PRELIMINARY OFFICIAL STATEMENT

Dated June 16, 2025

Ratings:
Moody's: "Aa1"
S&P: "AAA"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.

$884,590,000*
NORTH TEXAS MUNICIPAL WATER DISTRICT
WATER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2025

Dated Date: June 15, 2025 **Due: September 1, as shown on page 2**
Interest Accrues: Delivery Date (defined below)

PAYMENT TERMS . . . Interest on the $884,590,000* North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2025 (the "Bonds"), will accrue from the date of initial delivery thereof (the "Delivery Date"), will be payable on March 1 and September 1 of each year commencing March 1, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapter 62, Acts of the 52nd Legislature of Texas, Regular Session, 1951, as amended (the "District Act"), Chapters 1207 and 1371, Texas Government Code, as amended, and a resolution (the "Bond Resolution") to be adopted by the Board of Directors (the "Board") on June 26, 2025. In the Bond Resolution, the Board will delegate pricing of the Bonds and certain other matters to an "Authorized Officer" who will approve an "Approval Certificate" establishing certain terms with respect to the sale and issuance of the Bonds which will complete the sale of the Bonds (the Bond Resolution and the Approval Certificate are jointly referred to herein as the "Resolution"). The Bonds are special obligations of the North Texas Municipal Water District (the "District") secured by and payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the "Pledged Revenues" as defined in the Resolution, which includes the "Net Revenues of the District's Water System" and certain other revenues derived from the ownership and operation of the District's Water System, including amounts payable under water supply contracts with the thirteen Member Cities (as defined herein), other customer cities and other customers. The Bonds are not payable from monies raised or to be raised from taxation or from any other source of funds of the District other than "Pledged Revenues." See "THE BONDS – Security and Source of Payment".

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds for (i) refunding a portion of the District's outstanding debt (the "Refunded Obligations") for debt service savings, (ii) refunding a portion of the District's outstanding Water System Revenue Bonds- Extendable Commercial Paper Mode (the "Refunded ECP"), (iii) the construction and inspection of the Wylie Water Treatment Plant ("WTP") conversion to Biologically Active Filtration ("BAF"), North Garland ground storage tank, Plano Westside pipeline, and Wylie to Rockwall pipeline relocation, (iv) the acquisition and design of Texoma raw water pipeline, and other System improvements, (v) funding a deposit to the Reserve Fund to the extent necessary, and (vi) paying the costs incident to the issuance and delivery of the Bonds. See "PLAN OF FINANCING" and "SCHEDULE I – Schedule of Refunded Obligations".

MATURITY SCHEDULE

SEE SCHEDULE ON PAGE 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters (as defined herein) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their Counsel, Bracewell LLP, Dallas, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through The Depository Trust Company on July 23, 2025.

JP MORGAN

FIDELITY CAPITAL MARKETS **JEFFERIES** **MESIROW FINANCIAL, INC.**

MORGAN STANLEY **PNC CAPITAL MARKETS LLC** **RAYMOND JAMES**

BAIRD **WELLS FARGO SECURITIES** **THE BAKER GROUP LP**

* Preliminary, subject to change.

MATURITY SCHEDULE* **CUSIP Prefix: 662903 [(1)]**

Amount	Maturity September 1	Rate	Yield [(2)]	CUSIP Suffix [(1)]	Amount	Maturity September 1	Rate	Yield [(2)]	CUSIP Suffix [(1)]
$ 24,975,000	2026				$ 24,355,000	2041			
30,965,000	2027				25,635,000	2042			
32,515,000	2028				26,980,000	2043			
29,935,000	2029				28,395,000	2044			
11,360,000	2030				23,615,000	2045			
37,635,000	2031				24,795,000	2046			
39,545,000	2032				26,035,000	2047			
41,495,000	2033				27,335,000	2048			
43,555,000	2034				28,705,000	2049			
40,465,000	2035				30,140,000	2050			
25,430,000	2036				31,645,000	2051			
19,845,000	2037				33,230,000	2052			
20,890,000	2038				34,890,000	2053			
21,985,000	2039				36,635,000	2054			
23,140,000	2040				38,465,000	2055			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the District, the Financial Advisor (defined herein), or the Underwriters (defined herein) is responsible for the selection or correctness of the CUSIP numbers set forth herein.
(2) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriters for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

REDEMPTION OPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2035, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2034, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended (the "Rule"), this document constitutes an "official statement" of the District with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page, the Schedule I, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the District's Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the District's undertaking to provide certain information on a continuing basis.

None of the District, its Financial Advisor or the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

The cover page of this Official Statement contains certain information for general reference only and is not intended as a summary of the respective offering. Investors should read the entire Official Statement, including all schedules and appendices hereto, to obtain information essential to making an informed investment decision.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, and achievements to be different from future results, performance, and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. SEE "OTHER INFORMATION – Forward-Looking Statements Disclaimer" herein.

The Bonds are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Bonds in accordance with applicable securities law provisions of the jurisdiction in which the Bonds have been registered, qualified or exempted should not be regarded as a recommendation thereof.

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The cover page hereof, this page, the schedule and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT .... North Texas Municipal Water District (the "District") is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of the 52nd Legislature of Texas, Regular Session, 1951, as amended (the "District Act").

THE BONDS .... The Bonds are issued as $884,590,000* Water System Revenue Refunding and Improvement Bonds, Series 2025 (the "Bonds"). The Bonds mature on September 1 in each of the years and in the amounts shown on page 2 hereof (see "THE BONDS – Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of initial delivery thereof (the "Delivery Date"), and is payable on March 1, 2026, and each September 1 and March 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS – Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the District Act, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws and a resolution (the "Bond Resolution") to be adopted by the Board of Directors (the "Board") on June 26, 2025. In the Bond Resolution, the Board will delegate pricing of the Bonds and certain other matters to an "Authorized Officer" who will approve an "Approval Certificate" establishing certain terms with respect to the sale and issuance of the Bonds which will complete the sale of the Bonds (the Bond Resolution and the Approval Certificate are jointly referred to herein as the "Resolution"). (see "THE BONDS" Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds are special obligations of the District payable both as to principal and interest solely from and secured by a first lien on and pledge of the "Pledged Revenues" as defined in the Resolution, which includes the "Net Revenues of the District's Water System" and certain other revenues derived from the ownership and operation of the District's Water System, including the amounts payable under water supply contracts with thirteen Member Cities (as defined herein), other customer cities and other customers. The Bonds are on a parity in all respects with the outstanding Water System Revenue Bonds (the "Outstanding Bonds"), currently outstanding in $2,859,180,000 in principal amount (the Bonds and the Outstanding Bonds, collectively, the "Parity Bonds"), and any Additional Bonds issued on a parity with the Parity Bonds under the Resolution. The Bonds are not payable from monies raised or to be raised by taxation or from any other source of funds of the District other than Pledged Revenues (see "THE BONDS - Security and Source of Payment").

RESERVE FUND REQUIREMENT .... The District is required to accumulate and maintain in the Reserve Fund (as defined herein) an aggregate amount of money and/or investments equal in market value to the average annual principal and interest requirements (the "Reserve Required Amount") on all outstanding Parity Bonds (as defined herein).

