

NORTH
TEXAS
MUNICIPAL
WATER
DISTRICT

2024-2025 BUDGET IN BRIEF



WATER
SERVICES



WASTEWATER
SERVICES



SOLID WASTE
SERVICES



Sister Grove Regional Water
Resource Recovery Facility



121 Regional
Disposal Facility

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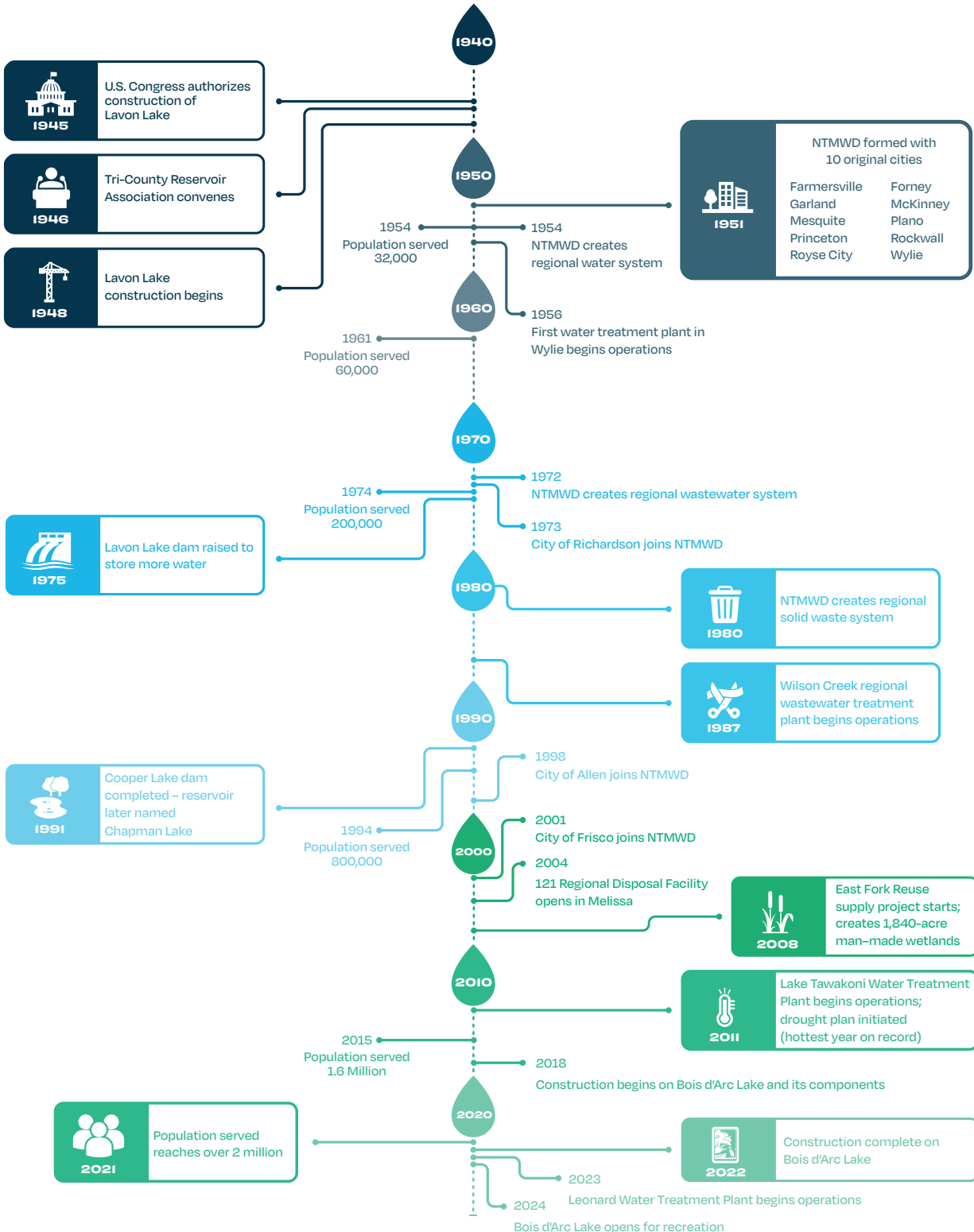
BUDGET OVERVIEW

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LEGACY OF SERVICE

Meeting Our Region's Needs Today and Tomorrow



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September 26, 2024

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

RE: FY25 ALL SYSTEMS BUDGET

Dear Directors:

We are pleased to present the FY25 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.

For FY 2025, the growth in our service area is driving our capital spending. Over 90 percent of our proposed budget increases are due to capital investment to ensure continued reliable service for our thriving region. More than 55,000 people a year are moving to our service area, and we need new infrastructure and new water supplies to meet that growth. Here's how we're investing money for our Member Cities and Customers this year:

- We're devoting \$390 million to ensuring a safe, reliable water supply for our growing region, including launching multi-year projects to expand our water treatment capacity at our Wylie and Leonard Water Treatment Plants.
- We're spending \$447 million on both regional wastewater infrastructure and smaller sewer systems to serve the rapid population growth in our region, including \$100 million dedicated to protecting the public health by increasing peak wastewater flow capacity across our systems.
- We're investing nearly 20 percent of our capital budget (almost \$200 million) in maintaining critical infrastructure across our service area, including water and wastewater pipelines.

While we must meet the needs of our rapidly growing region through increased capital spending, we prioritize fiscal stewardship across our organization. Here's a few examples of how our teams have found ways both big and small to reduce costs over the past year:

- Efforts to optimize chemical use at the Leonard Water Treatment Plant saved approximately \$4.8 million in 2024 for our Member Cities and Customers, and additional chemical efficiencies in our water operations are being pursued.
- A few of our smaller wastewater treatment plants (Muddy Creek, Panther Creek and Stewart Creek) implemented real-time control of the dosing of ferric sulfate, a key chemical used in phosphorus removal at wastewater plants, reducing chemical costs at these plants by 37 percent in 2024 compared to 2022, despite a rise in chemical costs.
- Our team has completed multiple enhancements to improve NTMWD's water treatment operations, including filtration optimizations that reduced the backwashing of water treatment filters by nearly 27 percent, saving 277 million gallons of water during the summer of 2023 alone.

These brief examples illustrate our people's dedication to stewardship as part of both our strategic plan and our culture. Our team will continue to look for operational enhancements that reduce costs and preserve resources to ensure we're reducing costs where possible.

RECOMMENDATION

The FY25 Annual All Systems Budget, as proposed, of \$820,275,870 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 FY24 Amended and FY25 Proposed Budget, to the Board of Directors at the September 26, 2024, regular Board Meeting.

Should you have any questions or need additional information, please do not hesitate to contact my office or Jeanne Chipperfield, Assistant General Manager - CFO.

Respectfully Submitted,



JENNAFER P. COVINGTON

Executive Director

Budget Summary

The FY24 All Systems Amended Budget is \$745,640,470, which is \$2,247,655 or 0.3% greater than the FY24 Original Budget.

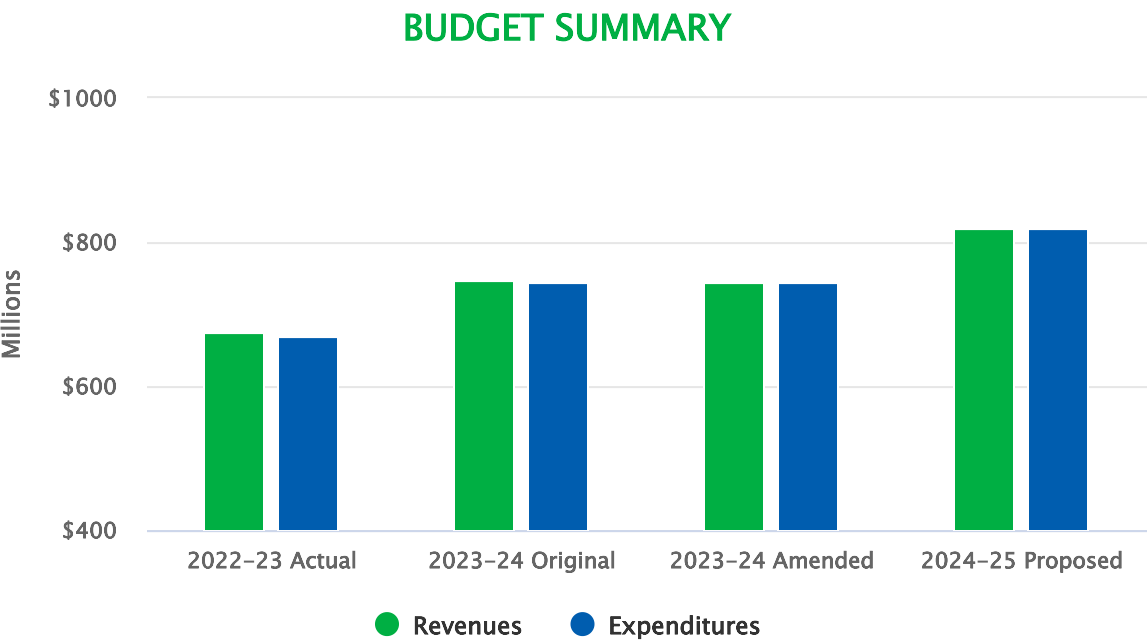
This increase in expenses is primarily the result of the following:

- 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
- Additional transfers to the Regional Water System Capital Improvement Fund for future uses

Portions of the increase were offset by savings in chemicals due to lower prices and optimization efforts at the Leonard WTP. In the 2024 Water Year, 126.2 billion gallons of water were sold, setting a new record for the third consecutive year and surpassing the previous high of 117.5 billion gallons. The increase in both the number of users and water consumption highlights the urgent need to focus on securing future water supplies. It is essential to keep planning for growth and to maintain our conservation programs to ensure a reliable water supply for our region both now and in the future.

The overall FY25 Annual All Systems Budget of \$820,275,870 represents an increase of \$76,883,055 or 10.3%.

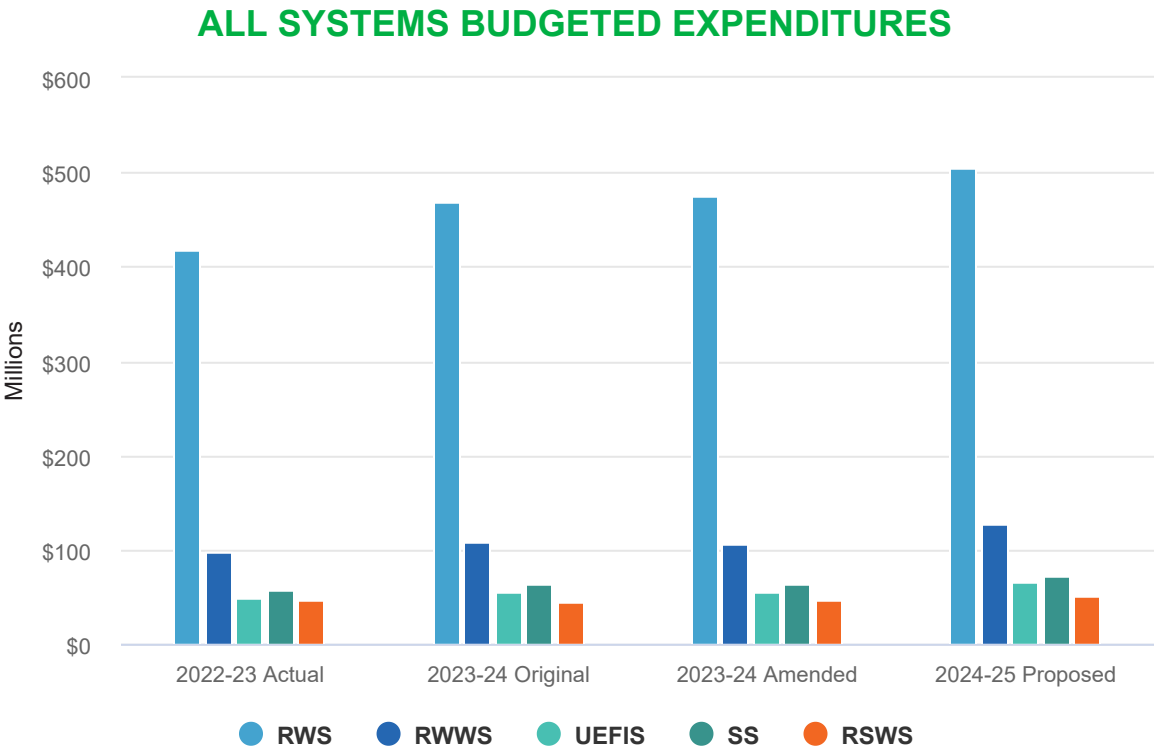
A comparison of the All Systems Budget for FY23 through FY25 is presented below:



	2022-23 Actual	2023-24 Original	2023-24 Amended	2024-25 Proposed
Revenues	\$ 674,997,204	\$ 747,428,620	\$ 744,289,350	\$ 819,536,965
Expenditures	668,992,867	743,392,815	745,640,470	820,275,870
Excess /(Shortfall) prior to fund balance adjustment	\$ 6,004,337	\$ 4,035,805	\$ (1,351,120)	\$ (738,905)
Fund balance adjustment	704,337	4,035,805	(1,351,120)	(738,905)
Excess / (Shortfall) after fund balance adjustment	\$ 5,300,000	\$ -	\$ -	\$ -

Review by System

Below is a breakdown of the Budgeted Expenditures by System for FY23 through FY25:



System	2022-23 Actual	2023-24 Original	2023-24 Amended	2024-25 Proposed
Regional Water System (RWS)	\$ 418,577,412	\$ 469,388,075	\$ 474,531,055	\$ 505,383,370
Regional Wastewater System (RWWS)	97,265,972	108,374,210	106,747,600	128,263,610
Upper East Fork Interceptor System (UEFIS)	49,336,797	55,601,960	54,529,790	65,443,240
Small Systems (SS)	57,755,879	64,479,840	63,828,530	71,078,880
Regional Solid Waste System (RSWS)	46,056,807	45,548,730	46,003,495	50,106,770
Total	\$ 668,992,867	\$ 743,392,815	\$ 745,640,470	\$ 820,275,870

