



Bois d'Arc Lake Overall Dam Site



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

2022-2023 BUDGET IN BRIEF



WATER
SERVICES



WASTEWATER
SERVICES



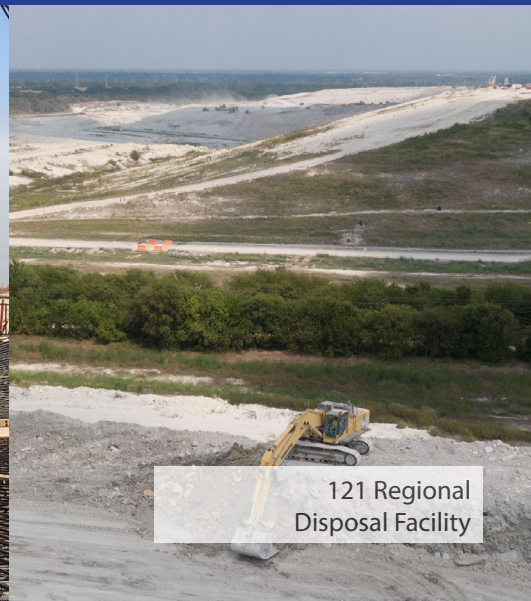
SOLID WASTE
SERVICES



Leonard Water
Treatment Plant



Sister Grove Regional Water
Resource Recovery Facility



121 Regional
Disposal Facility

Budget Overview

Legacy of Service1

Letter of Transmittal3

Budget Summary5

Budget Review by Systems6

Budget Review by Category7

Regional Water System

Revenues and Expenses.14

Water Annual Minimums16

Water Rate Calculation.17

Regional Wastewater System

Revenues and Expenses.20

Cost Allocations22

Upper East Fork Interceptor System

Revenues and Expenses.24

Cost Allocations26

Small Systems

Revenues and Expenses.28

Budgets by Facility.30

Regional Solid Waste System

Revenues and Expenses.32

Cost Allocations34

Shared Services Fund

Revenues and Expenses.36

Appendix

Budget Resolution40

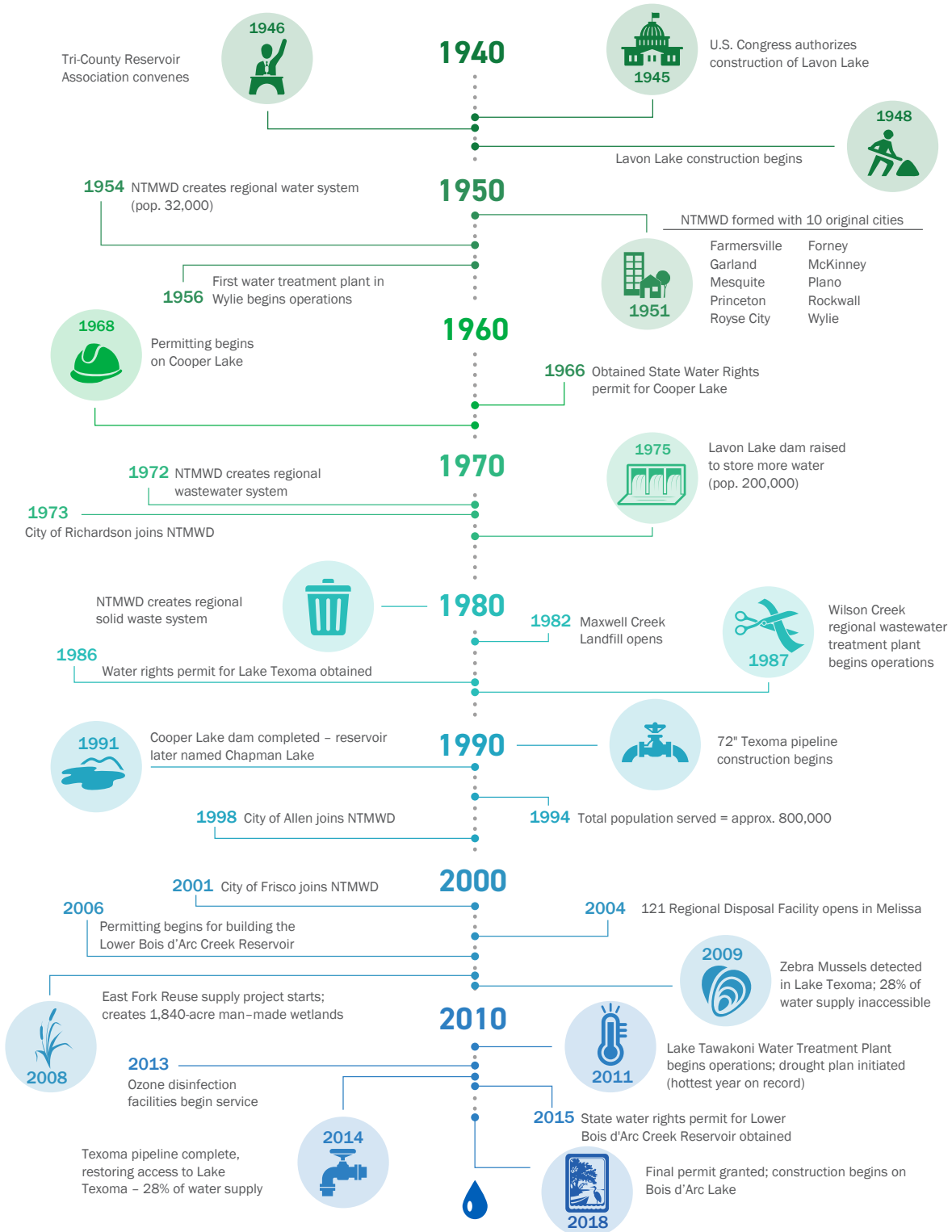
BUDGET OVERVIEW

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LEGACY OF SERVICE

Meeting Our Region's Needs Today and Tomorrow



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Regional. Reliable. Everyday.

September 22, 2022

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

RE: FY23 ALL SYSTEMS BUDGET

Dear Directors:

Submitted herewith is the proposed FY23 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 FY22, the District was already navigating a challenging economic environment including supply chain issues and growing inflation when Russia invaded Ukraine and exacerbated the situation. Inflation soared to the highest levels in 40 years with fuel and chemicals seeing some of the largest increases with extreme volatility. To mitigate the unprecedented increase in chemicals, the District conducted out-of-cycle rebids for many of the chemicals needed to meet the mission. Under new contract terms the District shifted from a historically fixed unit price to a contract that adjusts pricing quarterly based on appropriate indices. As a result of the estimated \$13.8 million chemical budget overage in the Regional Water System, the District must forego the variable cost rebate during FY22. As inflation ramped up, the Federal Reserve took a more aggressive stance to combat it and has since raised interest rates multiple times. Higher interest rates increase borrowing costs for the District and as such the District has raised its interest rate assumptions for future debt issuances.

For FY23 the District plans on a 49% increase to the Regional Water System's chemical budget and has paused the practice of reducing variable costs in order to provide additional flexibility if chemical costs increase more than what is currently budgeted. Due primarily to growth in District facilities, 45 positions including 16 new positions to begin staffing the Sister Grove Regional Water Resource Recovery Facility, will be added. Other major increases to the FY23 budget include electric power, basin and clear well crack repairs, landfill development costs, and additional capital improvement transfers and debt service to fund approximately \$980 million of capital projects District-wide.

The financial impacts on the People (staffing needs for growth and job market conditions), Product (supplies and services), and Planning (the capital commitments of one of the fastest growing regions in the country) of the District, have forced us to budget a rate adjustment for the first time since FY21 in the Regional Water System. We understand and are empathetic to the effects this will have on customers already enduring the inflation of rent, groceries, and increased living expenses.

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

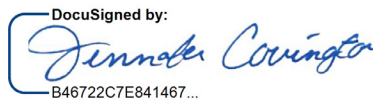
Despite these challenges the District remains in a sound financial condition. The Board's goal of meeting the contractual obligation of the participating cities within state and federal laws while protecting the environment continues to be accomplished with reasonable cost in all systems.

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. With an estimated 55,000 people moving to our region every year and none of them bringing their own water with them, we have an extraordinary responsibility to our Member and Customer Cities to maintain services that are essential to public health and safety.

RECOMMENDATION

The FY23 Annual All Systems Budget, as proposed, of \$670,976,265, 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 FY22 Amended and FY23 Proposed Budget, to the Board of Directors at the September 22, 2022 regular Board Meeting. Should you have any questions or need additional information, please do not hesitate to contact my office or Jeanne Chipperfield, Deputy Director – Administrative Services.

Respectfully Submitted,

DocuSigned by:

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JENNAFER P. COVINGTON
Executive Director

Budget Summary

The FY22 All Systems Amended Budget is \$599,615,905, which is \$9,946,560 or 1.69% greater than the FY22 Original Budget.

This increase in expenses is primarily the net result of the following:

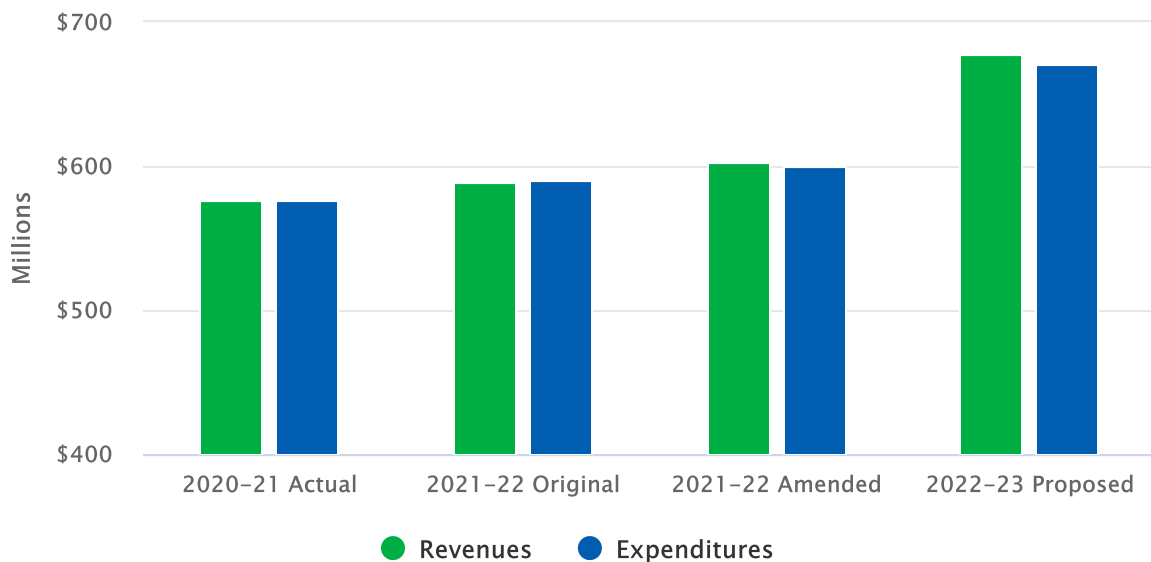
- Abnormally large chemical price increases stemming from supply chain disruptions which have been exacerbated by the Russia/Ukraine conflict. To mitigate the unprecedented increase in chemicals, the District conducted out-of-cycle rebids for many of the chemicals needed to treat water and wastewater. These large increases will affect the FY23 budget as well.
- Additional transfers to certain maintenance escrows and capital improvement funds using current year savings
- Reduced personnel costs driven by higher than typical vacancies as well as lower than forecasted debt service partially offset the higher chemical costs

In 2022, the District set all time highs for water sales to Member Cities and Customers. The previous water year record was set in 2019-20 with 106.27 Billion Gallons of water sold. In 2021-22, the District sold 117.31 Billion Gallons. Due to the record usage the District brought in an additional \$8,851,281 in revenues which helped to offset \$13,837,465 of increased chemical costs to produce the water. The District also transferred additional funds from the Rate Stabilization fund to help cover remaining differences between revenues and expenses.

The overall FY23 Annual All Systems Budget of \$670,976,265 represents an increase of \$81,306,920 or 13.79%.