OPTIONAL REDEMPTION .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2034, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

TAX EXEMPTION .... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein, including the alternative minimum tax on corporations.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used for the purpose of providing funds for (i) refunding a portion of the District's outstanding debt (the "Refunded Obligations") for debt service savings, (ii) refunding a portion of the District's outstanding Water System Revenue Bonds-Extendable Commercial Paper Mode (the "Refunded ECP"), (iii) the construction and inspection of the Wylie WTP conversion to BAF, North Garland ground storage tank, Plano Westside pipeline, and Wylie to Rockwall pipeline relocation, (iv) the acquisition and design of Texoma raw water pipeline, and other System improvements, (v) funding a deposit to the Reserve Fund to the extent necessary, and (vi) paying the costs incident to the issuance and delivery of the Bonds. See "PLAN OF FINANCING" and "SCHEDULE I – Schedule of Refunded Obligations".

RATINGS .... The Bonds and the Outstanding Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") (see "OTHER INFORMATION - Ratings").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The District has never defaulted in payment of its bonds including the Parity Bonds.

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* Preliminary, subject to change.

NORTH TEXAS MUNICIPAL WATER DISTRICT
DISTRICT OFFICIALS, STAFF AND CONSULTANTS

BOARD OF DIRECTORS

David Hollifield, Royse City, President
Donald Imrie, Rockwall, Vice President
Keith Stephens, Wylie, Secretary

ALLEN	**FARMERSVILLE**	**FORNEY**	**FRISCO**
Joe Farmer	George Crump	Alan McCuistion	Richard Peasley
Stephen Terrell		Raymond Stephens	George Purefoy
GARLAND	**McKINNEY**	**MESQUITE**	**PLANO**
Lori Barnett Dodson	Geralyn Kever	Terry Sam Anderson	Ron Kelley
Jack May	Donald E. Paschal, Jr.	Rick Mann	Phil Dyer
PRINCETON	**RICHARDSON**	**ROCKWALL**	**ROYSE CITY**
Jody Sutherland	Franklin Byrd	Rick Crowley	Blair Johnson
Larry Thompson	Randy Roland		

WYLIE
Marvin Fuller

EXECUTIVE MANAGEMENT

Executive Director/General Manager . . . . Jennafer P. Covington

Assistant General Manager - Chief Financial Officer. . . . . Jeanne Chipperfield

Assistant General Manager - Planning & Engineering. . . . . Cesar Baptista

Assistant General Manager - Water & Wastewater. . . . . Billy George

Assistant General Manager - Solid Waste & Integrated Services. . . . . Jeff Mayfield

CONSULTANTS AND ADVISORS

General Counsel.. Saunders, Walsh & Beard
McKinney, Texas

Bond Counsel.. McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
Fort Worth, Texas

For additional information regarding the District, please contact:

Ms. Jeanne Chipperfield		Mr. Nick Bulaich
Mr. Drew Farris		Mr. David K. Medanich
North Texas Municipal Water District	or	Hilltop Securities Inc.
P.O. Box 2408		777 Main Street, Suite 1525
Wylie, Texas 75098		Fort Worth, TX 76102
(972) 442-5405		(817) 332-9710

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$884,590,000*
NORTH TEXAS MUNICIPAL WATER DISTRICT
WATER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $884,590,000* North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2025 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (as defined herein) authorizing the Bonds, except as otherwise indicated herein (see “THE BONDS – Authority for Issuance”).

There follows in this Official Statement descriptions of the Bonds and certain information regarding the North Texas Municipal Water District (the "District") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Dallas, Texas.

THE NORTH TEXAS MUNICIPAL WATER DISTRICT

The North Texas Municipal Water District (the "District") is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article 16, Section 59, of the Texas Constitution pursuant to Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session, 1951, as amended (the "District Act"). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment, processing and transportation of such water to its 13 Member Cities (as defined below) and other customers located in North Central Texas, which it does through the Regional Water System (the "Water System"). Under the Constitution and the District Act, the District has broad powers to effectuate flood control and the conservation and use, for all beneficial purposes, of storm and floodwaters and unappropriated flow waters and, as a necessary aid to these purposes, the specific authority to construct, own and operate water supply, treatment and distribution facilities and sewage gathering, transmission and disposal facilities, and to collect, transport, treat, dispose of, and control all municipal, domestic, industrial, or communal waste, whether in fluid, solid or composite state.

The District currently serves a 2,200 square-mile area located in ten counties in the State of Texas and comprises all of the territory of its current Member Cities of the District, viz., Garland, Princeton, Plano, Mesquite, Wylie, Rockwall, Farmersville, McKinney, Richardson, Allen, Forney, Frisco, and Royse City (together with any cities which subsequently become Member Cities, the "Member Cities"). The District's Administrative Office is located at 505 East Brown Street, Wylie, Texas. The District is governed by a 25-member Board of Directors. Each Member City having a population of 5,000 or more is represented by two members on the Board of Directors and each Member City of less than 5,000 is represented by one member on the Board of Directors. Members of the Board of Directors are appointed by the governing bodies of the respective Member Cities for two-year terms.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds for (i) refunding a portion of the District’s outstanding debt (the “Refunded Obligations”) for debt service savings, (ii) refunding a portion of the District's outstanding Water System Revenue Bonds- Extendable Commercial Paper Mode (the "Refunded ECP"), (iii) the construction and inspection of the Wylie WTP conversion to BAF, North Garland ground storage tank, Plano Westside pipeline, and Wylie to Rockwall pipeline relocation, (iv) the acquisition and design of Texoma raw water pipeline, and other System improvements, (v) funding a deposit to the Reserve Fund to the extent necessary, and (vi) paying the costs incident to the issuance and delivery of the Bonds. A description and identification of the Refunded Obligations (the “Refunded Obligations”) appears on Schedule I attached hereto.

PAYMENT OF REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations are to be paid on the scheduled interest payment and redemption dates of such Refunded Obligations, from funds to be deposited pursuant to an escrow agreement (the "Escrow Agreement") between the District and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"). The Resolution provides that from a portion of proceeds of the sale of the Bonds received from the Underwriters (as defined herein), together with other lawfully available funds of the District, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their respective interest payment and redemption dates as described in "Schedule of Refunded Obligations". Such funds will be held by the Escrow Agent in an escrow fund (the “Escrow Fund”) irrevocably pledged to the payment of principal of and interest on the Refunded Obligations and will be used to purchase certain direct noncallable obligations of the United States of America (the “Escrowed Securities”). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal and interest on the Refunded Obligations and amounts therein will not be available to pay the Bonds.

Frost, PLLC CPAs, in conjunction with Public Finance Partners LLC (the "Verification Agent") will verify at the time of delivery of the Bonds to the Underwriters, the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds in the Escrow Fund, will be sufficient to pay, when due, the amount necessary to accomplish the discharge and final payment of principal of and interest on the Refunded Obligations on their respective redemption dates (see "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations").

By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the legal defeasance of the Refunded Obligations, pursuant to Chapter 1207 and the resolutions authorizing the issuance of the Refunded Obligations. It is the opinion of Bond Counsel that, as a result of such defeasance, and in reliance upon the report of the Verification Agent, the Refunded Obligations will no longer be payable from the Pledged Revenues of the System and other sources of security, if any, but will be payable solely from the principal of and interest on the Escrowed Securities and cash, if any, on deposit in the Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Obligations will be defeased and are not to be included in or considered to be indebtedness of the District for the purpose of a limitation of indebtedness or for any other purpose. See “APPENDIX D - Form of Bond Counsel’s Opinion” herein.

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* Preliminary, subject to change.

REFUNDED EXTENDABLE COMMERCIAL PAPER BONDS . . . The principal and interest due on the Refunded ECP are to be paid on the respective maturity dates of such Refunded ECP, from funds to be deposited into a Purchase Fund for the Refunded ECP (the "Payment Fund") held by the paying agent for the Refunded ECP, U.S. Bank National Association (the "Refunded ECP Paying Agent"), pursuant to the resolution authorizing the Refunded ECP (the "ECP Resolution"). The Resolution provides that from the proceeds of the sale of the Bonds and other funds of the District, if any, the District will deposit with the Refunded ECP Paying Agent an amount which will be sufficient to accomplish the discharge and final payment of the Refunded ECP on their respective maturity dates. Such funds will be held by the Refunded ECP Paying Agent in the Payment Fund and used to pay principal and accrued interest on the Refunded ECP on their respective maturity dates. The funds on deposit in the Payment Fund will not be available to pay debt service on the Bonds.

The Refunded ECP Paying Agent, in its capacity as paying agent for the Refunded ECP, will certify as to the sufficiency of the amounts initially deposited therewith to pay the principal of and interest on the Refunded ECP when due on the respective maturity dates. By the deposit of the proceeds of the Bonds and other funds of the District, if any are required, with the Refunded ECP Paying Agent, the District will have effected the defeasance of the Refunded ECP in accordance with the law. As a result of such defeasance, the Refunded ECP will be outstanding only for the purpose of receiving payments from the Payment Fund held for such purpose by the Refunded ECP Paying Agent, and the Refunded ECP will not be deemed as being outstanding ECP of the District payable from the Pledged Revenues.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds and contributions from the District, if any, will be applied approximately as follows:

	The Bonds
Sources of Funds	
Principal Amount of Bonds	$ -
Transfer from Prior Issue Interest and Redemption Fund	-
Net Reoffering Premium	-
Total Sources of Funds	$ -
Uses of Funds	
Deposit to Construction Fund	$ -
Deposit to Escrow Agent	-
Deposit to US Bank for Payoff of Refunded ECP	-
Deposit to Reserve Fund	-
Costs of Issuance (1)	-
Total Uses of Funds	$ -

(1) Includes Underwriters' Discount.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated June 15, 2025, and mature on September 1 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of initial delivery of the Bonds (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing March 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the District Act, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws and a resolution (the "Bond Resolution") to be adopted by the Board of Directors (the "Board") on June 26, 2025. In the Bond Resolution, the Board will delegate pricing of the Bonds and certain other matters to an "Authorized Officer" who will approve an "Approval Certificate" establishing certain terms with respect to the sale and issuance of the Bonds which will complete the sale of the Bonds (the Resolution and the Approval Certificate are jointly referred to herein as the "Resolution").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the District payable as to principal and interest solely from and secured by a first lien on and pledge of the "Pledged Revenues" as defined in the Resolution authorizing and securing all Parity Bonds (hereinafter defined) and Additional Bonds, which includes the "Net Revenues of the District's Water System" and certain other revenues derived from the ownership and operation of the District's Water System, including amounts payable under water supply contracts with its Member Cities, other customer cities and other customers. Debt service and all operation and maintenance expenses are supported by minimum annual payments as required pursuant to stated terms and conditions contained in such contracts with the Member Cities. See "WATER CONTRACTS" herein. The Bonds are on a parity in all respects with the outstanding Water System Revenue Bonds (the "Outstanding Bonds"), currently outstanding in $2,859,180,000 in principal amount (the Bonds and the Outstanding Bonds, collectively, the "Parity Bonds'), and any additional bonds issued on a parity with the Parity Bonds ("Additional Bonds") under the Resolution. The Bonds are not payable from monies raised or to be raised by taxation or from any other source of funds of the District, other than the Pledged Revenues.

Dated Date	Issue Amount	Outstanding Bonds [(1)]	Issue Description
6/15/2014	$ 171,430,000	$ 82,750,000	Water System Revenue Refunding & Improvement Bonds, Series 2014
4/15/2015	302,125,000	253,690,000	Water System Revenue Refunding & Improvement Bonds, Series 2015
10/15/2016	330,560,000	274,540,000	Water System Revenue Refunding & Improvement Bonds, Series 2016
10/1/2017	44,650,000	37,705,000	Water System Revenue Bonds, Series 2017
5/1/2018	800,000,000	671,845,000	Water System Revenue Bonds, Series 2018
10/15/2018	530,985,000	456,595,000	Water System Revenue Bonds, Series 2018A
7/15/2019	89,095,000	69,200,000	Water System Revenue Refunding Bonds, Series 2019
10/1/2019	137,470,000	121,775,000	Water System Revenue Bonds, Series 2019A
10/15/2019	101,345,000	87,495,000	Water System Revenue Bonds, Series 2019
7/15/2020	94,755,000	81,735,000	Water System Revenue Refunding Bonds, Series 2020
6/15/2021	76,055,000	61,125,000	Water System Revenue Refunding & Improvement Bonds, Series 2021
10/15/2021	200,560,000	143,660,000	Water System Revenue Refunding Bonds, Series 2021A
10/1/2023	532,390,000	517,065,000	Water System Revenue Bonds, Series 2023
		$ 2,859,180,000	

(1) As of June 1, 2025. Does not include the Bonds. Includes the Refunded Obligations (see "Schedule I – Schedule of Refunded Obligations").

RATE COVENANT . . . The District has covenanted in the Resolution to fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the System as are necessary to produce Gross Revenues of the System sufficient, together with any other Pledged Revenues, (a) to pay all Operation and Maintenance Expenses of the System and (b) to make all payments and deposits required to be made into the Interest and Redemption Fund, and to maintain the Reserve Fund and the Contingency Fund, when and as required by the Resolution authorizing all Parity Bonds and Additional Bonds.

RESERVE FUND REQUIREMENT . . . The District is required to accumulate and maintain in the reserve fund (the "Reserve Fund") an aggregate amount of money and/or investments equal in market value to the average annual principal and interest requirements on all outstanding Parity Bonds (the "Reserve Required Amount"). After the delivery of the Bonds, the Reserve Fund will contain an amount at least equal to Reserve Required Amount. No deposits shall be made into the Reserve Fund as long as the cash and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount; but if and whenever the market value of cash and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the District shall require the Member Cities to increase their payments under the Contracts (as hereinafter defined) as soon as practicable, and in any event within one year, in an amount sufficient to restore the amount of such decrease; and in the event the Reserve Fund is used to pay the principal of or interest on the Parity Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the District shall require the Member Cities to increase their payments under the Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the District shall deposit, in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to cause the Reserve Fund to contain the Reserve Required Amount within five years from any date of the use of the Reserve Fund to pay such principal or interest. Investments held for the benefit of the Reserve Fund are required to be valued in terms of current market value as of the 20th day of August of each year. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Interest and Redemption Fund on or before September 1 of each year.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2034, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption. If fewer than all of the Bonds are to be optionally redeemed, the District may select the maturities and amounts of Bonds to be redeemed. If less than a whole maturity is to be redeemed, the Bonds, or portions thereof, to be redeemed shall be selected by lot or other customary method of random selection (or by DTC in accordance with the procedures while the Bonds are in the Book-Entry-Only System). If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . In addition to being subject to optional redemption as provided above, should the Underwriters select a combination of serial bonds and term bonds (the "Term Bonds"), the Term Bonds will be subject to mandatory sinking fund redemption prior to maturity at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Interest and Redemption Fund and will be described in the Final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE . . . The Resolution provides for the defeasance of Bonds when the payment of the principal of such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or other authorized entity, in trust (1) money sufficient to make such payment and/or (2) Government Obligations, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolution provides that "Government Obligations" means the following obligations, which may or may not be in book-entry form: direct, obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and which may be United States Treasury Obligations such as its State and Local Government Series, and which may be in book-entry form.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the District has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District (i) in the proceedings providing the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption: (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes. The District may modify the definition of Governmental Obligations in the Approval Certificate.

