NORTH TEXAS MUNICIPAL WATER DISTRICT
WYLIE, TEXAS
RETIREMENT PLAN FOR EMPLOYEES

FINANCIAL STATEMENTS

YEAR ENDED
DECEMBER 31, 2024

AS PREPARED BY THE

NTMWD ACCOUNTING DEPARTMENT

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INDEPENDENT AUDITOR'S REPORT

To the Retirement Committee
North Texas Municipal Water District
Wylie, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Texas Municipal Water District Retirement Plan for Employees (the Plan), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Plan, as of December 31, 2024, and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability and Related ratios, Schedule of Employer Contributions, and Money-Weighted Rate of Return as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Crowe LLP

Crowe LLP

Dallas, Texas
June 27, 2025

Management's Discussion and Analysis (Unaudited)

This section of the report presents Management's Discussion and Analysis ("MD&A") of the North Texas Municipal Water District ("the District") Retirement Plan for Employees ("the Plan") financial performance. This analysis provides an overview of the financial activities and funding conditions for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in this report.

Financial Highlights

The Plan's net results from operations for the year ended December 31, 2024 reflected the following financial activities:

- The assets of the Plan exceeded its liabilities as of December 31, 2024, by $149,871,541 (net position). The net position is held exclusively for the benefit of the members, retirees, and beneficiaries of the Plan.
- During the year ended December 31, 2024, the Retirement Plan's net position increased by $17,977,984, or 13.6%. Increases in net position came from contributions from the District and employees and net investment income. Decreases came from benefits payments to retirees and their beneficiaries, and refunds of employee contributions.
- Total contributions for the year were $15,417,653, which was 5% greater than 2023 contributions primarily due to increased required employer contributions per the actuarial calculation. The amount of employer contributions varies from year to year and is actuarially determined.
- Net investment income was $12,422,364, which was 7% lower than the 2023 earnings, with the decrease due primarily to less favorable market conditions.
- Benefits paid, including refunds of employee contributions, were $9,862,033, which was 9% greater than the benefits paid during 2023 with the increase due primarily to new retirees receiving benefits.

Overview of the Financial Statements

The financial section of this annual report consists of four parts: MD&A, the financial statements, notes to the financial statements, and required supplementary information.

The financial statements provide both long-term and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and are intended to furnish additional detail to support the financial statements. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Plan are included in the Statement of Fiduciary Net Position.

The Statement of Fiduciary Net Position reports fiduciary net position and how it has changed. Net position is the difference between the assets and any related liabilities. It is one measurement of the financial health or current position of the Plan.

Financial Analysis

As stated earlier, net position of the Plan is to be used exclusively for the benefit of the participants and retirees of the Plan and their beneficiaries, and for defraying reasonable operating expenses of the Plan. The net position of the Plan is invested in a diversified portfolio consisting of cash and cash equivalents, equity and fixed income marketable securities. The portfolio is designed to produce returns sufficient to meet the actuarial assumptions at risk levels that meet the Plan's risk tolerances.

Below is a schedule of the assets, liabilities, and net position as of December 31, 2024, compared to the information as reported as of December 31, 2023.

	As of December 31	
	2023	2024
Cash and Cash Equivalents	$ 6,223,971	$ 6,399,360
Investments	125,669,586	143,472,181
Total Assets	131,893,557	149,871,541
Accounts Payable and Accrued Liabilities	-	-
Total Liabilities	-	-
Net position restricted for pension benefits	$ 131,893,557	$ 149,871,541

The Plan continues to be evaluated for actuarial soundness by the actuary of the Plan. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

Fiduciary Net Position at December 31, 2024 was $149,871,541, a 13.63% increase from the Fiduciary Net Position at December 31, 2023. Total investments at December 31, 2024 were $143,472,181, a 14.16% increase from the investments at December 31, 2023.

The Plan's two sources of income are contributions received from the District and the active members of the Plan and investment earnings on the funds that have accumulated over the years. The Plan's cash flow needs are provided for out of the contributions that are received and from the earnings on invested assets of the Plan. The expected long-term investment return or the actuarially assumed rate of 7.25% is necessary to maintain the Plan's Net Position sufficiently to meet the obligations of the Plan.