A comparison of the All Systems Budget for FY21 through FY23 is presented below:

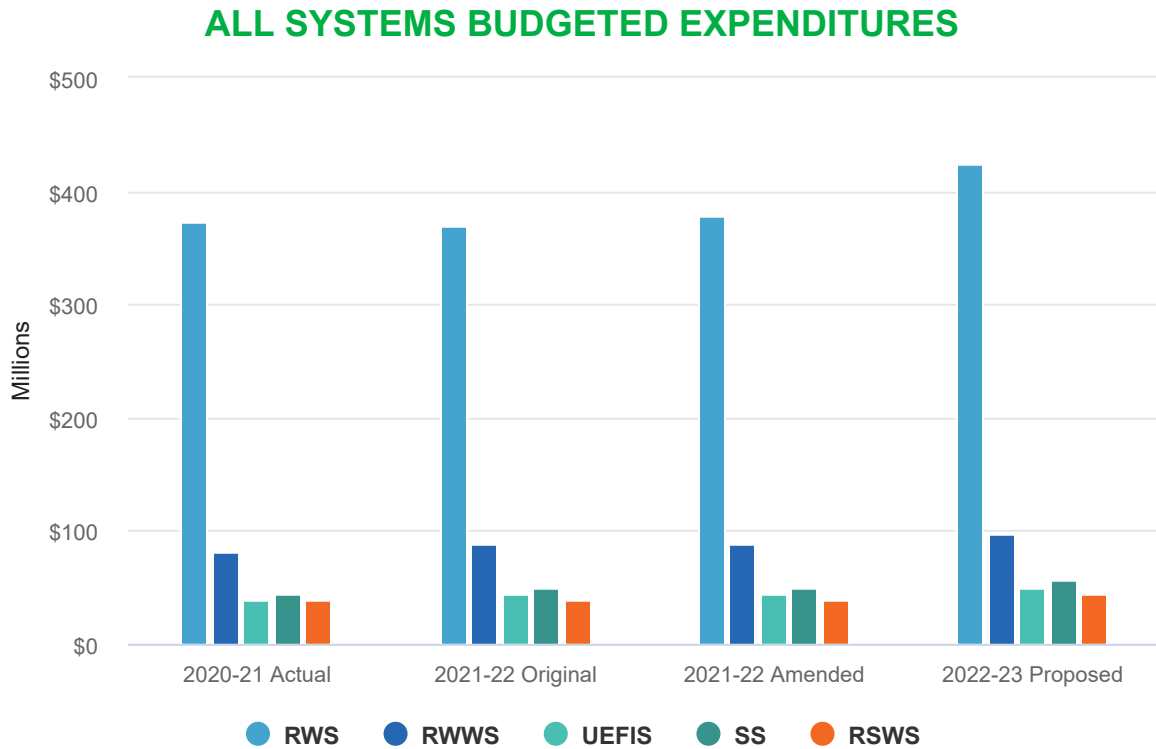
BUDGET SUMMARY



	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
Revenues	\$ 576,944,482	\$ 589,124,295	\$ 603,042,005	\$ 677,838,385
Expenditures	576,078,737	589,669,345	599,615,905	670,976,265
Excess /(Shortfall) prior to fund balance adjustment	\$ 865,745	\$ (545,050)	\$ 3,426,100	\$ 6,862,120
RWS Operating Fund Balance adjustment per Policy	-	-	3,400,000	6,700,000
Excess / (Shortfall) after fund balance adjustment	\$ 865,745	\$ (545,050)	\$ 26,100	\$ 162,120

Review by System

Below is a breakdown of the Budgeted Expenditures by System for FY21 through FY23:



System	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
Regional Water System (RWS)	\$ 372,843,193	\$ 369,517,555	\$ 378,649,720	\$ 423,788,850
Regional Wastewater System (RWWS)	81,977,804	88,100,745	88,031,610	97,359,870
Upper East Fork Interceptor System (UEFIS)	38,858,376	43,722,855	43,674,195	49,503,070
Small Systems (SS)	43,711,514	49,650,785	49,572,680	56,850,540
Regional Solid Waste System (RSWS)	38,687,852	38,677,405	39,687,700	43,473,935
Total	\$ 576,078,737	\$ 589,669,345	\$ 599,615,905	\$ 670,976,265

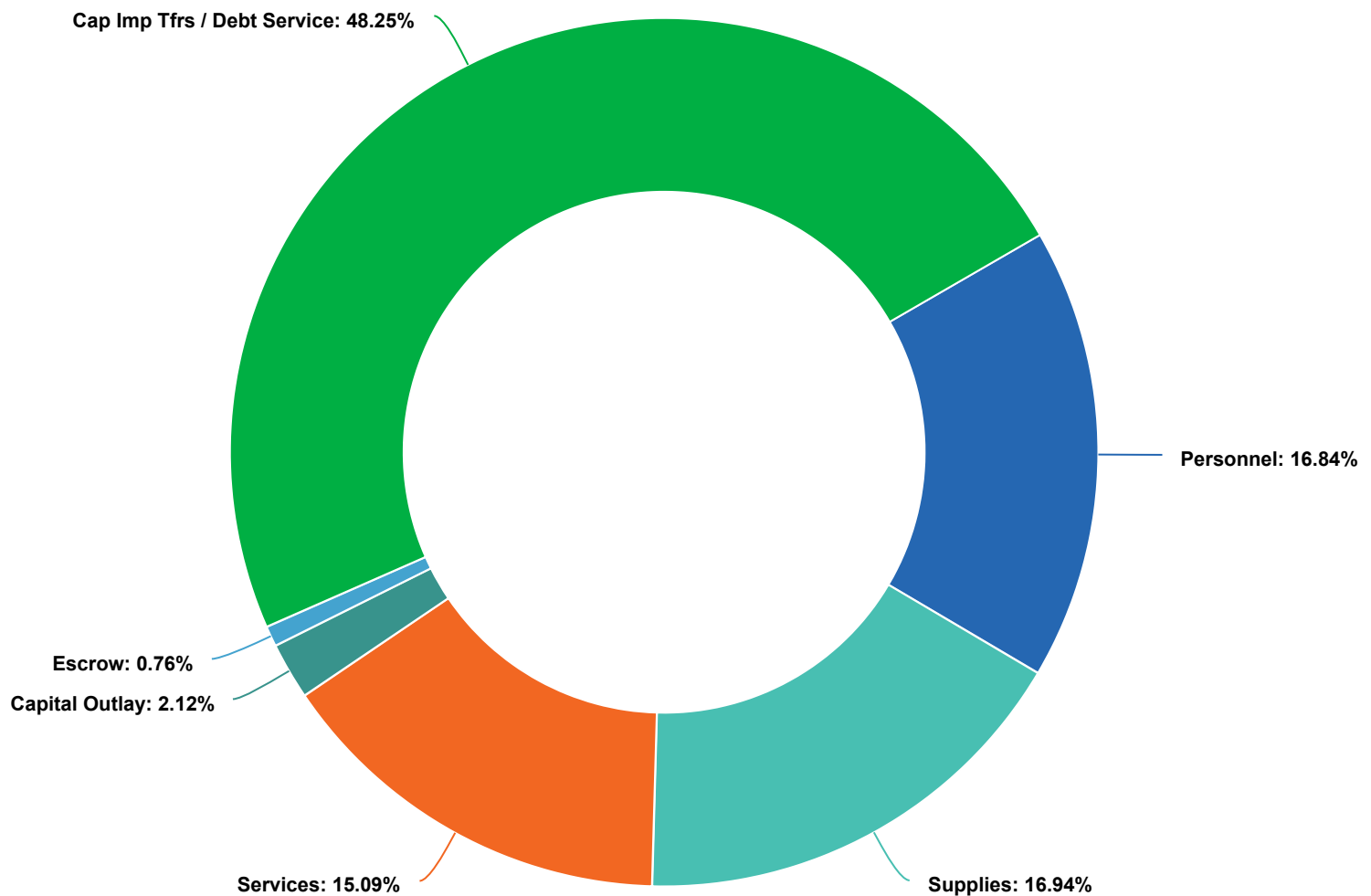
Review by Category

The following is a summary of FY21 through FY23 All Systems Budgets by Category:

ALL SYSTEMS BUDGET BY CATEGORY

Category	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
Personnel	\$ 90,304,416	\$ 99,546,135	\$ 96,575,765	\$ 112,964,485
Supplies	63,086,644	82,442,935	98,725,645	113,691,540
Services	112,042,765	88,685,475	88,253,725	101,244,545
Capital Outlay	13,209,617	14,033,275	14,163,315	14,223,670
Escrow	3,242,750	5,082,255	5,414,350	5,128,025
Cap Imp Tfrs / Debt Service	294,192,545	299,879,270	296,483,105	323,724,000
Total	\$ 576,078,737	\$ 589,669,345	\$ 599,615,905	\$ 670,976,265

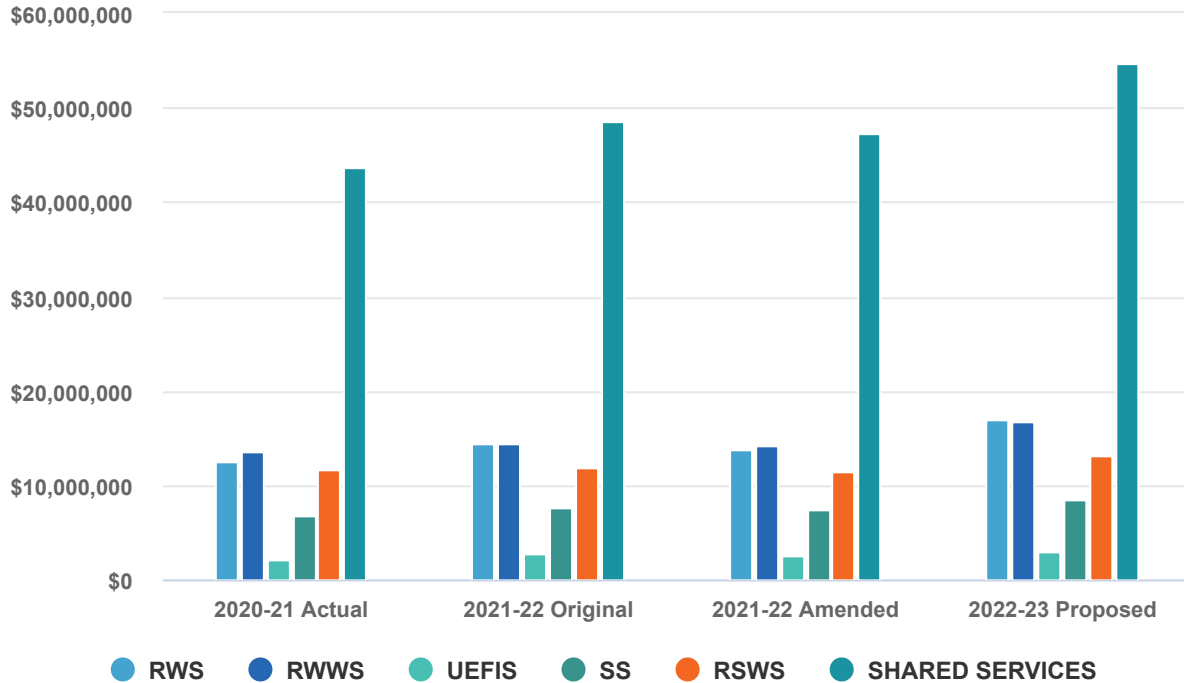
PROPOSED BUDGET EXPENSES BY CATEGORY



Personnel

The FY22 Amended All Systems Budget for Personnel is expected to be \$96,575,765 which is (\$2,970,370) or -2.98% less than the FY22 Original Budget. This decrease is due to savings related to vacant positions during the year.

PERSONNEL EXPENSES BY SYSTEM



Personnel	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
RWS	\$ 12,498,543	\$ 14,334,590	\$ 13,685,780	\$ 17,036,445
RWWS	13,555,639	14,429,145	14,105,010	16,746,445
UEFIS	2,223,376	2,712,110	2,611,355	2,967,375
SS	6,742,877	7,670,410	7,458,420	8,441,540
RSWS	11,653,874	11,813,405	11,502,805	13,122,690
SHARED SERVICES	43,630,107	48,586,475	47,212,395	54,649,990
Total Personnel	\$ 90,304,416	\$ 99,546,135	\$ 96,575,765	\$ 112,964,485

The FY23 All Systems Budget for personnel is \$112,964,485 which is \$13,418,350 or 13.48% greater than the FY22 Original Budget. The increase in salaries and benefits is primarily the result of funding 46 additional positions including 1 mid-year addition, 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's operations 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

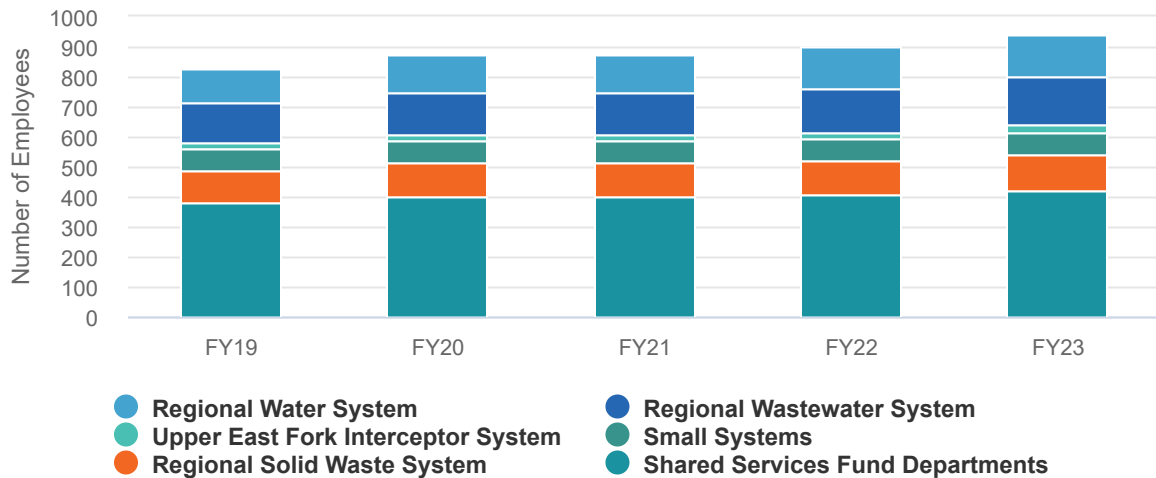
Meeting these challenges, as an organization, is a priority and the District includes a personnel goal as part of the Strategic Plan to ensure they are met.

In FY22, the District engaged a consultant to perform a full compensation study on all District jobs. The purpose of the study was to determine the District's overall market competitiveness. The consultant determined that the existing salary structure was 2% behind the target market and recommended a salary structure increase of 2%. The consultant also recommended that the District reclassify the grades of positions that were more than 10% below market. The consultant recommended an internal pay compression analysis, after all other pay changes are made and merits are awarded. Pay compression occurs when there's little difference in pay between employees regardless of their respective knowledge, skills, experience or abilities. Employees deemed to have low salaries based on their knowledge, skills, experience or abilities and compared to their peers will receive a salary adjustment. In addition to regular compensation studies the District has also made modifications to the annual leave policies to be more competitive with the market.

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



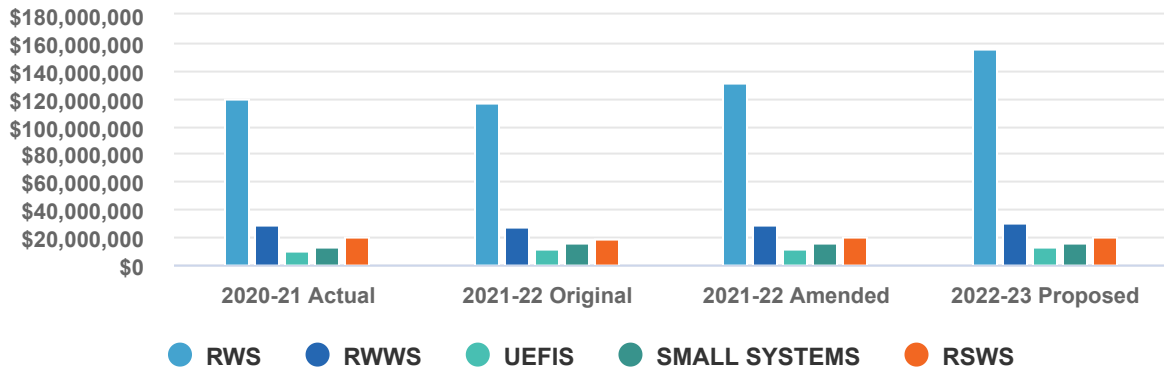
District Wide Staffing	FY19	FY20	FY21	FY22	FY23
Regional Water System	115	127	127	136	146
Regional Wastewater System	131	137	140	145	160
Upper East Fork Interceptor System	19	22	22	23	23
Small Systems	73	75	74	74	76
Regional Solid Waste System	108	113	114	113	116
Shared Services Fund Departments	380	399	398	406	422
Total Employees	826	873	875	897	943

Total budgeted positions for FY23 are 943, a 5.1% increase from the prior year. The major position additions are related to building new operating facilities and expansion of facilities. RWWWS increased a net of 15 headcount to staff the new Sister Grove facility that will be fully operational in FY24. In the RWS, there are a net of 10 additions to staff for Bois d'Arc Lake, Wylie Plant Complex and Transmission System. The Shared Services increased by 16 positions, of which 7 are for Engineering due to the large number of projects under construction. All staffing changes are reflected within each department's staffing summaries throughout the budget document.

Operations

The FY22 Amended All Systems Budget for Operations is \$206,557,035 which is \$16,313,095 or 8.57% greater than the FY22 Original Budget. The primary cause of this increase is related to price hikes for inflation and supply chain issues with the biggest change occurring in the chemical accounts. Other significant increases were in fuel, oil and lube as well as vehicle and equipment supplies, which were also higher due to inflation and supply chain issues.

OPERATING EXPENSES BY SYSTEM



Operating	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
RWS	\$ 120,053,594	\$ 117,359,456	\$ 130,470,304	\$ 156,088,647
RWWS	28,452,787	27,279,495	28,636,784	30,289,203
UEFIS	9,704,163	11,549,321	11,680,847	12,409,526
SMALL SYSTEMS	13,369,085	15,152,863	15,617,379	15,569,926
RSWS	20,002,147	18,902,805	20,151,722	19,930,478
Total Operating	\$191,581,776	\$190,243,940	\$206,557,035	\$234,287,780

The FY23 All Systems Budget for Operations is \$234,287,780 which is \$44,043,840 or 23.15% greater than the FY22 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 and they are also impacted by the Russia/Ukraine war as many of the chemicals used in water treatment are produced in that area of the world.
- Electric power within the RWS due to additional demand for water
- Special Maintenance in the RWS to repair sedimentation basins along with the typical lagoon cleanings/residual haulings
- Fuel, Oil & Lube related to higher gas prices
- Machinery purchases to replace several pumps and motors in the RWS, including raw water intake pump 1
- Creating a new 10 acre cell at the landfill

The above increases were partially offset by the following:

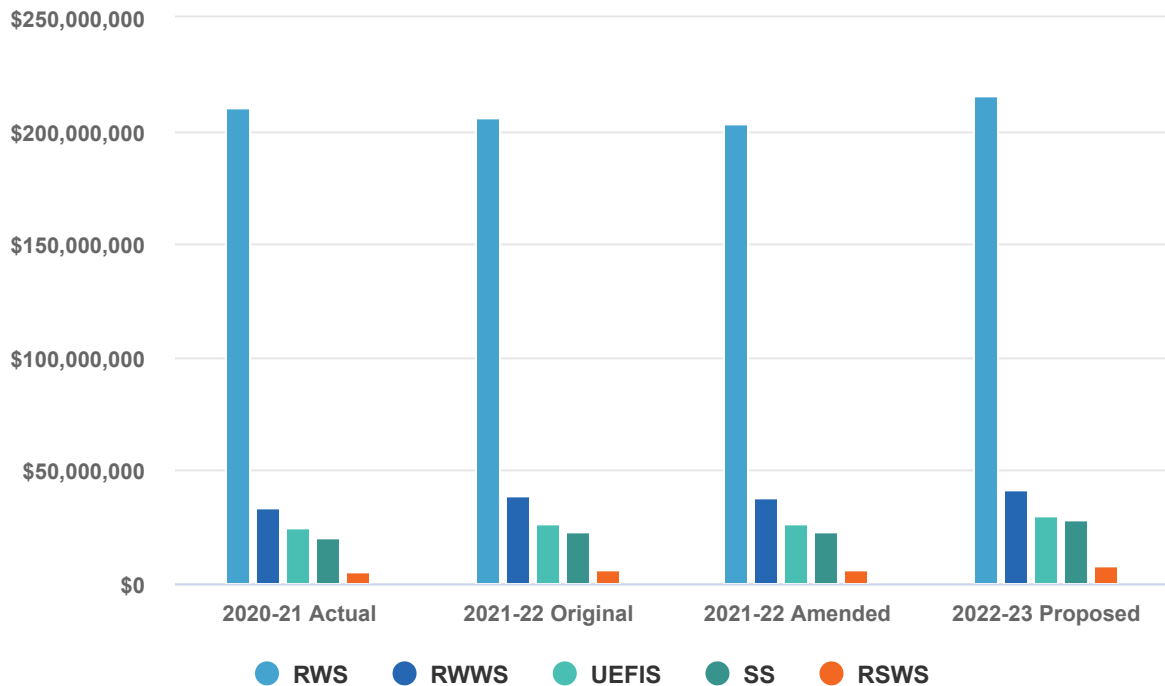
- Reductions in transfers to certain contingency, maintenance and escrow reserves
- Overall reductions in vehicle equipment purchases
- Decreases in building expenses in the RWWS
- Reduction in Special Studies and Reports in the RWS, RWWS & SS
- Lower expected need for pipeline maintenance in the SS

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 FY23, 48% 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 facility 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 FY22 Amended All Systems Budget for Capital is \$296,483,105 which is (\$3,396,165) or (-1.13%) less than the FY22 Original Budget. This variance was caused by slightly lower debt service costs.

CAPITAL EXPENSE BY SYSTEM



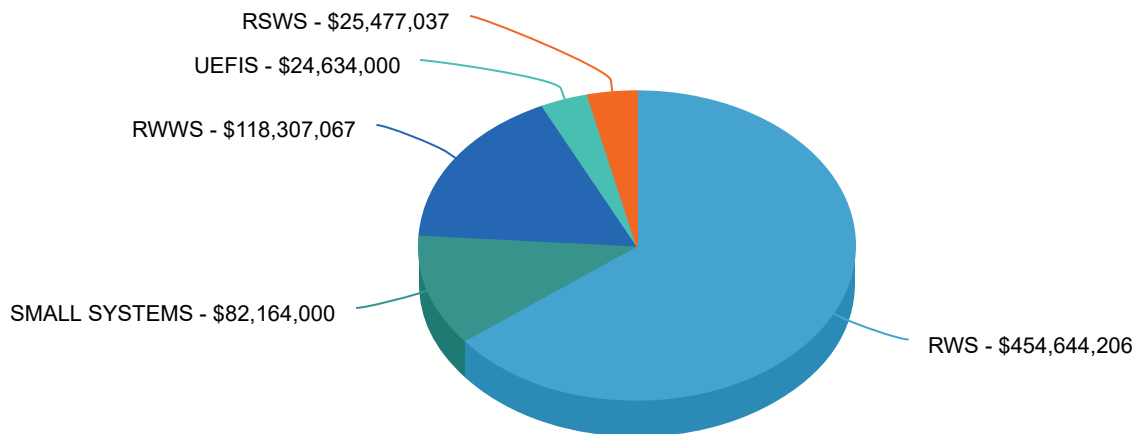
Capital	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
RWS	\$ 210,162,341	\$ 205,597,795	\$ 203,197,795	\$ 215,909,345
RWWS	33,904,387	39,115,870	38,380,520	41,622,485
UEFIS	24,510,222	26,352,120	26,352,120	30,278,020
SS	20,322,220	22,790,225	22,529,410	27,871,880
RSWS	5,293,375	6,023,260	6,023,260	8,042,270
Total Capital	\$ 294,192,545	\$ 299,879,270	\$ 296,483,105	\$ 323,724,000

The FY23 All Systems Budget for Capital is \$323,724,000 which is \$23,844,730 or 7.95% greater than the FY22 Original Budget. The increase is due to higher debt service payments as well as increased transfers to the capital improvement fund in the RWS. For FY23, the District has approximately \$980 million worth of capital projects planned. The majority of these projects will be funded with capital improvement funds, bond issues and Extendable Commercial Paper (ECP). ECP is a short-term financing vehicle that acts like a revolving line of credit that will be repaid with long-term bonds in FY23 or beyond. For FY23, the District plans on issuing a total of \$705 million in bonds to either finance projects or refund previously issued ECP.

- In the RWS, bond sales of \$455 million to fund new contracts and refund previously issued ECP. 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, bond sales of \$118 million to refund ECP issued for 20+ major contracts. These contracts include the design and construction of the Wilson Creek Regional WWTP Improvements (Primary Clarifier, UV, and Centrifuge Improvements); construction of the South Mesquite Regional WWTP Peak Flow Management and Expansion; property for the Lower East Fork Regional Water Resource Recovery Facility; construction of the Rowlett Creek Regional WWTP Operations Building; the construction of the Rowlett Creek Regional WWTP Peak Flow Management Phase IIA Solids Improvements; and other system improvements.
- In the UEFIS, issuance of \$25 million of bonds for the construction and inspection of the McKinney East Side Extension Improvements and other system improvements.
- In the Small Systems, bond sales of \$82 million for the design and construction of the Muddy Creek WWTP Peak Flow, UV and Filter Improvements; construction of the Muddy Creek WWTP Operations Building Improvements; construction and inspection of the Forney Mustang Creek Lift Station Phase II and Forney Mustang Creek Parallel Force Main; and other Small Systems improvements.
- In the RSWS, bond sales of \$25 million for the construction and inspection of the 121 RDF Sectors 6B and 6C Mass Excavation; construction of the 121 RDF Fleet Maintenance Facility and Fleet Maintenance Annex Facility; the construction of the Parkway Transfer Station Conversion to Top Load; 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	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Water Sales:						
Member Sales	\$ 290,090,413	\$ 298,350,342	\$ 300,903,989	\$ 344,963,325	\$ 46,612,983	15.62%
Customer Sales	66,007,189	67,217,086	73,343,086	84,951,336	17,734,249	26.38%
Retail Customer Sales	23,237	21,000	16,000	16,000	(5,000)	-23.81%
Raw Water Sales	1,865	990	2,105	1,490	500	50.51%
Total Water Sales	\$ 356,122,705	\$ 365,589,418	\$ 374,265,179	\$ 429,932,151	\$ 64,342,733	17.60%
Other Revenues:						
Tfr - Prior Year Recovery	\$ -	\$ -	\$ 231,030	\$ -	\$ -	0.00%
Other	8,574,557	331,547	402,265	541,474	209,927	63.32%
Total Other Revenues	\$ 14,991,557	\$ 331,547	\$ 633,295	\$ 541,474	\$ 209,927	63.32%
Interest Income	44,676	51,540	177,345	177,345	125,805	244.09%
Tfr from Rate Stabilization	2,550,000	3,000,000	7,000,000	-	(3,000,000)	-100.00%
Total Revenues	\$ 373,708,938	\$ 368,972,505	\$ 382,075,820	\$ 430,650,970	\$ 61,678,465	16.72%
Expenses						
Personnel:						
Salaries	\$ 8,222,459	\$ 9,873,670	\$ 9,307,275	\$ 11,496,290	\$ 1,622,620	16.43%
Other	4,276,084	4,460,920	4,378,505	5,540,155	1,079,235	24.19%
Total Personnel	\$ 12,498,543	\$ 14,334,590	\$ 13,685,780	\$ 17,036,445	\$ 2,701,855	18.85%
Supplies:						
Fuel	\$ 68,948	\$ 85,870	\$ 118,370	\$ 139,235	\$ 53,365	62.15%
Chemicals	36,031,628	49,768,805	63,606,270	73,965,125	24,196,320	48.62%
Other	3,738,858	3,506,800	4,668,700	4,988,995	1,482,195	42.27%
Total Supplies	\$ 39,839,433	\$ 53,361,475	\$ 68,393,340	\$ 79,093,355	\$ 25,731,880	48.22%
Services:						
Consulting	\$ 2,860,245	\$ 3,594,500	\$ 3,254,930	\$ 3,349,000	\$ (245,500)	-6.83%
PUC	6,600,000	-	-	-	-	0.00%
Insurance	950,829	1,704,680	1,311,180	2,270,245	565,565	33.18%
Landfill Service Fees	715	-	-	-	-	0.00%
Maintenance	12,239,838	13,431,710	13,524,748	17,167,695	3,735,985	27.81%
Power	34,585,683	21,698,100	21,753,100	26,440,355	4,742,255	21.86%
Shared Services	40,188,481	40,914,885	40,930,885	44,546,425	3,631,540	8.88%
Water Purchases	4,914,063	5,995,355	5,382,265	6,472,005	476,650	7.95%
Other	6,621,987	5,978,965	5,840,217	4,401,300	(1,577,665)	-26.39%
Total Services	\$ 108,961,841	\$ 93,318,195	\$ 91,997,325	\$ 104,647,025	\$ 11,328,830	12.14%
Capital Outlay	\$ 1,331,035	\$ 1,655,500	\$ 1,325,480	\$ 3,014,610	\$ 1,359,110	82.10%
Escrow	\$ 50,000	\$ 50,000	\$ 50,000	\$ 88,070	\$ 38,070	76.14%
Capital Improvement Fund	\$ 36,200,000	\$ 15,000,000	\$ 15,000,000	\$ 19,100,000	\$ 4,100,000	27.33%
Contingency	\$ -	\$ 1,200,000	\$ -	\$ 4,000,000	\$ 2,800,000	233.33%
Debt Service	\$ 173,962,341	\$ 190,597,795	\$ 188,197,795	\$ 196,809,345	\$ 6,211,550	3.26%
Total Expenses	\$ 372,843,193	\$ 369,517,555	\$ 378,649,720	\$ 423,788,850	\$ 54,271,295	14.69%
Fund Bal. Incr. to 90 Days	-	-	3,400,000	6,700,000	6,700,000	0.00%
Net Revenues	\$ 865,745	\$ (545,050)	\$ 26,100	\$ 162,120	\$ 707,170	

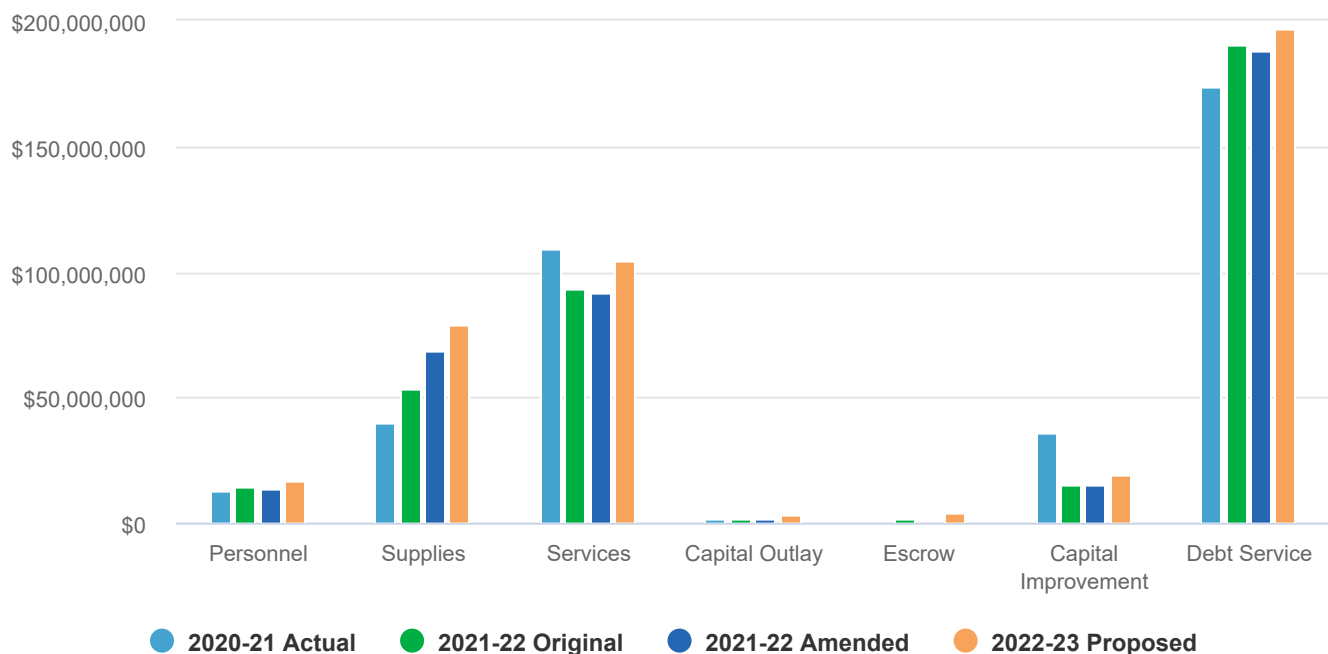
The FY22 Amended Budget for expenditures totals \$378,649,720, which is \$9,132,165 or 2.47% greater than the FY22 Original Budget of \$369,517,555. This increase is due primarily to increased prices of chemicals driven by supply chain issues and the Russia/Ukraine conflict.

For the FY23 Annual Budget, the total RWS expenditures requested are \$423,788,850, which is \$54,271,295 or 14.69% greater than the FY22 Original Budget.

Major budget variances are explained below:

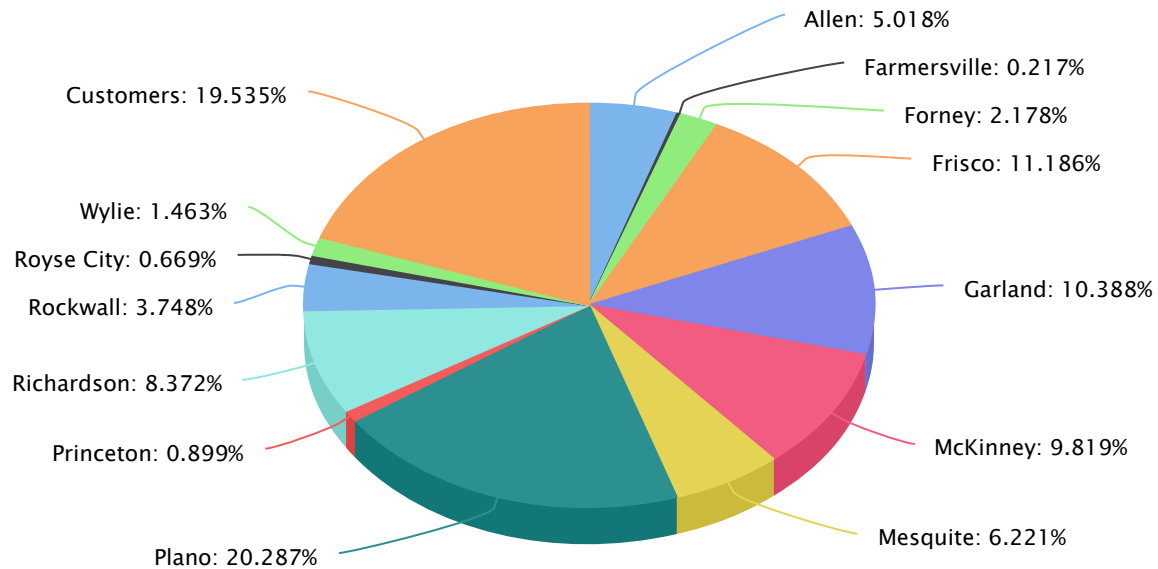
- Increase in Personnel of \$2,701,855 due to an additional 10 headcount. Three of these positions are for Bois d'Arc Lake and the other positions are split among Wylie operations and the Transmission Systems.
- Increase of \$25,731,880 in Supplies driven by chemicals from higher bids on new contracts driven by inflation and supply chain issues. Both of these factors have been affected by the Russia / Ukraine conflict and prices are expected to remain volatile. The District conducted out of cycle rebids for some chemical contracts to ensure supply and improve pricing. The new contracts include quarterly pricing adjustments based on appropriate indices.
- Increase of \$11,328,830 for Services as a result of higher electric power costs, maintenance to repair basins and clearwells, higher insurance costs due to higher property valuations, Lavon Lake rehab share costs and other equipment and facilities maintenance.
- Increase of \$1,359,110 in Capital Outlay to replace effluent valves and replace the raw water II pump 1. The budget also funds a sodium chlorite trailer for the transmission system and truck scale and scale house for residuals.
- Increase of \$2,838,070 related to additional transfers into the Contingency Fund per the Fund Balance Policy minimums
- Higher Debt Service expenses and Capital Improvement Fund transfers increase capital costs by \$10,311,550

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**FY23
ANNUAL MINIMUMS**

Member Cities	(1,000 gallons)
Allen	6,345,484
Farmersville	274,168
Forney	2,754,485
Frisco	14,146,008
Garland	13,136,918
McKinney	12,417,706
Mesquite	7,867,721
Plano	25,655,890
Princeton	1,137,352
Richardson	10,586,918
Rockwall	4,739,824
Royse City	846,122
Wylie	1,850,497
Total Member Cities	101,759,093
Customers	24,704,458
Grand Total	126,463,551

Regional Water System Rate Calculation

Total Expenses	\$	423,788,850
Total Other Revenues		736,309
Net Expenses	\$	423,052,541
Maintain 90 Day Minimum - Operating Fund		6,862,120
Revenues Needed from Water Sales	\$	429,914,661
Member City Revenue	\$	344,963,325
Customer Revenue		84,951,336
Total Revenues from Water Sales	\$	429,914,661

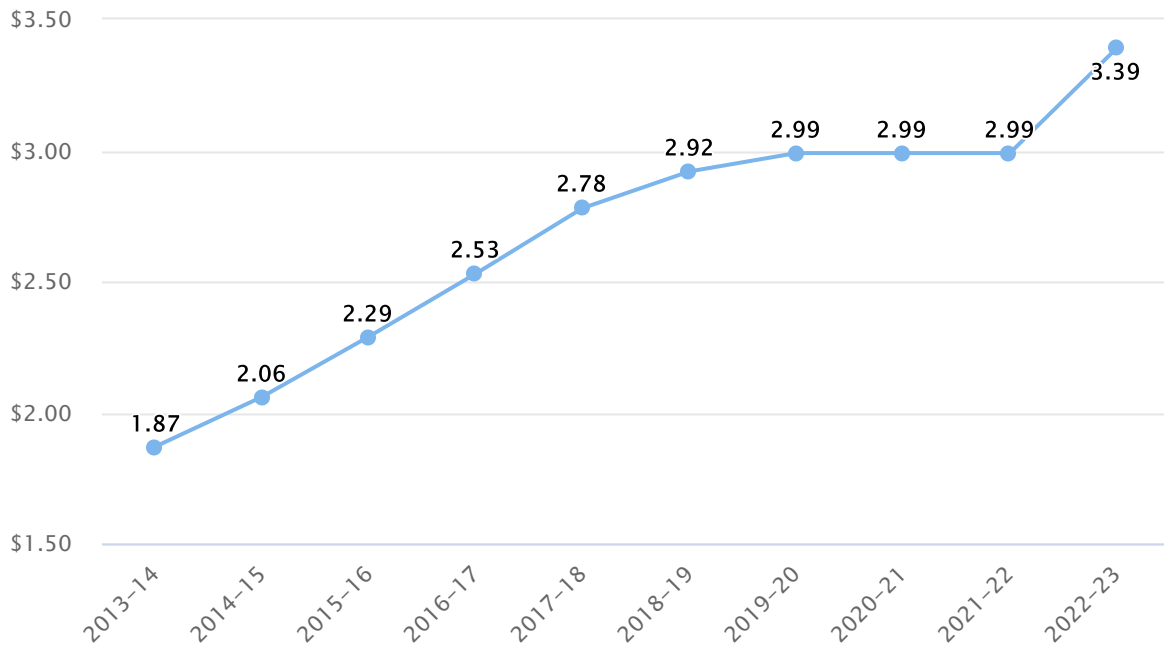
Annual Minimums (1,000 gallons)

Member Cities	101,759,093
Customers	24,704,458
	126,463,551

Member City Rate	\$	3.39
Customer Rate	\$	3.44

MEMBER CITY WATER RATES

per 1,000 gallons



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REGIONAL WASTEWATER SYSTEM

REGIONAL WASTEWATER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

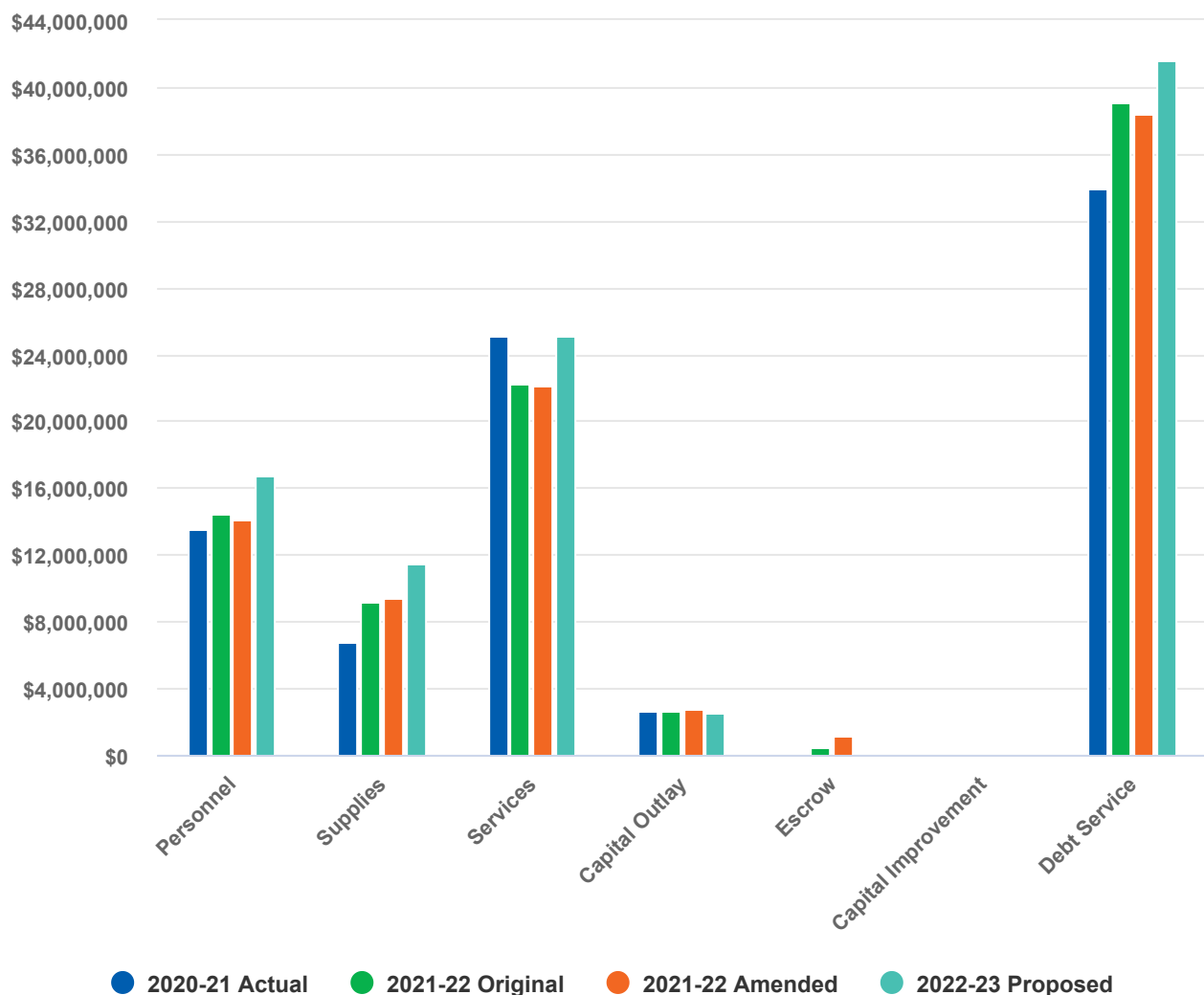
Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 76,970,969	\$ 85,452,095	\$ 84,947,145	\$ 93,893,665	\$ 8,441,570	9.88%
Customers	2,270,401	2,030,340	2,486,620	2,766,680	736,340	36.27%
Total Wastewater Sales	\$ 79,241,370	\$ 87,482,435	\$ 87,433,765	\$ 96,660,345	\$ 9,177,910	10.49%
Total Other Revenues	\$ 2,722,975	\$ 607,920	\$ 546,815	\$ 648,495	\$ 40,575	6.67%
Interest Income	\$ 13,460	\$ 10,390	\$ 51,030	\$ 51,030	\$ 40,640	391.15%
Total Revenues	\$ 81,977,804	\$ 88,100,745	\$ 88,031,610	\$ 97,359,870	\$ 9,259,125	10.51%
Expenses						
Personnel:						
Salaries	\$ 8,950,772	\$ 9,548,820	\$ 9,301,375	\$ 11,216,485	\$ 1,667,665	17.46%
Other	4,604,867	4,880,325	4,803,635	5,529,960	649,635	13.31%
Total Personnel	\$ 13,555,639	\$ 14,429,145	\$ 14,105,010	\$ 16,746,445	\$ 2,317,300	16.06%
Supplies:						
Fuel	\$ 410,012	\$ 452,405	\$ 456,405	\$ 723,450	\$ 271,045	59.91%
Chemicals	3,243,499	4,849,455	5,095,455	6,285,190	1,435,735	29.61%
Other	3,145,938	3,887,435	3,886,445	4,423,905	536,470	13.80%
Total Supplies	\$ 6,799,449	\$ 9,189,295	\$ 9,438,305	\$ 11,432,545	\$ 2,243,250	24.41%
Services:						
Consulting	\$ 375,645	\$ 597,430	\$ 607,570	\$ 422,500	\$ (174,930)	-29.28%
Insurance	254,186	537,685	468,725	439,030	(98,655)	-18.35%
Landfill Service Fees	3,934,552	3,690,275	3,690,275	3,925,935	235,660	6.39%
Maintenance	1,397,167	2,106,245	1,587,588	1,842,665	(263,580)	-12.51%
Power	8,442,458	3,067,300	3,820,300	3,738,600	671,300	21.89%
Shared Services	8,090,048	9,238,160	9,036,460	11,153,440	1,915,280	20.73%
Other	2,610,020	3,018,165	2,956,912	3,545,020	526,855	17.46%
Total Services	\$ 25,104,076	\$ 22,255,260	\$ 22,167,830	\$ 25,067,190	\$ 2,811,930	12.63%
Capital Outlay	\$ 2,614,252	\$ 2,668,175	\$ 2,761,595	\$ 2,491,205	\$ (176,970)	-6.63%
Escrow	\$ -	\$ 443,000	\$ 1,178,350	\$ -	\$ (443,000)	-100.00%
Debt Service	\$ 33,904,387	\$ 39,115,870	\$ 38,380,520	\$ 41,622,485	\$ 2,506,615	6.41%
Total Expenses	\$ 81,977,804	\$ 88,100,745	\$ 88,031,610	\$ 97,359,870	\$ 9,259,125	10.51%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY22 Amended Budget for expenditures and revenues totals \$88,031,610, which is \$69,135 or 0.08% less than the FY22 Original Budget of \$88,100,745.

For the FY23 Annual Budget, the total RWWS expenditures are \$97,359,870 which is \$9,259,125 or 10.51% greater than the FY22 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$2,317,300 due to the higher insurance and retirement costs. Wages increased due to the addition of sixteen new positions for the Sister Grove Regional Water Resource Recovery Facility.
- Increase in Supplies of \$2,243,250 primarily due to higher chemical contract bids that can be attributed to supply chain issues and increased global demand
- Increase in Services of \$2,811,930 due to higher Shared Services allocation and the increased cost for Electric Power
- Decrease in Escrow of (\$443,000) due to lower transfers to maintenance funds
- Increase in Debt Service of \$2,506,615 for the financing of \$118 million in bonds and ECP

RWWS EXPENDITURES

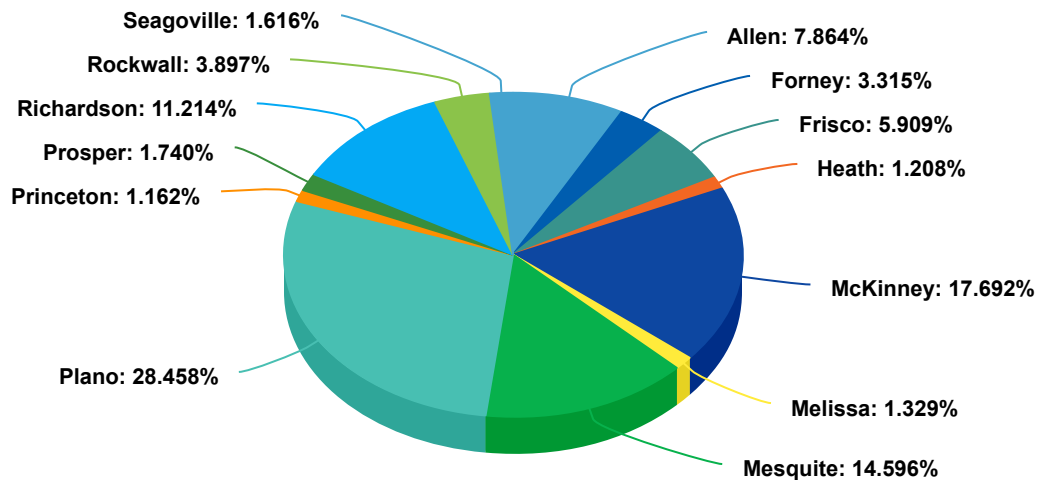


Cost Allocation for Member Cities

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 five 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 FY23 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY23 are \$93,893,665 after deducting interest and other revenue in the estimated amount of \$3,466,205 from the proposed budget of \$97,359,870.

	2020-21	2021-22	2021-22	2022-23
City	Actual	Original Budget	Amended Budget	Proposed Budget
Allen	\$ 6,694,614	\$ 7,608,627	\$ 6,676,953	\$ 7,383,567
Forney	2,804,697	4,032,122	2,814,750	3,112,631
Frisco	3,956,209	4,607,307	5,017,491	5,548,487
Heath	1,529,941	1,547,390	1,025,400	1,133,917
McKinney	13,660,496	15,194,696	15,021,984	16,611,742
Melissa	845,640	871,459	1,128,826	1,248,288
Mesquite	10,361,189	10,487,888	12,393,161	13,704,714
Plano	22,222,625	24,616,882	24,163,060	26,720,207
Princeton	865,145	779,250	986,547	1,090,952
Prosper	1,248,502	1,482,887	1,477,417	1,633,770
Richardson	8,835,924	9,877,615	9,521,912	10,529,602
Rockwall	2,653,994	2,942,421	3,308,710	3,658,867
Seagoville	1,291,992	1,403,551	1,410,934	1,516,921
Total	\$ 76,970,969	\$ 85,452,095	\$ 84,947,145	\$ 93,893,665
Flows (1,000)	35,226,936	36,000,000	35,600,000	36,600,000
Member Cost per 1,000	\$ 2.19	\$ 2.37	\$ 2.39	\$ 2.57

UPPER EAST FORK INTERCEPTOR SYSTEM

UPPER EAST FORK INTERCEPTOR SYSTEM NORTH TEXAS MUNICIPAL WATER DISTRICT

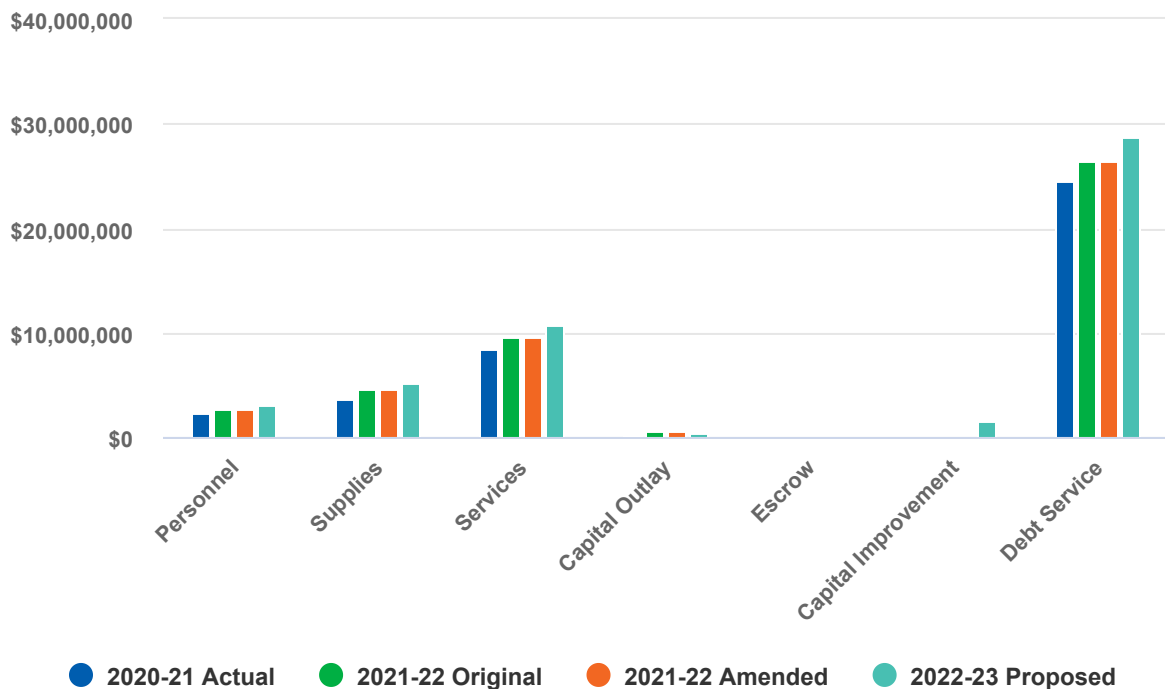
Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 36,942,237	\$ 41,849,780	\$ 41,494,080	\$ 47,042,875	\$ 5,193,095	12.41%
Customers	1,480,554	1,348,470	1,651,590	1,895,620	547,150	40.58%
Total Wastewater Sales	\$ 38,422,791	\$ 43,198,250	\$ 43,145,670	\$ 48,938,495	\$ 5,740,245	13.29%
Total Other Revenues	\$ 426,085	\$ 519,230	\$ 503,435	\$ 539,485	\$ 20,255	3.90%
Interest Income	\$ 9,500	\$ 5,375	\$ 25,090	\$ 25,090	\$ 19,715	366.79%
Total Revenues	\$ 38,858,376	\$ 43,722,855	\$ 43,674,195	\$ 49,503,070	\$ 5,780,215	13.22%
Expenses						
Personnel:						
Salaries	\$ 1,547,428	\$ 1,868,930	\$ 1,785,695	\$ 2,038,180	\$ 169,250	9.06%
Other	675,948	843,180	825,660	929,195	86,015	10.20%
Total Personnel	\$ 2,223,376	\$ 2,712,110	\$ 2,611,355	\$ 2,967,375	\$ 255,265	9.41%
Supplies:						
Fuel	\$ 64,521	\$ 76,700	\$ 76,700	\$ 84,530	\$ 7,830	10.21%
Chemicals	3,040,646	3,679,500	3,679,500	4,335,100	655,600	17.82%
Other	509,560	762,280	764,220	777,810	15,530	2.04%
Total Supplies	\$ 3,614,727	\$ 4,518,480	\$ 4,520,420	\$ 5,197,440	\$ 678,960	15.03%
Services:						
Consulting	\$ 278,809	\$ 721,500	\$ 721,500	\$ 770,000	\$ 48,500	6.72%
Insurance	83,314	137,100	137,100	115,985	(21,115)	-15.40%
Landfill Service Fees	4,078	5,020	5,020	5,280	260	5.18%
Maintenance	1,754,814	3,147,940	3,141,405	3,174,440	26,500	0.84%
Power	2,789,961	1,250,000	1,305,000	1,300,000	50,000	4.00%
Shared Services	3,228,842	3,947,680	3,962,680	4,932,360	984,680	24.94%
Other	244,503	329,405	316,095	342,890	13,485	4.09%
Total Services	\$ 8,384,320	\$ 9,538,645	\$ 9,588,800	\$ 10,640,955	\$ 1,102,310	11.56%
Capital Outlay	\$ 125,731	\$ 601,500	\$ 601,500	\$ 419,280	\$ (182,220)	-30.29%
Capital Improvement Fund	\$ -	\$ -	\$ -	\$ 1,590,500	\$ 1,590,500	0.00%
Debt Service	\$ 24,510,222	\$ 26,352,120	\$ 26,352,120	\$ 28,687,520	\$ 2,335,400	8.86%
Total Expenses	\$ 38,858,376	\$ 43,722,855	\$ 43,674,195	\$ 49,503,070	\$ 5,780,215	13.22%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY22 Amended Budget for expenditures and revenues totals \$43,674,195, which is \$48,660 or 0.11% less than the FY22 Original Budget of \$43,722,855.

For the FY23 Annual Budget, the total UEFIS expenditures are \$49,503,070, which is \$5,780,215 or 13.22% greater than the FY22 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$255,265 for higher wages, insurance and retirement costs
- Increase in Supplies of \$678,960 due to rising chemicals costs
- Increase in Services of \$1,102,310 due to increased Shared Services costs and allocations
- Decrease in Capital Outlay of (\$182,220) due to reductions in vehicle and non-vehicle equipment purchases
- Increase in Debt Service/Capital Improvement of \$3,925,900 for transfers to the Capital Improvement Fund for future capital expenditures as well as increases to debt service from newly issued debt

UEFIS EXPENDITURES

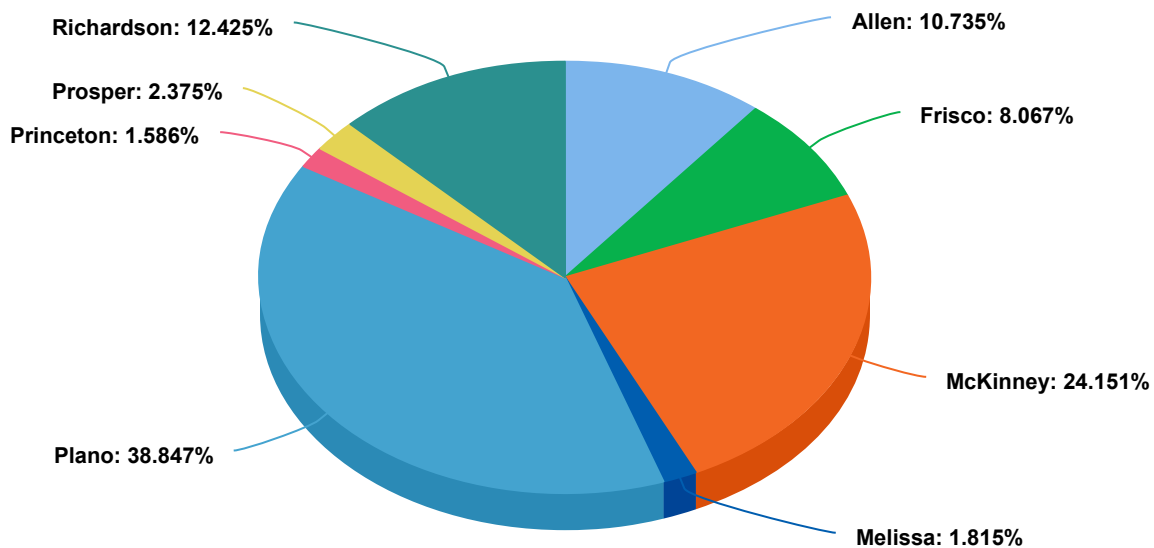


Cost Allocation for Member Cities

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 FY23 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY23 are \$47,042,875 after deducting interest and other revenue in the estimated amount of \$2,460,195 from the proposed budget of \$49,503,070.

	2020-21	2021-22	2021-22	2022-23
City	Actual	Original Budget	Amended Budget	Proposed Budget
Allen	\$ 4,383,566	\$ 5,046,194	\$ 4,454,199	\$ 5,049,837
Frisco	2,590,500	3,055,658	3,347,172	3,794,773
McKinney	8,944,861	10,077,428	10,021,175	11,361,256
Melissa	553,727	577,969	753,040	853,741
Plano	14,551,288	16,326,413	16,119,192	18,274,729
Princeton	566,509	516,814	658,126	746,134
Prosper	817,532	983,480	985,586	1,117,383
Richardson	4,534,253	5,265,824	5,155,590	5,845,022
Total	\$ 36,942,237	\$ 41,849,780	\$ 41,494,080	\$ 47,042,875
Flows (1,000)	25,820,509	26,583,688	26,067,298	26,811,893
Member Cost per 1,000	\$ 1.43	\$ 1.57	\$ 1.59	\$ 1.75

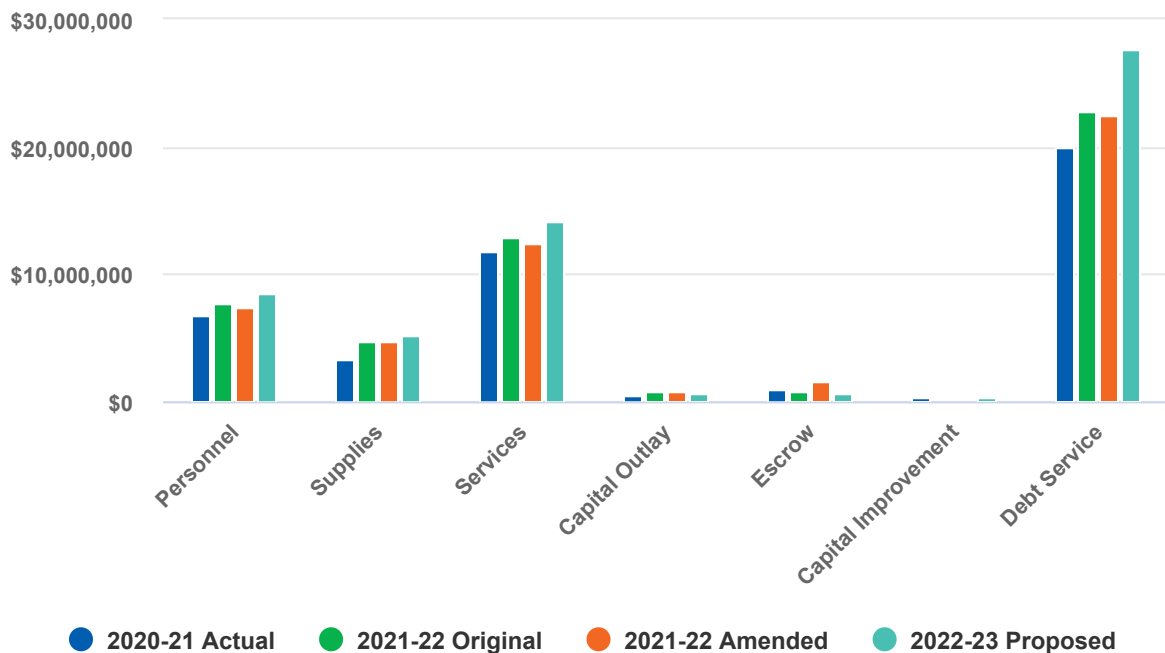
SMALL SYSTEMS

Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Small Systems Sales:						
Wastewater Facilities	\$ 31,495,559	\$ 35,545,860	\$ 35,589,690	\$ 42,425,235	\$ 6,879,375	19.35%
Interceptor Facilities	8,156,278	10,333,565	10,197,470	11,140,385	806,820	7.81%
Pretreatment	1,072,491	1,335,160	1,308,660	1,460,445	125,285	9.38%
Water Facilities	1,631,725	1,571,905	1,588,770	1,400,735	(171,170)	-10.89%
Total Small Systems Sales	\$ 42,356,053	\$ 48,786,490	\$ 48,684,590	\$ 56,426,800	\$ 7,640,310	15.66%
Total Other Revenues	\$ 1,349,852	\$ 857,870	\$ 857,870	\$ 393,565	\$ (464,305)	-54.12%
Interest Income	\$ 5,609	\$ 6,425	\$ 30,220	\$ 30,175	\$ 23,750	369.65%
Total Revenues	\$ 43,711,514	\$ 49,650,785	\$ 49,572,680	\$ 56,850,540	\$ 7,199,755	14.50%
Expenses						
Personnel:						
Salaries	\$ 4,519,382	\$ 5,074,540	\$ 4,885,095	\$ 5,611,245	\$ 536,705	10.58%
Other	2,223,495	2,595,870	2,573,325	2,830,295	234,425	9.03%
Total Personnel	\$ 6,742,877	\$ 7,670,410	\$ 7,458,420	\$ 8,441,540	\$ 771,130	10.05%
Supplies:						
Fuel	\$ 53,039	\$ 55,825	\$ 76,855	\$ 80,100	\$ 24,275	43.48%
Chemicals	1,866,774	2,653,570	2,662,350	2,811,725	158,155	5.96%
Other	1,437,126	2,025,695	2,004,990	2,264,240	238,545	11.78%
Total Supplies	\$ 3,356,939	\$ 4,735,090	\$ 4,744,195	\$ 5,156,065	\$ 420,975	8.89%
Services:						
Consulting	\$ 240,460	\$ 446,750	\$ 419,750	\$ 344,000	\$ (102,750)	-23.00%
Insurance	110,892	140,585	152,395	197,955	57,370	40.81%
Landfill Service Fees	920,798	1,067,195	914,775	1,096,540	29,345	2.75%
Maintenance	1,091,727	1,595,500	932,910	1,291,750	(303,750)	-19.04%
Power	2,826,058	2,027,335	2,405,910	2,178,150	150,815	7.44%
Shared Services	4,371,610	5,125,880	5,188,935	6,366,695	1,240,815	24.21%
Other	2,253,014	2,484,060	2,457,945	2,688,845	204,785	8.24%
Total Services	\$ 11,814,559	\$ 12,887,305	\$ 12,472,620	\$ 14,163,935	\$ 1,276,630	9.91%
Capital Outlay	\$ 543,169	\$ 848,500	\$ 852,035	\$ 567,165	\$ (281,335)	-33.16%
Escrow	\$ 931,750	\$ 719,255	\$ 1,516,000	\$ 649,955	\$ (69,300)	-9.63%
Capital Improvement Fund	\$ 325,000	\$ -	\$ -	\$ 295,000	\$ 295,000	0.00%
Debt Service	\$ 19,997,220	\$ 22,790,225	\$ 22,529,410	\$ 27,576,880	\$ 4,786,655	21.00%
Total Expenses	\$ 43,711,514	\$ 49,650,785	\$ 49,572,680	\$ 56,850,540	\$ 7,199,755	14.50%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY22 Amended Budget for expenditures totals \$49,572,680, which is \$78,105 or 0.16% less than the FY22 Original Budget of \$49,650,785. For the FY23 Proposed Budget, the total expenditures for Small Systems facilities requested are \$56,850,540, which is \$7,199,755 or 14.50% greater than the FY22 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$771,130 due to higher wages, insurance and retirement costs and to fund a new Wastewater Plant Operator II position
- Increase in Supplies of \$420,975 driven by higher chemical costs related to supply chain issues and increased global demands. Also, there is an increase in Mechanical Supplies at Stewart Creek WWTP to install a submersible chopper pump, to purchase a back up submersible pump for the new lift station and for additional maintenance due to plant expansion.
- Increase in Services of \$1,276,630 due to a higher Shared Services budget and allocations
- Increase in Debt Service/Capital Improvement of \$5,081,655 is the net result of the following:
 - Bond issue for the construction of the Muddy Creek WWTP Operations Building Improvements in the Muddy Creek WWTP System
 - Bond issue for the Forney Mustang Creek Lift Station Phase II and Forney Mustang Creek Parallel Force Main
 - Increased FY23 debt service payments for Sabine Creek WWTP, Muddy Creek WWTP, and Mustang Creek Interceptor related to previous bond issues

SMALL SYSTEM EXPENDITURES



Revenues and Expenditures

Below is a summary, by facility, of the Small Systems FY22 Original and Amended Budgets and the Proposed FY23 Budget.

	2020-21 Actual	2021-22 Original	2021-22 Amended	2022-23 Proposed
Water Facilities:				
Little Elm Water Transmission Facilities	\$ 400,896	\$ 282,050	\$ 278,250	\$ 10,010
Plano Water Transmission Facilities	167	3,825	27,295	86,410
Kaufman 4-1 Water Distribution Facilities	151,454	130,350	127,850	150,695
Rockwall-Heath Water Storage Facilities	229,161	237,075	237,075	237,450
Terrell Water Transmission Facilities	723,928	743,880	743,880	742,495
Rockwall Water Pump Station Facilities	171,135	174,985	174,985	174,240
Total	\$ 1,676,741	\$ 1,572,165	\$ 1,589,335	\$ 1,401,300
Wastewater Facilities:				
Wylie WWTP	\$ 29,000	\$ -	\$ -	\$ -
South Rockwall WWTP	1,948,051	1,735,465	1,735,235	1,870,600
North Rockwall WWTP	636,022	698,010	712,865	756,485
Panther Creek WWTP	8,968,961	10,058,830	10,126,215	10,390,915
Sabine Creek WWTP	2,862,534	3,116,525	3,142,275	6,847,000
Stewart Creek WWTP	8,850,623	10,389,945	10,426,310	11,298,215
Muddy Creek WWTP	7,692,687	8,511,900	8,434,705	10,144,630
Seis Lagos WWTP	293,932	327,035	324,905	374,175
Royse City WWTP	18,404	20,180	19,730	-
Farmersville WWTP	490,246	576,170	578,555	633,015
Lavon WWTP	412,191	481,770	477,135	526,290
Total	\$ 32,202,650	\$ 35,915,830	\$ 35,977,930	\$ 42,841,325
Interceptor Facilities:				
Forney Interceptor	\$ 437,758	\$ 682,460	\$ 676,825	\$ 591,530
Lower East Fork Interceptor	1,923,673	1,928,410	1,922,655	1,992,150
Muddy Creek Interceptor	719,048	428,575	428,620	304,725
Parker Creek Interceptor	752,936	426,290	351,615	445,075
Sabine Creek Interceptor	276,804	313,985	254,040	99,100
Buffalo Creek Interceptor	2,212,851	3,821,410	3,833,850	4,408,505
McKinney Interceptor	21,419	56,775	56,730	89,750
Mustang Creek Interceptor	2,300,629	2,931,050	2,932,835	2,957,305
Parker Creek Parallel Interceptor	107,647	238,495	238,420	258,165
Total	\$ 8,752,764	\$ 10,827,450	\$ 10,695,590	\$ 11,146,305
Other:				
Wastewater Pretreatment Program	\$ 1,079,358	\$ 1,335,340	\$ 1,309,825	\$ 1,461,610
Total	\$ 1,079,358	\$ 1,335,340	\$ 1,309,825	\$ 1,461,610
TOTAL	\$ 43,711,514	\$ 49,650,785	\$ 49,572,680	\$ 56,850,540

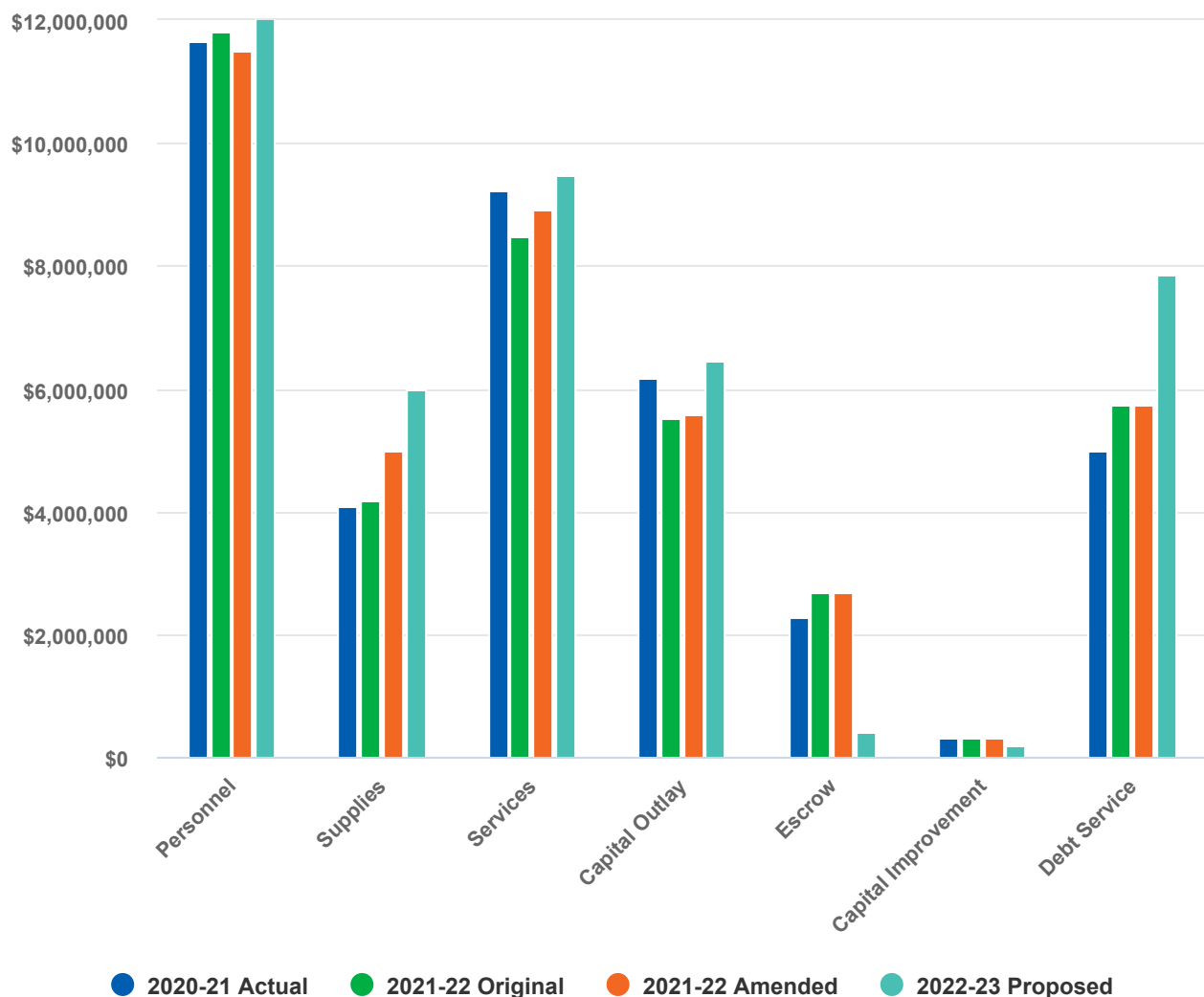
REGIONAL SOLID WASTE SYSTEM

Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Solid Waste Sales:						
Member Sales	\$ 24,651,354	\$ 26,118,800	\$ 24,563,935	\$ 26,558,730	\$ 439,930	1.68%
Customer Sales	7,351,377	6,840,640	8,029,260	8,029,260	1,188,620	17.38%
Composting - Solid Waste	685,396	624,360	699,360	785,745	161,385	25.85%
Landfill Sludge Disp Svc Fee	3,335,622	3,354,380	3,430,610	3,536,145	181,765	5.42%
Total Solid Waste Sales	\$ 36,023,750	\$ 36,938,180	\$ 36,723,165	\$ 38,909,880	\$ 1,971,700	5.34%
Total Other Revenues	\$ 2,656,224	\$ 1,734,225	\$ 2,939,215	\$ 4,538,735	\$ 2,804,510	161.72%
Interest Income	\$ 7,878	\$ 5,000	\$ 25,320	\$ 25,320	\$ 20,320	406.40%
Total Revenues	\$ 38,687,852	\$ 38,677,405	\$ 39,687,700	\$ 43,473,935	\$ 4,796,530	12.40%
Expenses						
Personnel:						
Salaries	\$ 7,828,830	\$ 7,954,105	\$ 7,669,360	\$ 8,710,740	\$ 756,635	9.51%
Other	3,825,043	3,859,300	3,833,445	4,411,950	552,650	14.32%
Total Personnel	\$ 11,653,874	\$ 11,813,405	\$ 11,502,805	\$ 13,122,690	\$ 1,309,285	11.08%
Supplies:						
Fuel	\$ 1,611,909	\$ 1,769,920	\$ 2,100,920	\$ 2,809,820	\$ 1,039,900	58.75%
Chemicals	64,937	114,400	84,400	101,600	(12,800)	-11.19%
Other	2,404,932	2,304,870	2,809,130	3,058,820	753,950	32.71%
Total Supplies	\$ 4,081,778	\$ 4,189,190	\$ 4,994,450	\$ 5,970,240	\$ 1,781,050	42.52%
Services:						
Consulting	\$ 589,022	\$ 607,890	\$ 699,090	\$ 856,250	\$ 248,360	40.86%
Insurance	361,520	466,470	466,470	415,990	(50,480)	-10.82%
Maintenance	1,736,717	1,563,155	1,327,440	1,339,075	(224,080)	-14.34%
Power	190,603	161,200	195,700	165,200	4,000	2.48%
Shared Services	2,318,914	2,460,470	2,628,705	3,048,635	588,165	23.90%
Other	4,036,157	3,218,515	3,611,805	3,662,885	444,370	13.81%
Total Services	\$ 9,232,933	\$ 8,477,700	\$ 8,929,210	\$ 9,488,035	\$ 1,010,335	11.92%
Capital Outlay	\$ 6,164,892	\$ 5,503,850	\$ 5,567,975	\$ 6,460,700	\$ 956,850	17.39%
Escrow	\$ 2,261,000	\$ 2,670,000	\$ 2,670,000	\$ 390,000	\$ (2,280,000)	-85.39%
Capital Improvement Fund	\$ 297,900	\$ 297,900	\$ 297,900	\$ 200,000	\$ (97,900)	-32.86%
Debt Service	\$ 4,995,475	\$ 5,725,360	\$ 5,725,360	\$ 7,842,270	\$ 2,116,910	36.97%
Total Expenses	\$ 38,687,852	\$ 38,677,405	\$ 39,687,700	\$ 43,473,935	\$ 4,796,530	12.40%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

The FY22 Amended Budget for expenditures and revenues totals \$39,687,700, which is \$1,010,295 or 2.61% greater than the FY22 Original Budget of \$38,677,405. Additional revenues for customer landfill usage as well as gas collection royalties are driving the overall increase in revenues with the excess funds being used to cover increased fuel costs and any remaining being used to lower the cost per ton and credited back to the Member Cities. For the FY23 Annual Budget, the total RSWS expenditures are \$43,473,935, which is \$4,796,530 or 12.40% greater than the FY22 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$1,309,285 due to the addition of three new positions and increasing salary/benefit costs
- Increase in Supplies of \$1,781,050 driven by higher expected fuel prices along with additional vehicle supply purchases as the Solid Waste system shifts to more internal repairs to save on outsourcing
- Increase in Services of \$1,010,335 due to an increased Shared Services budget and allocations, increased Engineering/Consulting services for landfill cell design and additional contract labor driven by higher contract prices
- Increase in Capital Outlay of \$956,850 to construct a new landfill cell
- Decrease in Escrow of (\$2,280,000) based on lower expected transfers to the equipment replacement escrow
- Increase in Debt Service/Capital Improvement Transfers of \$2,019,010 due to recent bond issuances in the system

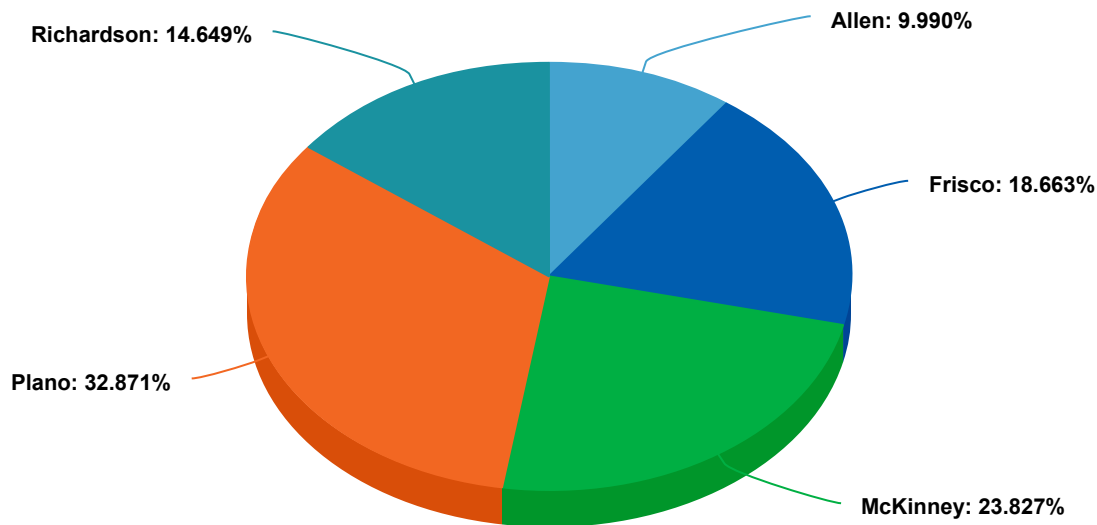
RSWS EXPENDITURES



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 679,389 tons of waste will be processed in FY22 and 694,409 tons in FY23.

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.

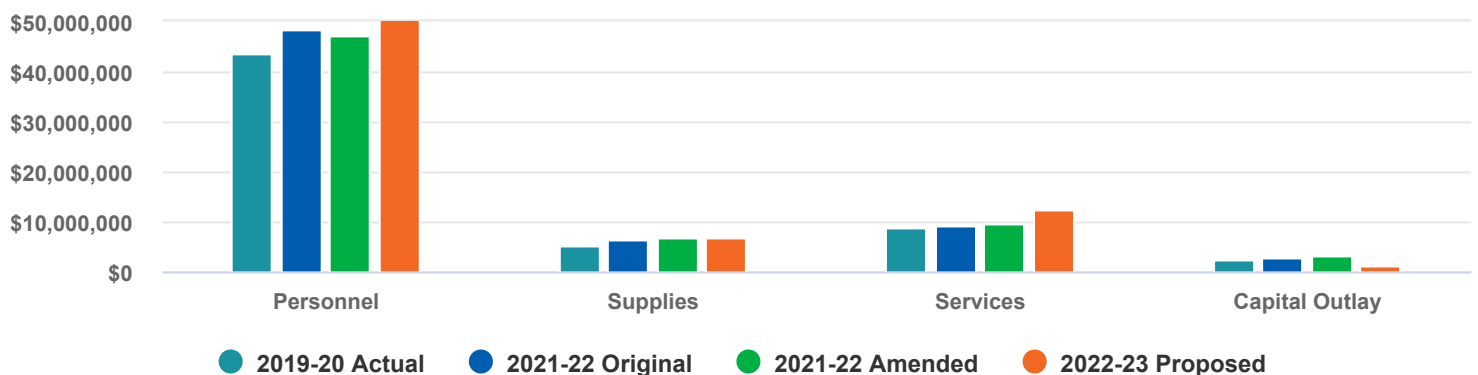
The total charges to be allocated to the Member Cities for FY23 are \$26,558,730 after deducting customer landfill fees, composting revenues, gas collection royalties, sludge disposal fees, interest and other revenue in the estimated amount of \$16,915,205 from the proposed budget of \$43,473,935.

	2020-21		2021-22		2021-22		2022-23	
Cities	Actuals		Original Budget		Amended Budget		Proposed Budget	
Allen	\$	2,501,428	\$	2,644,687	\$	2,461,242	\$	2,653,276
Frisco		4,540,842		4,741,984		4,535,941		4,956,558
McKinney		5,758,346		5,860,974		5,779,922		6,328,117
Plano		8,203,432		8,969,513		8,171,238		8,730,151
Richardson		3,647,306		3,901,642		3,615,592		3,890,628
Total	\$	24,651,354	\$	26,118,800	\$	24,563,935	\$	26,558,730
Tonnage		658,042		682,853		679,389		694,409
Cost per ton	\$	37.46	\$	38.25	\$	36.16	\$	38.25

SHARED SERVICES FUND

Revenues and Expenses	2020-21	2021-22	2021-22	2022-23	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Shared Service Revenue	\$ 60,946,924	\$ 65,476,140	\$ 65,622,125	\$ 73,888,275	\$ 8,412,135	12.85%
Interest Income	\$ 1,901	\$ 1,710	\$ 11,135	\$ 11,135	\$ 9,425	551.17%
Total Revenues	\$ 60,948,825	\$ 65,477,850	\$ 65,633,260	\$ 73,899,410	\$ 8,421,560	12.86%
Expenses						
Personnel:						
Salaries	\$ 29,799,610	\$ 32,877,920	\$ 31,719,565	\$ 37,184,595	\$ 4,306,675	13.10%
Other	13,830,497	15,708,555	15,492,830	17,465,395	1,756,840	11.18%
Total Personnel	\$ 43,630,107	\$ 48,586,475	\$ 47,212,395	\$ 54,649,990	\$ 6,063,515	12.48%
Supplies:						
Fuel	\$ 414,216	\$ 501,100	\$ 501,100	\$ 581,005	\$ 79,905	15.95%
Chemicals	28,537	26,995	18,995	20,495	(6,500)	-24.08%
Other	4,951,566	5,921,310	6,114,840	6,240,395	319,085	5.39%
Total Supplies	\$ 5,394,318	\$ 6,449,405	\$ 6,634,935	\$ 6,841,895	\$ 392,490	6.09%
Services:						
Consulting	\$ 1,046,565	\$ 1,739,400	\$ 1,675,595	\$ 3,007,100	\$ 1,267,700	72.88%
Insurance	458,415	539,985	539,985	584,265	44,280	8.20%
Maintenance	1,984,523	2,510,290	2,210,805	2,719,540	209,250	8.34%
Power	134,398	124,600	185,100	143,800	19,200	15.41%
Shared Services	-	10,000	10,000	10,000	-	0.00%
Other	5,024,646	4,426,325	4,824,845	5,878,795	1,452,470	32.81%
Total Services	\$ 8,648,548	\$ 9,350,600	\$ 9,446,330	\$ 12,343,500	\$ 2,992,900	32.01%
Capital Outlay	\$ 2,430,539	\$ 2,755,750	\$ 3,054,730	\$ 1,270,710	\$ (1,485,040)	-53.89%
Total Expenses	\$ 60,103,512	\$ 67,142,230	\$ 66,348,390	\$ 75,106,095	\$ 7,963,865	11.86%
Net Revenues	\$ 845,314	\$ (1,664,380)	\$ (715,130)	\$ (1,206,685)	\$ 457,695	-27.50%

SHARED SERVICES FUND EXPENDITURES BY CATEGORY



The FY22 Amended Budget for expenditures totals \$66,348,390 which is \$793,840 or 1.18% less than the Original Budget of \$67,142,230 . Shared Services Fund expenditures for FY23 are \$75,106,095 , which is \$7,963,865 or 11.86% greater than the FY22 Budget. Major budget variances are explained below:

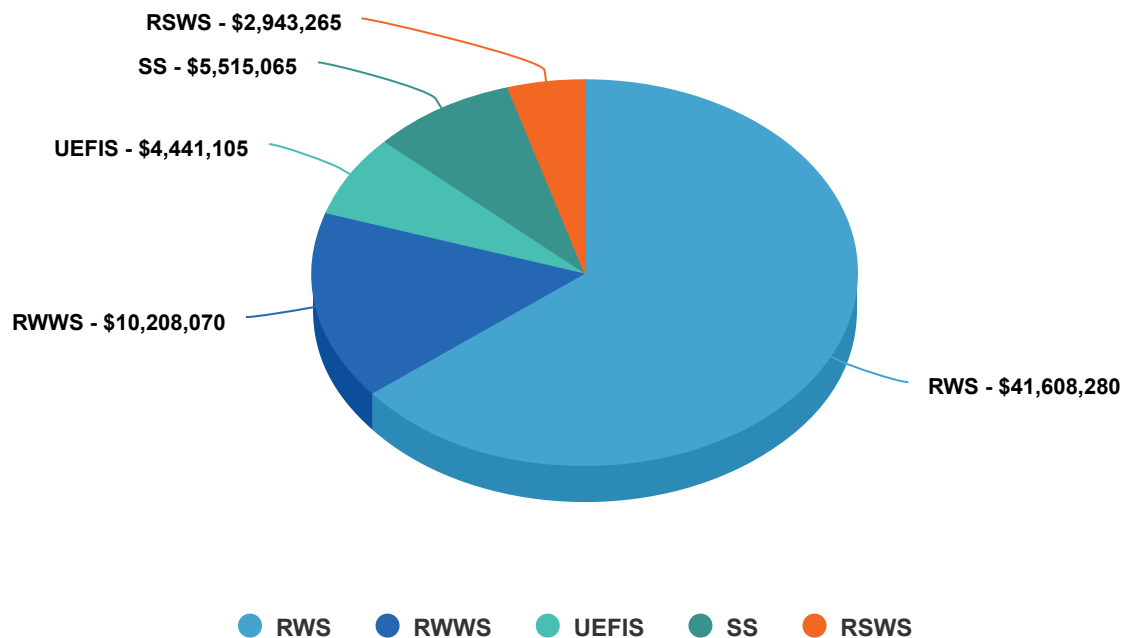
- Increase of \$6,063,515 for Personnel due to higher wages, insurance/retirement costs and to fund sixteen new positions for various Shared Services departments
- Increase of \$2,992,900 in Services for Engineering/Consultant Services in the Engineering department primarily for a GIS Strategic Initiative and in the Safety department for strategic security systems consultation, crane safety consultations, emergency action plan consultations, and strategic work hazard consultations
- Increase in Supplies of \$392,490 primarily for Computer Supplies due to supply chain increases and for Strategic Plan initiatives related to Cyber Security, Data/Info Strategy, GIS and Consulting
- Decrease of (\$1,485,040) in Capital Outlay to a decrease in Vehicle Equipment, Office Equipment and Non-vehicle Equipment purchases

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:

PROPOSED ALLOCATED EXPENSES



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APPENDIX

2022-23
BUDGET RESOLUTION

NORTH TEXAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 22-42

A RESOLUTION APPROVING APPROPRIATIONS FOR THE 2022-23 ALL SYSTEMS ANNUAL BUDGET, AMENDING THE 2021-22 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 2022-23 ALL SYSTEMS ANNUAL BUDGET BE APPROVED AS SUBMITTED BY THE EXECUTIVE DIRECTOR FOR THE FISCAL YEAR OCTOBER 1, 2022 THROUGH SEPTEMBER 30, 2023. 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 2022-23 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:

	2021-22 Amended Budget	2022-23 Proposed Budget
<u>By System:</u>		
Regional Water System	\$ 378,649,720	\$ 423,788,850
Regional Wastewater System	88,031,610	97,359,870
Upper East Fork Interceptor System	43,674,195	49,503,070
Small Systems	49,572,680	56,850,540
Regional Solid Waste System	39,687,700	43,473,935
Total	<u>\$ 599,615,905</u>	<u>\$ 670,976,265</u>

	2021-22 Amended Budget	2022-23 Proposed Budget
<u>By Character:</u>		
Personnel	\$ 96,575,765	\$ 112,964,485
Supplies	98,725,645	113,691,540
Services	88,253,725	101,244,545
Capital Outlay	14,163,315	14,223,670
Escrow	5,414,350	5,128,025
Capital Improvement	15,297,900	21,185,500
Debt Service	281,185,205	302,538,500
Total	<u>\$ 599,615,905</u>	<u>\$ 670,976,265</u>

2. The Amended Budget, as set forth in the 2022-23 All Systems Annual Budget Document, shall be approved as the authorized Amended Budget for the 2021-22 Fiscal Year and the Proposed Budget, as set forth in the 2022-23 All Systems Annual Budget Document, shall be approved as the authorized Budget for the 2022-23 Fiscal Year.

3. The Salary Plan as set forth in the 2022-23 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 2022-23 Fiscal Year in biweekly payments (every two weeks).

4. All District employees who have progressed to the maximum pay for their salary grade shall be considered for a one-time merit lump sum payment, with an average of 7% 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 \$_____. The Deferred Compensation contributions shall be dispersed in monthly increments.

SECTION B - CHARGES FOR SERVICE

1. The following minimum annual demands and water rates shall be applicable during the 2022-23 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	6,345,484	\$ 3.39	\$ 21,511,190.76	\$ 0.81
Farmersville	274,168	3.39	929,429.52	0.81
Forney	2,754,485	3.39	9,337,704.15	0.81
Frisco	14,146,008	3.39	47,954,967.12	0.81
Garland	13,136,918	3.39	44,534,152.02	0.81
McKinney	12,417,706	3.39	42,096,023.34	0.81
Mesquite	7,867,721	3.39	26,671,574.19	0.81
Plano	25,655,890	3.39	86,973,467.10	0.81
Princeton	1,137,352	3.39	3,855,623.28	0.81
Richardson	10,586,918	3.39	35,889,652.02	0.81
Rockwall	4,739,824	3.39	16,068,003.36	0.81
Royse City	846,122	3.39	2,868,353.58	0.81
Wylie	1,850,497	3.39	6,273,184.83	0.81
Total Members	101,759,093		\$ 344,963,325.27	
Customers:				
Ables Springs SUD	110,037	\$ 3.44	\$ 378,527.28	c
Bear Creek SUD	386,695	3.44	1,330,230.80	c
BHP WSC	170,892	3.44	587,868.48	c
Bonham	640,000	3.39 a	2,169,600.00	b
Caddo Basin SUD	493,610	3.44	1,698,018.40	0.86
Cash SUD	360,572	3.44	1,240,367.68	c
College Mound SUD	78,066	3.44	268,547.04	0.86
Copeville SUD	134,140	3.44	461,441.60	0.86
East Fork SUD	697,461	3.44	2,399,265.84	0.86
Fairview	964,308	3.44	3,317,219.52	c
Fate	279,932	3.44	962,966.08	0.86
Fate 2nd Dlvry Pt	645,054	3.44	2,218,985.76	0.86
Forney Lake WSC	632,848	3.44	2,176,997.12	c

WHOLESALE TREATED WATER RATES (continued)

Entity	Minimum Annual Demand 1,000 gallons	Water Rate per 1,000 gallons	Minimum Annual Charge	Excess Water Rate per 1,000 gallons
Gastonia Scurry SUD	110,490	\$ 3.44	\$ 380,085.60	c
GTUA	1,224,927	3.44	4,213,748.88	c
Josephine	211,535	3.44	727,680.40	c
Kaufman	459,989	3.44	1,582,362.16	c
Kaufman Four-One	555,695	3.44	1,911,590.80	0.86
Little Elm	1,804,752	3.44	6,208,346.88	b
Lucas	701,486	3.44	2,413,111.84	0.86
Melissa	350,960	3.44	1,207,302.40	0.86
Milligan WSC	149,894	3.44	515,635.36	b
Mt. Zion WSC	159,302	3.44	547,998.88	0.86
Murphy	1,661,494	3.44	5,715,539.36	0.86
Nevada SUD	76,886	3.44	264,487.84	0.86
Nevada SUD 2nd Dlvry Pt	70,985	3.44	244,188.40	b
North Collin SUD	355,962	3.44	1,224,509.28	c
Parker	633,119	3.44	2,177,929.36	0.86
Prosper	3,085,412	3.44	10,613,817.28	c
Rose Hill SUD	143,271	3.44	492,852.24	c
Rowlett	3,192,039	3.44	10,980,614.16	b
Sachse	1,332,153	3.44	4,582,606.32	0.86
Seis Lagos Utility District	165,598	3.44	569,657.12	0.86
Sunnyvale	783,784	3.44	2,696,216.96	b
Terrell	1,400,000	3.44	4,816,000.00	b
Wylie N.E. SUD	307,630	3.44	1,058,247.20	c
Wylie N.E. SUD 2nd Dlvry Pt	173,480	3.44	596,771.20	c
Total Customers	24,704,458		\$ 84,951,335.52	
Total	126,463,551		\$ 429,914,660.79	

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 \$3.44 / 1,000 gallons.

RETAIL TREATED WATER RATES - RESIDENTIAL

Minimum - First 2,000 Gallons	\$15.00
From 2,000 to 10,000 Gallons	\$6.88 per 1,000 Gallons
From 10,000 to 20,000 Gallons	\$8.76 per 1,000 Gallons
Above 20,000 Gallons	\$10.94 per 1,000 Gallons
Reconnect Fees	\$30.00

RETAIL TREATED WATER RATES - COMMERCIAL

From 0 to 10,000 Gallons	\$7.00 per 1,000 Gallons
Above 10,000 Gallons	\$8.76 per 1,000 Gallons
Reconnect Fees	\$30.00

NON-POTABLE WATER RATE

East Fork Raw Water Project	\$.74 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 2022-23 Fiscal Year.

BOIS D'ARC LAKE FEES

SHORELINE LEASE AND USE AGREEMENT

Activity / Facility	Applicaton Fee	Annual Fee
		\$325 for years 2 through 5 of a 5-year agreement
Dock	Application First Year: \$750	
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

Violation	Category	Fine First Notice	Fine Second/Third Notice
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 2022-23 Fiscal Year.

121 REGIONAL DISPOSAL FACILITY CHARGES

- I. All Vehicles - \$45.00 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 \$27.65 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 - \$60.00 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)
- 4. 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 Small 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.
- 5. 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 22, 2022, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD.