4. All District employees that are classified at the Maximum on the Salary Plan shall be considered for a one-time merit payment with an average of 5% of their current annual salary.

5. The salary for the Executive Director and the Deputy Directors shall be payable in increments of the regular payroll of the District in annual amounts for the Executive Director of \$_____, the Deputy Director (Solid Waste & Integrated Services) of \$_____, the Deputy Director (Engineering & CIP) of \$_____, the Deputy Director (Water & Wastewater) of \$_____, and for the Deputy Director (Administrative Services) of \$_____.

6. The District shall fund the Deferred Compensation accounts for the Executive Director and the Deputy Directors in annual amounts for the Executive Director of \$_____, the Deputy Director (Solid Waste & Integrated Services) of \$_____, the Deputy Director (Engineering & CIP) of \$_____, the Deputy Director (Water & Wastewater) of \$_____, and for the Deputy Director (Administrative Services) of \$_____.

SECTION B - CHARGES FOR SERVICE

1. The following minimum annual demands and water rates shall be applicable during the 2021-22 Fiscal Year.

WHOLESALE TREATED WATER RATES

<u>Entity</u>	Minimum Annual Demand 1,000 gallons	Water Rate per 1,000 gallons	Minimum Annual Charge	Excess Water Rate per 1,000 gallons
Members:				
Allen	6,002,360	\$ 2.99	\$ 17,947,056.40	\$ 0.60
Farmersville	279,486	2.99	835,663.14	0.60
Forney	2,398,194	2.99	7,170,600.06	0.60
Frisco	12,194,343	2.99	36,461,085.57	0.60
Garland	13,674,674	2.99	40,887,275.26	0.60
McKinney	11,935,830	2.99	35,688,131.70	0.60
Mesquite	8,254,231	2.99	24,680,150.69	0.60
Plano	26,600,916	2.99	79,536,738.84	0.60
Princeton	751,294	2.99	2,246,369.06	0.60
Richardson	10,968,729	2.99	32,796,499.71	0.60
Rockwall	4,188,942	2.99	12,524,936.58	0.60
Royse City	659,940	2.99	1,973,220.60	0.60
Wylie	1,873,784	2.99	5,602,614.16	0.60
Total Members	99,782,723		\$ 298,350,341.77	

Customers:

Ables Springs SUD	96,663	\$ 3.04	\$ 293,855.52	c
Bear Creek SUD	282,984	3.04	860,271.36	c
BHP WSC	153,853	3.04	467,713.12	c
Bonham	640,000	2.99 a	1,913,600.00	b
Caddo Basin SUD	422,370	3.04	1,284,004.80	\$ 0.65
Cash SUD	321,630	3.04	977,755.20	c
College Mound SUD	78,066	3.04	237,320.64	\$ 0.65
Copeville SUD	134,140	3.04	407,785.60	\$ 0.65
East Fork SUD	592,816	3.04	1,802,160.64	\$ 0.65
Fairview	887,811	3.04	2,698,945.44	c
Fate	279,932	3.04	850,993.28	\$ 0.65
Fate Second Delivery Point	529,453	3.04	1,609,537.12	b
Forney Lake WSC	458,582	3.04	1,394,089.28	c
Gastonia Scurry SUD	110,490	3.04	335,889.60	c

WHOLESALE TREATED WATER RATES (continued)

<u>Entity</u>	<u>Minimum Annual Demand</u>	<u>Water Rate per 1,000 gallons</u>	<u>Minimum Annual Charge</u>	<u>Excess Water Rate per 1,000 gallons</u>
	<u>1,000 gallons</u>			
GTUA	903,869	\$ 3.04	\$ 2,747,761.76	c
Josephine	139,721	3.04	424,751.84	\$0.65
Kaufman	459,989	3.04	1,398,366.56	c
Kaufman Four-One	555,695	3.04	1,689,312.80	\$0.65
Little Elm	1,559,763	3.04	4,741,679.52	b
Lucas	628,590	3.04	1,910,913.60	\$0.65
Melissa	285,850	3.04	868,984.00	\$0.65
Milligan WSC	149,894	3.04	455,677.76	b
Mt. Zion WSC	159,302	3.04	484,278.08	\$0.65
Murphy	1,538,414	3.04	4,676,778.56	\$0.65
Nevada SUD	53,260	3.04	161,910.40	\$0.65
Nevada SUD Second Delivery Point	70,985	3.04	215,794.40	b
North Collin SUD	346,239	3.04	1,052,566.56	c
Parker	582,746	3.04	1,771,547.84	\$0.65
Prosper	2,354,364	3.04	7,157,266.56	c
Rose Hill SUD	143,271	3.04	435,543.84	c
Rowlett	3,192,039	3.04	9,703,798.56	b
Sachse	1,332,153	3.04	4,049,745.12	\$0.65
Seis Lagos MUD	141,612	3.04	430,500.48	\$0.65
Sunnyvale	732,206	3.04	2,225,906.24	b
Terrell	1,400,000	3.04	4,256,000.00	b
Wylie N.E. SUD	307,630	3.04	935,195.20	c
Wylie N.E. SUD Second Delivery Point	95,028	3.04	288,885.12	c
Total Customers	22,121,410		\$ 67,217,086.40	
Total	121,904,133		\$ 365,567,428.17	

a Pays Member Rate.

b Excess Water Rate Subject to Contract Minimums.

c Water consumed over Minimum Annual Demand shall be charged at a rate of \$3.04 / 1,000 gallons.

RETAIL TREATED WATER RATES - RESIDENTIAL

Minimum - First 2,000 Gallons	\$15.00
From 2,000 to 10,000 Gallons	\$6.08 per 1,000 Gallons
From 10,000 to 20,000 Gallons	\$7.96 per 1,000 Gallons
Above 20,000 Gallons	\$9.94 per 1,000 Gallons
Reconnect Fees	\$30.00

RETAIL TREATED WATER RATES - COMMERCIAL

From 0 to 10,000 Gallons	\$6.36 per 1,000 Gallons
Above 10,000 Gallons	\$7.96 per 1,000 Gallons
Reconnect Fees	\$30.00

NON-POTABLE WATER RATE

East Fork Raw Water Project	\$.77 per 1,000 Gallons
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2. The following charges, taken from the adopted Bois D'Arc Lake Shore Management Plan, shall be applicable during the 2021-22 Fiscal Year.

BOIS D'ARC LAKE FEES

SHORELINE LEASE AND USE AGREEMENT

Activity / Facility	Application Fee	Annual Fee
Dock	Application First Year: \$750	\$325 for years 2 through 5 of a 5-year agreement
Vegetation Modification	\$500	N/A
Other (access paths, non-bioengineered structures for erosion control, land-based facilities, etc.)	\$500	N/A
Modification Fee	50-100% of the original application fee	N/A
Renewal Fee	50-100% of the original application fee	N/A
Appeal or Revocation Agreement	\$250	N/A
Appeal or Denial of Agreement Conditions	100	N/A
Standing timber removal below 534 MSL contour (not to exceed 0.5 acres)	\$250	N/A

SPECIAL EVENT / TEMPORARY USE AGREEMENT

25+ persons or vessels involved in an event	\$150	N/A
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NATURAL RESOURCE MANAGEMENT NOTIFICATION

Hazard tree removal	\$0	N/A
Planting/restoring native vegetation	\$0	N/A
Invasive/noxious weed removal/control	\$0	N/A

LEGAL NON-CONFORMING USE AUTHORIZATION

Non-conforming use	\$0	N/A
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MOBILITY ASSISTANT VEHICLE AGREEMENT

Allows for 6-foot-wide path and use of approved motorized vehicle	\$25	N/A
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BOIS D'ARC LAKE PENALTIES FOR VIOLATIONS

<u>Violation</u>	<u>Category</u>	<u>Fine - First Notice</u>	<u>Fine - Second/Third Notice</u>
Unauthorized Burning	Major	\$200	N/A
Storage or placement of fuel, oil, treated landscape timbers, pesticides, or other hazardous materials on docks or NTMWD-owned property	Major	N/A	\$200
Unauthorized use of pesticides/fertilizers on leased property	Major	\$200	N/A
Unauthorized placement or storage of personal property on NTMWD-owned property and/or water	Major	N/A	\$200
Unauthorized use of private overwater facility (e.g., human habitation on boat dock, storing nonauthorized vessels or watercraft at an approved boat dock, subletting boat dock)	Major	\$200	\$200
Unauthorized dock structure or dock modification	Major	\$200	\$200
Unauthorized vegetation modification (e.g., removing vegetation outside of an authorized area, changing landform, planting unauthorized plants)	Major	\$200	\$200
Deviation from approved dock construction plans (e.g., construction materials, anchoring methods, etc.)	Major	N/A	\$200
Unauthorized access path construction	Major	\$200	\$200
Emerging erosion issues (signs may include shoreline recession, increased water turbidity and discoloration in the surrounding area, bare soil, exposed plant roots and unstable banks)	Major	\$200	\$200
Unauthorized use of a mobility assistance vehicle	Major	N/A	\$200
Failure to delineate the NTMWD boundary line	Moderate	N/A	\$200
Failure to restore the leased area after completion of a permitted activity or after the lessee damages the area	Moderate	N/A	\$200/week
Failure of new adjacent landowner to apply for shoreline use agreement for existing uses within 30 days or to restore the use area within 60 days from the date of ownership transfer	Moderate	N/A	\$200/week
Failure to display agreement tags on authorized facilities	Minor	N/A	\$50/week
Failure to have a copy of the agreement with the mobility assistance vehicle during use on NTMWD-owned property	Minor	N/A	\$50
Failure to pay agreement fees	Minor	N/A	\$50/week
Failure to renew an agreement	Minor	N/A	\$50/week
Failure to complete construction within allowed time limit	Minor	N/A	\$50/week
Non-compliance with applicable laws, ordinances, and regulations	N/A	Depends on law/regulation	Depends on law/regulation

3. The following non-member city customer charges at District landfills and transfer stations shall be applicable during the 2021-22 Fiscal Year.

121 REGIONAL DISPOSAL FACILITY CHARGES

- I. All Vehicles - \$42.00 per Ton, One Ton Minimum
- II. Additional charge above the basic vehicle charge:
For loads containing roofing shingles - \$150.00
For tires based on wheel size:
\$5.00 per tire up to 24.5" diameter
\$20.00 per farm tractor or motor grader tire
No loader or scraper tires accepted
- III. The Executive Director may prepare a schedule of charges to be used when weights are not practical to obtain.

IV. There shall be a charge to District operated wastewater plants for disposal of federal and state approved sludge materials equivalent to \$24.97 per actual ton.

V. Pull-off Fee (non-refundable) - \$25.00 (plus sales tax, if applicable)

VI. The Executive Director may prepare a schedule of charges, subject to approval of the Board of Directors, for special projects.

CUSTER ROAD, PARKWAY AND LOOKOUT DRIVE TRANSFER STATION CHARGES

- I. All Vehicles - \$58.00 per Ton (plus sales tax), One Ton Minimum
- II. Member City residents delivering construction and demolition debris waste (0.5 tons and less) - \$25.00 (plus sales tax)
- III. Additional charge above the basic vehicle charge for loads containing roofing shingles - \$150.00 (plus sales tax)
- IV. The Executive Director may prepare a schedule of charges to be used when weights are not practical to obtain.
- V. Pull-off Fee (non-refundable) - \$25.00 (plus sales tax, if applicable)

3. Charges shall be levied on the basis of monthly increments to provide the necessary funds to meet the appropriations for the Regional Wastewater System, Regional Solid Waste System, Upper East Fork Interceptor System and each of the Funds in the Sewer Systems in accordance with the appropriate contracts for service. Actual charges shall be determined after the end of the fiscal year and the appropriate debit or credit allowed.

4. Special debt service shall be allocated to the City of Sulphur Springs in the amount of \$600 in the Water System.

THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON SEPTEMBER 23, 2021, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD.