



NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

2023-2024 BUDGET IN BRIEF



WATER
SERVICES



WASTEWATER
SERVICES



SOLID WASTE
SERVICES



Leonard Water
Treatment Plant



North McKinney
Lift Station



121 Regional
Disposal Facility

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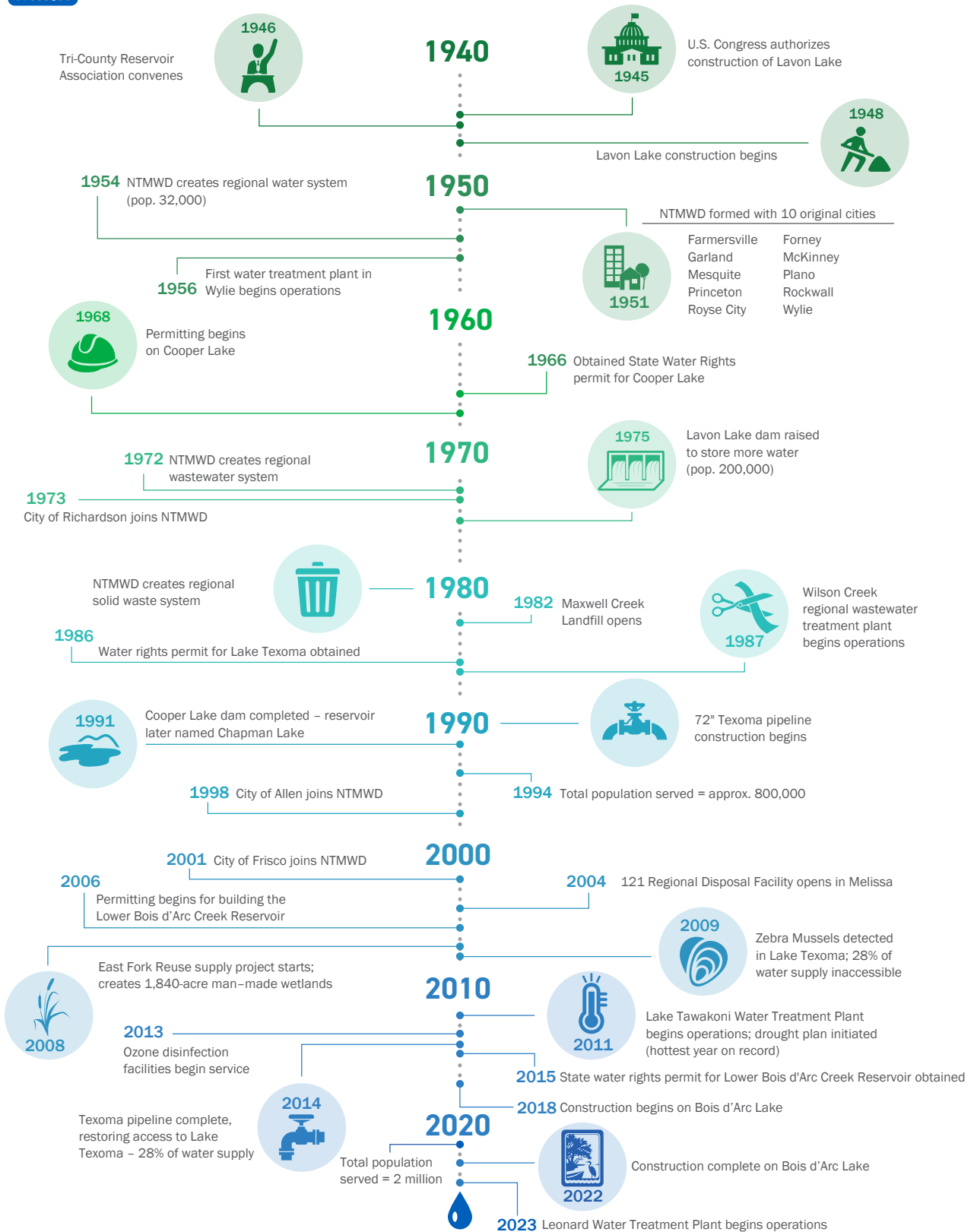
BUDGET OVERVIEW

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LEGACY OF SERVICE

Meeting Our Region's Needs Today and Tomorrow



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Regional. Reliable. Everyday.

September 28, 2023

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

RE: FY24 ALL SYSTEMS BUDGET

Dear Directors:

We are pleased to present the FY24 Annual All Systems Budget for the North Texas Municipal Water District. The Finance Staff has diligently prepared this budget document based on submissions from the Department Managers and with the subsequent approval of the Executive Director.

Looking ahead to FY 2024, our primary focus remains on planning for the long-term needs of the region, ensuring that future supplies and services are readily available to meet the demands of growth. As an organization heavily invested in infrastructure development, we continuously seek opportunities to minimize borrowing costs and mitigate impacts on rates. Earlier this year, we conducted an analysis of our Extendable Commercial Paper Programs (ECP) and found it appropriate to expand the size of these programs in the Regional Water, Regional Wastewater, and Upper East Fork Interceptor Systems. This expansion enhances flexibility in timing bond issues, allowing us to delay borrowing until necessary for paying project invoices. The effects of these expanded ECP programs have been integrated into the proposed budgets for the aforementioned three systems.

Financial challenges persist, including higher interest rates, stubborn inflation, elevated property insurance premiums, and higher-than-normal staff turnover. Nevertheless, we have witnessed positive developments, such as additional income from investment earnings and a reduction in workers' compensation insurance premiums due to our efforts in fostering a safety-first culture. To accommodate operational growth and support capital improvement programs, the Shared Services budget, encompassing maintenance and internal support services, will experience growth as well. These costs are distributed across all systems based on usage.

Several water and wastewater capital improvement projects have been initiated to optimize our services. For instance, the replacement of older belt filter press technology with centrifuge dewatering equipment at the South Mesquite and Rowlett Creek Regional Wastewater Treatment Plants will enhance process efficiency, resulting in decreased future sludge hauling and disposal costs. Additionally, progress is being made on the Linear Asset Management Plan (LAMP), which will enable informed pipeline management decisions and help control the risk of failure within the Regional Water System.

We are proud to state that the District successfully fulfills the contractual obligations to

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

participating entities while adhering to state and federal laws and maintaining a strong commitment to environmental protection, all at reasonable costs in all systems.

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

RECOMMENDATION

The FY24 Annual All Systems Budget, as proposed, of \$743,392,815 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 FY23 Amended and FY24 Proposed Budget, to the Board of Directors at the September 28, 2023, 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 FY23 All Systems Amended Budget is \$678,748,040, which is \$7,771,775 or 1.2% greater than the FY23 Original Budget.

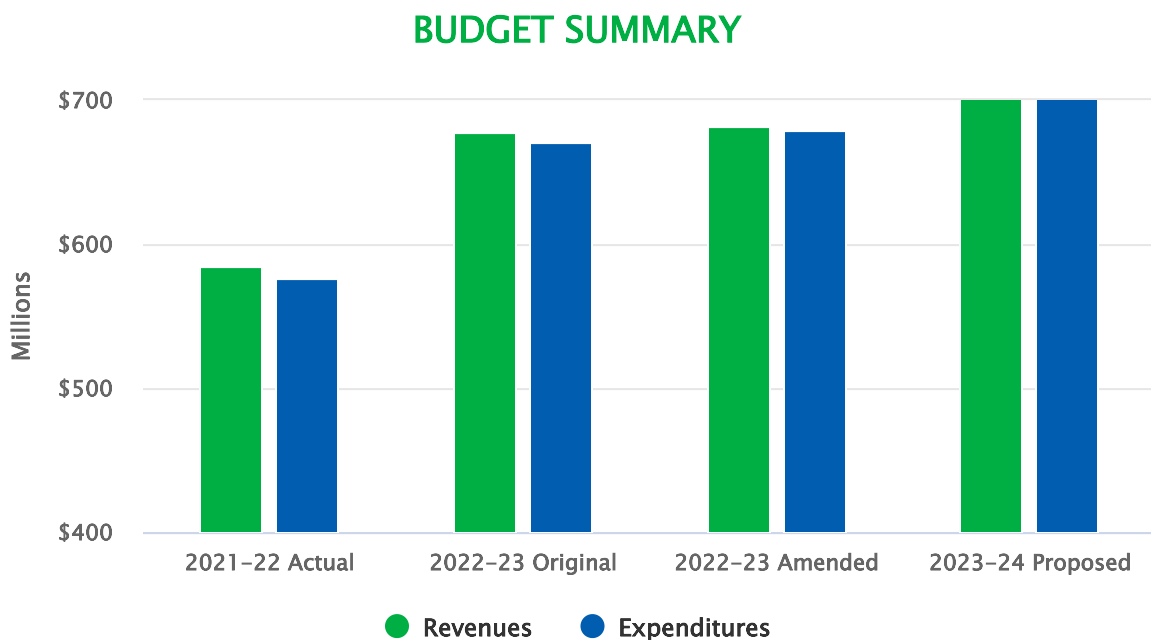
This increase in expenses is primarily the result of the following:

- Carry over of expenses from FY23 due to supply chain issues, these expenses were offset by funds that were held in escrow specifically for this purpose
- Increased transfers to the Regional Water System Contingency Fund to maintain 150 days of Operating and Maintenance reserves in accordance with the fund balance policy
- Additional transfers to the Regional Solid Waste System Capital Improvement Fund to allow for more cash funding of projects in upcoming years.

The 2023 Water Year saw 117.5 billion gallons of water sold, which was the second year in a row with record usage. Growth in the user base and the water usage underline the importance of making sure we continue to do everything we can to ensure future supply. In FY23, we began treating and pumping water from our newest source, Bois d'Arc Lake. This project spanned decades and was the first new reservoir built in Texas in the last 30 years. We must continue planning for the growth and continue conservation programs to ensure adequate supply is available for our region both now and in the future.

The overall FY24 Annual All Systems Budget of \$743,392,815 represents an increase of \$72,416,550 or 10.8%.

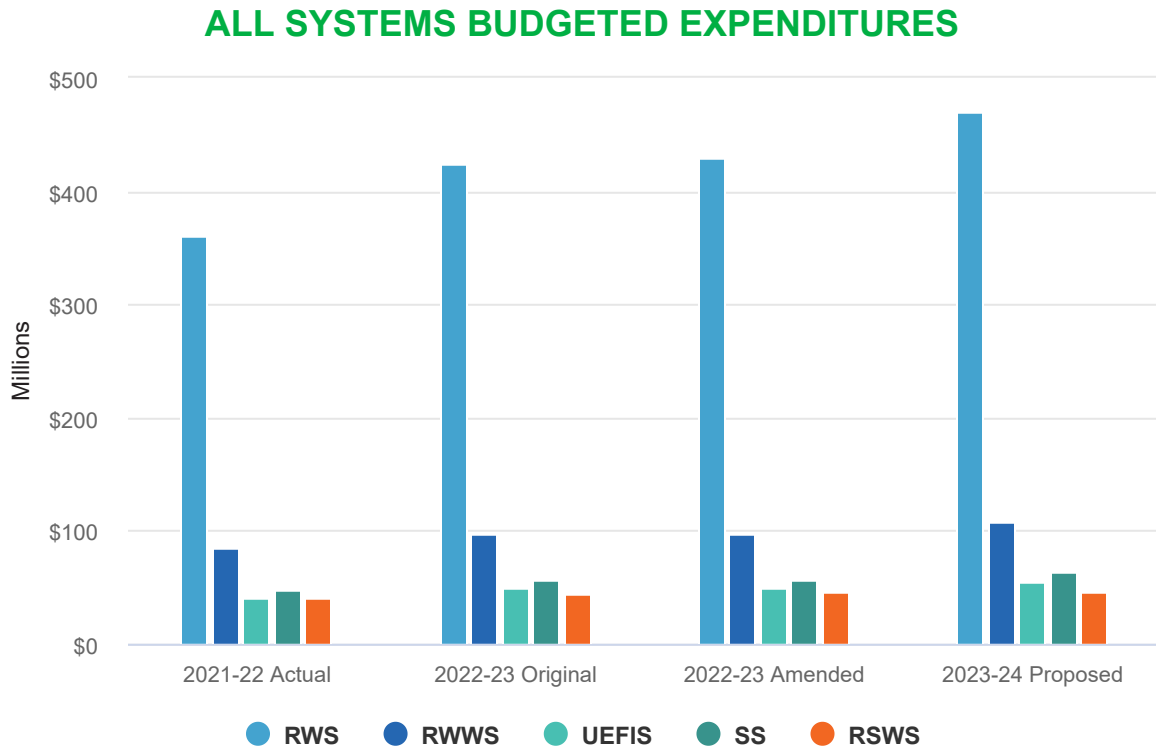
A comparison of the All Systems Budget for FY22 through FY24 is presented below:



	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
Revenues	\$ 584,983,050	\$ 677,838,385	\$ 681,800,495	\$ 747,428,620
Expenditures	576,283,010	670,976,265	678,748,040	743,392,815
Excess /(Shortfall) prior to fund balance adjustment	\$ 8,700,040	\$ 6,862,120	\$ 3,052,455	\$ 4,035,805
RWS Operating Fund Balance adjustment per Policy	8,700,040	6,700,000	3,052,455	4,035,805
Excess / (Shortfall) after fund balance adjustment	\$ -	\$ 162,120	\$ -	\$ -

Review by System

Below is a breakdown of the Budgeted Expenditures by System for FY22 through FY24:



System	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
Regional Water System (RWS)	\$ 360,518,456	\$ 423,788,850	\$ 429,957,115	\$ 469,388,075
Regional Wastewater System (RWWS)	85,340,767	97,359,870	97,346,400	108,374,210
Upper East Fork Interceptor System (UEFIS)	41,415,347	49,503,070	48,974,735	55,601,960
Small Systems (SS)	48,562,166	56,850,540	56,989,795	64,479,840
Regional Solid Waste System (RSWS)	40,446,274	43,473,935	45,479,995	45,548,730
Total	\$ 576,283,010	\$ 670,976,265	\$ 678,748,040	\$ 743,392,815

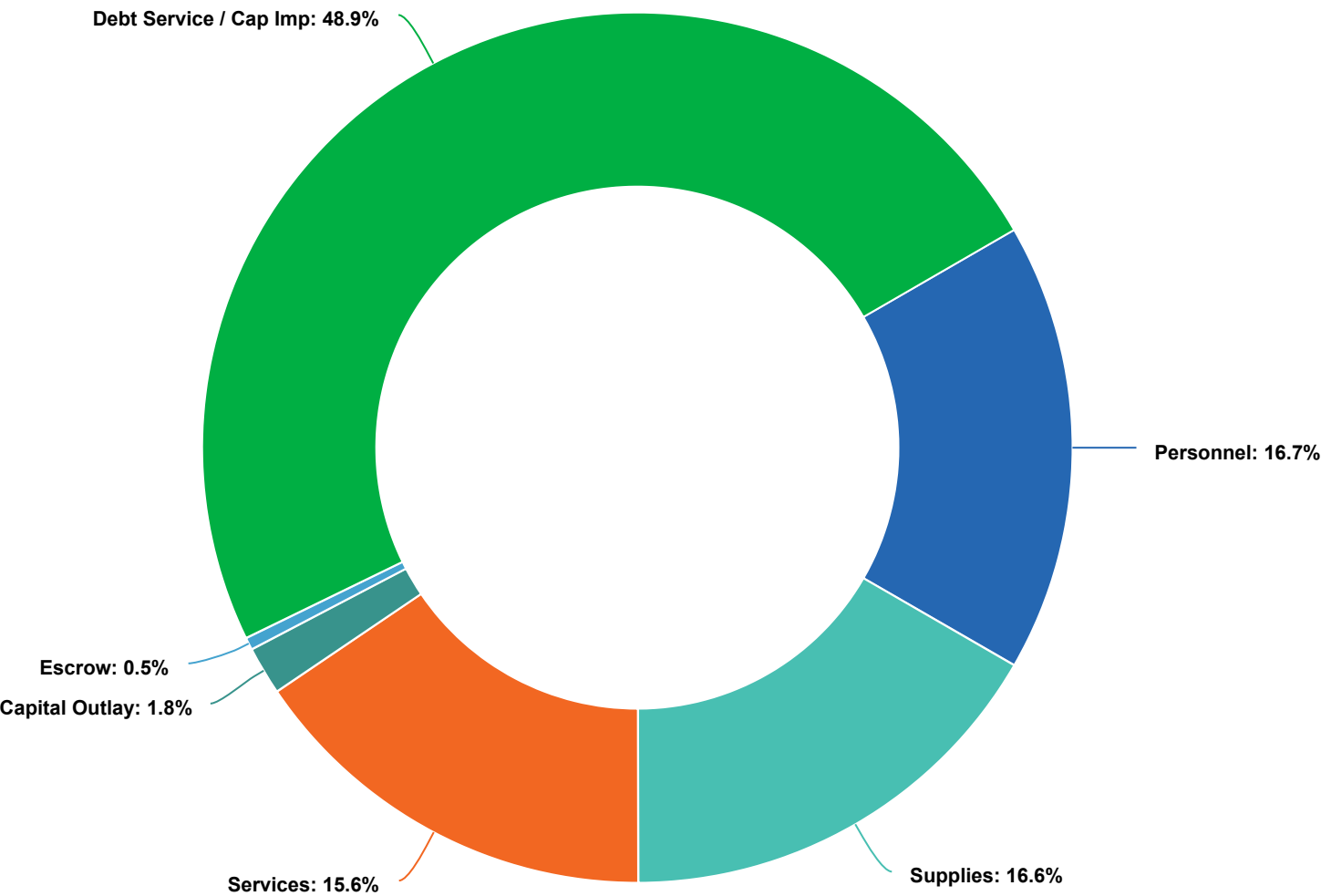
Review by Category

The following is a summary of FY22 through FY24 All Systems Budgets by Category:

ALL SYSTEMS BUDGET BY CATEGORY

Category	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
Personnel	\$ 95,065,906	\$ 112,964,485	\$ 112,223,305	\$ 123,925,830
Supplies	84,173,484	113,691,540	117,326,905	123,611,345
Services	78,814,552	101,244,545	95,480,260	115,718,330
Capital Outlay	13,898,948	14,223,670	19,164,925	13,427,400
Escrow	7,545,150	5,128,025	12,615,645	3,422,810
Debt Service / Cap Imp	296,784,970	323,724,000	321,937,000	363,287,100
Total	\$ 576,283,010	\$ 670,976,265	\$ 678,748,040	\$ 743,392,815

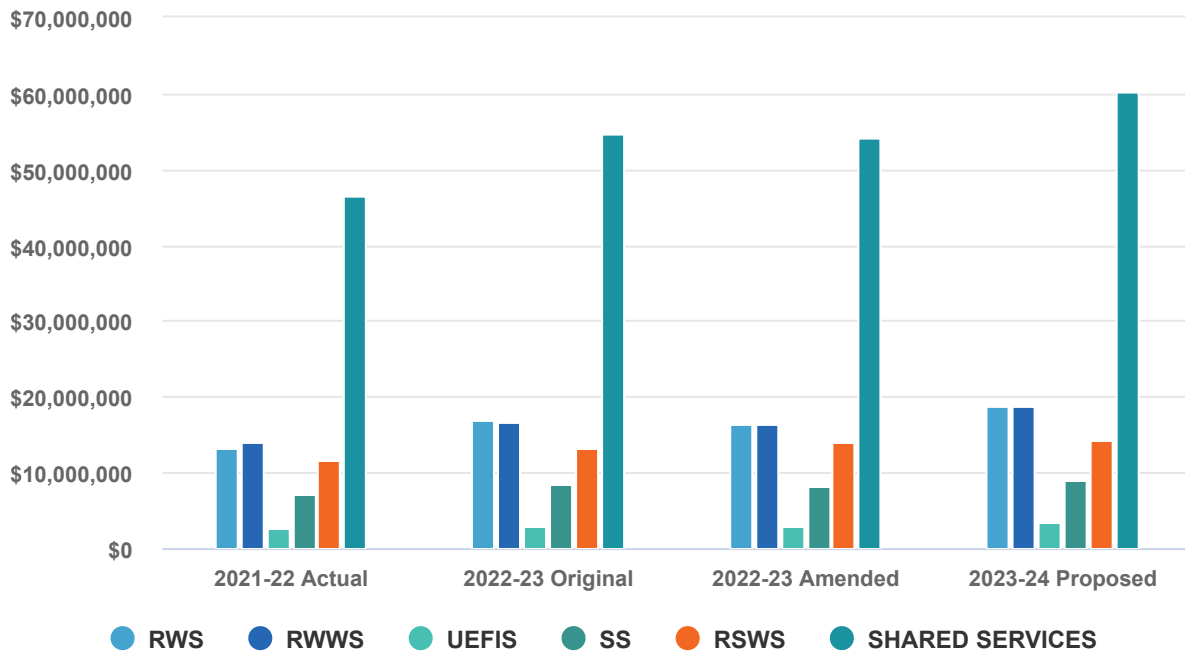
PROPOSED BUDGET EXPENSES BY CATEGORY



Personnel

The FY23 Amended All Systems Budget for Personnel is expected to be \$112,223,305 which is (\$741,180) or -0.7% less than the FY23 Original Budget. Savings from vacancies were offset by increased overtime and retirement funding costs.

PERSONNEL EXPENSES BY SYSTEM



Personnel	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
RWS	\$ 13,204,603	\$ 17,036,445	\$ 16,428,915	\$ 18,700,640
RWWS	13,878,942	16,746,445	16,396,040	18,688,480
UEFIS	2,559,145	2,967,375	2,984,200	3,335,865
SMALL SYSTEMS	7,261,730	8,441,540	8,252,950	8,878,640
RSWS	11,656,661	13,122,690	14,001,040	14,204,120
SHARED SERVICES	46,504,823	54,649,990	54,160,160	60,118,085
Total Personnel	\$ 95,065,906	\$ 112,964,485	\$ 112,223,305	\$ 123,925,830

The FY24 All Systems Budget for personnel is \$123,925,830 which is \$10,961,345 or 9.7% greater than the FY23 Original Budget. The increase in salaries and benefits is primarily the result of funding 26 net new positions as well as employee performance merits, retirement plan funding increases, and rising health 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

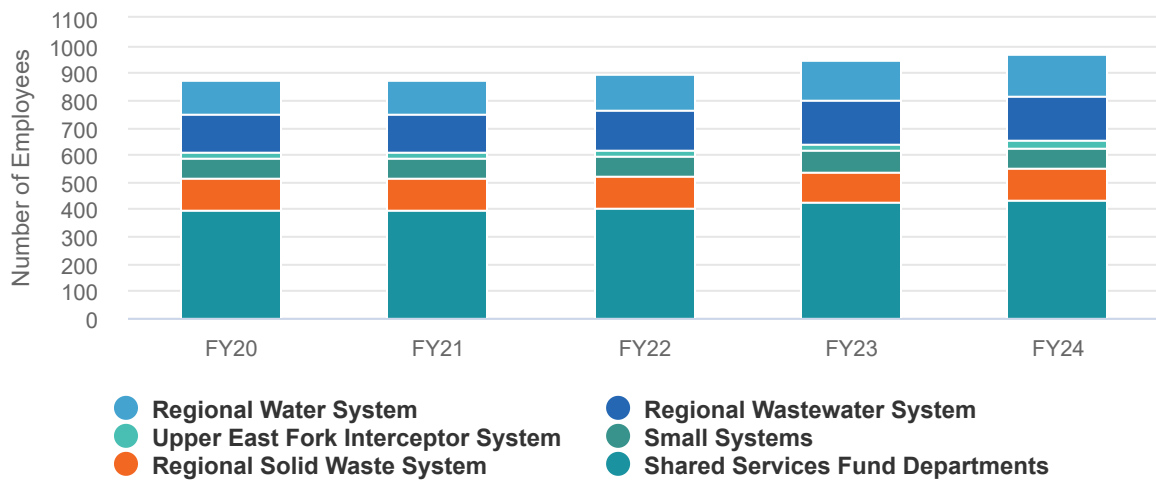
Meeting these challenges, as an organization, is a priority and the District includes multiple personnel initiatives as part of the Strategic Plan to ensure they are met.

In FY23, the District performed an internal pay compression analysis that resulted in 70 employees receiving a salary adjustment to better align their pay with their knowledge, skills, experience and abilities. In FY24, the District is recommending an average 5% merit increase based on employee performance. There will also be a 2% adjustment to the pay grades. These adjustments will help ensure employees continue to be compensated fairly in the tight labor market.

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

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

DISTRICT STAFFING SUMMARY



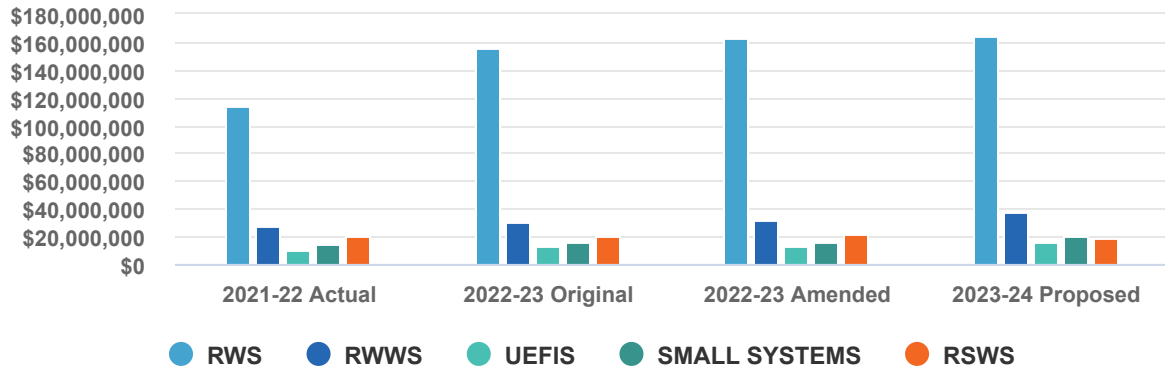
District Wide Staffing	FY20	FY21	FY22	FY23	FY24
Regional Water System	127	127	136	146	153
Regional Wastewater System	137	140	145	160	165
Upper East Fork Interceptor System	22	22	23	23	24
Small Systems	75	74	74	76	75
Regional Solid Waste System	113	114	113	116	116
Shared Services Fund Departments	399	398	406	422	436
Total Positions	873	875	897	943	969

Total budgeted positions for FY24 are 969, a 2.8% increase from the prior year. Departments originally requested a total of 51 positions and after reviewing all of the requests a net of 26 new positions were added. The position additions are related to growth in the Operating Systems and the need for additional Shared Service employees to support the Operating Systems. RWS increased by 7 positions to implement new programs and for growth in the system. Wastewater Systems collectively added a net of 5 positions which included the elimination of a Wastewater Supervisor in order to be efficient. Shared Services increased by 14 positions, which spans multiple departments including: Construction, Engineering, Tech Services, Human Resources, Accounting, Procurement, Safety and the Lab. All staffing changes are reflected within each department's staffing summaries throughout the budget document.

Operations

The FY23 Amended All Systems Budget for Operations is \$244,587,735 which is \$10,299,955 or 4.4% greater than the FY23 Original Budget. The primary cause of this increase is due to additional transfers to the Contingency Fund in the RWS to meet reserve requirements and increases to chemicals. Both the transfer and higher chemicals were offset by additional revenues and had no impact on the rates. There were also some purchase orders that had to be carried over from the prior year due to supply chain issues, but these were offset using escrow funds.

OPERATING EXPENSES BY SYSTEM



Operating	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
RWS	\$ 113,103,229	\$ 156,088,647	\$ 162,593,768	\$ 164,046,759
RWWS	27,140,540	30,289,203	31,600,607	36,762,731
UEFIS	9,750,848	12,409,526	12,949,115	15,805,081
SMALL SYSTEMS	14,591,801	15,569,926	16,463,420	20,535,938
RSWS	19,845,716	19,930,478	20,980,826	19,029,375
Total Operating	\$ 184,432,134	\$ 234,287,780	\$ 244,587,735	\$ 256,179,885

The FY24 All Systems Budget for Operations is \$256,179,885 which is \$21,892,105 or 9.3% greater than the FY23 Original Budget.

The following areas increased:

- Chemicals were higher in the RWS based on expected additional volume of water to be treated. Chemical unit price increases have normalized compared to the previous year.
- Pipeline Maintenance driven by the Linear Asset Management Program (LAMP) initiative which will allow better risk management / proactive maintenance within the RWS
- Engineering/Consultant Services for an inspection on the Plano Water Transmission Ridgeview pipeline
- Special Studies & Reports for capacity assessments in the Lower East Fork Interceptor System
- Lake Maintenance at Lavon Lake due to increases in the US Army Corps of Engineers (USACE) agreement
- Equipment Maintenance in the RWS and RWWS
- Fire & Extended Coverage Insurance due to increased property valuations

The above increases were partially offset by the following:

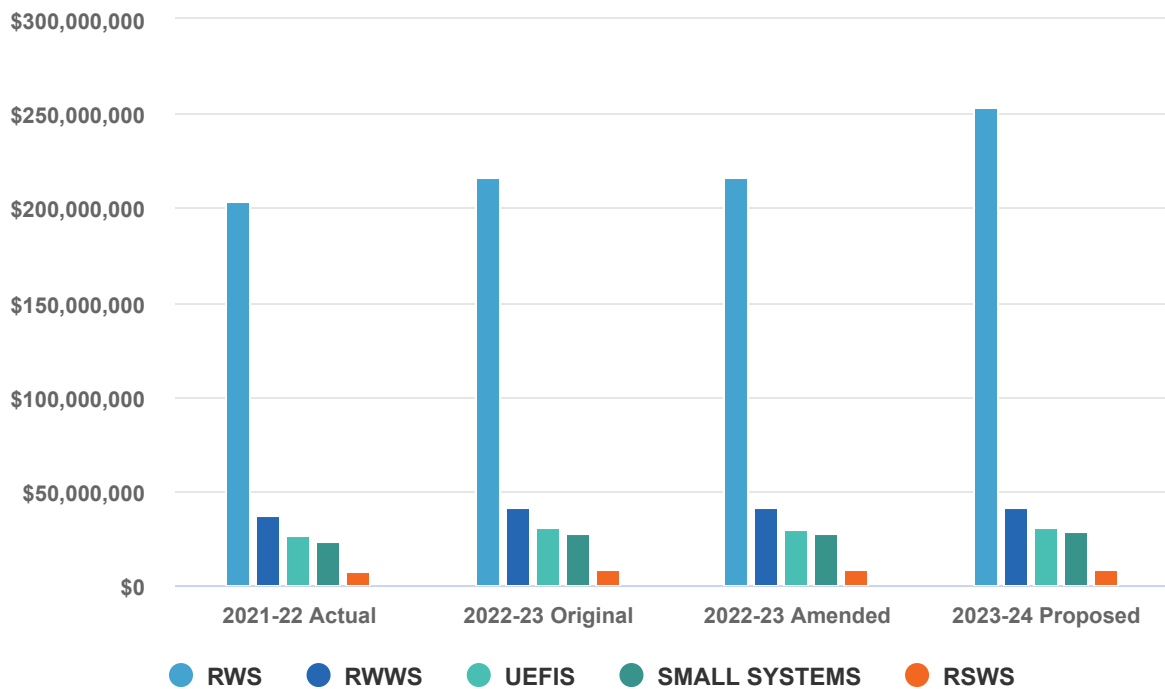
- Fuel, Oil and Lube based on lower fuel bid pricing compared to current
- Electric Power reductions based on usage
- Prior year included funding for landfill expansion, however it only occurs every other year, so in FY24 it is not budgeted
- Lower expected need for Special Maintenance in the RWS. Special Maintenance consists of Lagoon cleaning / residual hauling, various rehabilitation projects, replacements, basin/clearwell cleanings and other miscellaneous maintenance.

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 element 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 its capital projects through transfers to capital improvement funds as well as issuing long term debt. In FY24, 49% of the total All Systems Budget is related to these transfers and debt service payments. New capital projects include the cost to build the project 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 1-6% 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 FY23 Amended All Systems Budget for Capital is \$321,937,000 which is (\$1,787,000) or (-0.6%) less than the FY23 Original Budget. This variance was caused by slightly lower debt service costs due to capital projects shifting and causing a delay in a planned bond sale. Savings from delayed bond sales were used to pay off existing Extendable Commercial Paper (ECP) in the RWS as well as increasing transfers to the Capital Improvement Fund in the RSWS.

CAPITAL EXPENSE BY SYSTEM



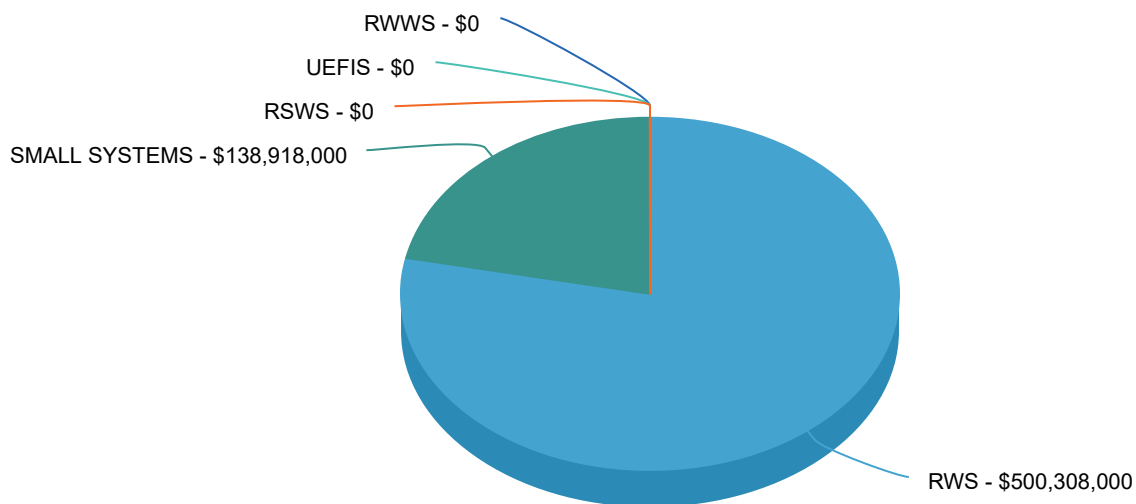
Capital	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
RWS	\$ 203,111,066	\$ 215,909,345	\$ 215,897,645	\$ 253,364,350
RWWS	37,610,554	41,622,485	41,122,485	41,313,930
UEFIS	26,143,087	30,278,020	29,378,020	30,940,310
SMALL SYSTEMS	22,908,653	27,871,880	27,372,280	28,671,760
RSWS	7,011,611	8,042,270	8,166,570	8,996,750
Total Capital	\$ 296,784,970	\$ 323,724,000	\$ 321,937,000	\$ 363,287,100

The FY24 All Systems Budget for Capital is \$363,287,100 which is \$39,563,100 or 12.2% greater than the FY23 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 FY24, the District has approximately \$1.4 billion worth of capital projects planned. 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 the future. There are no planned refundings of existing ECP debt in FY24.

- In the RWS, bond sales of \$500 million plus closing costs to fund Phase II of the Bois d'Arc Lake Raw Water Pump Station and Phase II of the Leonard Water Treatment Plant and components through the Texas Water Development Board's (TWDB) SWIFT program. There will also be \$450M of capital projects that will be funded with ECP.
- In the RWWS, no bond sales are planned although \$240 million of capital projects that will be funded with ECP including the South Mesquite Regional WWTP Peak Flow Management and Expansion and the Rowlett Creek Regional WWTP Peak Flow Management Phase II
- In the UEFIS, no bond sales are planned although nearly \$30 million of capital projects will be funded with ECP including the Preston Road Lift Station Expansion
- In the Small Systems, bond sales of approximately \$140 million for the design and construction of the Muddy Creek WWTP Expansion to 12.5 MGD; 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 Design of the Buffalo Creek Parallel Interceptor Phase II
- In the RSWS, no bond sales are planned but work is continuing on projects that were included in the FY23 bond sale that closed in July 2023

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

Revenues and Expenses	2021-22	2022-23	2022-23	2023-24	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Water Sales:						
Member Sales	\$ 298,348,783	\$ 344,963,325	\$ 342,515,634	\$ 375,660,029	\$ 30,696,704	8.9%
Refund - Member Sales	(3,409,537)	-	-	-	-	0.0%
Customer Sales	73,104,780	84,951,336	87,120,669	95,348,109	10,396,774	12.2%
Retail Customer Sales	16,282	16,000	16,000	17,440	1,440	9.0%
Raw Water Sales	3,177	1,490	635	2,050	560	37.6%
Total Water Sales	\$ 368,063,485	\$ 429,932,151	\$ 429,652,938	\$ 471,027,629	\$ 41,095,478	9.6%
Other Revenues:						
Tfr - Prior Year Recovery	\$ 231,031	\$ -	\$ -	\$ -	-	0.0%
Tfr from Escrows	-	-	140,945	-	-	0.0%
Other	605,343	541,474	805,302	179,371	(362,103)	-66.9%
Total Other Revenues	\$ 836,374	\$ 541,474	\$ 946,247	\$ 179,371	\$ (362,103)	-66.9%
Interest Income	318,638	177,345	2,410,385	2,216,880	2,039,535	1150.0%
Total Revenues	\$369,218,497	\$ 430,650,970	\$ 433,009,570	\$ 473,423,880	\$ 42,772,910	9.9%
Expenses						
Personnel:						
Salaries	\$ 8,850,906	\$ 11,496,290	\$ 10,447,310	\$ 12,399,085	\$ 902,795	7.9%
Other	4,353,697	5,540,155	5,981,605	6,301,555	761,400	13.7%
Total Personnel	\$ 13,204,603	\$ 17,036,445	\$ 16,428,915	\$ 18,700,640	\$ 1,664,195	9.8%
Supplies:						
Fuel	\$ 135,287	\$ 139,235	\$ 145,235	\$ 355,040	\$ 215,805	155.0%
Chemicals	51,130,920	73,965,125	75,482,870	78,732,750	4,767,625	6.4%
Other	3,951,923	4,988,995	4,871,530	5,634,470	645,475	12.9%
Total Supplies	\$ 55,218,130	\$ 79,093,355	\$ 80,499,635	\$ 84,722,260	\$ 5,628,905	7.1%
Services:						
Consulting	\$ 2,615,640	\$ 3,349,000	\$ 3,299,000	\$ 3,816,165	\$ 467,165	13.9%
Insurance	1,191,767	2,270,245	2,118,760	3,185,145	914,900	40.3%
Maintenance	12,258,693	17,167,695	17,777,695	22,923,605	5,755,910	33.5%
Power	18,224,868	26,440,355	22,219,755	24,730,880	(1,709,475)	-6.5%
Shared Services	42,132,459	44,546,425	46,597,515	41,420,310	(3,126,115)	-7.0%
Water Purchases	5,617,660	6,472,005	5,972,005	6,457,795	(14,210)	-0.2%
Other	4,633,481	4,401,300	4,401,300	4,679,355	278,055	6.3%
Total Services	\$ 86,674,568	\$ 104,647,025	\$ 102,386,030	\$ 107,213,255	\$ 2,566,230	2.5%
Capital Outlay	\$ 1,060,089	\$ 3,014,610	\$ 3,156,820	\$ 3,299,500	\$ 284,890	9.5%
Escrow	50,000	88,070	88,070	88,070	-	0.0%
Capital Improvement Fund	15,000,000	19,100,000	19,100,000	33,000,000	13,900,000	72.8%
Contingency	1,200,000	4,000,000	11,500,000	2,000,000	(2,000,000)	-50.0%
Debt Service	188,111,066	196,809,345	196,797,645	220,364,350	23,555,005	12.0%
Total Expenses	\$360,518,456	\$ 423,788,850	\$ 429,957,115	\$ 469,388,075	\$ 45,599,225	10.8%
Fund Bal. Incr. to 90 Days	8,700,040	6,700,000	3,052,455	4,035,805	(2,664,195)	0.0%
Net Revenues	\$ -	\$ 162,120	\$ -	\$ -	\$ (162,120)	

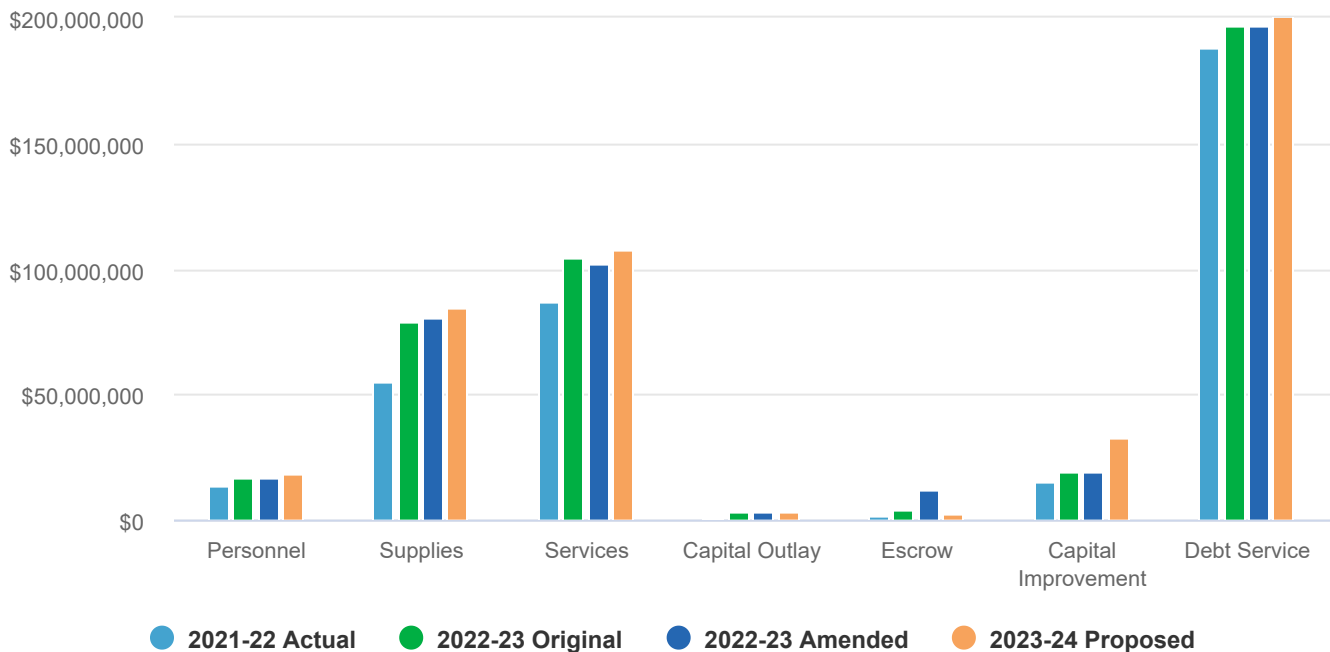
The FY23 Amended Budget for expenditures totals \$429,957,115, which is \$6,168,265 or 1.5% greater than the FY23 Original Budget of \$423,788,850. This increase is due primarily to increases to the Contingency Fund in order to ensure that our reserves are funded in keeping with the Fund Balance Policy. While chemical costs have increased, they were offset by lower wholesale water purchases and lower electric power.

For the FY24 Annual Budget, the total RWS expenditures requested are \$469,388,075, which is \$45,599,225 or 10.8% greater than the FY23 Original Budget.

Major budget variances are explained below:

- Increase in Personnel of \$1,664,195 due to an additional 7.5 headcount. Three of these positions are for Wylie Plant Operations including a project coordinator, data specialist and professional engineer. There is also a training and development position shared between Wylie Plant Operations and Wastewater. Leonard WTP is adding an information systems assistant while Water Transmission Systems is adding two operator positions and a supervisor. These positions are driven by new programs, growth and to cure existing deficiencies.
- Increase of \$5,628,905 in Supplies driven by chemicals due to added volume. Price increases appear to have normalized over the past year.
- Increase of \$2,566,230 for Services as a result of Pipeline Maintenance necessitated by the implementation of the LAMP initiative. Lake Maintenance at Lavon Lake is higher due to increases in the agreement with the US Army Corps of Engineers (USACE). These rising costs are partially offset by the reduction in Electric Power based on usage.
- Increase of \$284,890 in Capital Outlay to replace WTP II Basin Towers and WTP IV sodium chlorite storage upgrades. The budget also funds equipment for pipeline closures and installing a tapping sleeve at the Texoma Pump Station.
- Higher Debt Service expenses and Capital Improvement Fund transfers increase capital costs by \$37,455,005. These increases relate to issuing debt for Phase II of the Bois d'Arc Lake and the Leonard Treatment Plant through TWDB's SWIFT program, plus some additional cash funding for capital projects in accordance with policy.

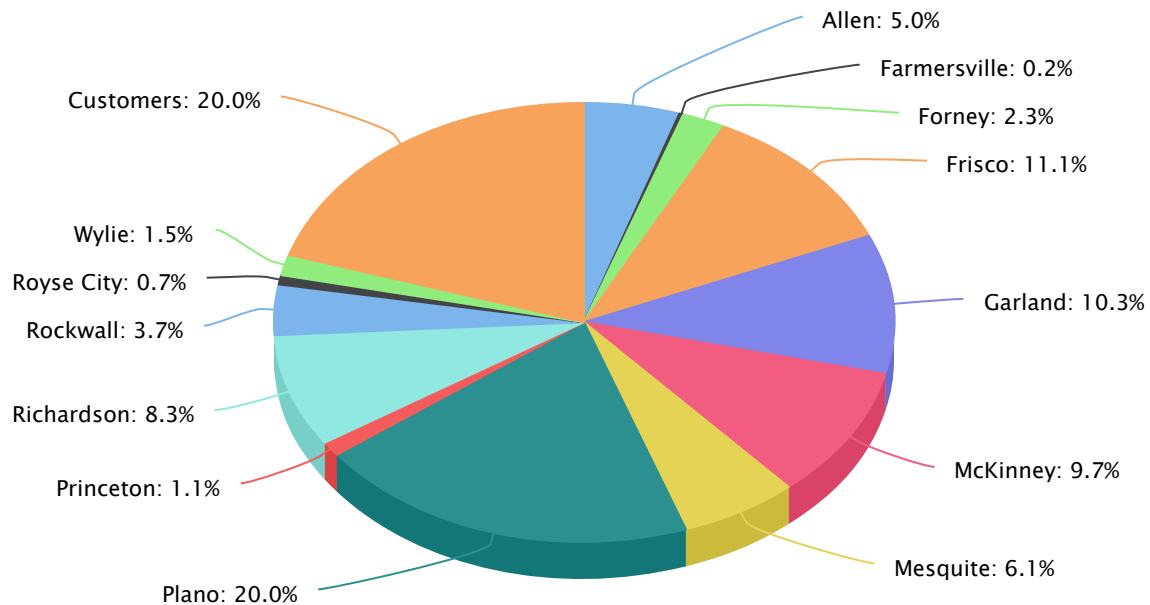
REGIONAL WATER SYSTEM EXPENDITURES



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



FY24 ANNUAL MINIMUMS

Member Cities	(1,000 gallons)
Allen	6,337,339
Farmersville	273,807
Forney	2,866,785
Frisco	14,133,266
Garland	13,055,765
McKinney	12,390,810
Mesquite	7,819,360
Plano	25,457,479
Princeton	1,372,059
Richardson	10,565,349
Rockwall	4,728,973
Royse City	873,326
Wylie	1,930,568
Total Member Cities	101,804,886
Customers	25,502,703
Grand Total	127,307,589

WATER RATE CALCULATION

The water rate is set each year by taking the total expenses and backing out other revenues to determine the annual requirement from water sales revenue. The annual requirement is divided by the annual minimums after taking into account the revenue from the Customer premium to arrive at a Member City Rate. The Customer Rate is set at 5 cents above the Member City Rate. Below is the calculation for the upcoming year:

Regional Water System Rate Calculation

Total Expenses	\$	469,388,075
Total Other Revenues		-2,415,741
Net Expenses	\$	466,972,334
Maintain 90 Day Minimum - Operating Fund		4,035,805
Revenues Needed from Water Sales	\$	471,008,139
Member City Revenue	\$	375,660,029
Customer Revenue including premium		95,348,109
Total Revenues from Water Sales	\$	471,008,139

Annual Minimums (1,000 gallons)

Member Cities		101,804,886
Customers		25,502,703
		127,307,589
Member City Rate	\$	3.69
Customer Rate	\$	3.74

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REGIONAL WASTEWATER SYSTEM

REGIONAL WASTEWATER SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

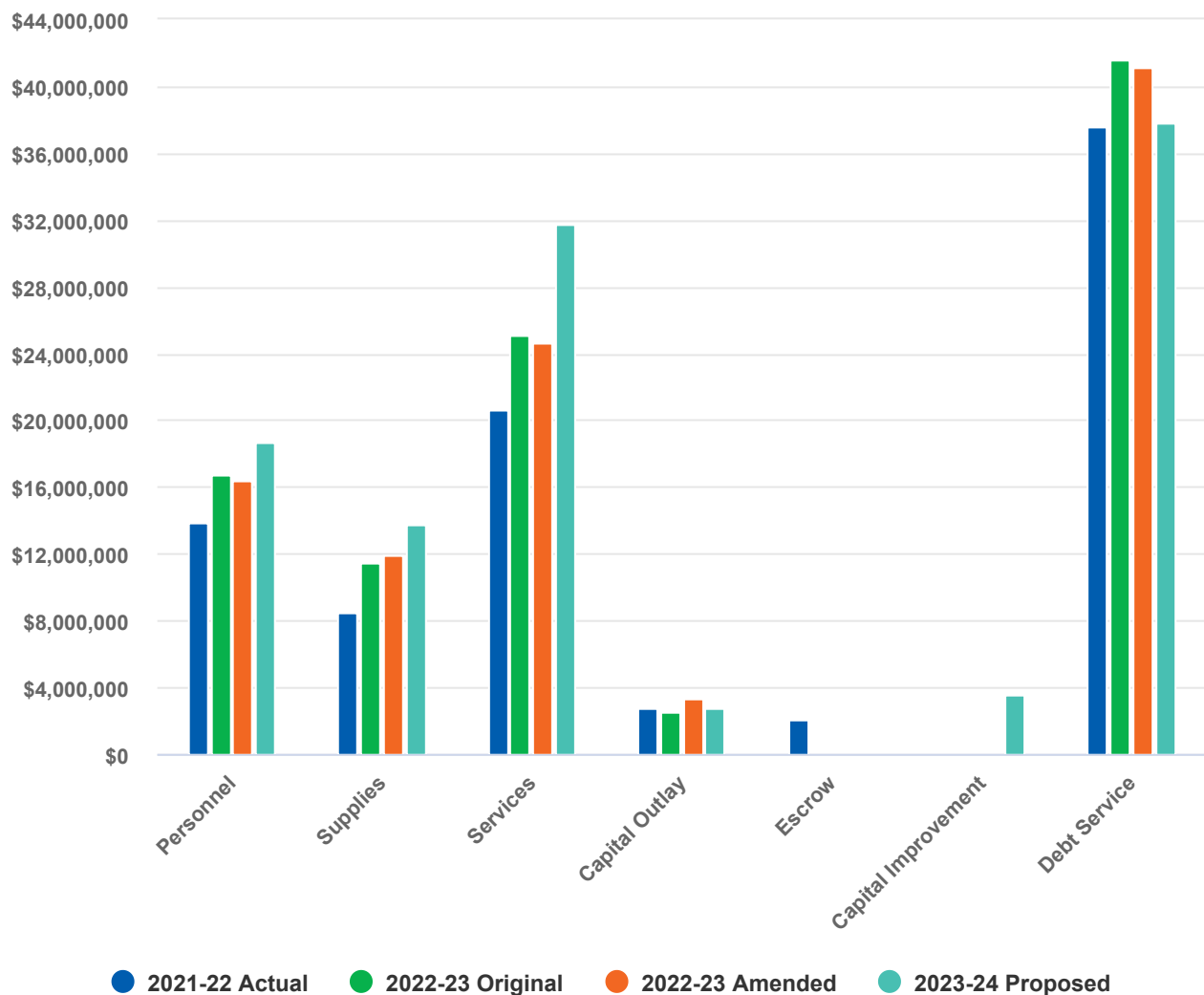
Revenues and Expenses	2021-22	2022-23	2022-23	2023-24	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 82,030,329	\$ 93,893,665	\$ 91,836,825	\$ 103,623,315	\$ 9,729,650	10.4%
Customers	2,328,518	2,766,680	3,308,720	3,685,940	919,260	33.2%
Total Wastewater Sales	\$ 84,358,848	\$ 96,660,345	\$ 95,145,545	\$ 107,309,255	\$ 10,648,910	11.0%
Total Other Revenues	\$ 900,604	\$ 648,495	\$ 1,650,230	\$ 547,305	\$ (101,190)	-15.6%
Interest Income	\$ 81,315	\$ 51,030	\$ 550,625	\$ 517,650	\$ 466,620	914.4%
Total Revenues	\$ 85,340,767	\$ 97,359,870	\$ 97,346,400	\$ 108,374,210	\$ 11,014,340	11.3%
Expenses						
Personnel:						
Salaries	\$ 9,120,054	\$ 11,216,485	\$ 10,404,685	\$ 11,921,230	\$ 704,745	6.3%
Other	4,758,889	5,529,960	5,991,355	6,767,250	1,237,290	22.4%
Total Personnel	\$ 13,878,942	\$ 16,746,445	\$ 16,396,040	\$ 18,688,480	\$ 1,942,035	11.6%
Supplies:						
Fuel	\$ 554,686	\$ 723,450	\$ 723,450	\$ 758,425	\$ 34,975	4.8%
Chemicals	4,263,497	6,285,190	7,066,190	8,388,205	2,103,015	33.5%
Other	3,607,715	4,423,905	4,078,760	4,658,475	234,570	5.3%
Total Supplies	\$ 8,425,898	\$ 11,432,545	\$ 11,868,400	\$ 13,805,105	\$ 2,372,560	20.8%
Services:						
Consulting	\$ 374,224	\$ 422,500	\$ 516,260	\$ 828,250	\$ 405,750	96.0%
Insurance	275,484	439,030	440,350	1,390,225	951,195	216.7%
Landfill Service Fees	3,692,639	3,925,935	3,925,935	4,461,395	535,460	13.6%
Maintenance	1,314,772	1,842,665	1,688,015	2,873,655	1,030,990	56.0%
Power	3,161,157	3,738,600	3,734,600	4,327,985	589,385	15.8%
Shared Services	9,091,434	11,153,440	10,941,935	14,450,250	3,296,810	29.6%
Other	2,718,272	3,545,020	3,390,490	3,448,135	(96,885)	-2.7%
Total Services	\$ 20,627,982	\$ 25,067,190	\$ 24,637,585	\$ 31,779,895	\$ 6,712,705	26.8%
Capital Outlay	\$ 2,773,041	\$ 2,491,205	\$ 3,321,890	\$ 2,786,800	\$ 295,595	11.9%
Escrow	\$ 2,024,350	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Improvement Fund	\$ -	\$ -	\$ -	\$ 3,500,000	\$ 3,500,000	0.0%
Debt Service	\$ 37,610,554	\$ 41,622,485	\$ 41,122,485	\$ 37,813,930	\$ (3,808,555)	-9.2%
Total Expenses	\$ 85,340,767	\$ 97,359,870	\$ 97,346,400	\$ 108,374,210	\$ 11,014,340	11.3%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	-

The FY23 Amended Budget for expenditures and revenues totals \$97,346,400, which is \$13,470 or 0.0% less than the FY23 Original Budget of \$97,359,870.

For the FY24 Annual Budget, the total RWWS expenditures are \$108,374,210 which is \$11,014,340 or 11.3% greater than the FY23 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$1,942,035 due to the higher insurance and retirement costs. Wages increased due to the addition of 4.5 new positions, three at South Mesquite RWWTP and one for Floyd Branch RWWTP. There will also be a shared training and development position between the RWS and RWWS.
- Increase in Supplies of \$2,372,560 primarily due to higher prices on chemicals, bi-annual carbon change out for the headworks at Wilson Creek and changes to chemicals used.
- Increase in Services of \$6,712,705 due to higher Shared Services allocation and the increased cost for commercial property insurance due to higher property valuations. Landfill Service Fees, Equipment Maintenance and Electric Power also saw significant increases that are attributable to the Sister Grove plant being open.

RWWS EXPENDITURES

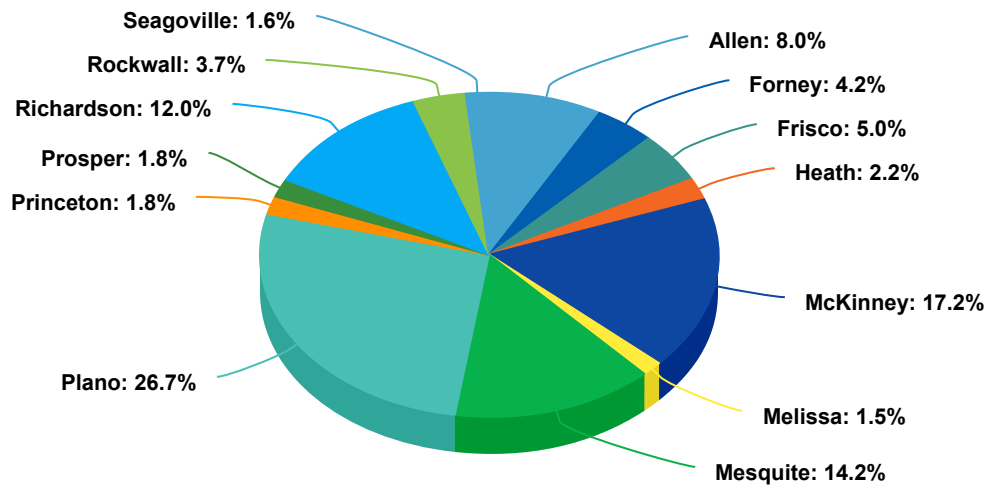


Cost Allocation for Member Cities

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 FY24 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY24 are \$103,623,315 after deducting interest and other revenue in the estimated amount of \$4,750,895 from the proposed budget of \$108,374,210.

	2021-22		2022-23		2022-23		2023-24
City	Actual		Original Budget		Amended Budget		Proposed Budget
Allen	\$ 6,553,551		\$ 7,383,567		\$ 7,368,891		\$ 8,314,626
Forney	3,162,118		3,112,631		3,875,724		4,373,141
Frisco	4,674,081		5,548,487		4,608,321		5,199,761
Heath	993,931		1,133,917		2,009,283		2,267,158
McKinney	14,787,089		16,611,742		15,821,152		17,851,665
Melissa	1,097,053		1,248,288		1,345,427		1,518,102
Mesquite	11,408,632		13,704,714		13,080,701		14,759,500
Plano	22,583,258		26,720,207		24,513,339		27,659,420
Princeton	1,091,635		1,090,952		1,640,752		1,851,329
Prosper	1,465,971		1,633,770		1,647,320		1,858,740
Richardson	9,413,130		10,529,602		11,034,888		12,451,123
Rockwall	3,297,117		3,658,867		3,395,073		3,830,803
Seagoville	1,502,761		1,516,921		1,495,954		1,687,947
Total	\$ 82,030,329		\$ 93,893,665		\$ 91,836,825		\$ 103,623,315
Flows (1,000)	32,276,951		36,600,000		36,300,000		36,300,000
Member Cost per 1,000	\$ 2.54		\$ 2.57		\$ 2.53		\$ 2.85

UPPER EAST FORK INTERCEPTOR SYSTEM

UPPER EAST FORK INTERCEPTOR SYSTEM NORTH TEXAS MUNICIPAL WATER DISTRICT

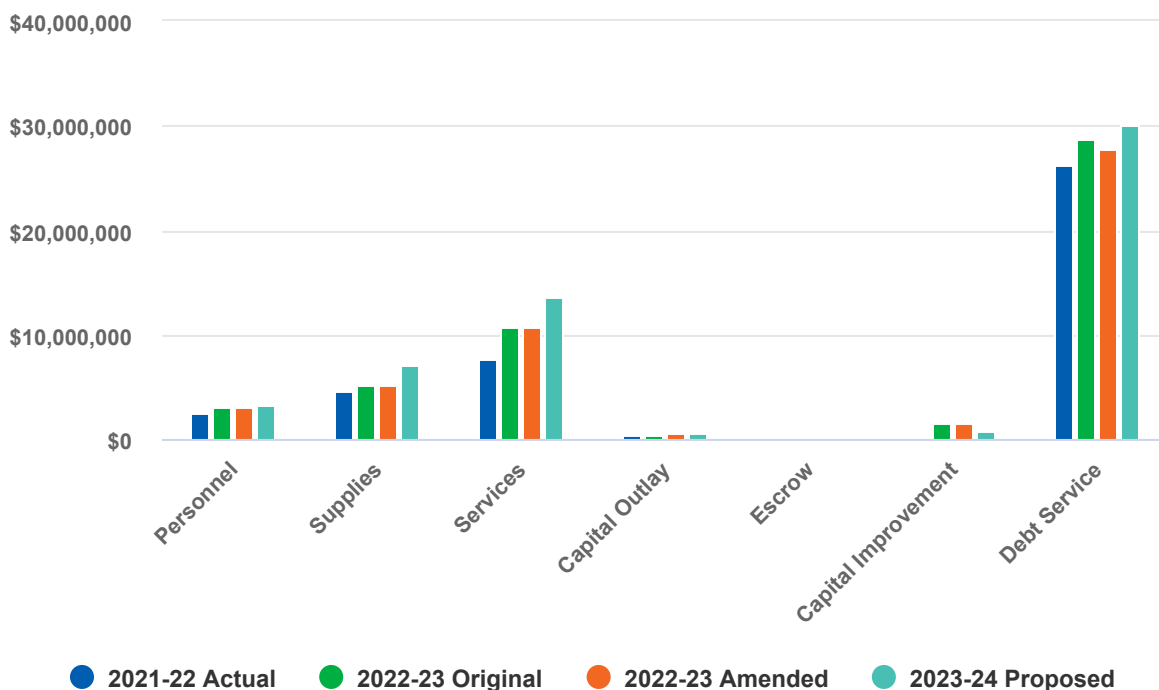
Revenues and Expenses	2021-22	2022-23	2022-23	2023-24	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 39,371,614	\$ 47,042,875	\$ 45,538,585	\$ 52,194,505	\$ 5,151,630	11.0%
Customers	1,533,683	1,895,620	2,267,290	2,601,360	705,740	37.2%
Total Wastewater Sales	\$ 40,905,297	\$ 48,938,495	\$ 47,805,875	\$ 54,795,865	\$ 5,857,370	12.0%
Total Other Revenues	\$ 470,389	\$ 539,485	\$ 934,510	\$ 592,285	\$ 52,800	9.8%
Interest Income	\$ 39,661	\$ 25,090	\$ 234,350	\$ 213,810	\$ 188,720	752.2%
Total Revenues	\$ 41,415,347	\$ 49,503,070	\$ 48,974,735	\$ 55,601,960	\$ 6,098,890	12.3%
Expenses						
Personnel:						
Salaries	\$ 1,736,297	\$ 2,038,180	\$ 1,976,335	\$ 2,167,030	\$ 128,850	6.3%
Other	822,848	929,195	1,007,865	1,168,835	239,640	25.8%
Total Personnel	\$ 2,559,145	\$ 2,967,375	\$ 2,984,200	\$ 3,335,865	\$ 368,490	12.4%
Supplies:						
Fuel	\$ 105,787	\$ 84,530	\$ 84,530	\$ 88,870	\$ 4,340	5.1%
Chemicals	3,806,430	4,335,100	4,485,100	6,209,000	1,873,900	43.2%
Other	605,766	777,810	670,175	775,785	(2,025)	-0.3%
Total Supplies	\$ 4,517,983	\$ 5,197,440	\$ 5,239,805	\$ 7,073,655	\$ 1,876,215	36.1%
Services:						
Consulting	\$ 619,900	\$ 770,000	\$ 846,635	\$ 1,278,700	\$ 508,700	66.1%
Insurance	83,471	115,985	98,630	136,370	20,385	17.6%
Landfill Service Fees	127,802	5,280	5,280	5,280	-	0.0%
Maintenance	1,580,347	3,174,440	3,370,875	3,697,440	523,000	16.5%
Power	1,093,049	1,300,000	1,300,000	1,300,000	-	0.0%
Shared Services	4,013,163	4,932,360	4,872,175	6,871,830	1,939,470	39.3%
Other	212,181	342,890	283,665	321,810	(21,080)	-6.1%
Total Services	\$ 7,729,913	\$ 10,640,955	\$ 10,777,260	\$ 13,611,430	\$ 2,970,475	27.9%
Capital Outlay	\$ 465,220	\$ 419,280	\$ 595,450	\$ 640,700	\$ 221,420	52.8%
Capital Improvement Fund	\$ -	\$ 1,590,500	\$ 1,590,500	\$ 800,000	\$ (790,500)	-49.7%
Debt Service	\$ 26,143,087	\$ 28,687,520	\$ 27,787,520	\$ 30,140,310	\$ 1,452,790	5.1%
Total Expenses	\$ 41,415,347	\$ 49,503,070	\$ 48,974,735	\$ 55,601,960	\$ 6,098,890	12.3%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	-

The FY23 Amended Budget for expenditures and revenues totals \$48,974,735, which is \$528,335 or 1.1% less than the FY23 Original Budget of \$49,503,070.

For the FY24 Annual Budget, the total UEFIS expenditures are \$55,601,960, which is \$6,098,890 or 12.3% greater than the FY23 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$368,490 for higher wages, insurance and retirement costs. Wages also increased due to the addition of a Wastewater Conveyance Operator II position
- Increase in Supplies of \$1,876,215 due to higher chemical contract costs
- Increase in Services of \$2,970,475 due to higher expenses and allocation changes in the Shared Service Fund and increased cost for commercial property insurance due to higher valuations, metering evaluations, odor control master plan updates, pipeline condition assessments and the McKinney Prosper aerial pipeline repair project
- Increase in Capital Outlay of \$221,420 to replace four trucks and purchase a new one for the new operator position. In addition, replacement pumps, motors, breakers, and variable frequency drives will also be purchased
- Increase in Debt Service of \$662,290 due to a higher debt service payment that captures the full impact of prior bond issuances

UEFIS EXPENDITURES

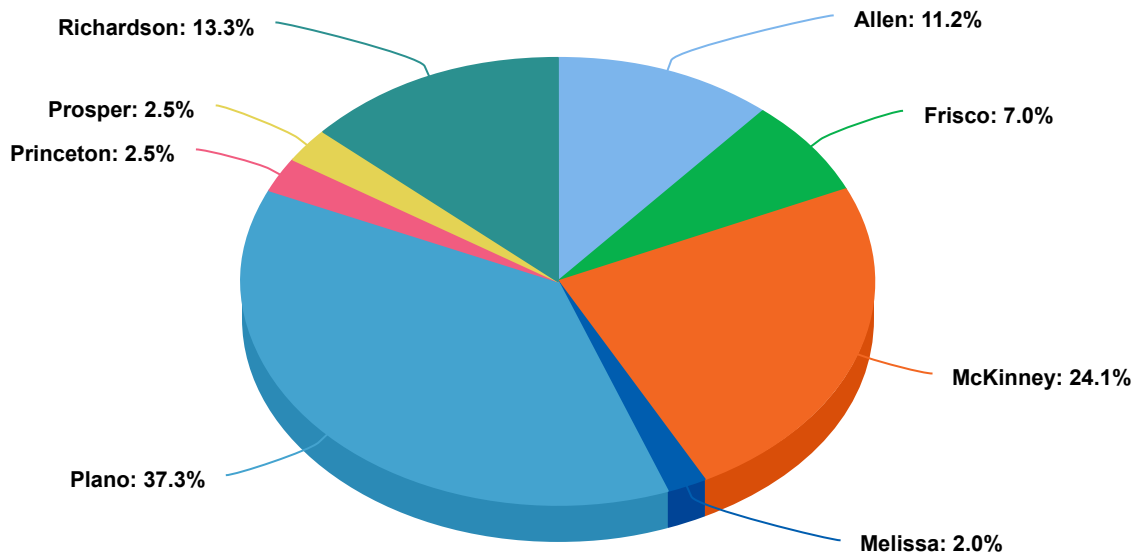


Cost Allocation for Member Cities

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 FY24 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY24 are \$52,194,505 after deducting interest and other revenue in the estimated amount of \$3,407,455 from the proposed budget of \$55,601,960.

	2021-22		2022-23		2022-23		2023-24	
City	Actual		Original Budget		Amended Budget		Proposed Budget	
Allen	\$	4,306,113	\$	5,049,837	\$	5,107,729	\$	5,854,274
Frisco		3,071,183		3,794,773		3,194,247		3,661,118
McKinney		9,716,088		11,361,256		10,966,393		12,569,242
Melissa		720,855		853,741		932,580		1,068,885
Plano		14,838,689		18,274,729		16,991,361		19,474,818
Princeton		717,272		746,134		1,137,283		1,303,509
Prosper		963,227		1,117,383		1,141,836		1,308,727
Richardson		5,038,189		5,845,022		6,067,156		6,953,932
Total	\$	39,371,614	\$	47,042,875	\$	45,538,585	\$	52,194,505
Flows (1,000)		23,577,198		26,811,893		25,968,304		25,968,304
Member Cost per 1,000	\$	1.67	\$	1.75	\$	1.75	\$	2.01

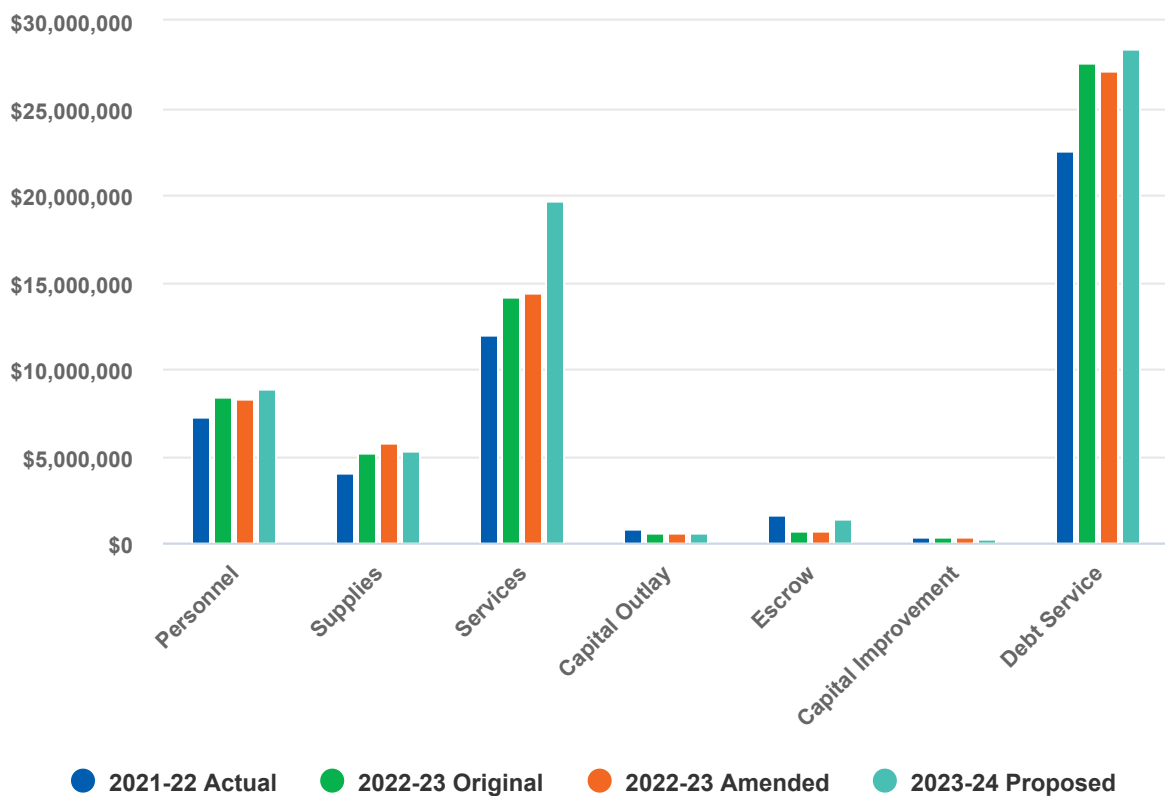
SMALL SYSTEMS

Revenues and Expenses	2021-22	2022-23	2022-23	2023-24	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Small Systems Sales:						
Wastewater Facilities	\$ 35,119,526	\$ 42,425,235	\$ 42,368,275	\$ 45,452,275	\$ 3,027,040	7.1%
Interceptor Facilities	9,868,559	11,140,385	10,566,070	12,942,395	1,802,010	16.2%
Pretreatment	1,181,974	1,460,445	1,427,940	1,754,155	293,710	20.1%
Water Facilities	1,559,380	1,400,735	1,602,545	2,987,630	1,586,895	113.3%
Total Small Systems Sales	\$ 47,729,440	\$ 56,426,800	\$ 55,964,830	\$ 63,136,455	\$ 6,709,655	11.9%
Total Other Revenues	\$ 782,642	\$ 393,565	\$ 738,515	\$ 1,073,565	\$ 680,000	172.8%
Interest Income	50,084	30,175	286,450	269,820	239,645	8
Total Revenues	\$ 48,562,166	\$ 56,850,540	\$ 56,989,795	\$ 64,479,840	\$ 7,629,300	13.4%
Expenses						
Personnel:						
Salaries	\$ 4,715,756	\$ 5,611,245	\$ 5,186,355	\$ 5,552,400	\$ (58,845)	-1.0%
Other	2,545,974	2,830,295	3,066,595	3,326,240	495,945	17.5%
Total Personnel	\$ 7,261,730	\$ 8,441,540	\$ 8,252,950	\$ 8,878,640	\$ 437,100	5.2%
Supplies:						
Fuel	\$ 92,693	\$ 80,100	\$ 80,100	\$ 87,025	\$ 6,925	8.6%
Chemicals	2,268,156	2,811,725	3,083,075	2,988,035	176,310	6.3%
Other	1,666,342	2,264,240	2,550,140	2,209,830	(54,410)	-2.4%
Total Supplies	\$ 4,027,191	\$ 5,156,065	\$ 5,713,315	\$ 5,284,890	\$ 128,825	2.5%
Services:						
Consulting	\$ 272,841	\$ 344,000	\$ 333,830	\$ 2,694,650	\$ 2,350,650	683.3%
Insurance	135,086	197,955	175,480	406,240	208,285	105.2%
Landfill Service Fees	1,011,551	1,096,540	1,084,040	1,208,745	112,205	10.2%
Maintenance	575,091	1,291,750	1,293,225	2,615,210	1,323,460	102.5%
Power	2,351,920	2,178,150	2,326,315	2,451,500	273,350	12.5%
Shared Services	5,148,066	6,366,695	6,518,325	7,958,235	1,591,540	25.0%
Other	2,477,508	2,688,845	2,661,530	2,351,830	(337,015)	-12.5%
Total Services	\$ 11,972,064	\$ 14,163,935	\$ 14,392,745	\$ 19,686,410	\$ 5,522,475	39.0%
Capital Outlay	\$ 791,728	\$ 567,165	\$ 620,930	\$ 623,400	\$ 56,235	9.9%
Escrow	\$ 1,600,800	\$ 649,955	\$ 637,575	\$ 1,087,240	\$ 437,285	67.3%
Capital Improvement Fund	\$ 396,807	\$ 295,000	\$ 295,000	\$ 245,000	\$ (50,000)	-16.9%
Contingency	\$ -	\$ -	\$ -	\$ 247,500	\$ 247,500	0.0%
Debt Service	\$ 22,511,846	\$ 27,576,880	\$ 27,077,280	\$ 28,426,760	\$ 849,880	3.1%
Total Expenses	\$ 48,562,166	\$ 56,850,540	\$ 56,989,795	\$ 64,479,840	\$ 7,629,300	13.4%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%

The FY23 Amended Budget for expenditures totals \$56,989,795, which is \$139,255 or 0.2% greater than the FY23 Original Budget of \$56,850,540. For the FY24 Proposed Budget, the total expenditures for Small Systems facilities requested are \$64,479,840, which is \$7,629,300 or 13.4% greater than the FY23 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$437,100 due to higher wages, insurance and retirement costs
- Increase in Supplies of \$128,825 driven by higher chemical costs
- Increase in Services of \$5,522,475 due to Shared Service budgets and allocations, increased cost for commercial property insurance due to higher valuations, growth in electric power based on forecasted usage and to perform pipeline maintenance and inspections as well as capacity assessments in some of the systems.
- Increase in Debt Service/Capital Improvement of \$799,880 is the net result of the following:
 - Bond issue for the construction of the Muddy Creek WWTP Operations Building Improvements and Expansion to 12.5 MGD 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 FY24 debt service payments for Muddy Creek WWTP, Buffalo Creek Interceptor 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 FY23 Original and Amended Budgets and the Proposed FY24 Budget.

	2021-22 Actual	2022-23 Original	2022-23 Amended	2023-24 Proposed
Water Facilities:				
Little Elm Water Transmission Facilities*	\$ 279,746	\$ 10,010	\$ 10,010	\$ -
Plano Water Transmission Facilities	26,422	86,410	296,340	1,750,055
Kaufman 4-1 Water Distribution Facilities	123,294	150,695	149,800	164,500
Rockwall-Heath Water Storage Facilities	236,321	237,450	237,370	160,845
Terrell Water Transmission Facilities	743,883	742,495	742,485	743,850
Rockwall Water Pump Station Facilities	174,156	174,240	174,165	175,455
Total	\$ 1,583,821	\$ 1,401,300	\$ 1,610,170	\$ 2,994,705
Wastewater Facilities:				
South Rockwall WWTP	\$ 1,588,572	\$ 1,870,600	\$ 1,868,185	\$ 2,069,335
North Rockwall WWTP	770,813	756,485	980,995	978,175
Panther Creek WWTP	10,090,638	10,390,915	10,356,860	11,076,440
Sabine Creek WWTP	3,207,164	6,847,000	7,137,115	6,828,810
Stewart Creek WWTP	10,420,092	11,298,215	11,296,865	11,873,195
Muddy Creek WWTP	8,133,194	10,144,630	10,041,220	11,361,000
Seis Lagos WWTP	322,625	374,175	373,735	420,565
Royse City WWTP	12,205	-	-	-
Farmersville WWTP	591,997	633,015	632,690	832,075
Lavon WWTP	494,343	526,290	550,185	583,525
Total	\$ 35,631,643	\$ 42,841,325	\$ 43,237,850	\$ 46,023,120
Interceptor Facilities:				
Forney Interceptor	\$ 559,472	\$ 591,530	\$ 591,245	\$ 610,840
Lower East Fork Interceptor	1,792,990	1,992,150	1,991,575	2,952,015
Muddy Creek Interceptor	413,799	304,725	303,550	182,485
Parker Creek Interceptor	376,726	445,075	443,410	445,245
Sabine Creek Interceptor	268,379	99,100	98,660	358,000
Buffalo Creek Interceptor	3,636,913	4,408,505	4,400,285	5,339,530
McKinney Interceptor	43,567	89,750	88,930	52,975
Mustang Creek Interceptor	2,820,811	2,957,305	2,527,285	3,491,660
Parker Creek Parallel Interceptor	237,636	258,165	257,720	264,340
Total	\$ 10,150,292	\$ 11,146,305	\$ 10,702,660	\$ 13,697,090
Other:				
Wastewater Pretreatment Program	\$ 1,196,410	\$ 1,461,610	\$ 1,439,115	\$ 1,764,925
Total	\$ 1,196,410	\$ 1,461,610	\$ 1,439,115	\$ 1,764,925
TOTAL	\$ 48,562,166	\$ 56,850,540	\$ 56,989,795	\$ 64,479,840

*Little Elm Water Transmission was turned back over to the city beginning in FY24

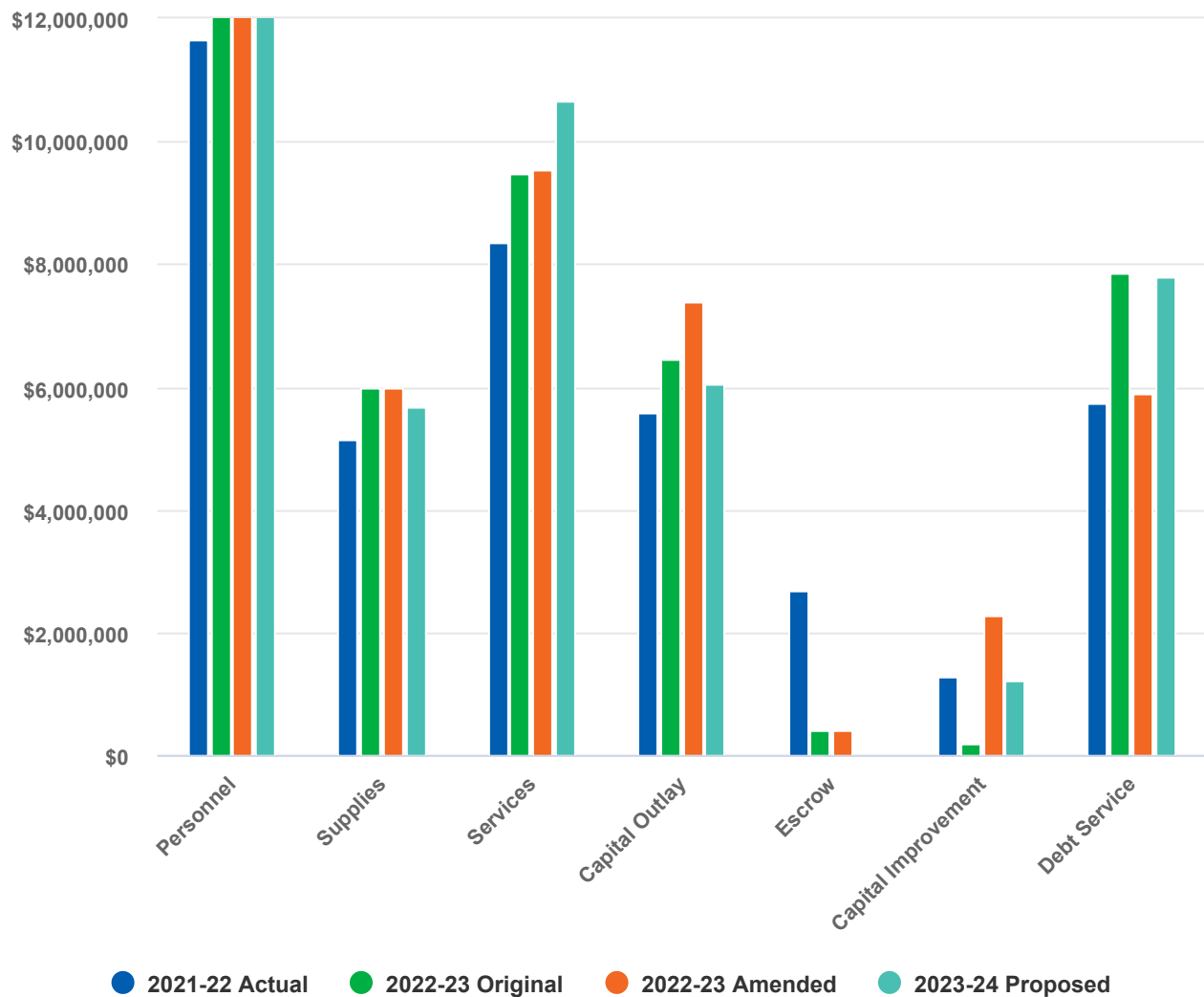
REGIONAL SOLID WASTE SYSTEM

Revenues and Expenses	2021-22	2022-23	2022-23	2023-24	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Solid Waste Sales:						
Member Sales	\$ 24,440,537	\$ 26,558,730	\$ 25,805,405	\$ 26,400,650	\$ (158,080)	-0.6%
Customer Sales	8,866,188	8,029,260	10,330,410	10,330,410	2,301,150	28.7%
Composting - Solid Waste	582,774	785,745	785,745	813,390	27,645	3.5%
Landfill Sludge Disp Svc Fee	3,410,209	3,536,145	3,470,860	3,901,655	365,510	10.3%
Total Solid Waste Sales	\$ 37,299,708	\$ 38,909,880	\$ 40,392,420	\$ 41,446,105	\$ 2,536,225	6.5%
Total Other Revenues	\$ 3,104,057	\$ 4,538,735	\$ 4,846,780	\$ 3,881,375	\$ (657,360)	-14.5%
Interest Income	\$ 42,509	\$ 25,320	\$ 240,795	\$ 221,250	\$ 195,930	773.8%
Total Revenues	\$ 40,446,274	\$ 43,473,935	\$ 45,479,995	\$ 45,548,730	\$ 2,074,795	4.8%
Expenses						
Personnel:						
Salaries	\$ 7,784,621	\$ 8,710,740	\$ 9,100,070	\$ 9,151,910	\$ 441,170	5.1%
Other	3,872,041	4,411,950	4,900,970	5,052,210	640,260	14.5%
Total Personnel	\$ 11,656,661	\$ 13,122,690	\$ 14,001,040	\$ 14,204,120	\$ 1,081,430	8.2%
Supplies:						
Fuel	\$ 2,356,305	\$ 2,809,820	\$ 2,864,820	\$ 2,242,905	\$ (566,915)	-20.2%
Chemicals	46,470	101,600	103,100	145,600	44,000	43.3%
Other	2,745,488	3,058,820	3,026,920	3,275,050	216,230	7.1%
Total Supplies	\$ 5,148,264	\$ 5,970,240	\$ 5,994,840	\$ 5,663,555	\$ (306,685)	-5.1%
Services:						
Consulting	\$ 589,867	\$ 856,250	\$ 738,650	\$ 697,500	\$ (158,750)	-18.5%
Insurance	355,536	415,990	409,330	443,680	27,690	6.7%
Maintenance	1,029,600	1,339,075	1,131,465	1,372,775	33,700	2.5%
Power	173,254	165,200	201,450	182,300	17,100	10.4%
Shared Services	2,617,784	3,048,635	3,100,880	4,130,645	1,082,010	35.5%
Other	3,600,874	3,662,885	3,947,895	3,820,405	157,520	4.3%
Total Services	\$ 8,366,915	\$ 9,488,035	\$ 9,529,670	\$ 10,647,305	\$ 1,159,270	12.2%
Capital Outlay	\$ 5,592,822	\$ 6,460,700	\$ 7,397,875	\$ 6,037,000	\$ (423,700)	-6.6%
Escrow	\$ 2,670,000	\$ 390,000	\$ 390,000	\$ -	\$ (390,000)	-100.0%
Capital Improvement Fund	\$ 1,269,858	\$ 200,000	\$ 2,281,000	\$ 1,220,000	\$ 1,020,000	510.0%
Debt Service	\$ 5,741,753	\$ 7,842,270	\$ 5,885,570	\$ 7,776,750	\$ (65,520)	-0.8%
Total Expenses	\$ 40,446,274	\$ 43,473,935	\$ 45,479,995	\$ 45,548,730	\$ 2,074,795	4.8%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	-

The FY23 Amended Budget for expenditures and revenues totals \$45,479,995, which is \$2,006,060 or 4.6% greater than the FY23 Original Budget of \$43,473,935. 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 transfers to the Capital Improvement Fund and any remaining being used to lower the cost per ton and credited back to the Member Cities. For the FY24 Annual Budget, the total RSWS expenditures are \$45,548,730, which is \$2,074,795 or 4.8% greater than the FY23 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$1,081,430 due to higher salary/benefit costs
- Decrease in Supplies of \$(306,685) driven by lower than expected fuel bids
- Increase in Services of \$1,159,270 due to an increase in Shared Services budget and allocations as well as an increase for grit trap pipe and top load chutes repairs/replacements at the Transfer Stations
- Decrease in Capital Outlay of \$(423,700) driven by the lack of landfill development this year
- Decrease in Escrow of \$(390,000) caused by a reduction in transfers to the Equipment Replacement Fund which allows the member rate per ton to stay flat at \$38.25/ton
- Increase in Debt Service/Capital Improvement Transfers of \$954,480 which relate to utilizing additional cash to pay for capital projects over the next few years

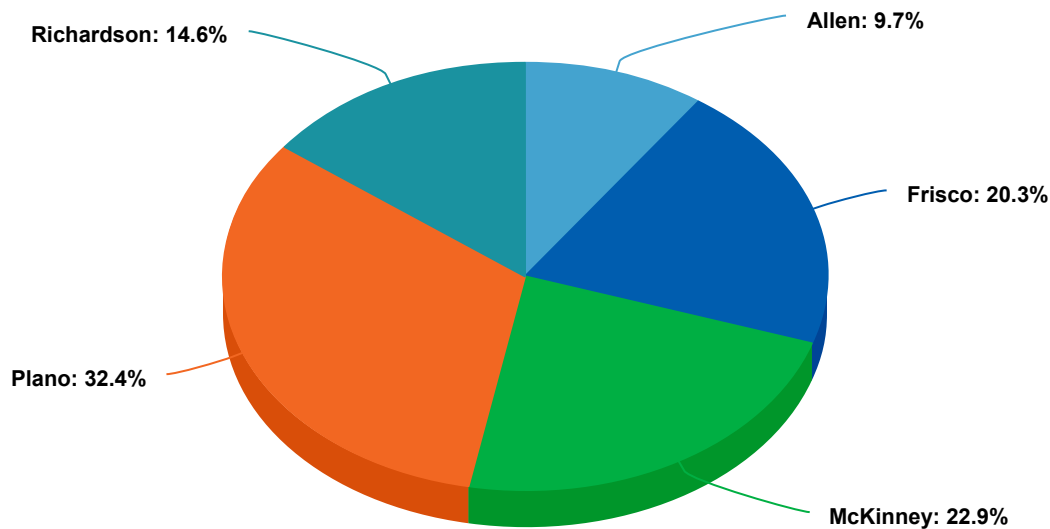
RSWS EXPENDITURES



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 688,093 tons of waste will be processed in FY23 and 690,234 tons in FY24.

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.

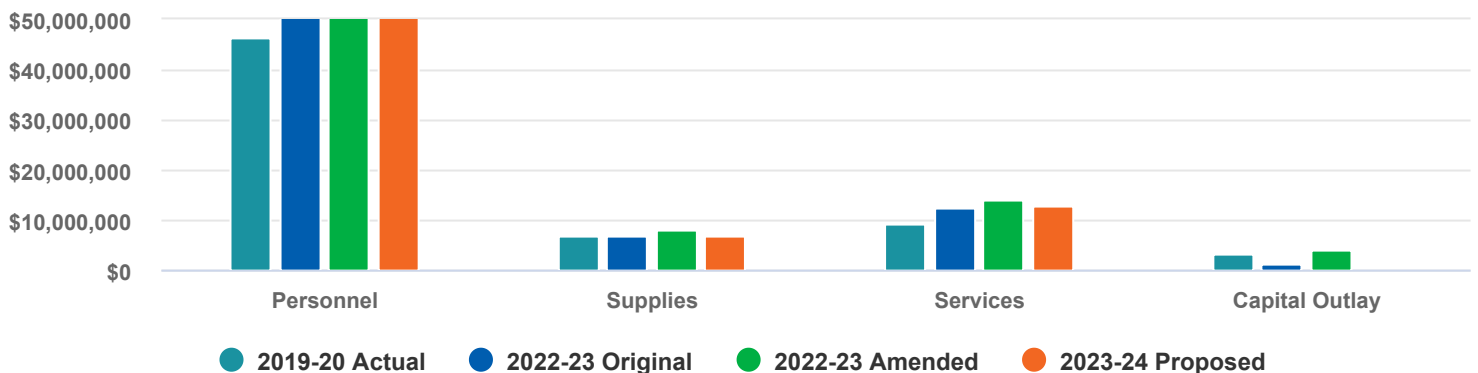
The total charges to be allocated to the Member Cities for FY24 are \$26,400,650 after deducting customer landfill fees, composting revenues, gas collection royalties, sludge disposal fees, interest and other revenue in the estimated amount of \$19,148,080 from the proposed budget of \$45,548,730.

	2021-22		2022-23		2022-23		2023-24	
Cities	Actuals		Original Budget		Amended Budget		Proposed Budget	
Allen	\$	2,418,769	\$	2,653,276	\$	2,601,681	\$	2,572,235
Frisco		4,707,520		4,956,558		5,049,000		5,368,110
McKinney		5,629,734		6,328,117		5,844,059		6,049,704
Plano		8,034,955		8,730,151		8,560,386		8,548,616
Richardson		3,649,559		3,890,628		3,750,279		3,861,985
Total	\$	24,440,537	\$	26,558,730	\$	25,805,405	\$	26,400,650
Tonnage		669,812		694,409		688,093		690,234
Cost per ton	\$	36.49	\$	38.25	\$	37.50	\$	38.25

SHARED SERVICES FUND

Revenues and Expenses	2021-22	2022-23	2022-23	2023-24	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Shared Service Revenue	\$ 67,027,443	\$ 73,888,275	\$ 79,254,785	\$ 79,170,375	\$ 5,282,100	7.1%
Interest Income	\$ 18,493	\$ 11,135	\$ 143,135	\$ 124,865	\$ 113,730	1021.4%
Total Revenues	\$ 67,045,936	\$ 73,899,410	\$ 79,397,920	\$ 79,295,240	\$ 5,395,830	7.3%
Expenses						
Personnel:						
Salaries	\$ 31,170,609	\$ 37,184,595	\$ 35,109,345	\$ 39,055,435	\$ 1,870,840	5.0%
Other	15,334,214	17,465,395	19,050,815	21,062,650	3,597,255	20.6%
Total Personnel	\$ 46,504,823	\$ 54,649,990	\$ 54,160,160	\$ 60,118,085	\$ 5,468,095	10.0%
Supplies:						
Fuel	\$ 690,304	\$ 581,005	\$ 580,255	\$ 561,255	\$ (19,750)	-3.4%
Chemicals	16,817	20,495	20,495	20,495	-	0.0%
Other	6,128,897	6,240,395	7,410,160	6,480,130	239,735	3.8%
Total Supplies	\$ 6,836,018	\$ 6,841,895	\$ 8,010,910	\$ 7,061,880	\$ 219,985	3.2%
Services:						
Consulting	\$ 2,161,465	\$ 3,007,100	\$ 3,316,565	\$ 3,415,470	\$ 408,370	13.6%
Insurance	470,794	584,265	538,710	523,440	(60,825)	-10.4%
Maintenance	2,123,517	2,719,540	3,675,890	2,773,595	54,055	2.0%
Power	162,644	143,800	143,800	143,800	-	0.0%
Shared Services	93	10,000	10,000	25,000	15,000	150.0%
Other	4,201,780	5,878,795	6,170,345	6,279,410	400,615	6.8%
Total Services	\$ 9,120,293	\$ 12,343,500	\$ 13,855,310	\$ 13,160,715	\$ 817,215	6.6%
Capital Outlay	\$ 3,216,049	\$ 1,270,710	\$ 4,071,960	\$ 40,000	\$ (1,230,710)	-96.9%
Total Expenses	\$ 65,677,183	\$ 75,106,095	\$ 80,098,340	\$ 80,380,680	\$ 5,274,585	7.0%
Net Revenues	\$ 1,368,752	\$ (1,206,685)	\$ (700,420)	\$ (1,085,440)	\$ 121,245	-10.0%

SHARED SERVICES FUND EXPENDITURES BY CATEGORY



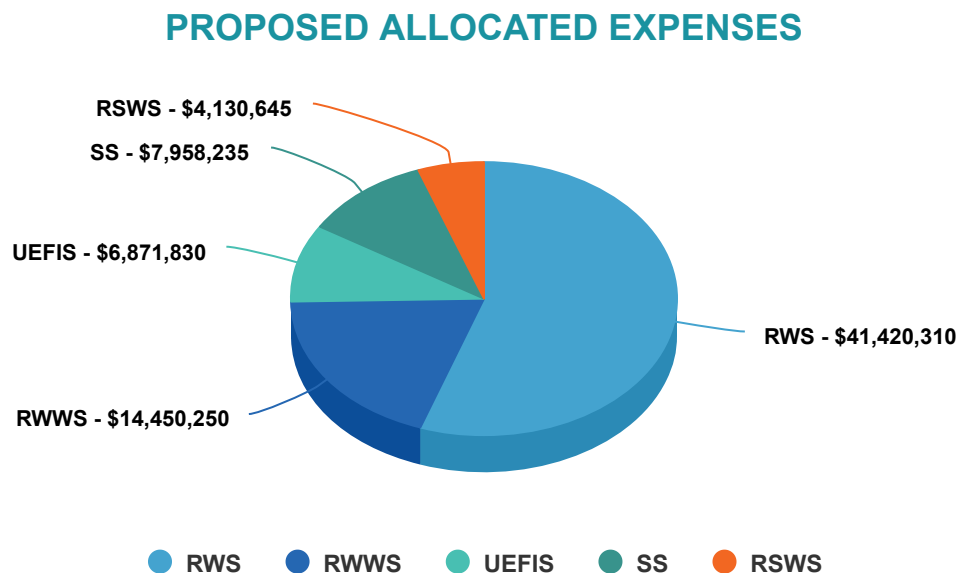
The FY23 Amended Budget for expenditures totals \$80,098,340 which is \$4,992,245 or 6.6% greater than the Original Budget of \$75,106,095. The increase is related to additional retirement costs, driven by updated actuarial valuations of the retirement plans, and capital purchases that were moved forward from FY24 into the FY23 budget using available contingency funds to offset the increase. Shared Services Fund expenditures for FY24 are \$80,380,680 which is \$5,274,585 or 7.0% greater than the FY23 Budget. Major budget variances are explained below:

- Increase of \$5,468,095 for Personnel due to higher wages, insurance/retirement costs and to fund fourteen new positions for various Shared Services departments
- Increase of \$817,215 in Services for Engineering/Consultant Services in CIP/Permitting primarily tied to the Strategic Plan for water quality and permitting evaluations and in the Human Resources Benefits for a Benefits Consultant. In addition, there is an increase within Communications for the expansion of the Water Conservation Programs and Roadmap items. Other increases include electrical system maintenance in Technical Services and plant security services in the Safety Department
- Increase in Supplies of \$219,985 primarily for computer supplies due to additional HR software licenses, IT ticketing software and A/V upgrades in the Main Training Room
- Decrease of (\$1,230,710) in Capital Outlay driven by decreases in vehicle equipment, laboratory equipment and non-vehicle equipment purchases. Some of this decrease can be attributed to moving the purchases into the FY23 fiscal year as mentioned above in the amended budget discussion.

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. Direct costs are costs that one of the Shared Service departments does directly for one of the operating systems. For example, if the RWS needs Facility Services to complete a pipeline repair job then the RWS would budget directly for those costs. There is a clear direct line between the Shared Service Department doing the work and the System that is paying for it. An example of indirect costs would be the costs of preparing the annual budget. Those services are performed in the Finance Department for all Systems. There is no direct line between cost and the benefitting department. For the direct costs each operating system budgets for expected direct expenses based on historicals and trends as well as known or expected projects. All costs not considered direct allocations are then allocated indirectly. 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, Finance 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

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2023-24
BUDGET RESOLUTION

NORTH TEXAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 23-

A RESOLUTION APPROVING APPROPRIATIONS FOR THE 2023-24 ALL SYSTEMS ANNUAL BUDGET, AMENDING THE 2022-23 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 2023-24 ALL SYSTEMS ANNUAL BUDGET BE APPROVED AS SUBMITTED BY THE EXECUTIVE DIRECTOR FOR THE FISCAL YEAR OCTOBER 1, 2023 THROUGH SEPTEMBER 30, 2024. 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 System in the 2023-24 Annual All Systems Budget document; and the Executive Director, or their designee, shall have the authority to transfer funds between System accounts. Such transfers shall be documented in an amended Annual All Systems Budget approved the Board of Directors. If needed, the Board of Directors may approve by separate resolution expenditures exceeding those shown in the expenditure summary sheet of each System taking into account available transfers.

	2022-23 Amended Budget	2023-24 Proposed Budget
<u>By System:</u>		
Regional Water System	\$ 429,957,115	\$ 469,388,075
Regional Wastewater System	97,346,400	108,374,210
Upper East Fork Interceptor System	48,974,735	55,601,960
Regional Solid Waste System	45,479,995	45,548,730
Little Elm Water Transmission Facilities	10,010	-
Plano Water Transmission Facilities	296,340	1,750,055
Kaufman Four-One Water Distribution Facilities	149,800	164,500
Rockwall-Heath Water Storage Facilities	237,370	160,845
Terrell Water Transmission Facilities	742,485	743,850
Rockwall Water Pump Station Facilities	174,165	175,455
South Rockwall (Buffalo Creek) WWTP	1,868,185	2,069,335
North Rockwall (Squabble Creek) WWTP	980,995	978,175
Panther Creek WWTP	10,356,860	11,076,440
Sabine Creek WWTP	7,137,115	6,828,810
Stewart Creek WWTP	11,296,865	11,873,195
Muddy Creek WWTP	10,041,220	11,361,000
Seis Lagos WWTP	373,735	420,565
Farmersville WWTP	632,690	832,075
Lavon (Bear Creek) WWTP	550,185	583,525
Forney Interceptor	591,245	610,840
Lower East Fork Interceptor	1,991,575	2,952,015
Muddy Creek Interceptor	303,550	182,485

	2022-23 Amended Budget	2023-24 Proposed Budget
<u>By System (continued):</u>		
Parker Creek Interceptor	\$ 443,410	\$ 445,245
Sabine Creek Interceptor	98,660	358,000
Buffalo Creek Interceptor	4,400,285	5,339,530
McKinney Creek Interceptor	88,930	52,975
Mustang Creek Interceptor	2,527,285	3,491,660
Parker Creek Parallel Interceptor	257,720	264,340
Wastewater Pretreatment Program	1,439,115	1,764,925
Total	<u>\$ 678,748,040</u>	<u>\$ 743,392,815</u>

	Amended Budget	Proposed Budget
<u>By Character:</u>		
Personnel	\$ 112,223,305	\$ 123,925,830
Supplies	117,326,905	123,611,345
Services	95,480,260	115,718,330
Capital Outlay	19,164,925	13,427,400
Escrow	12,615,645	3,422,810
Capital Improvement	23,266,500	38,765,000
Debt Service	298,670,500	324,522,100
Total	<u>\$ 678,748,040</u>	<u>\$ 743,392,815</u>

2. The Amended Budget, as set forth in the 2023-24 All Systems Annual Budget Document, shall be approved as the authorized Amended Budget for the 2022-23 Fiscal Year and the Proposed Budget, as set forth in the 2023-24 All Systems Annual Budget Document, shall be approved as the authorized Budget for the 2023-24 Fiscal Year.

3. The Salary Plan as set forth in the 2023-24 All Systems Annual Budget Document shall be applicable to all District employees and salaries shall be paid during the 2023-24 Fiscal Year in biweekly payments (every two weeks).

4. The Executive Director / General Manager's annual total compensation shall be set by the Board of Directors.

5. The annual total compensation for the Deputy Directors and the General Counsel shall be set by the Executive Director/General Manager and shall not exceed 80% of the annual total compensation for the ED/GM.

6. 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 5% of their current annual salary.

SECTION B - CHARGES FOR SERVICE

1. The following minimum annual demands and water rates shall be applicable during the 2023-24 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	6,337,339	\$ 3.69	\$ 23,384,781	\$ 0.83
Farmersville	273,807	3.69	1,010,348	0.83
Forney	2,866,785	3.69	10,578,437	0.83
Frisco	14,133,266	3.69	52,151,752	0.83
Garland	13,055,765	3.69	48,175,773	0.83
McKinney	12,390,810	3.69	45,722,089	0.83
Mesquite	7,819,360	3.69	28,853,438	0.83

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
Plano	25,457,479	\$ 3.69	93,938,098	0.83
Princeton	1,372,059	3.69	5,062,898	0.83
Richardson	10,565,349	3.69	38,986,138	0.83
Rockwall	4,728,973	3.69	17,449,910	0.83
Royse City	873,326	3.69	3,222,573	0.83
Wylie	1,930,568	3.69	7,123,796	0.83
Total Members	101,804,886		\$ 375,660,029	
Customers:				
Ables Springs SUD	109,977	\$ 3.74	\$ 411,314	c
Bear Creek SUD	476,419	3.74	1,781,807	c
BHP WSC	176,927	3.74	661,707	c
Bonham	640,000	3.69 a	2,361,600	b
Caddo Basin SUD	493,610	3.74	1,846,101	0.88
Cash SUD	360,572	3.74	1,348,539	c
College Mound SUD	78,066	3.74	291,967	0.88
Copeville SUD	139,114	3.74	520,286	0.88
East Fork SUD	699,808	3.74	2,617,282	0.88
Fairview	1,036,186	3.74	3,875,336	c
Fate	920,331	3.74	3,442,038	c
Forney Lake WSC	632,384	3.74	2,365,116	c
Gastonia Scurry SUD	110,490	3.74	413,233	c
GTUA	1,633,584	3.74	6,109,604	c
Josephine	243,242	3.74	909,725	c
Kaufman	465,043	3.74	1,739,261	c
Kaufman Four-One	555,695	3.74	2,078,299	0.88
Little Elm	1,804,752	3.74	6,749,772	b
Lucas	712,171	3.74	2,663,520	0.88
Melissa	350,960	3.74	1,312,590	0.88
Milligan WSC	149,894	3.74	560,604	b
Mt. Zion WSC	156,750	3.74	586,245	c
Murphy	1,661,494	3.74	6,213,988	0.88
Nevada SUD	160,111	3.74	598,815	c
North Collin SUD	390,919	3.74	1,462,037	c
Parker	676,902	3.74	2,531,613	0.88
Prosper	3,085,412	3.74	11,539,441	c
Rose Hill SUD	142,315	3.74	532,258	c
Rowlett	3,192,039	3.74	11,938,226	b
Sachse	1,332,153	3.74	4,982,252	0.88
Seis Lagos Utility District	165,598	3.74	619,337	0.88
Sunnyvale	783,784	3.74	2,931,352	b
Terrell	1,489,739	3.74	5,571,624	b
Wylie N.E. SUD	476,262	3.74	1,781,220	c
Total Customers	25,502,703		\$ 95,348,109	
Total	127,307,589		\$ 471,008,139	

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 \$3.74 / 1,000 gallons.

RETAIL TREATED WATER RATES - RESIDENTIAL

Minimum - First 2,000 Gallons	\$15.00
From 2,000 to 10,000 Gallons	\$7.48 per 1,000 Gallons
From 10,000 to 20,000 Gallons	\$9.36 per 1,000 Gallons
Above 20,000 Gallons	\$11.69 per 1,000 Gallons
Reconnect Fees	\$30.00

RETAIL TREATED WATER RATES - COMMERCIAL

From 0 to 10,000 Gallons	\$7.48 per 1,000 Gallons
Above 10,000 Gallons	\$9.36 per 1,000 Gallons
Reconnect Fees	\$30.00

NON-POTABLE WATER RATE

East Fork Raw Water Project	\$.75 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 2023-24 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

BOIS D'ARC LAKE FEES (continued)

SHORELINE LEASE AND USE AGREEMENT

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

BOIS D'ARC LAKE PENALTIES FOR VIOLATIONS (continued)

Violation	Category	Fine First Notice	Fine Second/Third Notice
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 2023-24 Fiscal Year.

121 REGIONAL DISPOSAL FACILITY CHARGES

- I. All Vehicles - \$48.00 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
 - No farm tractor, motor grader, 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 \$28.09 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 - \$65.00 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 28, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD.

DAVID HOLLIFIELD, SECRETARY

RICHARD PEASLEY, PRESIDENT