The Plan's obligations are mainly the benefits paid to its retired members.

Below is a schedule of additions, deductions, and the change in Net Position for the year ended December 31, 2024, compared to the year ended December 31, 2023:

	As of December 31	
	2023	2024
Additions		
Contributions:		
Employer	$ 13,471,420	$ 13,899,995
Member	1,220,906	1,517,658
Total contributions	14,692,326	15,417,653
Investment income:		
Net appreciation in market value of investments	9,407,631	6,022,896
Interest income	1,145,812	1,322,539
Dividend income	3,142,895	5,463,787
Less investment expenses	(336,994)	(386,858)
Net investment income	13,359,344	12,422,364
Total additions	28,051,670	27,840,017
Deductions		
Benefit payments including refunds of employee contributions	8,657,870	9,862,033
Total deductions	8,657,870	9,862,033
Net increase/(decrease) in Fiduciary Net Position	19,393,800	17,977,984
Net Position, beginning of year	112,499,757	131,893,557
Net Position, end of year	$ 131,893,557	$ 149,871,541

Retirement Plan for Employees of North Texas Municipal Water District

January 1, 2024

Valuation Date	1/1/2024
Plan Year Ending	12/31/2024
Membership	
Active employees	923
Inactive employees entitled to but not yet receiving benefits (Vested Terminated)	215
Inactive employees entitled to but not yet receiving benefits (Nonvested Terminated)*	115
Inactive employees or beneficiaries currently receiving benefits	302
Total	1,555

*Nonvested terminated employees whose employee contribution account balances have not yet been refunded.

December 31, 2024

Covered Payroll	$ 78,958,000
Net Pension Liability	
Total Pension Liability	$ 250,659,563
Plan Fiduciary Net Position	149,871,541
Net Pension Liability	$ 100,788,022
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.79%
Net Pension Liability as a Percentage of Covered Payroll	127.65%
Development of the Single Discount Rate	
Applicable GASB No. 67 Discount Rate	7.25%
Investment Rate of Return - (Including inflation, net of pension plan investment expense)	7.25%
Long-term municipal bond rate	N/A
Year when the plan fiduciary net position is projected to no longer be sufficient to make projected benefit payments	N/A

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 6,399,360
Investments	143,472,181
TOTAL ASSETS	149,871,541
LIABILITIES	
Accrued expenses and benefits payable	-
TOTAL LIABILITIES	-
NET POSITION:	
Restricted for pension benefits	149,871,541
TOTAL NET POSITION	$ 149,871,541

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024

		Pension Trust Fund
Additions:		
Contributions:		
Employer	$	13,899,995
Member		1,517,658
Total contributions		15,417,653
Net investment income:		
Interest and dividends		6,786,326
Net increase in fair value of investments		6,022,896
Less investment expenses:		
Direct investment expense		386,858
Total investment expenses		386,858
Net investment income		12,422,364
Total Additions		27,840,017
Deductions:		
Service benefits		9,862,033
Total Deductions		9,862,033
Net increase (decrease)		17,977,984
Net position		
Beginning of year		131,893,557
End of year	$	149,871,541

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Texas Municipal Water District ("the District") Retirement Plan for Employees ("the Plan") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Plan's significant accounting policies are described below.

Reporting Entity and Basis of Presentation

The Plan is a fiduciary blended component unit of the District pursuant to GASB Statement Nos. 61 and 84 and is included in the District's fiduciary fund statements. The Plan is administered by the District's Executive Director/ General Manager.

Fiduciary funds are used to account for assets held on behalf of outside parties. The Plan reports the following fiduciary fund:

> ***Pension Trust Fund.*** This fund accounts for the operations of the retirement benefits. The Pension Trust is reported on a calendar year basis as of December 31, 2024, which reflects the trusts' measurement date.

Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting.* Employer and member contributions are recognized as revenue in the period in which participant services are performed. Benefit payments are recorded in the period they are due and payable.

Funding Policy

The Plan utilizes a funding policy that determines the Normal Cost and Accrued Liability using the Entry Age Normal (EAN) funding method. The UAL is the difference between this EAN Accrued Liability and the Actuarial Value of Plan Assets as of the valuation date. Prior to the 2023 plan year, the employer's funding policy was based on an annual Actuarially Determined Contribution (ADC) sufficient to fund the sum of the Normal Cost under the EAN funding method and a level dollar amortization of the UAL over a closed 30-year period that began January 1, 2014.

In 2023, the District adopted a new funding policy effective with the January 1, 2023 valuation. The new funding policy requires an annual ADC sufficient to fund the sum of the Normal Cost under the EAN funding method and a level percentage of pay amortization of the UAL utilizing a closed period, layered amortization approach. The UAL comprises various sources, and under the layered amortization approach each component source of UAL is amortized over a separate closed period.

Cash and Cash Equivalents

All highly liquid investments (including restricted assets) with original maturities of three months or less when purchased are considered to be cash equivalents.

Investments

All of the Plan's investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* Investments in U.S. government securities are guaranteed or insured by the U.S. government. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

NOTE 2. RETIREMENT PLAN

Plan Description

The District provides a Retirement Plan for Employees of North Texas Municipal Water District (the Plan), a single employer defined benefit pension plan, for all of its eligible full-time employees. Prior to May 1, 1990, the Plan was funded by an Aetna Group Annuity Contract, a deferred annuity contract between Aetna Life Insurance Company and the District. All benefits accrued prior to May 1, 1990 remain guaranteed. Effective May 1, 1990, the Plan's method of funding changed from a deferred annuity basis to a defined benefit fund basis. The Plan is administered by the District's Executive Director/General Manager. An employee will become a participant in the Plan on the date of full-time employment.

Benefits Provided

Benefits are established and may be amended by the District's Board of Directors. Benefits provided by the Plan include retirement, disability and preretirement death benefits. The benefit formula provides for a 10-year certain and continuous annuity. Preretirement death benefits are provided as a lump sum equal to the greater of the present value of the accrued benefit or current vested wages. The benefit at retirement is calculated as follows:

- *Normal Retirement (age 65)* — 3% of career compensation plus 1% of all yearly compensation in excess of covered compensation for each year.
- *Early Retirement (over age 55 with at least 20 years of service)* — The annual accrued benefit equals the accrued benefit based on service to the early retirement date, reduced by 5% for each year a member retires before the normal retirement date. There is no reduction in benefits for a member who retires whose age plus years of service total at least 80.
- *Late Retirement (after normal retirement date)* — The benefit accrued to the late retirement date.
- *Disability (certified to be permanently and totally disabled on or after May 1, 1990)* — 60% of final average monthly compensation reduced by 64% of Social Security disability.

Employees Covered by Benefit Terms

As of December 31, 2024, the following numbers of employes were covered by the benefit terms:

Active employees	923
Inactive employees entitled to but not yet receiving benefits (Vested Terminated)	215
Inactive employees entitled to but not yet receiving benefits (Nonvested Terminated)	115
Inactive employees or beneficiaries currently receiving benefits	302
Total	1,555

Contributions

The District's annual minimum contribution is actuarially calculated. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability as set forth below. The unfunded actuarial liability is amortized using a closed period, layered amortization approach. The unfunded actuarial liability comprises various sources, and under the layered amortization approach each component source of unfunded actuarial liability is amortized over a separated closed period.

Effective January 1, 2018, employees who enter service on or after January 1, 2018 shall make mandatory contributions to the Plan at the rate of 5% of annual earnings and subject to 3.5% plan interest rate credits per year.

For the Plan year ended December 31, 2024, the District made contributions of $13,899,995, which represent 17.6% of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2024.

NOTE 2. RETIREMENT PLAN (continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2025
Measurement date	December 31, 2024
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Salary increases including inflation	2.50% to 6.5%
Mortality	Amount-weighted General Tables (i.e., PubG-2010) projected generationally using Scale MP-2021.

Many of the actuarial assumptions used in this valuation were based on the results of an actuarial experience study performed as of December 31, 2022.

Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments. This weighted-return is then increased by expected inflation and reduced by assumed investment expenses. Best estimates of geometric real rates of return for each major asset class included in the Plan's asset allocation as of December 31, 2024 are summarized in the following tables:

Asset Class	Allocation	Long-Term Expected Real Rate of Return	Target Allocation Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	4.00%	0.25%	0.010%
Fixed Income	24.00%	2.00%	0.480%
U.S. Equities	50.00%	7.25%	3.625%
International Equities	14.00%	5.25%	0.735%
Alternative Income	8.00%	4.10%	0.328%
Total	100.00%		5.178%
Real Rate of Investment Return Assumption			5.178%
Assumed Inflation			2.500%
Assumed Investment Expenses			-0.300%
Unrounded Expected Long-Term Rate of Return			7.378%
Selected Rounded Expected Long-Term Rate of Return			**7.25%**

Discount Rate

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

	December 31, 2023	December 31, 2024
Discount rate	7.25%	7.25%
Long-term expected rate of return, net of investment expense	7.25%	7.25%

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RETIREMENT PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2023	$ 233,494,405	$ 131,893,557	$ 101,600,848
Changes for the year:			
Service cost	7,769,065	-	7,769,065
Interest on Total Pension Liability	17,140,358	-	17,140,358
Differences between expected and actual experience	2,263,065	-	2,263,065
Change of benefit terms	(145,297)	-	(145,297)
Contributions - Employer	-	13,899,995	(13,899,995)
Contributions - Member	-	1,517,658	(1,517,658)
Net investment income	-	12,422,364	(12,422,364)
Benefit payments, including refunds of employee contributions	(9,862,033)	(9,862,033)	-
Administrative expenses	-	-	-
Assumption changes	-	-	-
Balances as of December 31, 2024	$ 250,659,563	$ 149,871,541	$ 100,788,022

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 137,744,216	$ 100,788,022	$ 70,471,225

NOTE 3. CASH AND INVESTMENTS

GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The balance per bank of cash on deposit in the Pension Trust Fund and the carrying value was $281,480 as of December 31, 2024. Additional cash in the amount of $2,642,456 was held by Aetna as of December 31, 2024 to cover the monthly benefit payments. See below for the details of investments held.

The assets of the Plan are administered by the District's Finance Committee of the Board of Directors. The District has contracted with Westwood Trust, Commonwealth Financial, and Aetna as ancillary trustees and custodians for the District's investments and those investments are held by each of these trustees and custodians.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. There is no formal policy relating to interest rate risk.

NOTE 4. FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

The following table presents the Plan's fair value hierarchy for investments at fair value as of December 31, 2024.

Investments	Pension Trust Fund	Quoted Prices in Active Markets for Identical Assets (Level 1)
Money Market Funds		
Fidelity Government Money Market Capital Reserves	$ 40,879(1)	N/A
Equity Funds		
American Capital Income Builder	35,670,495	35,670,495
American Income Fund of America	40,507,595	40,507,595
Largecap Value Equity - EB	8,497,345	8,497,345
LSV Emerg Mrkts Eqty - I	1,404,377	1,404,377
iShares Core S&P 500 ETF	2,810,947	2,810,947
iShares S&P Midcap 100 Index Fund	1,382,410	1,382,410
Pgim Jennison Growth Fund R6	5,548,502	5,548,502
Smidcap Value Equity - EB	2,777,182	2,777,182
RBC Emerg Mkts Equity - I	3,478,332	3,478,332
Smallcap Value Equity - EB	1,376,260	1,376,260
Vanguard FTSE Developed Markets Index Fund ETF Shares	9,791,767	9,791,767
Vanguard Scottsdal Vng Rus2000grw	2,056,850	2,056,850
Fixed Income Funds		
Core Investment Grade Bond - EB	15,166,087	15,166,087
iShares 20 Year Treasury Bond ETF	1,406,100	1,406,100
Westwood Multi-Asset Income Fund - Instl	4,294,044	4,294,044
Specialty Funds		
Westwood Alternative Income - Ultra	721,967	721,967
Income Opportunity - EB	10,016,466	10,016,466
Total Investments and Cash Equivalents	$ 146,947,605	$ 146,906,726

(1) The Pension Trust Fund is invested in a Money Market Fund (Fidelity Government Money Market Capital Reserves) which is valued at Net Asset Value and is therefore excluded from leveling above. See discussion earlier in this note regarding inputs for each level.

The Pension Trust Fund has no unfunded commitments and therefore may redeem investments at any time to pay for benefits.

NOTE 5. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position available for benefits.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 6. INCOME TAXES

The Plan is exempt from federal income taxes under the Internal Revenue Code and, accordingly no provision for federal income taxes has been made.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Plan through June 27, 2025, the date the financial statements were available to be issued.

The District Board of Directors signed Resolution 24-46 on October 24, 2024 to establish a Retirement Plan Committee which will:

- Serve as the Plan Administrator with the authority to oversee and administer the plan in accordance with applicable state and federal laws;
- Establish retirement plan policies and rules for sound governance and operation;
- Adopt investment policy statement and asset allocation for the investment of the plan assets, and monitor performance;
- Have a duty of loyalty to always act in the best interest of the retirement plan and its participants and beneficiaries; and
- Retain the services of independent investment managers, advisors, actuaries, attorneys, and other professional service providers as may be necessary to ensure the plan is administered prudently and in the best interest of participants and beneficiaries.

Effective January 1, 2025, the District amended the plan document provisions to:

- Incorporate the requirements of the "Setting Every Community Up for Retirement Enhancement" (SECURE) Act of 2019 and SECURE Act 2.0 of 2022, which raised " required minimum destitution" from 72 to age 73.
- Revise the definition of "Earnings" to include up to 80 hours of regular earnings from any two-week pay period, regardless of the employee's shift or rotation.
- Include lump-sum merit pay and lump-sum recognition awards for "employee of the year" in earnings for pension benefits.
- Require actuarial cost analysis for changes that will substantially change pension benefits.
- Establish an administrative process for applying for recognition of non-NTMWD government service credit by employees within one hundred and eighty (180) days of beginning employment with the District.
- Delegate administrative responsibilities to a retirement plans committee.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

PENSION & OPEB TREND INFORMATION (UNAUDITED)

North Texas Municipal Employee Retirement System
Schedule of Changes in Net Pension Liability (NPL) and Related Ratios
Last 10 Years
(Dollar amounts in 1,000s)

	As of the Measurement Date December 31 ,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service cost	$ 7,769	$ 6,911	$ 4,949	$ 3,726	$ 3,726	$ 3,712	$ 3,428	$ 2,897	$ 2,517	$ 3,058
Interest on TPL	17,140	15,719	13,718	12,449	12,542	10,062	9,451	8,582	7,643	6,614
Changes of benefit terms	(145)	-	-	-	13,026	-	-	(843)	-	-
Effect of economic/ demographic gains or (losses)	2,263	5,367	9,111	3,480	2,104	(1,312)	5,496	6,366	(2,503)	8,442
Effect of assumptions changes or inputs	-	-	18,540	8,389	4,794	(243)	(3,039)	(1,928)	(1,115)	(6,899)
Benefit payments	(9,862)	(8,658)	(8,307)	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)
Net change in TPL	17,165	19,339	38,011	20,620	31,135	7,469	10,819	11,568	3,450	8,599
TPL, beginning	233,495	214,156	176,145	155,525	124,390	116,921	106,102	94,534	91,085	82,486
TPL, ending (a)	$250,660	$233,495	$214,156	$176,145	$155,525	$124,390	$116,921	$106,102	$94,535	$91,085
Fiduciary Net Position (FNP)										
Employer contributions	$ 13,900	$ 13,472	$ 9,203	$ 6,300	$ 8,108	$ 6,808	$ 6,450	$ 6,765	$ 5,957	$ 4,999
Member contributions	1,517	1,221	978	783	577	347	98	-	-	-
Investment income net of investment expenses	12,422	13,359	(13,199)	14,387	8,101	15,158	(5,315)	9,686	5,284	(1,337)
Benefit payments	(9,862)	(8,658)	(8,307)	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)
Administrative expenses	-	-	-	-	-	-	-	-	-	(195)
Net change in FNP	17,977	19,394	(11,325)	14,046	11,729	17,564	(3,284)	12,944	8,149	850
FNP, beginning	131,894	112,500	123,825	109,779	98,050	80,486	83,770	70,827	62,678	61,828
FNP, ending (b)	149,871	131,894	112,500	123,825	109,779	98,050	80,486	83,771	70,827	62,678
NPL, ending = (a) - (b)	$100,789	$101,601	$101,656	$ 52,320	$ 45,746	$ 26,340	$ 36,435	$ 22,331	$23,708	$28,407
FNP as a % of TPL	59.79%	56.49%	52.53%	70.30%	70.59%	78.82%	68.84%	78.95%	74.92%	68.81%
Covered payroll	$ 78,958	$ 73,399	$ 66,021	$ 49,341	$ 53,290	$ 42,877	$ 41,022	$ 33,587	$31,778	$30,085
NPL as a % of covered payroll	127.65%	138.42%	153.98%	106.04%	85.85%	61.43%	88.82%	66.49%	74.61%	94.42%

NOTE: The District implemented GASB Statement No. 68 in FY2015. Information in this table has been determined as of the measurement date (December 31) of the NPL.

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

Changes in Methods

No methods have been updated since the previous valuation.

Changes in Assumptions

The following assumptions have been updated since the previous valuation:

Form of Payment:

Current:

Upon separation from service due to retirement, active participants are assumed to elect the normal form of payment (10-year certain and life annuity).

For active participants with an employee contribution balance, upon separation from service due to vested termination:

20% are assumed to elect a refund of their employee contribution balance and forfeit all remaining benefits.

80% are assumed to elect to receive a deferred annuity benefit commencing at age 65 in the normal form of payment

Beneficiaries of participants who separate from service due to death are assumed to receive payment in a single lump sum.

Current deferred vested participants and active participants without an employee contribution balance upon separation from service due to vested termination are assumed to elect to receive a deferred annuity benefit commencing at age 65 in the normal form of payment.

Beneficiaries of deferred vested participants who die prior to reaching retirement age are assumed to receive payment of the employee contribution balance, if any, in a single lump sum.

Prior:

Upon separation from service for causes other than death, active participants are assumed to elect the normal form of payment (10-year certain and life annuity).

Beneficiaries of participants who separate from service due to death are assumed to receive payment in a single lump sum.

Current deferred vested participants are assumed to elect to receive a deferred annuity benefit commencing at age 65 in the normal form of payment.

North Texas Municipal Employee Retirement System
Schedule of Employer Contributions
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Fiscal Year Ended September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 14,195	$ 13,324	$ 11,762	$ 9,478	$ 7,599	$ 6,510	$ 5,195	$ 5,213	$ 5,034	$ 4,600
Actual Employer Contribution	TBD	13,700	12,500	6,300	8,108	6,808	6,450	6,765	5,957	4,999
Contribution Deficiency (Excess)	TBD	(376)	(738)	3,178	(249)	(1,598)	(1,255)	(1,552)	(923)	(399)
Covered Payroll*	TBD	$ 77,774	$ 72,059	$ 58,287	$ 53,444	$ 54,413	$ 47,598	$ 33,587	$ 31,778	$ 30,085
Contributions as a % of Covered Payroll	TBD	17.62%	17.35%	10.81%	15.17%	12.51%	13.55%	20.14%	18.75%	16.62%

Notes to Schedule:

Valuation Date January 1, 2025

Actuarially determined contribution rates are calculated as of January 1, 2025 which is the most recent valuation date prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for 2025:

Actuarial cost method	Entry age
Amortization method	Level percent, layered closed periods
Remaining amortization period	Layered amortization with weighted-average remaining amortization period of 19.1 years
Asset valuation method	5-year smoother market value
Inflation	2.50%
Salary increases	2.50% to 6.50%, including inflation
Investment rate of return	7.25% net of pension plan investment expenses, including inflation
Retirement age	Rates that vary by age
Mortality	Amount-weighted General Tables (i.e. PubG-2010) projected generationally using Scale MP-2021 mortality improvement rates

* Covered payroll for 2019-2025 is for the fiscal year period ended September 30. Covered payroll for 2016-2018 is for the fiscal year period ending December 31 within each year.

North Texas Municipal Employee Retirement System
Money-Weighted Rate of Return
Fiscal Year Ended September 30

Fiscal Year Ended September 30	Net Money-Weighted Rate of Return
2016	-2.15%
2017	8.36%
2018	13.48%
2019	-6.29%
2020	18.56%
2021	8.18%
2022	13.16%
2023	-10.58%
2024	11.64%
2025	9.20%