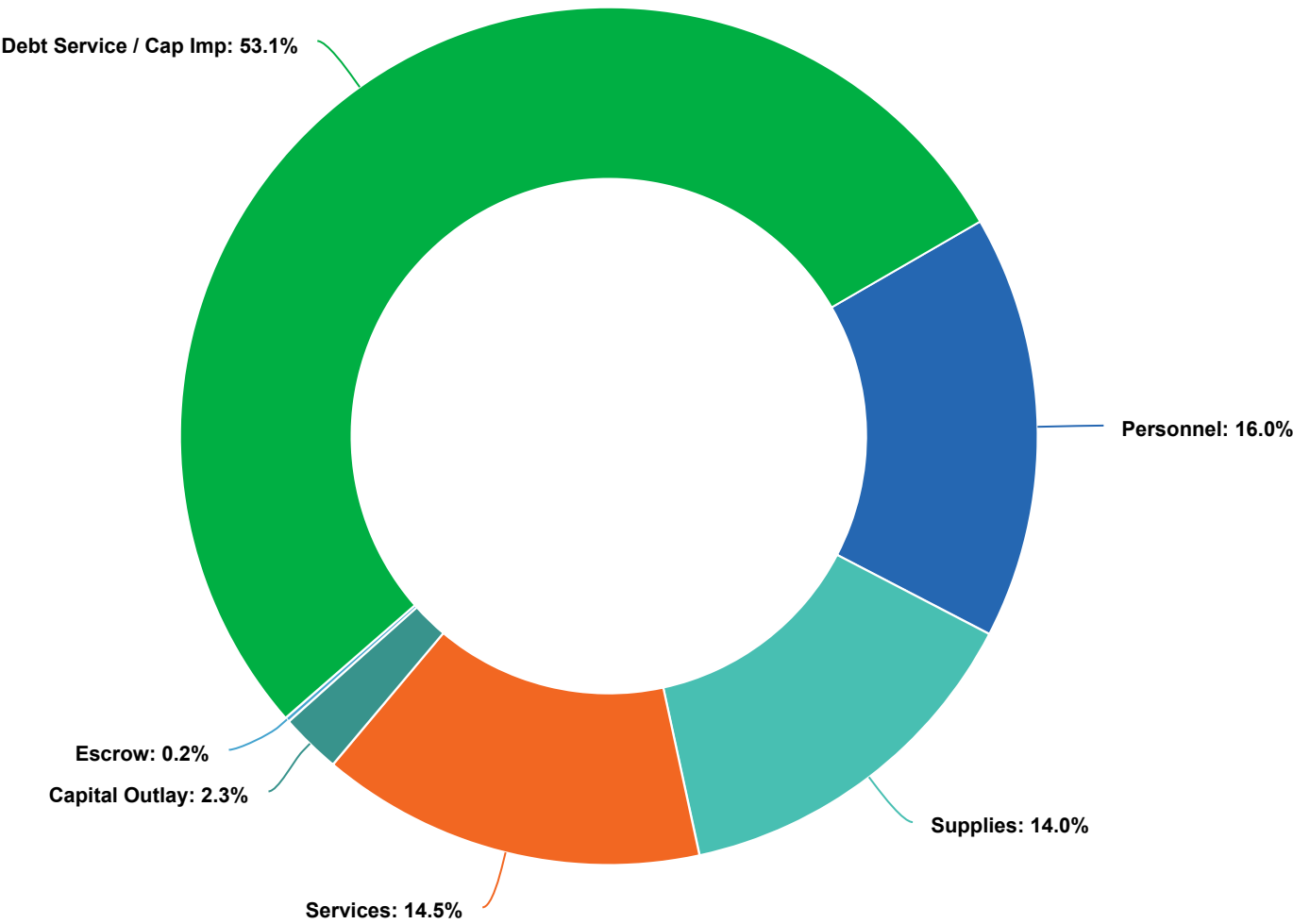
Review by Category

The following is a summary of FY23 through FY25 All Systems Budgets by Category:

ALL SYSTEMS BUDGET BY CATEGORY

Category	2022-23 Actual	2023-24 Original	2023-24 Amended	2024-25 Proposed
Personnel	\$ 111,155,240	\$ 123,925,830	\$ 121,230,610	\$ 131,019,410
Supplies	107,914,044	123,611,345	112,792,240	114,657,535
Services	91,222,572	115,718,330	116,420,555	118,994,865
Capital Outlay	17,944,095	13,427,400	16,009,625	18,862,000
Escrow	17,598,145	3,422,810	1,654,810	1,460,505
Debt Service / Cap Imp	323,158,771	363,287,100	377,532,630	435,281,555
Total	\$ 668,992,867	\$ 743,392,815	\$ 745,640,470	\$ 820,275,870

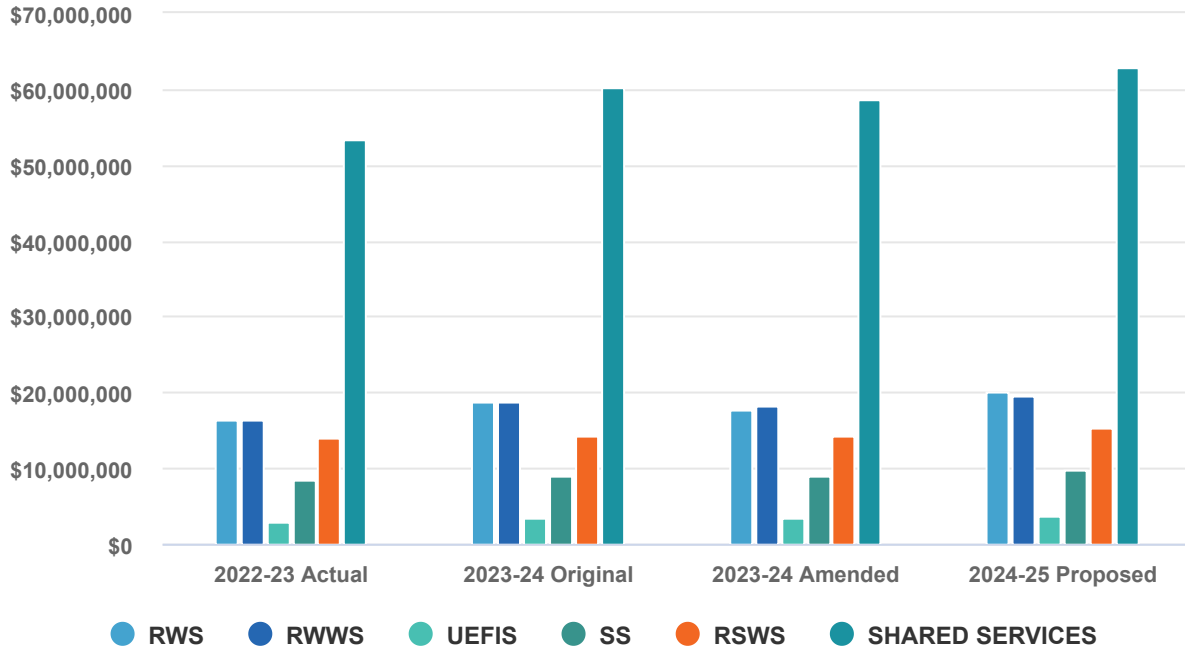
PROPOSED BUDGET EXPENSES BY CATEGORY



Personnel

The FY24 Amended All Systems Budget for Personnel is expected to be \$121,230,610, which is (\$2,695,220) or -2.2% less than the FY24 Original Budget. Savings from vacancies were partially offset by increased overtime costs.

PERSONNEL EXPENSES BY SYSTEM



Personnel	2022-23 Actual	2023-24 Original	2023-24 Amended	2024-25 Proposed
RWS	\$ 16,373,951	\$ 18,700,640	\$ 17,766,125	\$ 20,099,730
RWWS	16,245,569	18,688,480	18,158,090	19,563,905
UEFIS	2,919,514	3,335,865	3,308,905	3,580,450
SMALL SYSTEMS	8,390,069	8,878,640	8,976,875	9,755,810
RSWS	13,994,107	14,204,120	14,326,455	15,231,220
SHARED SERVICES	53,232,029	60,118,085	58,694,160	62,788,295
Total Personnel	\$ 111,155,240	\$ 123,925,830	\$ 121,230,610	\$ 131,019,410

The FY25 All Systems Budget for personnel is \$131,019,410, which is \$7,093,580 or 5.7% greater than the FY24 Original Budget. The increase in salaries and benefits is primarily the result of funding 19 net new positions as well as employee performance merits, planned increases in the District's pension contribution, 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

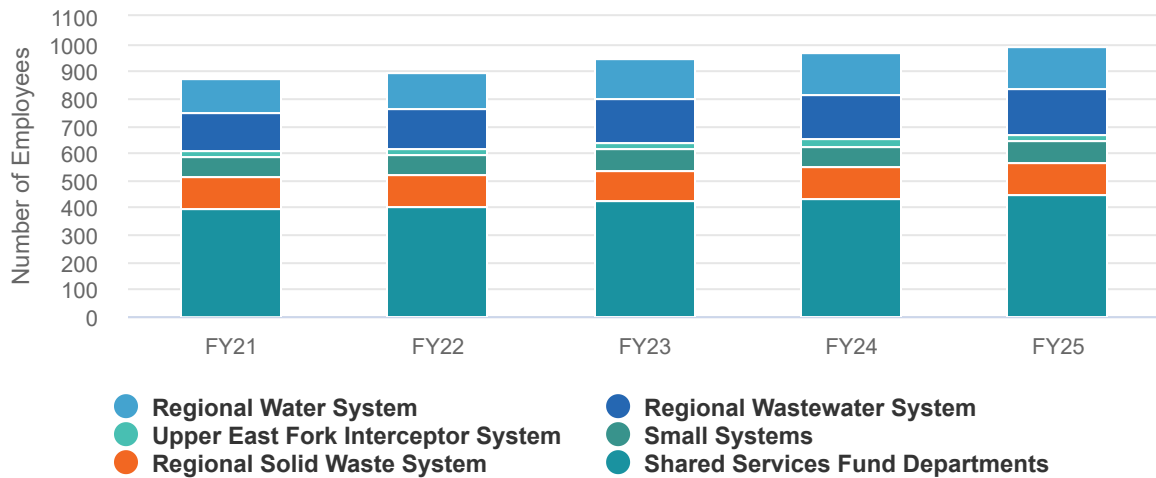
Meeting these challenges, as an organization, is a priority and the District includes multiple personnel initiatives as part of the Strategic Plan to ensure they are met.

In FY25, the District is recommending an average 4.5% merit increase based on employee performance. There will also be a 2.5% 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



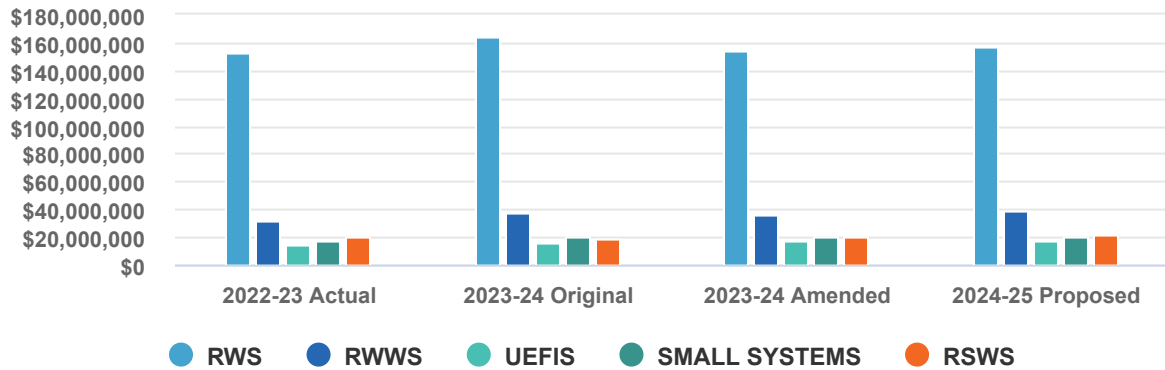
District Wide Staffing	FY21	FY22	FY23	FY24	FY25
Regional Water System	127	136	146	153	155
Regional Wastewater System	140	145	160	165	163
Upper East Fork Interceptor System	22	23	23	24	26
Small Systems	74	74	76	75	82
Regional Solid Waste System	114	113	116	116	118
Shared Services Fund Departments	398	406	422	436	444
Total Positions	875	897	943	969	988

Total budgeted positions for FY25 are 988, a 2.0% increase from the prior year. Departments originally requested a total of 28 positions and after reviewing all of the requests a net of 19 new positions were added. The position additions are related to growth, new programs and efficiencies in the Operating Systems and the need for additional Shared Service positions to support the Operating Systems. Regional Water increased by a net 2 positions, 2 mechanics and an information systems assistant at the Wylie Plant while eliminating a maintenance position at the Wetlands. Wastewater Systems collectively added a net of 7 positions, a transport driver for the Regional Wastewater System, an operator position in the Upper East Fork Interceptor System and the remaining 5 positions are operators and a mechanic in Small Plants, mostly due to expansion at the Sabine Creek Wastewater Treatment Plant. Regional Solid Waste added 2 positions, a dispatcher and a maintenance technician. Shared Services increased by a net of 8 positions, which includes 9 additional positions across Safety, IT, Communications, CIP/Permitting, Engineering, Procurement, HR and Accounting along with 1 reduction within Finance due to efficiencies. All staffing changes are reflected within each department's staffing summaries throughout the budget document.

Operations

The FY24 Amended All Systems Budget for Operations is \$246,877,230, which is (\$9,302,655) or -3.6% less than the FY24 Original Budget. The primary cause of this reduction is due to lower prices on chemicals within the Regional Water System. Chemical prices skyrocketed beginning in 2022 with the Russia-Ukraine conflict and ongoing supply chain issues from the Pandemic, but in FY24 we began to see price reductions. These reductions along with optimization efforts at the Leonard Water Treatment Plant have allowed us to reduce the Amended FY24 and the FY25 Budget and pass those savings onto our Member Cities and Customers. 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	2022-23 Actual		2023-24 Original	2023-24 Amended	2024-25 Proposed			
RWS	\$	152,047,874	\$	164,046,759	\$	153,942,695	\$	156,406,710
RWWS		32,087,396		36,762,731		35,942,950		39,013,396
UEFIS		13,703,375		15,805,081		17,603,264		17,090,135
SMALL SYSTEMS		16,718,945		20,535,938		19,922,956		20,066,171
RSWS		20,121,266		19,029,375		19,465,365		21,398,492
Total Operating	\$	234,678,856	\$	256,179,885	\$	246,877,230	\$	253,974,905

The FY25 All Systems Budget for Operations is \$253,974,905, which is (\$2,204,980) or -0.9% less than the FY24 Original Budget.

The following areas increased:

- Capital Outlay due to replacing the HVACs at High Service Pump Station 2, vehicle equipment and machinery within Regional Water, along with landfill development to construct a new cell at the 121 RDF in Solid Waste
- Equipment Maintenance in Regional Water, Wastewater and Regional Solid Waste
- Pipeline Maintenance in the Small Systems due to pipeline and manhole condition assessments in the Buffalo Creek Interceptor System
- Electrical System Maintenance in Regional Water
- Additional Landfill Service Fees in Wastewater

The above increases were offset by the following:

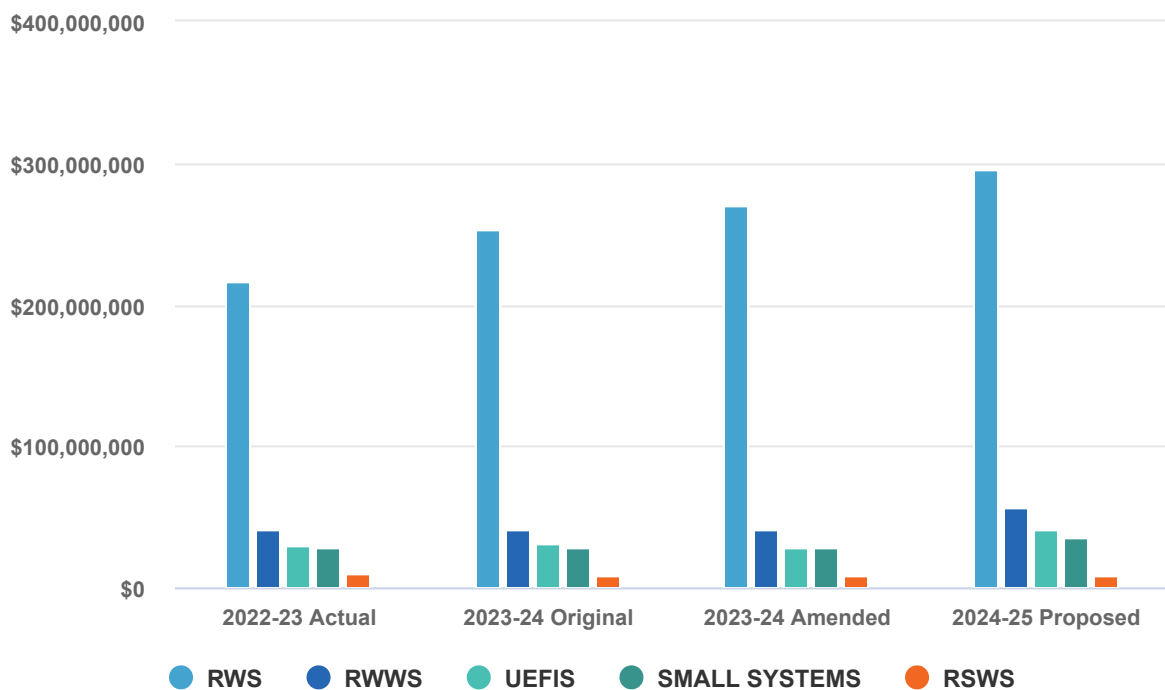
- Chemicals in the Regional Water due to lower prices and savings from optimizations at the Leonard WTP
- Electric Power reductions based on trended usage
- Lower expected transfers to escrow funds based on future need and existing balances

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 FY25, 53% 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 FY24 Amended All Systems Budget for Capital is \$377,532,630, which is \$14,245,530 or (3.9%) greater than the FY24 Original Budget. This variance is the result of making additional transfers to the RWS Capital Improvement fund using available fund balances.

CAPITAL EXPENSE BY SYSTEM



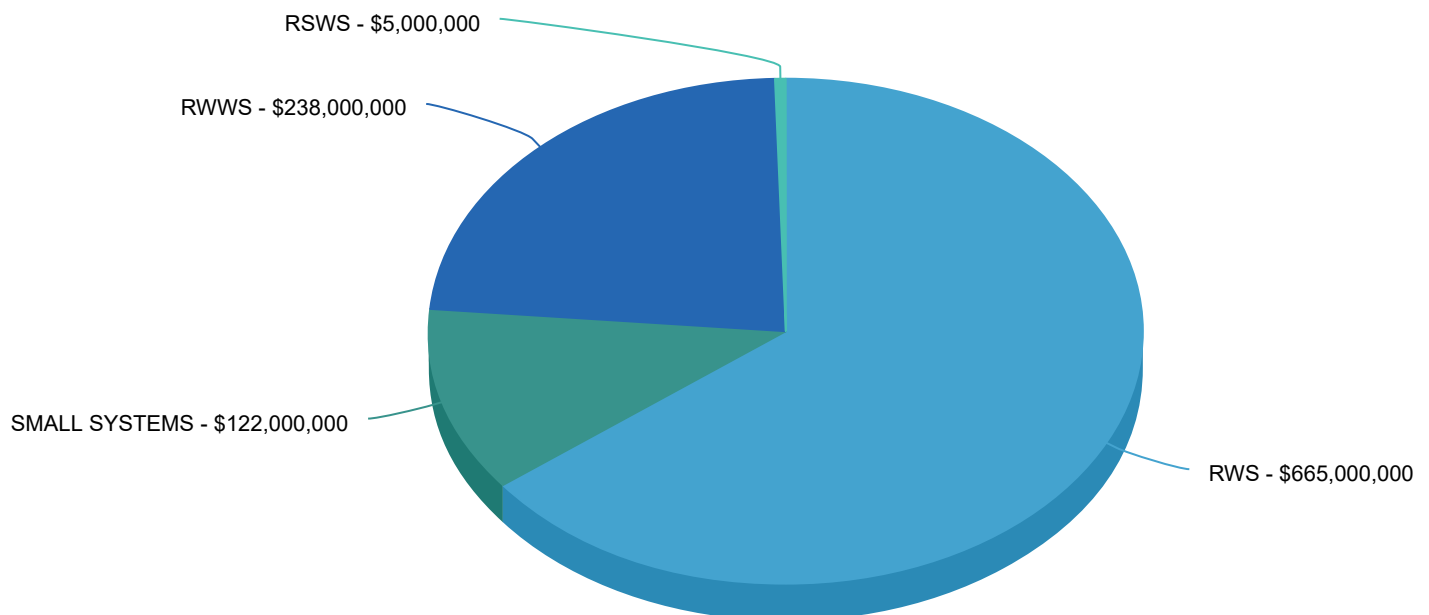
Capital	2022-23 Actual	2023-24 Original	2023-24 Amended	2024-25 Proposed
RWS	\$ 215,556,062	\$ 253,364,350	\$ 270,364,350	\$ 294,730,635
RWWS	40,903,610	41,313,930	41,313,930	56,417,080
UEFIS	29,097,479	30,940,310	28,185,840	40,524,745
SMALL SYSTEMS	27,939,815	28,671,760	28,671,760	35,017,605
RSWS	9,661,805	8,996,750	8,996,750	8,591,490
Total Capital	\$ 323,158,771	\$ 363,287,100	\$ 377,532,630	\$ 435,281,555

The FY25 All Systems Budget for Capital is \$435,281,555, which is \$71,994,455 or 19.8% greater than the FY24 Original Budget. The increase is due to higher debt service payments. For FY25, the District has over \$1 billion worth of capital projects planned. This will be the second straight year that we expect to award capital projects in excess of \$1 billion. 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 several planned refundings of ECP in FY25 and future projects will continue to utilize ECP as a funding mechanism.

- In the RWS, an ECP refunding / new money bond issuance of \$665M is planned based on outstanding ECP and awarded contracts. A total of \$540M in projects are expected to be authorized in the upcoming year.
- In the RWWS, an ECP refunding / new money bonds of \$200M is planned based on outstanding ECP and awarded contracts. RWWS plans to close on \$38M of bonds through the Texas Water Development Board. A total of \$275M in projects are expected to be authorized in the upcoming year.
- In the UEFIS, a refunding of ECP is expected to occur late in FY24. In FY25, a total of \$150M in projects are expected to be authorized.
- In the Small Systems, bond sales of approximately \$122 million are expected to be issued. These projects include construction of the expansion of the Panther Creek WWTP to 15MGD, design of plant rehab and expansion of the Stewart Creek WWTP to 15MGD and design and right of way on the Buffalo Creek Parallel Interceptor Phase II.
- In the RSWS, a bond sale of \$5M to fund the construction of the Wylie Service center is planned.

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	2022-23	2023-24	2023-24	2024-25	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Water Sales:						
Member Sales	\$ 334,670,235	\$ 375,660,029	\$ 366,383,671	\$ 397,720,962	\$ 22,060,933	5.9%
Customer Sales	85,916,424	95,348,109	97,158,417	103,982,158	8,634,049	9.1%
Retail Customer Sales	17,329	17,440	16,000	17,440	-	0.0%
Raw Water Sales	2,189	2,050	635	2,050	-	0.0%
Total Water Sales	\$ 420,606,177	\$ 471,027,629	\$ 463,558,723	\$ 501,722,610	\$ 30,694,982	6.5%
Total Other Revenues	\$ 979,899	\$ 179,371	\$ 6,612,297	\$ 213,830	\$ 34,458	19.2%
Interest Income	\$ 2,995,672	\$ 2,216,880	\$ 3,008,915	\$ 2,708,025	\$ 491,145	22.2%
Total Revenues	\$ 424,581,749	\$ 473,423,880	\$ 473,179,935	\$ 504,644,465	\$ 31,220,585	6.6%
Expenses						
Personnel:						
Salaries	\$ 10,339,224	\$ 12,399,085	\$ 11,520,990	\$ 13,126,870	\$ 727,785	5.9%
Other	6,034,726	6,301,555	6,245,135	6,972,860	671,305	10.7%
Total Personnel	\$ 16,373,951	\$ 18,700,640	\$ 17,766,125	\$ 20,099,730	\$ 1,399,090	7.5%
Supplies:						
Fuel	\$ 141,341	\$ 355,040	\$ 349,000	\$ 396,435	\$ 41,395	11.7%
Chemicals	67,578,669	78,732,750	67,424,355	65,671,905	(13,060,845)	-16.6%
Other	5,838,976	5,634,470	6,008,940	7,457,100	1,822,630	32.3%
Total Supplies	\$ 73,558,986	\$ 84,722,260	\$ 73,782,295	\$ 73,525,440	\$ (11,196,820)	-13.2%
Services:						
Consulting	\$ 2,838,569	\$ 3,816,165	\$ 5,562,110	\$ 5,408,400	\$ 1,592,235	41.7%
Insurance	1,806,252	3,185,145	2,806,690	3,583,275	398,130	12.5%
Maintenance	16,581,197	22,923,605	26,014,040	24,619,295	1,695,690	7.4%
Power	21,538,288	24,730,880	22,461,580	22,428,330	(2,302,550)	-9.3%
Shared Services	47,771,126	41,420,310	41,420,310	43,394,370	1,974,060	4.8%
Water Purchases	5,549,475	6,457,795	6,457,015	6,555,410	97,615	1.5%
Other	3,327,437	4,679,355	4,545,375	5,251,485	572,130	12.2%
Total Services	\$ 99,412,345	\$ 107,213,255	\$ 109,267,120	\$ 111,240,565	\$ 4,027,310	3.8%
Capital Outlay	\$ 2,087,998	\$ 3,299,500	\$ 3,263,095	\$ 5,787,000	\$ 2,487,500	75.4%
Escrow	88,070	88,070	88,070	-	(88,070)	-100.0%
Capital Improvement Fund	19,100,000	33,000,000	50,000,000	37,300,000	4,300,000	13.0%
Contingency	11,500,000	2,000,000	-	-	(2,000,000)	-100.0%
Debt Service	196,456,062	220,364,350	220,364,350	257,430,635	37,066,285	16.8%
Total Expenses	\$ 418,577,412	\$ 469,388,075	\$ 474,531,055	\$ 505,383,370	\$ 35,995,295	7.7%
Fund Bal. Adjustment	704,337	4,035,805	(1,351,120)	(738,905)	(4,774,710)	0.0%
Net Revenues	\$ 5,300,000	\$ -	\$ -	\$ -	\$ -	-

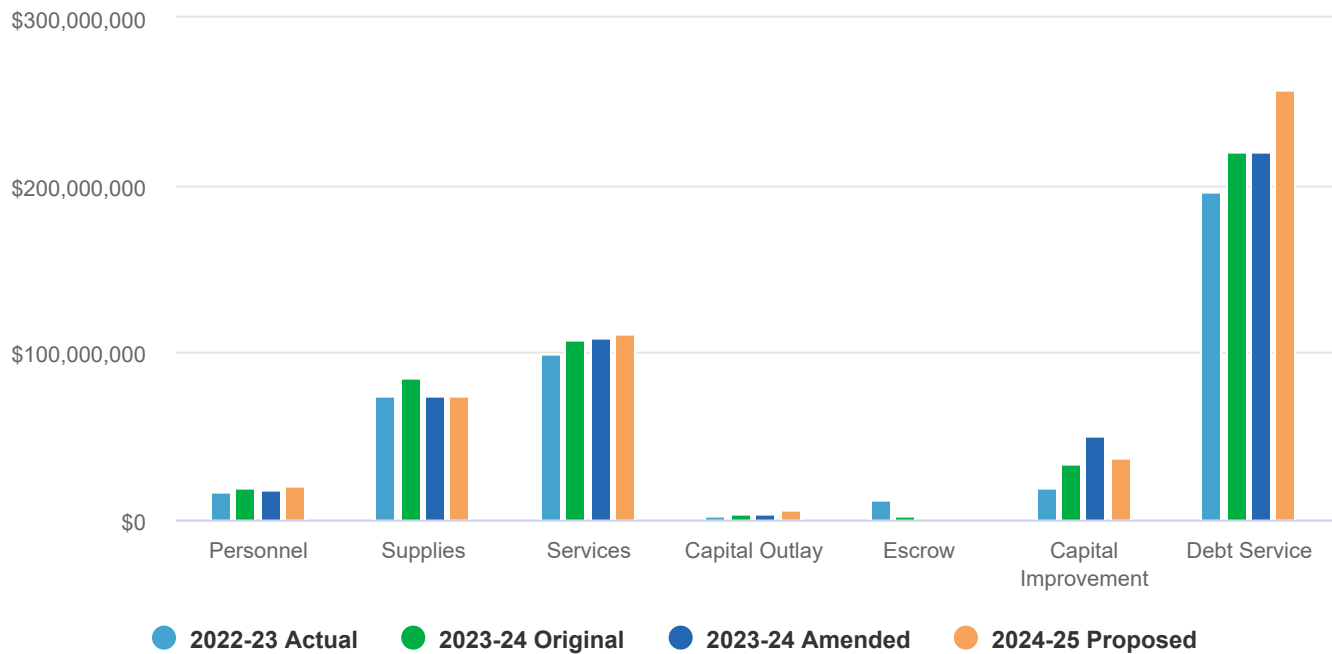
The FY24 Amended Budget for expenditures totals \$474,531,055, which is \$5,142,980 or 1.1% greater than the FY24 Original Budget of \$469,388,075. This increase results from additional fund transfers to the Capital Improvement Fund for future use.

For the FY25 Annual Budget, the total RWS expenditures requested are \$505,383,370, which is \$35,995,295 or 7.7% greater than the FY24 Original Budget.

Major budget variances are explained below:

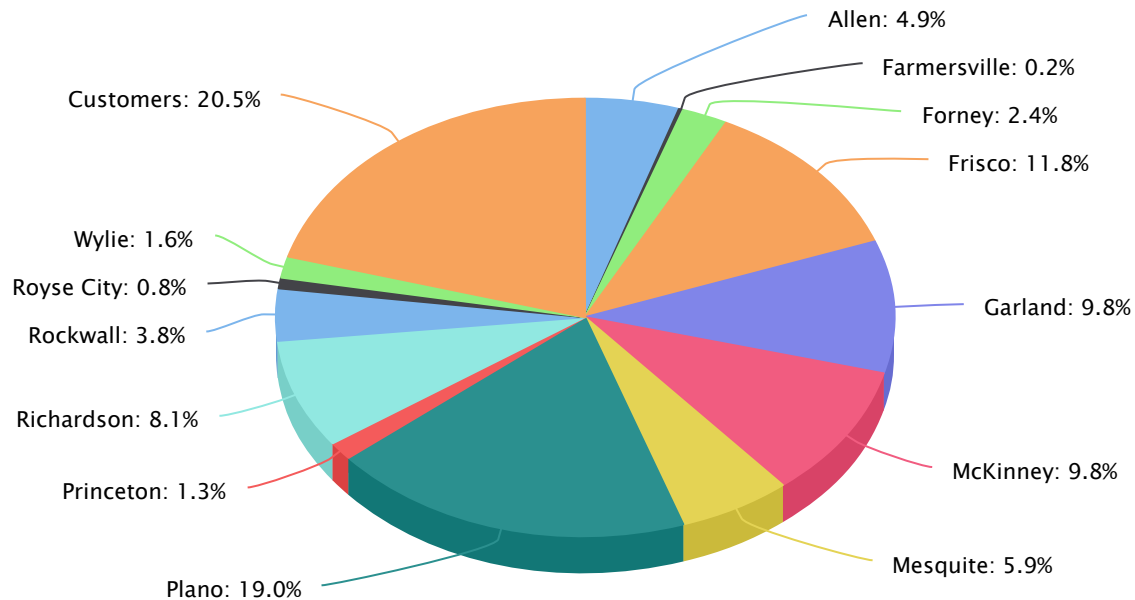
- Increase in Personnel of \$1,399,090 driven by higher wages, insurance costs and 2 new headcount. There are 3 positions being added to the Wylie Treatment Plant Complex including 2 mechanics and an information systems assistant. A maintenance position at the Wetlands was repurposed to become one of the mechanics. These positions were driven by efficiency and growth.
- Decrease of (\$11,196,820) in Supplies driven by lower chemical prices and optimization improvements.
- Increase of \$4,027,310 for Services as a result of Pipeline Maintenance necessitated by the implementation of the Linear Asset Management Program (LAMP) initiative. These rising costs are partially offset by a reduction in Lake Maintenance at Bois d'Arc Lake.
- Increase of \$2,487,500 in Capital Outlay to replace HSPS Variable Frequency Drives and HVAC replacements in the Transmission System along with basin and rack tower rehabilitation at the Wylie Treatment Plant Complex.
- Increased capital costs of \$41,366,285 are attributed to higher Debt Services expenses and transfers to the Capital Improvement Fund. This rise is primarily due to an ECP refunding of \$665 Million for projects awarded in recent years.

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**FY25
ANNUAL MINIMUMS**

Member Cities	(1,000 gallons)
Allen	6,391,868
Farmersville	289,310
Forney	3,121,740
Frisco	15,361,025
Garland	12,717,976
McKinney	12,725,939
Mesquite	7,675,216
Plano	24,722,595
Princeton	1,738,012
Richardson	10,496,968
Rockwall	4,985,531
Royse City	1,018,122
Wylie	2,059,844
Total Member Cities	103,304,146
Customers	26,670,297
Grand Total	129,974,443

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	\$	505,383,370
Total Other Revenues		(2,941,345)
Net Expenses	\$	502,442,025
Maintain 90 Day Minimum - Operating Fund		(738,905)
Revenues Needed from Water Sales	\$	501,703,120
Member City Revenue	\$	397,720,962
Customer Revenue including premium		103,982,158
Total Revenues from Water Sales	\$	501,703,120
Annual Minimums (1,000 gallons)		
Member Cities		103,304,146
Customers		26,670,297
		129,974,443
Member City Rate	\$	3.85
Customer Rate	\$	3.90

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REGIONAL WASTEWATER SYSTEM

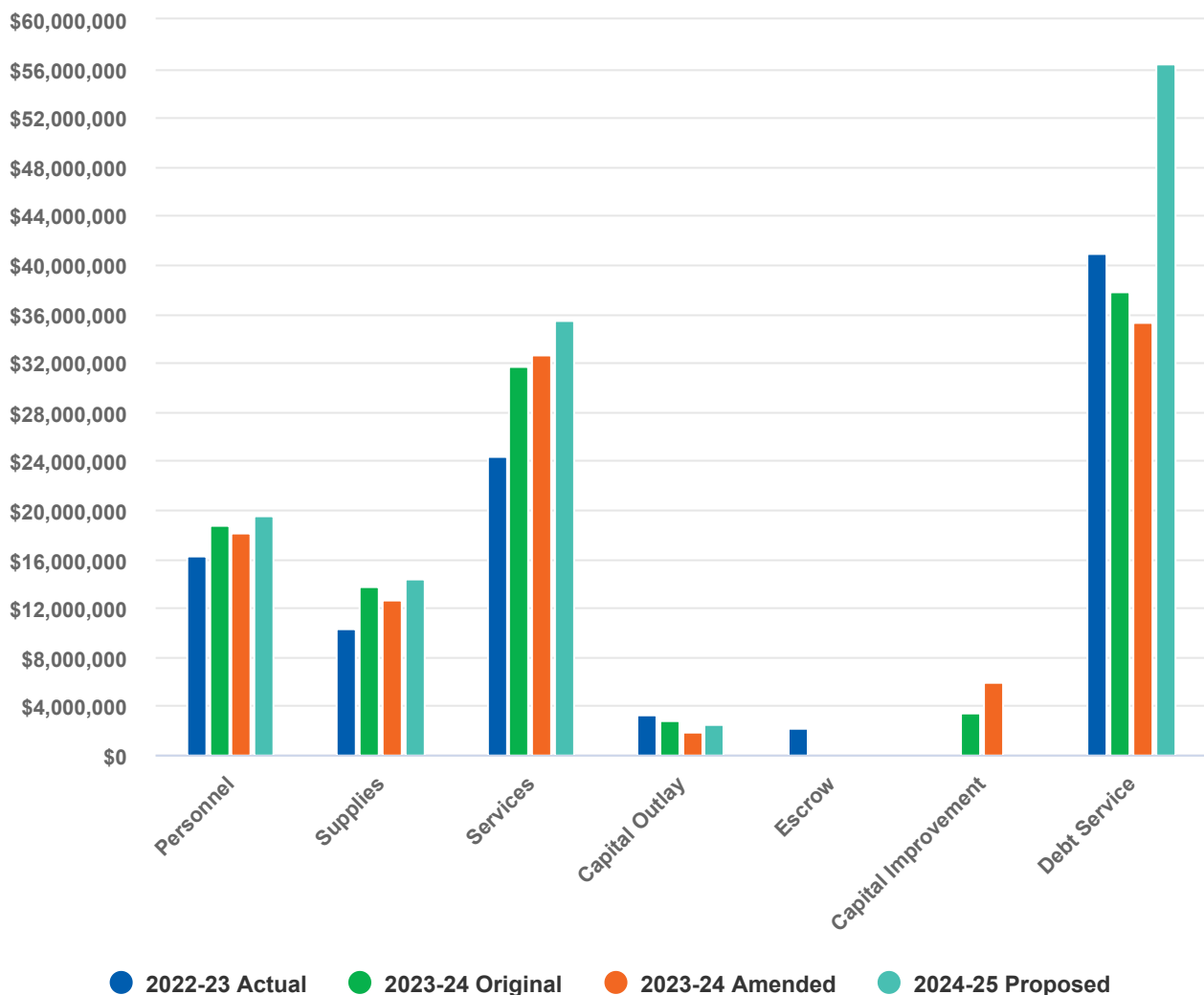
Revenues and Expenses	2022-23	2023-24	2023-24	2024-25	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 91,757,859	\$ 103,623,315	\$ 101,477,555	\$ 123,219,575	\$ 19,596,260	18.9%
Customers	3,104,239	3,685,940	3,339,620	3,863,090	177,150	4.8%
Total Wastewater Sales	\$ 94,862,099	\$ 107,309,255	\$ 104,817,175	\$ 127,082,665	\$ 19,773,410	18.4%
Total Other Revenues	\$ 1,785,928	\$ 547,305	\$ 1,244,020	\$ 563,180	\$ 15,875	2.9%
Interest Income	\$ 617,946	\$ 517,650	\$ 686,405	\$ 617,765	\$ 100,115	19.3%
Total Revenues	\$ 97,265,972	\$108,374,210	\$106,747,600	\$ 128,263,610	\$19,889,400	18.4%
Expenses						
Personnel:						
Salaries	\$ 10,196,641	\$ 11,921,230	\$ 11,449,825	\$ 12,307,890	\$ 386,660	3.2%
Other	6,048,929	6,767,250	6,708,265	7,256,015	488,765	7.2%
Total Personnel	\$ 16,245,569	\$ 18,688,480	\$ 18,158,090	\$ 19,563,905	\$ 875,425	4.7%
Supplies:						
Fuel	\$ 604,704	\$ 758,425	\$ 488,820	\$ 647,130	\$ (111,295)	-14.7%
Chemicals	5,681,816	8,388,205	7,288,975	8,713,505	325,300	3.9%
Other	4,083,069	4,658,475	4,878,130	5,020,895	362,420	7.8%
Total Supplies	\$ 10,369,590	\$ 13,805,105	\$ 12,655,925	\$ 14,381,530	\$ 576,425	4.2%
Services:						
Consulting	\$ 283,913	\$ 828,250	\$ 872,855	\$ 1,151,350	\$ 323,100	39.0%
Insurance	392,507	1,390,225	833,570	1,272,590	(117,635)	-8.5%
Landfill Service Fees	4,388,856	4,461,395	4,337,800	4,817,380	355,985	8.0%
Maintenance	1,465,333	2,873,655	3,735,235	3,254,660	381,005	13.3%
Power	3,920,595	4,327,985	4,091,190	4,687,500	359,515	8.3%
Shared Services	11,086,086	14,450,250	14,461,850	16,863,025	2,412,775	16.7%
Other	2,840,443	3,448,135	4,376,280	3,384,790	(63,345)	-1.8%
Total Services	\$ 24,377,734	\$ 31,779,895	\$ 32,708,780	\$ 35,431,295	\$ 3,651,400	11.5%
Capital Outlay	\$ 3,229,469	\$ 2,786,800	\$ 1,910,875	\$ 2,469,800	\$ (317,000)	-11.4%
Escrow	\$ 2,140,000	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Improvement Fund	\$ -	\$ 3,500,000	\$ 6,000,000	\$ -	\$ (3,500,000)	-100.0%
Debt Service	\$ 40,903,610	\$ 37,813,930	\$ 35,313,930	\$ 56,417,080	\$ 18,603,150	49.2%
Total Expenses	\$ 97,265,972	\$108,374,210	\$106,747,600	\$ 128,263,610	\$19,889,400	18.4%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	-

The FY24 Amended Budget for expenditures and revenues totals \$106,747,600, which is \$1,626,610 or 1.5% less than the FY24 Original Budget of \$108,374,210. The revised budget saw notable benefits from lower chemical prices and plant efficiency improvements.

For the FY25 Annual Budget, the total RWWS expenditures are \$128,263,610 which is \$19,889,400 or 18.4% greater than the FY24 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$875,425 driven by higher wages and insurance costs. Wages also increased due to the addition of a transport driver at Sister Grove RWRRF.
- Increase in Supplies of \$576,425 primarily in Chemicals due to changes in chemicals used at Wilson Creek WWTP and in anticipation that Sister Grove RWRRF will operate for six months. Computer Supplies increased to replace laptops and computers as part of the new IT Hardware Replacement Program.
- Increase in Services of \$3,651,400 due to changes to the Shared Services allocation and increased Shared Service Fund expenses. Electric Power increased due to higher forecasted usage at the Rowlett and Mesquite WWTPs. Engineering & Consultant Services increased for the development of electronic Operation & Maintenance (O&M) Manual for all the RWWTs. Landfill Service Fees are greater at the Rowlett Creek WWTP due changes in plant processes.
- Increase in Debt Service of \$15,103,150 because of a higher debt service payment due to ECP refunding.

RWWS EXPENDITURES

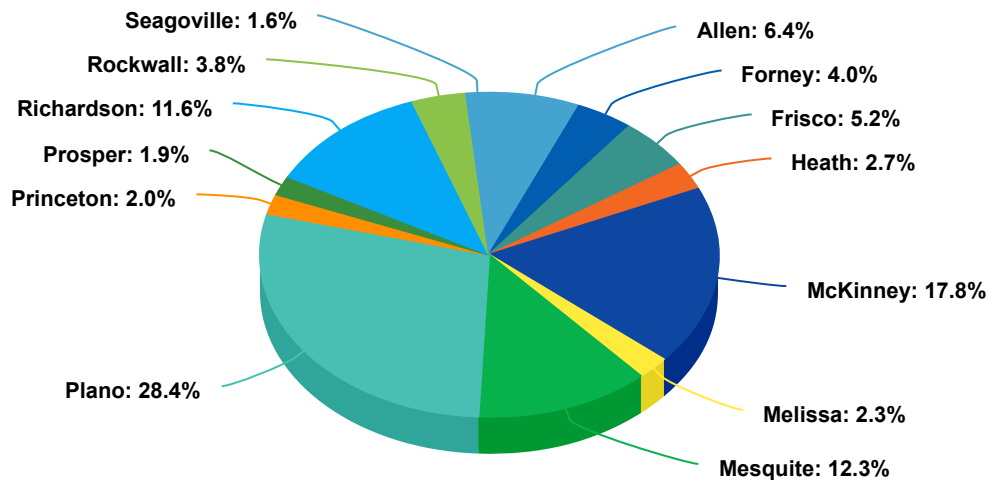


Cost Allocation for Member Cities

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 FY25 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY25 are \$123,219,575 after deducting interest and other revenue in the estimated amount of \$5,044,035 from the proposed budget of \$128,263,610.

	2022-23	2023-24	2023-24	2024-25
City	Actual	Original Budget	Amended Budget	Proposed Budget
Allen	\$ 6,520,948	\$ 8,314,626	\$ 6,529,319	\$ 7,927,218
Forney	3,848,836	4,373,141	4,082,853	4,956,974
Frisco	4,787,286	5,199,761	5,250,650	6,374,795
Heath	2,100,797	2,267,158	2,749,372	3,338,002
McKinney	15,892,033	17,851,665	18,099,137	21,974,086
Melissa	1,550,526	1,518,102	2,325,972	2,823,953
Mesquite	12,653,646	14,759,500	12,449,207	15,114,533
Plano	25,572,817	27,659,420	28,786,461	34,949,523
Princeton	1,622,546	1,851,329	2,008,023	2,437,933
Prosper	1,610,796	1,858,740	1,958,702	2,378,051
Richardson	11,099,476	12,451,123	11,759,695	14,277,399
Rockwall	3,035,745	3,830,803	3,869,486	4,697,926
Seagoville	1,462,406	1,687,947	1,608,678	1,969,182
Total	\$ 91,757,859	\$ 103,623,315	\$ 101,477,555	\$ 123,219,575
Flows (1,000)	37,100,792	36,300,000	37,300,000	37,000,000
Member Cost per 1,000	\$ 2.47	\$ 2.85	\$ 2.72	\$ 3.33

UPPER EAST FORK INTERCEPTOR SYSTEM

UPPER EAST FORK INTERCEPTOR SYSTEM NORTH TEXAS MUNICIPAL WATER DISTRICT

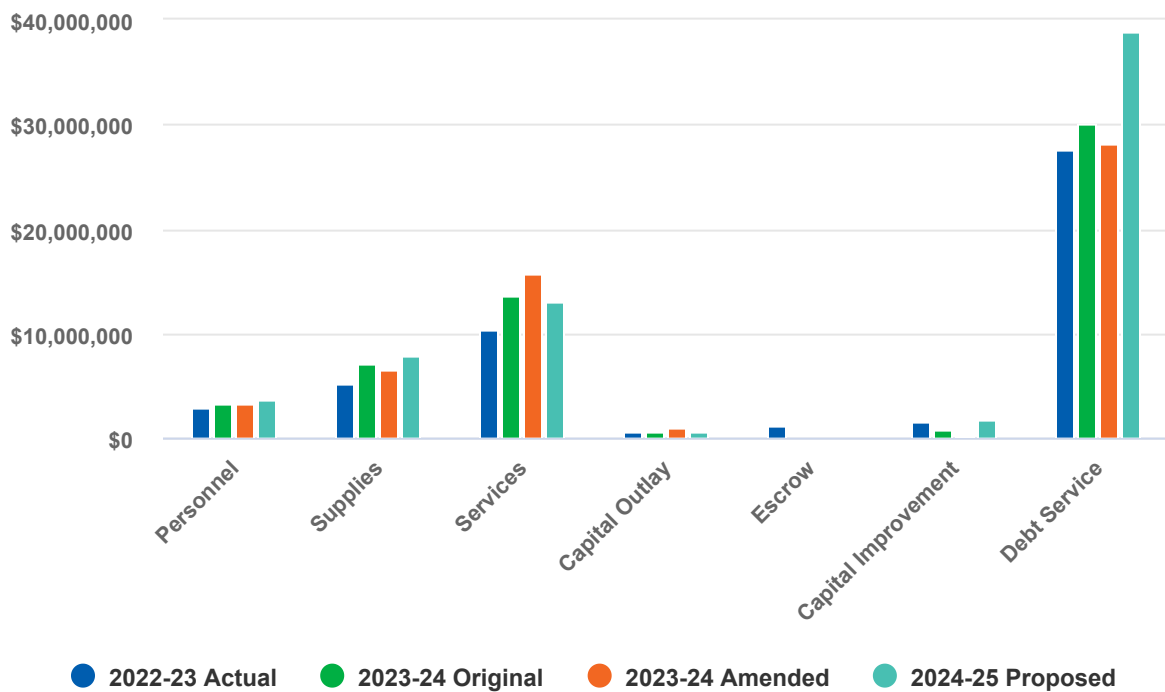
Revenues and Expenses	2022-23	2023-24	2023-24	2024-25	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Sales:						
Members	\$ 45,897,268	\$ 52,194,505	\$ 50,791,845	\$ 61,900,950	\$ 9,706,445	18.6%
Customers	2,113,995	2,601,360	2,356,480	2,654,230	52,870	2.0%
Total Wastewater Sales	\$ 48,011,263	\$ 54,795,865	\$ 53,148,325	\$ 64,555,180	\$ 9,759,315	17.8%
Total Other Revenues	\$ 1,041,736	\$ 592,285	\$ 1,088,275	\$ 624,190	\$ 31,905	5.4%
Interest Income	\$ 283,798	\$ 213,810	\$ 293,190	\$ 263,870	\$ 50,060	23.4%
Total Revenues	\$49,336,797	\$55,601,960	\$54,529,790	\$65,443,240	\$ 9,841,280	17.7%
Expenses						
Personnel:						
Salaries	\$ 1,901,926	\$ 2,167,030	\$ 2,147,360	\$ 2,339,735	\$ 172,705	8.0%
Other	1,017,589	1,168,835	1,161,545	1,240,715	71,880	6.1%
Total Personnel	\$ 2,919,514	\$ 3,335,865	\$ 3,308,905	\$ 3,580,450	\$ 244,585	7.3%
Supplies:						
Fuel	\$ 91,669	\$ 88,870	\$ 88,870	\$ 117,545	\$ 28,675	32.3%
Chemicals	4,602,174	6,209,000	5,318,200	6,862,515	653,515	10.5%
Other	551,795	775,785	1,024,060	813,620	37,835	4.9%
Total Supplies	\$ 5,245,637	\$ 7,073,655	\$ 6,431,130	\$ 7,793,680	\$ 720,025	10.2%
Services:						
Consulting	\$ 640,860	\$ 1,278,700	\$ 1,436,300	\$ 1,668,500	\$ 389,800	30.5%
Insurance	76,034	136,370	158,780	204,180	67,810	49.7%
Landfill Service Fees	5,241	5,280	1,780	6,195	915	17.3%
Maintenance	2,875,548	3,697,440	5,032,845	3,911,010	213,570	5.8%
Power	1,407,902	1,300,000	1,455,300	1,425,000	125,000	9.6%
Shared Services	4,993,157	6,871,830	6,931,630	5,398,400	(1,473,430)	-21.4%
Other	258,661	321,810	673,620	326,080	4,270	1.3%
Total Services	\$ 10,257,403	\$ 13,611,430	\$ 15,690,255	\$ 12,939,365	\$ (672,065)	-4.9%
Capital Outlay	\$ 666,763	\$ 640,700	\$ 913,660	\$ 605,000	\$ (35,700)	-5.6%
Escrow	\$ 1,150,000	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Improvement Fund	\$ 1,590,500	\$ 800,000	\$ 133,330	\$ 1,723,700	\$ 923,700	115.5%
Debt Service	\$ 27,506,979	\$ 30,140,310	\$ 28,052,510	\$ 38,801,045	\$ 8,660,735	28.7%
Total Expenses	\$49,336,797	\$55,601,960	\$54,529,790	\$65,443,240	\$ 9,841,280	17.7%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	-

The FY24 Amended Budget for expenditures and revenues totals \$54,529,790, which is \$1,072,170 or 1.9% less than the FY24 Original Budget of \$55,601,960. Significant regional rainfall resulted in increased flows in the UEFIS, which caused infrastructure failure at the Lower Rowlett Creek Lift Station. Approximately 500 feet of 42" pipeline, including a manhole, had to be repaired at a cost of more than \$3 million. It is expected that budget savings along with use of available funds on hand will allow the District to complete the repairs with no additional funding from the system participants.

For the FY25 Annual Budget, the total UEFIS expenditures are \$65,443,240, which is \$9,841,280 or 17.7% greater than the FY24 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$244,585 for higher wages and insurance costs. Wages also increased due to the addition of a Wastewater Conveyance Operator II position.
- Increase in Supplies of \$720,025 due to price increases and the transition from Ferrous Chloride to Magnesium Hydroxide to improve treatment plant alkalinity issues.
- Decrease in Services of (\$672,065) overall. Consulting increased approximately \$400,000 due to several studies and programs including the condition assessment program, CMOM updates, Odor Control Master Plan updates and metering evaluations. These increases as well as upticks in maintenance and power were offset due to reduced allocations from Shared Services.
- Increase in Debt Service of \$9,584,435 because of a higher debt service payment for prior bond issuances and ECP refunding.

UEFIS EXPENDITURES

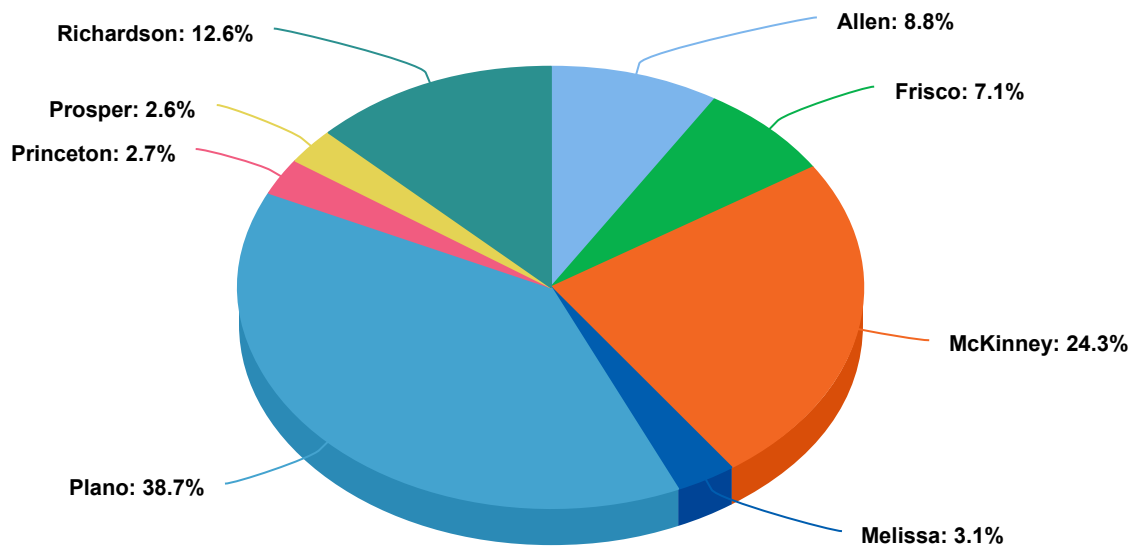


Cost Allocation for Member Cities

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 FY25 Budget is presented below:

MEMBER CITY COST ALLOCATION



The total charges to be allocated to the Member Cities for FY25 are \$61,900,950 after deducting interest and other revenue in the estimated amount of \$3,542,290 from the proposed budget of \$65,443,240.

	2022-23		2023-24		2023-24		2024-25
City	Actual		Original Budget		Amended Budget		Proposed Budget
Allen	\$ 4,508,030		\$ 5,854,274		\$ 4,460,588		\$ 5,436,200
Frisco	3,309,560		3,661,118		3,587,049		4,371,604
McKinney	10,986,475		12,569,242		12,364,658		15,069,035
Melissa	1,071,931		1,068,885		1,589,018		1,936,565
Plano	17,678,985		19,474,818		19,665,843		23,967,119
Princeton	1,121,683		1,303,509		1,371,807		1,671,846
Prosper	1,113,560		1,308,727		1,338,112		1,630,782
Richardson	6,107,045		6,953,932		6,414,770		7,817,799
Total	\$ 45,897,268		\$ 52,194,505		\$ 50,791,845		\$ 61,900,950
Flows (1,000)	26,844,051		25,968,304		27,328,045		27,104,708
Member Cost per 1,000	\$ 1.71		\$ 2.01		\$ 1.86		\$ 2.28

SMALL SYSTEMS

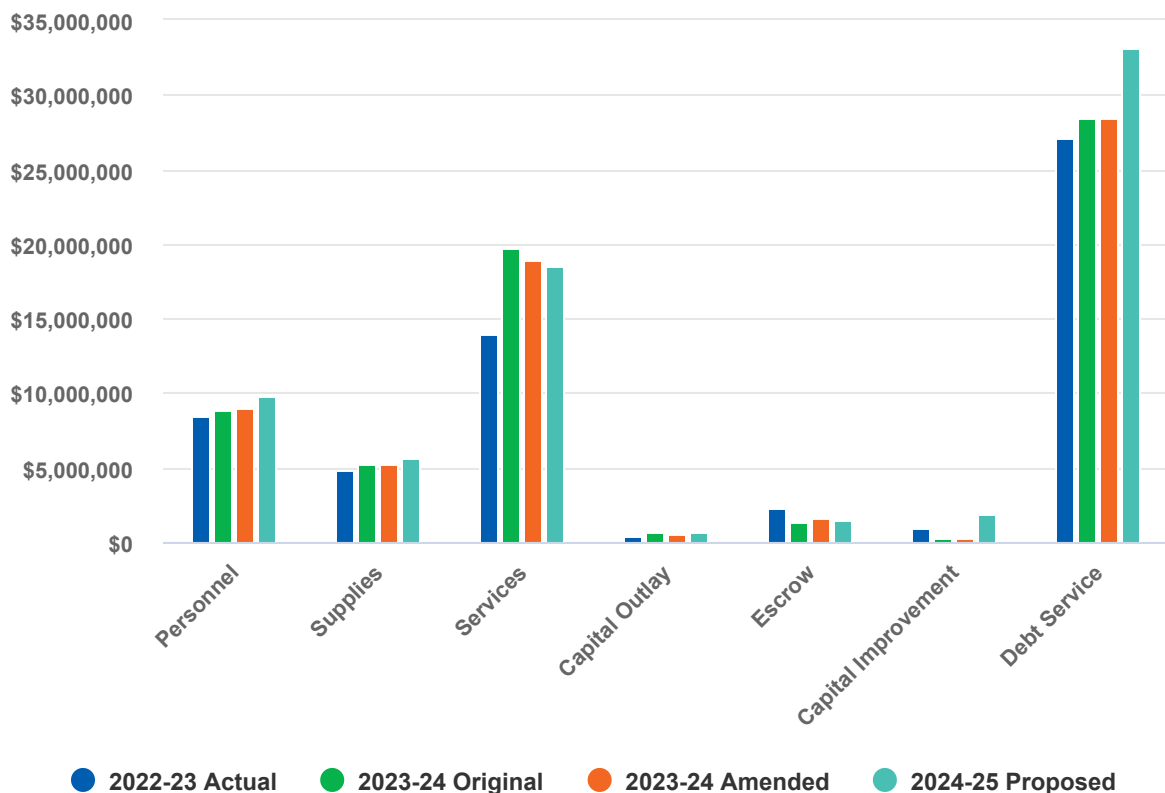
Revenues and Expenses	2022-23	2023-24	2023-24	2024-25	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Wastewater Facilities	\$ 42,841,976	\$ 45,452,275	\$ 44,755,725	\$ 52,420,415	\$ 6,968,140	15.3%
Interceptor Facilities	10,865,294	12,942,395	12,425,855	13,693,080	750,685	5.8%
Pretreatment	1,367,250	1,754,155	1,732,710	1,838,995	84,840	4.8%
Water Facilities	1,496,547	2,987,630	2,938,015	985,770	(2,001,860)	-67.0%
Total Sales	\$ 56,571,067	\$ 63,136,455	\$ 61,852,305	\$ 68,938,260	\$ 5,801,805	9.2%
Total Other Revenues	\$ 847,929	\$ 1,073,565	\$ 1,632,085	\$ 1,873,875	\$ 800,310	74.5%
Interest Income	336,882	269,820	344,140	266,745	(3,075)	(0)
Total Revenues	\$ 57,755,879	\$ 64,479,840	\$ 63,828,530	\$ 71,078,880	\$ 6,599,040	10.2%
Expenses						
Personnel:						
Salaries	\$ 5,261,655	\$ 5,552,400	\$ 5,646,020	\$ 6,168,760	\$ 616,360	11.1%
Other	3,128,414	3,326,240	3,330,855	3,587,050	260,810	7.8%
Total Personnel	\$ 8,390,069	\$ 8,878,640	\$ 8,976,875	\$ 9,755,810	\$ 877,170	9.9%
Supplies:						
Fuel	\$ 79,477	\$ 87,025	\$ 83,325	\$ 84,525	\$ (2,500)	-2.9%
Chemicals	2,380,819	2,988,035	2,763,305	3,001,255	13,220	0.4%
Other	2,394,295	2,209,830	2,351,025	2,512,360	302,530	13.7%
Total Supplies	\$ 4,854,592	\$ 5,284,890	\$ 5,197,655	\$ 5,598,140	\$ 313,250	5.9%
Services:						
Consulting	\$ 223,648	\$ 2,694,650	\$ 2,865,005	\$ 1,244,745	\$ (1,449,905)	-53.8%
Insurance	148,700	406,240	295,635	391,040	(15,200)	-3.7%
Landfill Service Fees	1,208,569	1,208,745	1,106,045	1,225,175	16,430	1.4%
Maintenance	930,373	2,615,210	2,114,935	3,260,285	645,075	24.7%
Power	2,567,687	2,451,500	2,587,700	2,553,800	102,300	4.2%
Shared Services	6,498,965	7,958,235	7,984,635	7,929,125	(29,110)	-0.4%
Other	2,316,950	2,351,830	1,899,360	1,947,450	(404,380)	-17.2%
Total Services	\$ 13,894,891	\$ 19,686,410	\$ 18,853,315	\$ 18,551,620	\$ (1,134,790)	-5.8%
Capital Outlay	\$ 346,437	\$ 623,400	\$ 562,185	\$ 695,200	\$ 71,800	11.5%
Escrow	\$ 2,130,075	\$ 1,087,240	\$ 1,319,240	\$ 1,460,505	\$ 373,265	34.3%
Capital Imp. Fund	\$ 875,000	\$ 245,000	\$ 245,000	\$ 1,910,000	\$ 1,665,000	679.6%
Contingency	\$ 200,000	\$ 247,500	\$ 247,500	\$ -	\$ (247,500)	-100.0%
Debt Service	\$ 27,064,815	\$ 28,426,760	\$ 28,426,760	\$ 33,107,605	\$ 4,680,845	16.5%
Total Expenses	\$ 57,755,879	\$ 64,479,840	\$ 63,828,530	\$ 71,078,880	\$ 6,599,040	10.2%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%

The FY24 Amended Budget for expenditures totals \$63,828,530, which is \$651,310 or 1.0% less than the FY24 Original Budget of \$64,479,840. The primary drivers for a decreased Amended Budget related to lower planned Pipeline Maintenance, Other Services, Landfill Service Fees and Machinery purchases. Some of these savings were used to offset increases to Power and Special Studies & Reports.

For the FY25 Proposed Budget, the total expenditures for Small Systems facilities requested are \$71,078,880, which is \$6,599,040 or 10.2% greater than the FY24 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$877,170 driven by the five new positions for the Small Plants System.
- Increase in Supplies of \$313,250 in Computer Supplies for the Wastewater Pretreatment Department to replace the existing compliance tracking software. Electrical Supplies also increased in Stewart Creek WWTP to replace belt press motors and replace inventory Programmable Logic Controller (PLC) parts, and in Muddy Creek WWTP to install Total Suspended Solids (TSS) probes on the Return Activated Sludge (RAS) line and repair or replace other plant system parts.
- Decrease in Services of (\$1,134,790) primarily due to no budgeted expenses in Engineering & Consultant Services across all the Small System plants.
- Increase in Debt Service/Capital Improvement of \$6,345,845 is the net result of the following:
 - Transfers to Capital Improvement Fund in the Lower East Fork and Mustang Creek Interceptors to pay for planned capital projects
 - Bond issue for Stewart Creek West WWTP Plant I Rehabilitation and Expansion to 15 MGD
 - Bond issue for Panther Creek WWTP Expansion to 15 MGD
 - Bond issue for Buffalo Creek Parallel Interceptor Phase II
 - Increased FY25 debt service payment for Sabine Creek WWTP

SMALL SYSTEM EXPENDITURES



Revenues and Expenditures

Below is a summary, by facility, of the Small Systems FY24 Original and Amended Budgets and the Proposed FY25 Budget.

	2022-23 Actual	2023-24 Original	2023-24 Amended	2024-25 Proposed
Water Facilities:				
Little Elm Water Transmission Facilities *	\$ 6,020	\$ -	\$ -	\$ -
Plano Water Transmission Facilities	266,251	1,750,055	1,750,055	30,430
Kaufman 4-1 Water Distribution Facilities	130,646	164,500	158,770	112,790
Rockwall-Heath Water Storage Facilities	237,368	160,845	160,845	5,100
Terrell Water Transmission Facilities	742,486	743,850	743,850	731,815
Rockwall Water Pump Station Facilities	174,161	175,455	175,455	114,670
Total	\$ 1,556,933	\$ 2,994,705	\$ 2,988,975	\$ 994,805
Wastewater Facilities:				
South Rockwall WWTP	\$ 1,852,450	\$ 2,069,335	\$ 2,231,010	\$ 2,126,060
North Rockwall WWTP	891,254	978,175	922,180	1,070,680
Panther Creek WWTP	10,448,311	11,076,440	11,050,235	15,666,050
Sabine Creek WWTP	7,198,977	6,828,810	7,067,750	8,218,200
Stewart Creek WWTP	11,604,878	11,873,195	11,390,645	12,628,535
Muddy Creek WWTP	10,206,256	11,361,000	11,065,150	12,207,130
Seis Lagos WWTP	377,450	420,565	424,950	473,170
Farmersville WWTP **	639,131	832,075	793,950	-
Lavon WWTP	579,708	583,525	659,805	698,865
Total	\$ 43,798,415	\$ 46,023,120	\$ 45,605,675	\$ 53,088,690
Interceptor Facilities:				
Forney Interceptor	\$ 597,338	\$ 610,840	\$ 720,940	\$ 765,020
Lower East Fork Interceptor	2,062,112	2,952,015	2,816,400	2,561,130
Muddy Creek Interceptor	302,455	182,485	138,290	158,165
Parker Creek Interceptor	450,674	445,245	425,540	404,445
Sabine Creek Interceptor	100,596	358,000	249,510	67,180
Buffalo Creek Interceptor	4,448,419	5,339,530	5,207,785	7,106,120
McKinney Interceptor	87,793	52,975	31,465	49,800
Mustang Creek Interceptor	2,706,487	3,491,660	3,643,045	3,773,155
Parker Creek Parallel Interceptor	259,218	264,340	255,830	260,245
Total	\$ 11,015,091	\$ 13,697,090	\$ 13,488,805	\$ 15,145,260
Other:				
Wastewater Pretreatment Program	\$ 1,385,441	\$ 1,764,925	\$ 1,745,075	\$ 1,850,125
Total	\$ 1,385,441	\$ 1,764,925	\$ 1,745,075	\$ 1,850,125
TOTAL	\$ 57,755,879	\$ 64,479,840	\$ 63,828,530	\$ 71,078,880

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

** NTMWD will not operate the Farmersville WWTP beginning in FY25

REGIONAL SOLID WASTE SYSTEM

REGIONAL SOLID WASTE SYSTEM

NORTH TEXAS MUNICIPAL WATER DISTRICT

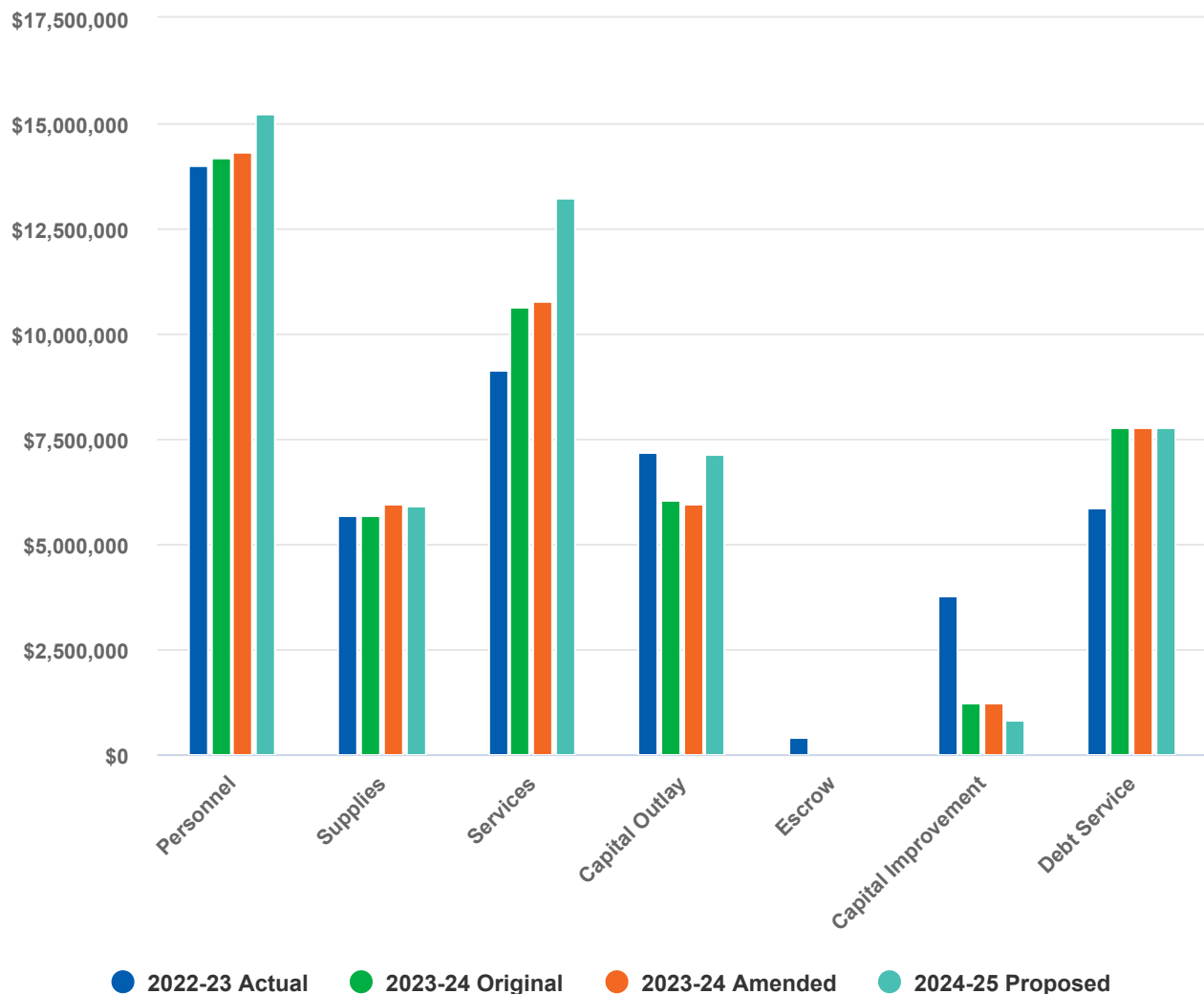
Revenues and Expenses	2022-23	2023-24	2023-24	2024-25	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Solid Waste Sales:						
Member Sales	\$ 25,418,409	\$ 26,400,650	\$ 26,309,370	\$ 26,858,880	\$ 458,230	1.7%
Customer Sales	10,982,119	10,330,410	11,591,300	10,433,715	103,305	1.0%
Composting - Solid Waste	581,946	813,390	654,390	720,000	(93,390)	-11.5%
Landfill Sludge Disp Svc Fee	3,706,997	3,901,655	3,960,285	4,228,750	327,095	8.4%
Total Solid Waste Sales	\$ 40,689,471	\$ 41,446,105	\$ 42,515,345	\$ 42,241,345	\$ 795,240	1.9%
Total Other Revenues	\$ 5,086,743	\$ 3,881,375	\$ 3,317,655	\$ 7,711,980	\$ 3,830,605	98.7%
Interest Income	\$ 280,593	\$ 221,250	\$ 170,495	\$ 153,445	\$ (67,805)	-30.6%
Total Revenues	\$ 46,056,807	\$ 45,548,730	\$ 46,003,495	\$ 50,106,770	\$ 4,558,040	10.0%
Expenses						
Personnel:						
Salaries	\$ 8,978,262	\$ 9,151,910	\$ 9,196,140	\$ 9,661,165	\$ 509,255	5.6%
Other	5,015,845	5,052,210	5,130,315	5,570,055	517,845	10.2%
Total Personnel	\$ 13,994,107	\$ 14,204,120	\$ 14,326,455	\$ 15,231,220	\$ 1,027,100	7.2%
Supplies:						
Fuel	\$ 2,603,835	\$ 2,242,905	\$ 2,302,905	\$ 2,254,265	\$ 11,360	0.5%
Chemicals	48,813	145,600	147,600	284,000	138,400	95.1%
Other	3,029,617	3,275,050	3,500,570	3,388,040	112,990	3.5%
Total Supplies	\$ 5,682,266	\$ 5,663,555	\$ 5,951,075	\$ 5,926,305	\$ 262,750	4.6%
Services:						
Consulting	\$ 731,752	\$ 697,500	\$ 640,700	\$ 981,600	\$ 284,100	40.7%
Insurance	356,537	443,680	465,710	461,855	18,175	4.1%
Maintenance	811,431	1,372,775	1,356,885	1,372,250	(525)	0.0%
Power	205,422	182,300	266,400	218,400	36,100	19.8%
Shared Services	3,147,454	4,130,645	4,102,645	6,208,760	2,078,115	50.3%
Other	3,886,418	3,820,405	3,950,290	3,972,890	152,485	4.0%
Total Services	\$ 9,139,014	\$ 10,647,305	\$ 10,782,630	\$ 13,215,755	\$ 2,568,450	24.1%
Capital Outlay	\$ 7,189,615	\$ 6,037,000	\$ 5,946,585	\$ 7,142,000	\$ 1,105,000	18.3%
Escrow	\$ 390,000	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Improvement Fund	\$ 3,781,000	\$ 1,220,000	\$ 1,220,000	\$ 820,000	\$ (400,000)	-32.8%
Debt Service	\$ 5,880,805	\$ 7,776,750	\$ 7,776,750	\$ 7,771,490	\$ (5,260)	-0.1%
Total Expenses	\$ 46,056,807	\$ 45,548,730	\$ 46,003,495	\$ 50,106,770	\$ 4,558,040	10.0%
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	-

The FY24 Amended Budget for expenditures and revenues totals \$46,003,495, which is \$454,765 or 1.0% greater than the FY24 Original Budget of \$45,548,730. The Amended Budget reflects the addition of appropriations to allow for carry over from FY23 purchases that were ordered and encumbered, but not received during the prior year. Limited funds not used in prior year were set aside for this purpose in accordance with our financial policies. Other Revenues are higher due to the sale of surplus land. These excess funds will be used to pay for future capital improvements.

For the FY25 Annual Budget, the total RSWS expenditures are \$50,106,770, which is \$4,558,040 or 10.0% greater than the FY24 Original Budget. Major budget variances are explained below:

- Increase in Personnel of \$1,027,100 due to higher salary/benefit costs and 2 additional headcount.
- Increase in Supplies of \$262,750 driven by an increase in Chemicals at 121 RDF due to the installation of 5 additional perimeter odor control machines as well as installation of thermal cameras and traffic sensors at the Transfer Stations.
- Increase in Services of \$2,568,450 due to an increase in cell construction design, construction quality assurance, concrete work and force main cleanout at 121 RDF.
- Increase in Capital Outlay of \$1,105,000 driven by landfill development and construction this year.
- Decrease in Debt Service/Capital Improvement Transfers of \$(405,260) which relate to utilizing additional cash to pay for capital projects over the next few years.

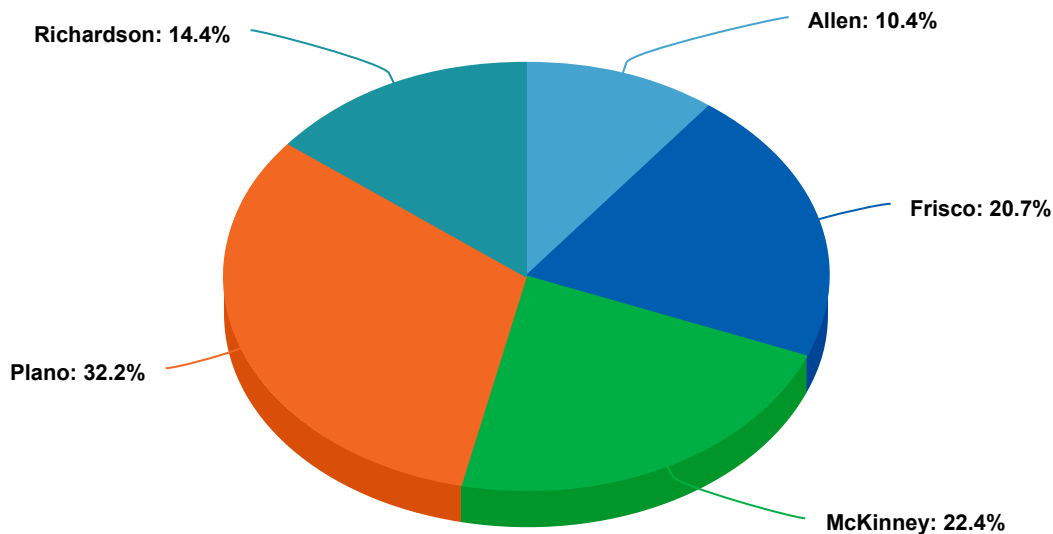
RSWS EXPENDITURES



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 689,471 tons of waste will be processed in FY24 and 702,191 tons in FY25.

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 FY25 are \$26,858,880 after deducting customer landfill fees, composting revenues, gas collection royalties, sludge disposal fees, interest and other revenue in the estimated amount of \$23,247,890 from the proposed budget of \$50,106,770.

	2022-23		2023-24		2023-24		2024-25	
Cities	Actuals		Original Budget		Amended Budget		Proposed Budget	
Allen	\$	2,574,818	\$	2,572,235	\$	2,693,323	\$	2,781,892
Frisco		4,924,408		5,368,110		5,355,470		5,569,445
McKinney		5,764,515		6,049,704		5,904,880		6,007,791
Plano		8,472,511		8,548,616		8,528,486		8,644,524
Richardson		3,682,158		3,861,985		3,827,211		3,855,228
Total	\$	25,418,409	\$	26,400,650	\$	26,309,370	\$	26,858,880
Tonnage		675,585		690,234		689,471		702,191
Cost per ton	\$	37.62	\$	38.25	\$	38.16	\$	38.25

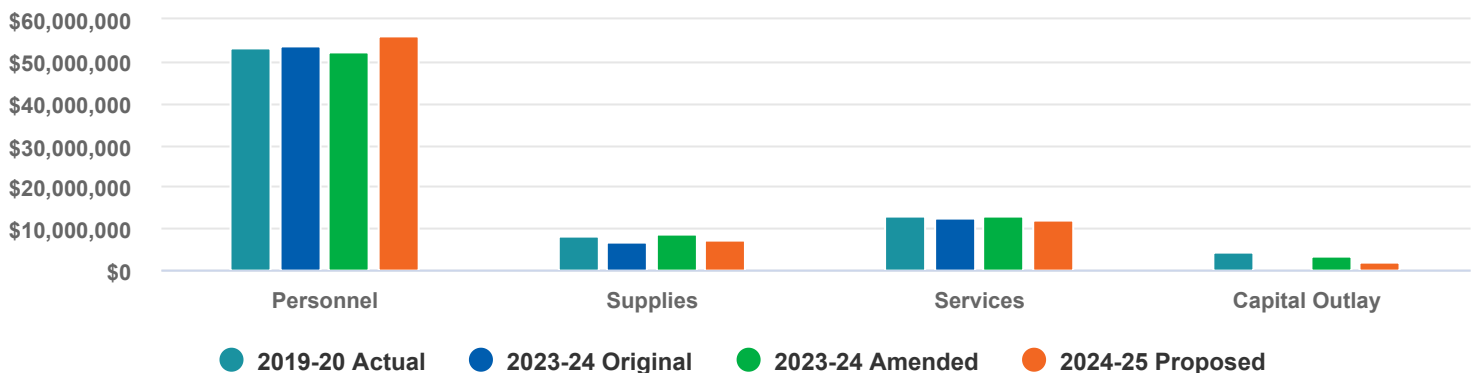
SHARED SERVICE FUNDS

SHARED SERVICE FUNDS

NORTH TEXAS MUNICIPAL WATER DISTRICT

Revenues and Expenses	2022-23	2023-24	2023-24	2024-25	Variance \$	Variance %
	Actual	Original Budget	Amended Budget	Proposed Budget	To Original Budget	To Original Budget
Revenues						
Shared Service Revenue	\$ 78,478,990	\$ 79,170,375	\$ 83,069,565	\$ 83,883,605	\$ 4,713,230	6.0%
Interest Income	\$ 202,443	\$ 124,865	\$ 154,405	\$ 138,965	\$ 14,100	11.3%
Total Revenues	\$ 78,681,433	\$ 79,295,240	\$ 83,223,970	\$ 84,022,570	\$ 4,727,330	6.0%
Expenses						
Personnel:						
Salaries	\$ 34,259,656	\$ 39,055,435	\$ 37,786,400	\$ 40,675,750	\$ 1,620,315	4.1%
Other	18,972,373	21,062,650	20,907,760	22,112,545	1,049,895	5.0%
Total Personnel	\$ 53,232,029	\$ 60,118,085	\$ 58,694,160	\$ 62,788,295	\$ 2,670,210	4.4%
Supplies:						
Fuel	\$ 679,161	\$ 561,255	\$ 452,390	\$ 550,760	\$ (10,495)	-1.9%
Chemicals	-	20,495	-	20,495	-	0.0%
Other	7,523,812	6,480,130	8,321,770	6,861,185	381,055	5.9%
Total Supplies	\$ 8,202,973	\$ 7,061,880	\$ 8,774,160	\$ 7,432,440	\$ 370,560	5.2%
Services:						
Consulting	\$ 2,714,510	\$ 3,415,470	\$ 3,272,975	\$ 2,521,520	\$ (893,950)	-26.2%
Insurance	521,991	523,440	667,000	852,650	329,210	62.9%
Maintenance	3,603,830	2,773,595	3,289,605	1,824,465	(949,130)	-34.2%
Power	181,061	143,800	128,800	143,800	-	0.0%
Shared Services	-	25,000	25,000	-	(25,000)	-100.0%
Other	5,894,018	6,279,410	6,073,750	7,258,260	978,850	15.6%
Total Services	\$ 12,915,411	\$ 13,160,715	\$ 13,457,130	\$ 12,600,695	\$ (560,020)	-4.3%
Capital Outlay	\$ 4,423,812	\$ 40,000	\$ 3,413,225	\$ 2,163,000	\$ 2,123,000	5307.5%
Total Expenses	\$ 78,774,226	\$ 80,380,680	\$ 84,338,675	\$ 84,984,430	\$ 4,603,750	5.7%
Net Revenues	\$ (92,793)	\$ (1,085,440)	\$ (1,114,705)	\$ (961,860)	\$ 123,580	-11.4%

SHARED SERVICES FUND EXPENDITURES BY CATEGORY



The FY24 Amended Budget for expenditures totals \$84,338,675 which is \$3,957,995 or 4.9% greater than the Original Budget of \$80,380,680 . The increase is related to capital purchases that were moved forward from FY25 into the FY24 budget using available contingency funds to offset the increase.

Shared Service Funds expenditures for FY25 are \$84,984,430 which is \$4,603,750 or 5.7% greater than the FY24 Budget. Major budget variances are explained below:

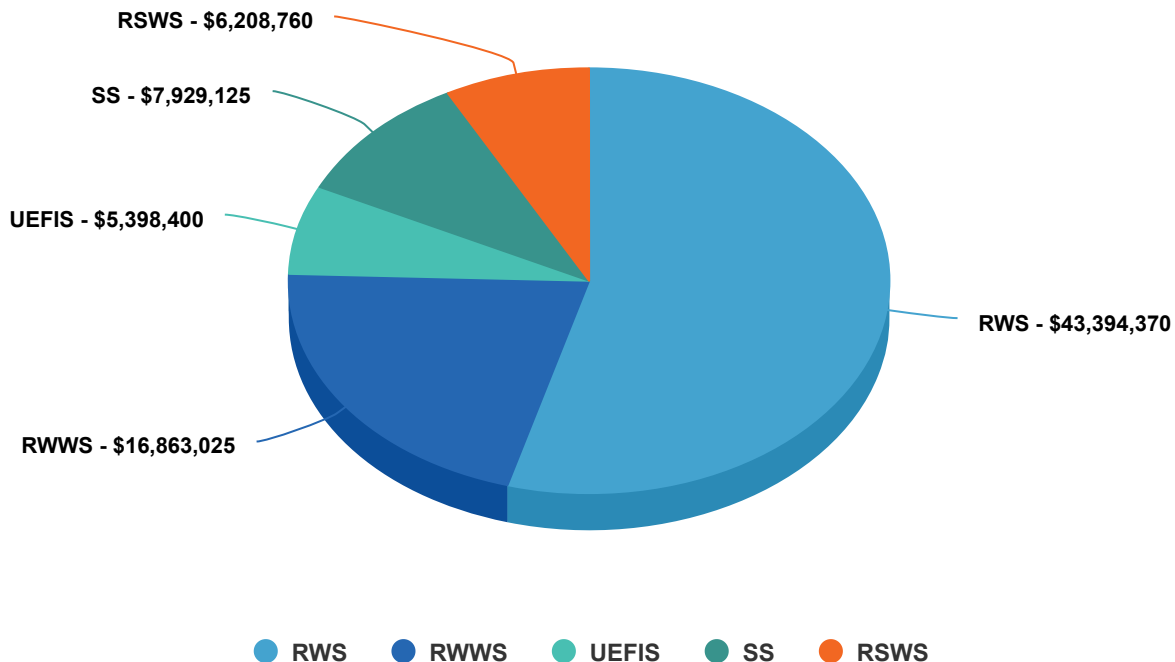
- Increase of \$2,670,210 for Personnel due to higher wages and insurance costs and to fund eight new positions for various Shared Services departments.
- Decrease of (\$560,020) in Services for several maintenance accounts related to shifting costs directly over to the Operating Systems versus allocating the costs as in the past. The Engineering department has reduced the amount being requested for outside Engineering/Consulting Services.
- Increase in Supplies of \$370,560 primarily for computer supplies driven by computer replacements and spending tied to cybersecurity initiatives. Some of these additional supply costs are offset by shifting costs directly over to the Regional Water System versus allocating the costs as in the past.
- Increase of \$2,123,000 in Capital Outlay driven by vehicle, laboratory and non-vehicle equipment purchases. In the prior year, these costs were paid for via the contingency fund and therefore were not reflected in the budget.

Cost Allocation

The Shared Service Funds are internal service funds and all expenses must be allocated to the Operating Systems. Costs are allocated indirectly. 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 and must be allocated using a metric such as the system's budget size compared to all budgets. Each year, as part of the budgeting process, the District reviews its indirect cost allocations to ensure that appropriate Shared Service funds 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.

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

PROPOSED ALLOCATED EXPENSES



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APPENDIX

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2024-25
BUDGET RESOLUTION

NORTH TEXAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 24-30

A RESOLUTION APPROVING APPROPRIATIONS FOR THE 2024-25 ALL SYSTEMS ANNUAL BUDGET, AMENDING THE 2023-24 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 2024-25 ALL SYSTEMS ANNUAL BUDGET BE APPROVED AS SUBMITTED BY THE EXECUTIVE DIRECTOR FOR THE FISCAL YEAR OCTOBER 1, 2024 THROUGH SEPTEMBER 30, 2025. 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 2024-25 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.

	2023-24 Amended Budget	2024-25 Proposed Budget
<u>By System:</u>		
Regional Water System	\$ 474,531,055	\$ 505,383,370
Regional Wastewater System	106,747,600	128,263,610
Upper East Fork Interceptor System	54,529,790	65,443,240
Regional Solid Waste System	46,003,495	50,106,770
Plano Water Transmission Facilities	1,750,055	30,430
Kaufman Four-One Water Distribution Facilities	158,770	112,790
Rockwall-Heath Water Storage Facilities	160,845	5,100
Terrell Water Transmission Facilities	743,850	731,815
Rockwall Water Pump Station Facilities	175,455	114,670
South Rockwall (Buffalo Creek) Wastewater Treatment Plant	2,231,010	2,126,060
North Rockwall (Squabble Creek) Wastewater Treatment Plant	922,180	1,070,680
Panther Creek Wastewater Treatment Plant	11,050,235	15,666,050
Sabine Creek Wastewater Treatment Plant	7,067,750	8,218,200
Stewart Creek Wastewater Treatment Plant	11,390,645	12,628,535
Muddy Creek Wastewater Treatment Plant	11,065,150	12,207,130
Seis Lagos Wastewater Treatment Plant	424,950	473,170
Farmersville Wastewater Treatment Plant	793,950	-
Lavon (Bear Creek) Wastewater Treatment Plant	659,805	698,865
Forney Interceptor	720,940	765,020
Lower East Fork Interceptor	2,816,400	2,561,130
Muddy Creek Interceptor	138,290	158,165

	2023-24 Amended Budget	2024-25 Proposed Budget
<u>By System (continued):</u>		
Parker Creek Interceptor	\$ 425,540	\$ 404,445
Sabine Creek Interceptor	249,510	67,180
Buffalo Creek Interceptor	5,207,785	7,106,120
McKinney Creek Interceptor	31,465	49,800
Mustang Creek Interceptor	3,643,045	3,773,155
Parker Creek Parallel Interceptor	255,830	260,245
Wastewater Pretreatment Program	1,745,075	1,850,125
Total	<u>\$ 745,640,470</u>	<u>\$ 820,275,870</u>

	Amended Budget	Proposed Budget
<u>By Character:</u>		
Personnel	\$ 121,230,610	\$ 131,019,410
Supplies	112,792,240	114,657,535
Services	116,420,555	118,994,865
Capital Outlay	16,009,625	18,862,000
Escrow	1,654,810	1,460,505
Capital Improvement	57,598,330	41,753,700
Debt Service	319,934,300	393,527,855
Total	<u>\$ 745,640,470</u>	<u>\$ 820,275,870</u>

- The Amended Budget, as set forth in the 2024-25 All Systems Annual Budget Document, shall be approved as the authorized Amended Budget for the 2023-24 Fiscal Year and the Proposed Budget, as set forth in the 2024-25 All Systems Annual Budget Document, shall be approved as the authorized Budget for the 2024-25 Fiscal Year.
- The Salary Plan as set forth in the 2024-25 All Systems Annual Budget Document shall be applicable to all District employees and salaries shall be paid during the 2024-25 Fiscal Year in biweekly payments (every two weeks).
- The Executive Director / General Manager's annual total compensation shall be set by the Board of Directors.
- The annual total compensation for the Assistant General Managers 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.
- 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 4.5% of their current annual salary.

SECTION B - CHARGES FOR SERVICE

- The following minimum annual demands and water rates shall be applicable during the 2024-25 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	6,391,868	\$ 3.85	\$ 24,608,692	\$ 0.69
Farmersville	289,310	3.85	1,113,844	0.69
Forney	3,121,740	3.85	12,018,699	0.69
Frisco	15,361,025	3.85	59,139,946	0.69
Garland	12,717,976	3.85	48,964,208	0.69
McKinney	12,725,939	3.85	48,994,865	0.69
Mesquite	7,675,216	3.85	29,549,582	0.69

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	24,722,595	\$ 3.85	\$ 95,181,991	\$ 0.69
Princeton	1,738,012	3.85	6,691,346	0.69
Richardson	10,496,968	3.85	40,413,327	0.69
Rockwall	4,985,531	3.85	19,194,294	0.69
Royse City	1,018,122	3.85	3,919,770	0.69
Wylie	2,059,844	3.85	7,930,399	0.69
Total Members	103,304,146		\$ 397,720,962	
Customers:				
Ables Springs SUD	123,957	\$ 3.90	\$ 483,432	c
Bear Creek SUD	578,372	3.90	2,255,651	c
BHP WSC	176,616	3.90	688,802	c
Bonham	640,000	3.85 a	2,464,000	b
Caddo Basin SUD	528,645	3.90	2,061,716	0.74
Cash SUD	360,572	3.90	1,406,231	c
College Mound SUD	68,236	3.90	266,120	c
Copeville SUD	154,235	3.90	601,517	0.74
East Fork SUD	752,166	3.90	2,933,447	0.74
Fairview	1,036,186	3.90	4,041,125	c
Fate	1,038,193	3.90	4,048,953	c
Forney Lake WSC	673,050	3.90	2,624,895	c
Gastonia Scurry SUD	110,490	3.90	430,911	c
GTUA	1,664,203	3.90	6,490,392	c
Josephine	279,591	3.90	1,090,405	c
Kaufman	465,043	3.90	1,813,668	c
Kaufman Four-One	593,832	3.90	2,315,945	0.74
Little Elm	1,935,007	3.90	7,546,527	b
Lucas	753,732	3.90	2,939,555	0.74
Melissa	350,960	3.90	1,368,744	0.74
Milligan WSC	148,163	3.90	577,836	c
Mt. Zion WSC	145,387	3.90	567,009	c
Murphy	1,661,494	3.90	6,479,827	0.74
Nevada SUD	163,991	3.90	639,565	c
North Collin SUD	503,010	3.90	1,961,739	c
Parker	682,782	3.90	2,662,850	0.74
Prosper	3,405,723	3.90	13,282,320	c
Rose Hill SUD	136,382	3.90	531,890	c
Rowlett	3,192,039	3.90	12,448,952	b
Sachse	1,332,153	3.90	5,195,397	0.74
Seis Lagos Utility District	168,359	3.90	656,600	0.74
Sunnyvale	813,205	3.90	3,171,500	b
Terrell	1,577,322	3.90	6,151,556	b
Wylie N.E. SUD	457,201	3.90	1,783,084	c
Total Customers	26,670,297		\$ 103,982,158	
Total	129,974,443		\$ 501,703,120	

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 \$3.90 / 1,000 gallons.

RETAIL TREATED WATER RATES - RESIDENTIAL

Minimum - First 2,000 Gallons	\$15.00
From 2,000 to 10,000 Gallons	\$7.80 per 1,000 Gallons
From 10,000 to 20,000 Gallons	\$9.68 per 1,000 Gallons
Above 20,000 Gallons	\$12.09 per 1,000 Gallons
Reconnect Fees	\$30.00

RETAIL TREATED WATER RATES - COMMERCIAL

From 0 to 10,000 Gallons	\$7.74 per 1,000 Gallons
Above 10,000 Gallons	\$9.68 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 2024-25 Fiscal Year.

BOIS D'ARC LAKE FEES

SHORELINE LEASE AND USE AGREEMENT

Activity / Facility	Application 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

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 2024-25 Fiscal Year.

121 REGIONAL DISPOSAL FACILITY CHARGES

- I. All Vehicles - \$50.00 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
 - For vehicles exiting the landfill after 5:30p.m. (M-F) and 3:30p.m. (Sat) - \$100
- 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 \$31.74 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 - \$70.00 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 26, 2024, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD.

DONALD IMRIE, SECRETARY

GEORGE CRUMP, PRESIDENT