ADDITIONAL BONDS . . . The District has the right and power at any time and from time to time, and in one or more series or issues, to authorize, issue, and deliver Additional Bonds, in accordance with the law and the provisions of the Resolution, in any amounts, for any lawful purpose relating to the System including the refunding of any Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with the Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, and all other outstanding Additional Bonds, from a first lien on and pledge of the Pledged Revenues.

AMENDMENTS . . . The District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend the provisions of the Resolution; except that, without consent of the registered owners of all of the Bonds then outstanding, no such amendment, addition or rescission may (1) make any change in the maturity of the outstanding Parity Bonds or Additional Bonds; (2) reduce the rate of interest borne by any of the outstanding Parity Bonds or Additional Bonds; (3) reduce the amount of the principal payable on the outstanding Parity Bonds or Additional Bonds; (4) modify the terms of payment of principal of or interest on the outstanding Parity Bonds or Additional Bonds, or impose any conditions with respect to such payment; (5) affect the rights of the holders of less than all of the Parity Bonds and Additional Bonds then outstanding; (6) change the minimum percentage of the principal amount of Parity Bonds and Additional Bonds necessary for consent to such amendment.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by the Depository Trust Company ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the Bonds in the aggregate principal amount thereof and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Financial Advisor or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the District, printed bond certificates will be issued to the respective holders of the Bonds, as the case may be, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Resolution, summarized under "Transfer, Exchange, and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial paying agent/registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the "Paying Agent/Registrar"). In the Resolution, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Transfer, Exchange and Registration . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or by (ii) with respect to any Bond or portion thereof called for redemption within 45 days prior to its redemption date.

Record Date for Interest Payment . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

Bondholders' Remedies . . . The Resolution does not establish specific events of default with respect to the Bonds. Under State law and the Resolution, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Resolution. No assurance can be given that a mandamus or other legal action to enforce a remedy under the Resolution would be successful. The enforcement of any such remedy may be difficult and time consuming. The Resolution does not provide for the appointment of a trustee to represent the interests of the bondholders upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, registered owners may not be able to bring such a suit against the District for breach of the Bonds or Resolution covenants in the absence of District action. Chapter 1371, Texas Government Code as amended, ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing its bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the caption "THE BONDS – Authority for Issuance"), the District has not waived the defense of sovereign immunity with respect thereto. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Pledged Revenue, such provisions is subject to judicial discretion. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce the remedies under the Resolution would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state courts); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The District may not be placed into bankruptcy involuntarily. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

WATER CONTRACTS

Revenues of the Water System are derived from payments to the District under water purchase contracts with Member Cities and other customers and other funds pledged under the Resolution. The aforementioned are the only source of revenues for the payment of debt service on the Bonds. Except as otherwise indicated, capitalized terms used in this section have the same meanings assigned to such terms in the Amendatory Contract (as herein defined).

The District initially entered into eleven separate treated water supply contracts with its original eleven Member Cities (the "Initial Contracting Parties"), whereby the District agreed and assumed the responsibility to deliver to such cities treated water in the volume contracted for, to the extent water is available in the Lavon Reservoir located on the East Fork of the Trinity River in Collin County.

It was determined and acknowledged that the existing water supply in Lavon Reservoir was inadequate to provide the estimated future treated water supply requirements of the Initial Contracting Parties and others beyond approximately the year 1992. Therefore, the District entered into a single "Regional Water Supply Facilities Amendatory Contract" (the "Amendatory Contract") with the Initial Contracting Parties, dated and effective August 1, 1988, enabling the District to acquire and construct additional treated water supply and water treatment facilities necessary to accommodate projected long-term requirements.

Pursuant to the Amendatory Contract the District has acquired, constructed and completed, as needed, additional water supplies, transportation and treatment facilities at Lake Texoma on the Red River in Grayson County, Jim Chapman Dam and Reservoir on the Sulphur River in Hopkins and Delta Counties; on the East Fork of the Trinity River in Kaufman County and at Lake Tawakoni on the Sabine River in Grayson County Bois D'Arc lake in Fannin County and proposes to acquire, construct and develop, as needed, other facilities wherever located to enable the District to supply treated water as needed to Contracting Parties and others (collectively, the "Projects").

None of the amendments or modifications to the separate aforesaid water supply contracts with the Initial Contracting Parties which have occurred as a result of entering into the Amendatory Contract has in any way had an adverse effect on the operation of the System or the rights of the owners of any Parity Bonds, as the Amendatory Contract provides security for the Parity Bonds and obligates the Initial Contracting Parties to make and assume unconditional, specific payments with respect to the System and the Parity Bonds. The provisions of the Amendatory Contract are similar in concept, essence and intent to the provisions of the aforesaid separate contracts and basically restate, reorganize, and expand same, including certain clarifications and updating. The Amendatory Contract, dated and effective on August 1, 1988, supersedes all of the contracts, agreements and arrangements between each of the Initial Contracting Parties with respect to the System, treated water from the System and the Bonds, and constitutes the sole agreement between the parties thereto as of the date of this Official Statement.

The City of Allen entered into a "Regional Water Supply Facilities Contract" dated as of October 1, 1998 (the "Allen Contract") with the District and the City of Frisco entered into a "Regional Water Supply Facilities Contract" dated October 1, 2001 (the "Frisco Contract") with the District. Both contracts are substantially similar to the Amendatory Contract. The Amendatory Contract, the Allen Contract and the Frisco Contract, as amended by a First Amendment, effective February 7, 2021, are sometimes herein referred to collectively, as the "Member Cities Contract" or the "Contracts". The Initial Contracting parties, the City of Allen, and the City of Frisco are sometimes herein referred to collectively as the "Contracting Parties" or the "Member Cities".

The Contracts shall continue in force and effect until all Parity Bonds and all interest thereon shall have been paid or provided for, and thereafter shall continue in force and effect during the entire useful life of the System. It is the intention of the Contracting Parties and the District that the System shall be the sole and exclusive source of all treated water supply for each of the Contracting Parties and the District will use its best efforts to furnish and remain in position to furnish treated water sufficient for all reasonable treated water requirements of each Contracting Party, but its obligation shall be limited to the amount of treated water available to the System, and provided that the maximum rate of delivery shall be consistent with the capacities and capabilities of System facilities and shall not exceed the amounts fixed on an equitable and uniform basis by the District's Board of Directors.

As among the Contracting Parties, if water from the System must be rationed such rationing shall, within the limits permitted by law, be done by the District on the basis of the relative actual total amount of all treated water from the entire System taken by each Contracting Party, respectively, during the last preceding Annual Payment Period in which rationing was not necessary. However, any reduction in the amount of delivery of water will not relieve each of the Contracting Parties of the obligation to pay its proportionate share of the Annual Payment sufficient to pay District's operating and maintenance expenses and to satisfy all financial obligations under any Resolution or indenture relating to bonds, including the Bonds.

Notwithstanding any provisions of the Contracts to the contrary, other than reduction of minimum amounts related to sales by Contracting Parties to other entities as set out in Section 9(c), commencing October 1, 2020 and ending on September 30, 2028 (the "Natural Drawdown Period"), a Contracting Party's minimum amount (for purposes of calculating its proportionate share of the Annual Requirement), shall be calculated on the basis of the Natural Drawdown Method (hereinafter defined) and commencing October 1, 2028, and thereafter, such minimum amount will be calculated on the basis of the 5/5/1 Process (hereinafter defined).

For the purpose of calculating the minimum dollar amount of each Annual Requirement for which each Contracting Party is unconditionally liable during the Natural Drawdown Period, for each Annual Payment Period each Contracting Party's proportionate share of the Annual Requirement shall be calculated in accordance with the method described below, (the "Natural Drawdown Method").

For the Annual Payment Period beginning October 1, 2020, each Contracting Party's annual minimum amount (in thousands of gallons) will be:

i.	City of Allen:	6,011,208
ii.	City of Farmersville:	280,467
iii.	City of Forney:	2,345,109
iv.	City of Frisco:	11,910,250
v.	City of Garland:	13,721,955
vi.	City of McKinney:	11,963,029
vii.	City of Mesquite:	8,297,666
viii.	City of Plano:	26,719,809
ix.	City of Princeton:	660,682
x.	City of Richardson:	11,019,311
xi.	City of Rockwall:	4,190,133
xii.	City of Royse City:	565,932
xiii.	City of Wylie:	1,877,558

For each subsequent Annual Payment Period through the end of the Natural Drawdown Period, and where a Contracting Party's volume of water actually delivered by the District during the most recent Water Year is less than the Contracting Party's then-current minimum amount (such under-usage of water referred to as the Contracting Party's "Under-Usage Water"), that Contracting Party's minimum amount (for purposes of calculating its proportionate share of the Annual Requirement) will be reduced for purposes of payment in subsequent payment periods by that Contracting Party's proportionate share of one-third (1/3) of the total Excess Water Usage (hereinafter defined) used by all Contracting Parties and parties to other Contracts (as described in Section 4(c) of the Amendatory Contract) who are not Contracting Parties (such Contracting Parties and other parties, collectively, "System Customers"); provided, however, that in no event shall a Contracting Party's minimum amount be reduced to an amount that is less than the gallons actually delivered to that Contracting Party during the prior Water Year. For these purposes "Excess Water Usage" means gallons of water delivered to any System Customer that exceed its then-current minimum amount.

A Contracting Party's proportionate share of the Excess Water Usage is calculated as the ratio of that Contracting Party's Under-Usage Water, to the sum of that Water Year's Under-Usage Water by all System Customers eligible for reduction in their minimum amount.

The minimum amount of a Contracting Party that has Under-Usage Water shall be drawn down at a 3:1 ratio such that for every three (3) gallons of Excess Water used by all System Customers with Excess Water Usage, one (1) gallon of water is drawn down, on a proportionate share basis, as determined in (C) above, thereby reducing the respective minimum amounts for those Contracting Parties.

For a Contracting Party that has Excess Water Usage in a Water Year during the Natural Drawdown Period, that Contracting Party’s minimum amount for the next Annual Payment Period will be determined based on that Contracting Party’s usage in the immediately preceding Water Year.

5/5/1 Process. Starting October 1, 2028, each Contracting Party's minimum amount (for purposes of determining its proportionate share of the Annual Requirement) shall be calculated based on a five-year rolling average of water usage, phased-in over five (5) years (the “5/5/1 Process”) to be implemented as follows:

(A) In the first year of the 5/5/1 Process, a Contracting Party's minimum amount shall be calculated by taking the sum of a Contracting Party's actual usage in the preceding Water Year and four (4) years of that Contracting Party's then-current minimum amount as adjusted at the end of the Natural Drawdown Period (the "Base Minimum"), and dividing that sum by 5.

(B) In the second year of the 5/5/1 Process, a Contracting Party's minimum amount shall be calculated by taking the sum of a Contracting Party's actual usage in the immediately preceding two (2) Water Years and three (3) years of that Member City's Base Minimum, and dividing that sum by 5.

(C) In the third year of the 5/5/1 Process. a Contracting Party's minimum amount shall be calculated by taking the sum of a Contracting Party's actual usage in the preceding three (3) Water Years and two (2) years of that Member City's Base Minimum, and dividing that sum by 5.

(D) In the fourth year of the 5/5/1 Process, a Contracting Party's minimum amount shall be calculated by taking the sum of a Contracting Party's actual usage in the preceding four (4) Water Years and one (1) year of that Member City's Base Minimum, and dividing that sum by 5.

(E) Finally, in the fifth year of the 5/5/1 Process (that is, the rate year commencing October 1, 2032), and each year thereafter, a Contracting Party's minimum amount shall be calculated by taking the sum of a Contracting Party's actual usage in the immediately preceding five (5) Water Years and dividing that sum by 5.

All payments by each Contracting Party are to be made solely from the revenues of its combined waterworks and sewer system, and such payments constitute operating expenses of its combined waterworks and sewer system. Each Contracting Party agrees in the Contracts to fix and collect such rates and charges for water and sewer services to be supplied by its combined waterworks and sewer system as will produce revenues in an amount equal to at least (i) all of its payments under the Contracts and (ii) all other amounts required to be paid from said revenues by law and the provisions of the ordinances or Resolution authorizing its revenue bonds or other obligations now or hereafter outstanding.

Each Contracting Party's share of the Annual Requirement shall be redetermined, after consultation with each Contracting Party, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the District, if: (i) the District commences supplying System treated water to any Additional Contracting Parties; (ii) unusual, extraordinary, or unexpected expenditures for Operation and Maintenance Expenses are required which are not provided for in the District's Annual Budget for the System or in any Bond Resolution; (iii) Operation and Maintenance Expenses are substantially less than estimated; (iv) the District issues bonds which require an increase in the Bond Service Component of the Annual Payment; or (v) the District receives either significantly more or significantly less revenues or other amounts than those anticipated.

THE DISTRICT'S WATER SYSTEM

The District currently provides water service to areas having an estimated population in excess of 2,300,000, including the 13 Member Cities, and 35 customer entities. The average daily requirement of the District's water customers during the 2023-24 water year has averaged approximately 346 million gallons per day (MGD). Approximately two million feet of pipelines make up the District's transmission system which is divided into three major systems based on topography and hydraulics: the North System, South System, and East System. The Wylie WTP (capacity 840 MGD) and the Tawakoni WTP (capacity 30 MGD) provide water to the South System. The Leonard WTP (capacity 70 MGD) provides water to the North System, and in the future, provides additional water to the East System. The District also has a 7 MGD treatment plant located in Bonham which services the City of Bonham and surrounding areas in Fannin County.

EXISTING WATER SUPPLY

Lavon Lake ("Lavon"). Lavon was the District's original source of water supply, and the District delivers many other supplies through Lavon. The expected supply is around 80 MGD (2025) and decreases over the years due to projected reservoir sedimentation and long-term climate trends. Lavon was constructed and owned by the United States Army Corps of Engineers (the "USACE") and the District's access to the water storage capacity of the reservoir exists pursuant to a contract with the USACE executed on March 16, 1954 and amended on May 12, 1967. The District owns storage and utilization rights to the entire conservation pool in Lavon, consisting of 380,000 acre-feet of storage, and a Texas Commission on Environmental Quality ("TCEQ") Water Right Permit for 118,670 acre-feet per year. The District also has the right to divert and reuse water discharged to Lavon from the District's Wilson Creek/Sister Grove wastewater treatment plants (WWTP).

Lake Texoma. On August 7, 1985, the District issued Water System Revenue Bonds for the construction of and development of an intake structure, pump station, pipeline, and other facilities necessary to divert 75 MGD of raw water from Lake Texoma in Grayson County, approximately 50 miles north of Lavon Lake. A Clean Water Act Section 404 Permit to utilize 75,000 acre-feet of storage space in Lake Texoma for municipal and industrial use was also issued by the USACE, and the District has received permits from the TCEQ to divert and transport the Texoma water to its water treatment plant located in Wylie, Texas. On April 26, 2010, the District executed a contract with the USACE for an additional 100,000 acre feet of storage in Lake Texoma and received a Water Right Permit from the TCEQ to direct and transport an additional 101 MGD of raw water from Lake Texoma. The District's actual use of Lake Texoma water is limited by transmission facilities and the need to blend Lake Texoma water with other sources due to Lake Texoma's high salt content. The estimated maximum capacity of the Lake Texoma Pump Station and pipeline during plan development was 125 MGD, divided between the District's (100 MGD) and the Greater Texoma Utility Authority (25 MGD). The projected availability from Lake Texoma for expected conditions is around 64 MGD (2025, based on a 4:1 blend ratio).

Lake Jim Chapman ("Chapman Lake"). Chapman Lake supplies water for the District's, the City of Irving, the Sulphur River Municipal Water District, the Upper Trinity Regional Water District (UTRWD), the City of Sulphur Springs, and the City of Cooper. the District has an existing Texas water right to divert up to 57,214 acre-feet per year from Chapman Lake. the District's reliable supply, around 38 MGD (2025), is the District's share of the yield available from Chapman Lake with a minimum pool at elevation 415.5 (the bottom of conservation storage) and is less than the District's water right. the District and the City of Irving share transmission facilities to deliver water from Chapman Lake, and the District can deliver Chapman Lake water to Lavon Lake at a maximum rate of 55 MGD using those shared facilities.

Reuse Supplies. The reuse supply includes Lavon Lake Watershed Reuse and the East Fork Raw Water Supply Project. The District has existing Texas water rights for reuse from treated wastewater discharges into the Lavon watershed from the Wilson Creek, Seis Lagos, Farmersville 1, and Farmersville 2 WWTPs. the District is currently constructing the Sister Grove Regional Water Resource Recovery Facility (RWRRF) in the Lavon Lake watershed and has applied for a water right to reuse discharges from that facility as well. Wastewater flows vary with weather conditions and are generally higher during wet times and lower during dry times. In general, wastewater flows in the District service area have increased over time and are expected to continue to increase with the rising population. The projected availability from Lavon Lake Watershed Reuse is around 54 MGD for expected conditions, assuming the District's application to reuse water from the Sister Grove RWRRF is granted and will increase over the years.

The District also has Texas water rights to divert upstream return flows from the East Fork of the Trinity River into the East Fork Wetland for pumping to Lavon for reuse. The District has a contract with the Trinity River Authority (TRA) to divert an annual average of up to 50 MGD of TRA return flows at the Main Stem Pump Station, pump them to the East Fork Wetland, and pump them to Lavon Lake for reuse. The District's contract with TRA for treated wastewater requires that the District's pay for a minimum "take or pay" amount that increases over the life of the contract. The District can take up to an annual average of 50 MGD from TRA at any time if sufficient return flows are available. The projected availability from the East Fork Reuse Project and the Main Stem Pump Station for the expected condition is limited by the 91 MGD annual capacity of the East Fork Wetland, with some reduction of supply because the District cannot operate perfectly and divert all the supplies theoretically available.

Lake Tawakoni Raw Water Project. The District has existing contracts with the Sabine River Authority (SRA) for water from Lake Tawakoni and Lake Fork Reservoir in the Sabine River Basin. The District has two long-term contracts with SRA (for a total of 11,201 acre-feet per year, 10 MGD) and one interim contract (up to an additional 40,000 acre-feet per year, 35.7 MGD). The District's pump station on Lake Tawakoni has a firm capacity of 75 MGD when Lake Tawakoni is five feet below full. The District can treat water diverted from Lake Tawakoni at the Tawakoni WTP (capacity 30 MGD) or pump it to Lavon Lake for treatment at the Wylie WTP. The District also has a contract with DWU under which DWU transports up to 20,000 acre-feet per year (17.8 MGD) of the District's Lake Fork water to Lake Tawakoni, where the District can divert it. The projected availability from the Upper Sabine Basin (the District's long-term and interim contracts) is around 37 MGD (2025). The future availability depends on the renewed NTMWD's contract with SRA.

Bois D'Arc Lake. The District has existing Texas water rights for Bois d'Arc Lake, a recently constructed reservoir on Bois d'Arc Creek in Fannin County. Water from Bois d'Arc Lake is treated at the Leonard WTP. The supplies from Bois d'Arc Lake will initially be limited by the capacity of the Leonard WTP, but the yield of the lake will limit supplies after the District expands Leonard WTP. The Leonard WTP will have an initial capacity of 70 MGD, with expansion to the ultimate planned capacity of 280 MGD occurring in phases. The projected availability from Bois d'Arc Lake for expected supply is around 56 MGD (2025) and will increase in the future.

Lake Bonham. The City of Bonham has existing Texas water right for Lake Bonham. The District treats water from Lake Bonham at the Bonham WTP and supplies water for the city. The yield for Lake Bonham is based on the minimum water surface elevation of 550 (which is the minimum elevation at which the existing diversion facilities can operate). The projected availability from Lake Bonham is around 2 MGD (2025) for expected supply and will increase to around 3 MGD in the future, limited by the yield of Lake Bonham. The reliable supply from Lake Bonham is limited to the projected demand of Bonham and its wholesale customers since Lake Bonham cannot currently supply other parts of the District's system.

FUTURE WATER SUPPLY

The District continues to develop new water supplies to meet its growing needs. Supplies currently under development include continued conservation, additional reuse water rights, expansion of the Leonard WTP to fully utilize Bois d'Arc Lake, additional use of Texoma supplies through blending at the Leonard WTP, and renewal of the interim Upper Sabine Contract with SRA (Lake Fork and Lake Tawakoni supplies). The District also works on mid-term water supply strategies recommended by the Long Range Water Supply Plan.

The District plans to develop facilities to deliver water from Lake Texoma for blending at the Leonard WTP. This will require improvements at the Lake Texoma Pump Station, a parallel pipeline from Lake Texoma to the Howe Balancing Reservoir, and a pipeline from the existing Texoma pipeline to the Leonard WTP. The expected supply that will be made available by blending Lake Texoma water at the Leonard WTP is around 26 MGD (2030), assuming three parts Bois d'Arc Lake water to one part Lake Texoma water. The planned improvements will also increase the District's maximum delivery from Lake Texoma to the Wylie WTP from 100 MGD to 120 MGD. This will allow more use of Lake Texoma water at the Wylie WTP in the summer when demands are high. The expected increased availability of Lake Texoma water at the Wylie WTP is around 3 MGD (2030).

RAW WATER TREATMENT AND DISTRIBUTION FACILITIES

The District's Wylie raw water facilities consist of three raw water pump stations and six raw water pipelines, which deliver water from Lavon to treatment plants. The pump stations have a total of 18 pumps with a combined total of 22,250 horsepower. Raw water is delivered to raw water pump stations No. 1 and 2 from Lavon through an intake structure and 60" diameter pipeline, and an intake structure and 10' by 10' conduit respectively. Raw Water Pump Station No. 3 pumps directly from Lavon from an open wet well-constructed below the ground level of the pump station. Raw water pumps have a combined capacity of 1,106 MGD. Raw water pump station No. 4 feasibility study is ongoing.

Raw water treatment facilities include four treatment plants located at the primary plant site in Wylie, Texas, with a combined treatment capability of 840 MGD (another 70 MGD of Plant IV expansion is ongoing), one 70 MGD treatment plant (expansion is ongoing and the ultimate capacity is 280 MGD) located near Leonard, one 30 MGD treatment plant located near Lake Tawakoni and one 7 MGD treatment plant located in Bonham, Texas. Pertinent features of the treatment facilities include chemical buildings with storage and chemical feeders, rapid mix basins, flocculation and sedimentation basins, dual media filters, high service pump stations, clear well storage, remote control facilities, and residuals lagoons.

Treated water distribution facilities include high-service pump stations at the treatment plants, a network of pipelines from the treatment plant to Member Cities and customers, storage reservoirs, and booster pump stations at various points in the system. The District owns and operates and treatment and transmission water storage reservoirs with a combined capacity of 87,360,000 gallons.

OTHER DISTRICT SYSTEMS

In addition to its Water System, the District, in cooperation with certain area cities, has established and implemented the Trinity East Fork Regional Wastewater System, the Upper East Fork Wastewater Interceptor System, the Stewart Creek Regional Wastewater System, Muddy Creek Regional Wastewater System, Sabine Creek Regional Wastewater System, Panther Creek Regional Wastewater System, Lower East Fork Wastewater Interceptor System, and the Regional Solid Waste Disposal System wherein the District, pursuant to contracts and other agreements, has accepted the responsibility to design, acquire, construct, complete, operate, maintain, and from time to time enlarge, improve and expand the systems to provide facilities to adequately receive, transport, treat and dispose of wastewater and solid waste of such cities and future additional member cities. These Regional Systems were created, exist and operate as completely separate and independent Regional Systems, and except for moderate cost-sharing enterprises, the financial transactions and other activities associated with the operation and maintenance of each system are kept separate and apart, and are not in any manner commingled or connected with any of the other systems. **Revenues from the Trinity East Fork Regional Wastewater System, the Upper East Fork Regional Wastewater Interceptor System, the Stewart Creek Regional Wastewater System, Muddy Creek Regional Wastewater System, Sabine Creek Regional Wastewater System, Panther Creek Regional Wastewater System, Lower East Fork Wastewater Interceptor System, Buffalo Creek Wastewater Interceptor System, Muddy Creek Wastewater Interceptor System, Mustang Creek Wastewater Interceptor System, Parker Creek Parallel Wastewater Interceptor System, Parker Creek Wastewater Interceptor System, Sabine Creek Wastewater Interceptor System and the Regional Solid Waste Disposal System are not pledged to the payment of the Bonds.**

HISTORICAL OPERATING INFORMATION

The following table presents financial information for the Water System of the District for each fiscal year ended September 30, 2020 through September 30, 2024. Excluded from this data are revenues and expenses of the District not related to the Water System, and therefore the figures below exclude the revenues and expenses of any other System of the District. This selected information has been prepared to summarize the revenues, expenses and amount available to pay debt service historically generated from the Water System. The financial statements of the District for the year ended September 30, 2024, appear in Appendix A hereto.

TABLE 1 - WATER SYSTEM SCHEDULE OF SELECTED OPERATING DATA

	Fiscal Year Ended September 30,				
Revenues	2024	2023	2022	2021	2020
Water Sales	$ 451,251,338	$ 420,935,131	$ 370,408,583	$ 358,703,567	$ 351,608,930
Interest Income	56,207,072	28,322,697	(6,575,608)	1,135,264	23,343,829
Other	257,999	352,299	7,730,002	8,847,620	4,368,400
	$ 507,716,409	$ 449,610,127	$ 371,562,977	$ 368,686,451	$ 379,321,159
Expenses (1)					
Maintenance and Operation	$ 189,248,344	$ 212,428,604	$ 163,691,144	$ 179,408,000	$ 137,160,687
US Government Contract	-	-	-	2,458,600	2,458,600
	$ 189,248,344	$ 212,428,604	$ 163,691,144	$ 181,866,600	$ 139,619,287
Net Available for Debt Service	$ 318,468,065	$ 237,181,523	$ 207,871,833	$ 186,819,851	$ 239,701,872

Water System Revenue Bonds Outstanding (as of 6-1-25) (2)	$ 3,456,130,000
Average Annual Principal and Interest Requirements, 2025-2055 (2)	$ 172,460,251
Coverage of Average Annual Principal and Interest Requirements by 9-30-24 Net Available for Debt Service	1.87 times
Maximum Annual Principal and Interest Requirements, 2027 (2)	$ 250,521,822
Coverage of Maximum Annual Principal and Interest Requirements by 9-30-24 Net Available for Debt Service	1.29 times
Interest and Sinking Fund (as of 4-30-25)	$ 142,261,995
Contingency Fund (as of 4-30-25)	$ 28,402,673
Reserve Fund (as of 4-30-25)	$ 152,210,206

(1) Excludes depreciation.
(2) Includes the Bonds; does not include the Refunded Obligations. Preliminary; subject to change.

PENSION PLAN

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. The Plan does not currently issue separate financial statements, however The District anticipates preparing separate audited financial statements for the 2024 Plan Year and going forward. An employee will become a participant in the Plan on the date of full-time employment. Prior to the 2023 plan year, the District's funding policy was based on an annually Actuarially Determined Contributions (ADC) sufficient to fund the Normal Cost under the Entry Age Normal (EAN) funding method and a level dollar amortization of the Unfunded Accrued Liability (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 approach. The UAL as of January 1, 2024 is being amortized as a level percentage of pay over a closed period of 20 years. Future years' amortization payments will be composed of annual layers amortized over closed periods between 15-20 years, depending on the source of the UAL. For the Plan year ended December 31, 2024, the District made contributions of $13,471,420, which represents 18.4% of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed on January 1, 2024. For the fiscal year ended September 30, 2024, the District made contributions of $13,700,000 of which contributions subsequent to the measurement date through September 30, 2024, were $10,274,987.

See "APPENDIX A – EXCERPTS FROM THE ANNUAL FINANCIAL REPORT – Note 10 – Retirement Plan" for a more detailed discussion of the Plan, and in "FINANCIAL SECTION – Required Supplementary Information- Pension & OPEB Trend Information (Unaudited)" in Appendix A.

OTHER POST-EMPLOYMENT BENEFITS

The District's defined benefit other postemployment benefits (OPEB) plan provides OPEB in the form of health and dental insurance benefits for certain retirees and their spouses up to age 65 through a single-employer defined medical plan. These benefits are funded 100 percent by the District for the currently eligible retirees and their spouses, if the retiree had 20 years of District service. For those with less than 20 years of service, the retiree receives a 5% discount off of the total cost of the premium for each year of District service they have. A third-party administrator is utilized to provide claims administration and the District pays claims directly to the insurance provider. Insurance is purchased to provide specific stop loss and aggregate stop loss protection.

See "APPENDIX A – EXCERPTS FROM THE ANNUAL FINANCIAL REPORT – Note 14 – Other Postemployment Benefits" for a more detailed discussion of the Plan, and in "FINANCIAL SECTION – Required Supplementary Information- Pension & OPEB Trend Information (Unaudited)" in Appendix A.

The District does not issue separate audited financial statements for its plan.

TABLE 2 – FISCAL YEAR END 2024 WATER SALES

	Payment	% of Total
Plano [1]	$ 85,505,596	18.73%
Garland [1]	44,232,063	9.69%
Richardson [1]	37,791,668	8.28%
McKinney [1]	45,363,949	9.94%
Frisco [1]	52,402,740	11.48%
Mesquite [1]	27,058,139	5.93%
Allen [1]	23,110,447	5.06%
Rockwall [1]	17,413,577	3.81%
Rowlett	11,060,213	2.42%
Wylie [1]	7,128,103	1.56%
Forney [1]	10,633,962	2.33%
Terrell	5,820,318	1.27%
Murphy	5,876,091	1.29%
Sachse (Nos. 1-2)	4,870,078	1.07%
Little Elm	7,140,176	1.56%
Prosper	12,567,118	2.75%
Fairview	3,811,568	0.83%
Bonham	2,329,600	0.51%
Lucas	2,662,407	0.58%
Sunnyvale	3,000,726	0.66%
Kaufman Four One	2,082,168	0.46%
Royse City [1]	3,291,848	0.72%
Parker	2,502,649	0.55%
Princeton [1]	5,279,738	1.16%
Kaufman	1,673,432	0.37%
East Fork SUD	2,625,749	0.58%
North Collin WSC	1,856,107	0.41%
Caddo Basin SUD	1,850,500	0.41%
Forney Lake WSC	2,483,555	0.54%
Cash SUD	1,306,111	0.29%
Farmersville [1]	1,008,750	0.22%
Melissa	1,218,016	0.27%
GTUA	6,140,909	1.35%
Fate	3,830,932	0.84%
Bear Creek SUD	2,134,193	0.47%
Wylie NE SUD	1,571,701	0.34%
Rose Hill SUD	467,342	0.10%
Mt. Zion WSC	467,705	0.10%
Milligan WSC	536,241	0.12%
Seis Lagos MUD	613,348	0.13%
Gastonia-Scurry WSC	368,346	0.08%
Copeville SUD	525,881	0.12%
Ables Springs	457,401	0.10%
College Mound WSC	192,295	0.04%
Josephine	1,031,691	0.23%
Nevada SUD	605,127	0.13%
BHP	649,831	0.14%
Total 2024 Water Sales	$ 456,550,104	100.00%

(1) Member Cities.

TABLE 3 - PRICE AND TERMS - EXISTING WATER CONTRACTS

	2024-2025 Water Rates			
Member Cities	Annual Minimum 1,000/Gallons	Rate Per 1,000/Gallons	Annual Minimum Charge	Excess Water Rate 1,000/Gallons
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
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 Member Cities	103,304,146		397,720,962	
Customer Cities				
Ables Springs WSC	123,957	$3.90	483,432	2
Bear Creek SUD	578,372	$3.90	2,255,651	2
BHP	176,616	$3.90	688,802	2
Bonham	640,000	$3.85	2,464,000	1
Caddo Basin SUD	528,645	$3.90	2,061,716	$0.74
Cash SUD	360,572	$3.90	1,406,231	2
College Mound WSC	68,236	$3.90	266,120	2
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	2
Fate	1,038,193	$3.90	4,048,953	2
Forney Lake WSC	673,050	$3.90	2,624,895	2
Gastonia-Scurry WSC	110,490	$3.90	430,911	2
GTUA	1,664,203	$3.90	6,490,392	2
Josephine	279,591	$3.90	1,090,405	2
Kaufman	465,043	$3.90	1,813,668	2
Kaufman Four-One	593,832	$3.90	2,315,945	$0.74
Little Elm	1,935,007	$3.90	7,546,527	1
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	2
Mt. Zion WSC	145,387	$3.90	567,009	2
Murphy	1,661,494	$3.90	6,479,827	$0.74
Nevada SUD	163,991	$3.90	639,565	2
North Collin WSC	503,010	$3.90	1,961,739	2
Parker	682,782	$3.90	2,662,850	$0.74
Prosper	3,405,723	$3.90	13,282,320	2
Rose Hill SUD	136,382	$3.90	531,890	2
Rowlett	3,192,039	$3.90	12,448,952	1
Sachse	1,332,153	$3.90	5,195,397	$0.74
Seis Lagos MUD	168,359	$3.90	656,600	$0.74
Sunnyvale	813,205	$3.90	3,171,500	1
Terrell	1,577,322	$3.90	6,151,556	1
Wylie N.E. WSC	457,201	$3.90	1,783,084	2
Total Customer Cities	26,670,297		$ 103,982,158	
Grand Total	129,974,443		$ 501,703,120	

(1) Excess Water Rate Subject to Contract Minimums.
(2) Water consumed over Minimum Annual Demand shall be charged at a rate of $3.09/1,000 gallons.

DEBT INFORMATION

TABLE 4 - DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt [1][2]			The Bonds [3]			Total Outstanding Debt	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2025	$ 110,205,000	$ 95,139,325	$ 205,344,325	$ -	$ -	$ -	$ 205,344,325	
2026	92,175,000	84,417,437	176,592,437	24,975,000	48,898,169	73,873,169	250,465,607	
2027	95,285,000	81,291,072	176,576,072	30,965,000	42,980,750	73,945,750	250,521,822	
2028	95,535,000	78,024,311	173,559,311	32,515,000	41,432,500	73,947,500	247,506,811	
2029	102,070,000	74,838,588	176,908,588	29,935,000	39,806,750	69,741,750	246,650,338	17.76%
2030	125,845,000	71,258,385	197,103,385	11,360,000	38,310,000	49,670,000	246,773,385	
2031	104,875,000	67,013,478	171,888,478	37,635,000	37,742,000	75,377,000	247,265,478	
2032	108,700,000	63,392,933	172,092,933	39,545,000	35,860,250	75,405,250	247,498,183	
2033	90,075,000	59,840,542	149,915,542	41,495,000	33,883,000	75,378,000	225,293,542	
2034	92,970,000	56,884,561	149,854,561	43,555,000	31,808,250	75,363,250	225,217,811	37.90%
2035	95,965,000	53,833,353	149,798,353	40,465,000	29,630,500	70,095,500	219,893,853	
2036	99,115,000	50,653,954	149,768,954	25,430,000	27,607,250	53,037,250	202,806,204	
2037	102,420,000	47,319,279	149,739,279	19,845,000	26,335,750	46,180,750	195,920,029	
2038	105,830,000	43,896,517	149,726,517	20,890,000	25,343,500	46,233,500	195,960,017	
2039	102,700,000	40,473,218	143,173,218	21,985,000	24,299,000	46,284,000	189,457,218	56.26%
2040	99,980,000	37,078,340	137,058,340	23,140,000	23,199,750	46,339,750	183,398,090	
2041	96,760,000	33,732,262	130,492,262	24,355,000	22,042,750	46,397,750	176,890,012	
2042	99,995,000	30,397,215	130,392,215	25,635,000	20,825,000	46,460,000	176,852,215	
2043	103,355,000	26,952,612	130,307,612	26,980,000	19,543,250	46,523,250	176,830,862	
2044	106,840,000	23,389,020	130,229,020	28,395,000	18,194,250	46,589,250	176,818,270	74.64%
2045	110,500,000	19,709,474	130,209,474	23,615,000	16,774,500	40,389,500	170,598,974	
2046	114,280,000	15,867,504	130,147,504	24,795,000	15,593,750	40,388,750	170,536,254	
2047	103,235,000	11,892,231	115,127,231	26,035,000	14,354,000	40,389,000	155,516,231	
2048	63,075,000	8,375,412	71,450,412	27,335,000	13,052,250	40,387,250	111,837,662	
2049	38,050,000	6,107,273	44,157,273	28,705,000	11,685,500	40,390,500	84,547,773	90.84%
2050	27,500,000	4,685,083	32,185,083	30,140,000	10,250,250	40,390,250	72,575,333	
2051	28,570,000	3,552,693	32,122,693	31,645,000	8,743,250	40,388,250	72,510,943	
2052	27,270,000	2,375,615	29,645,615	33,230,000	7,161,000	40,391,000	70,036,615	
2053	28,365,000	1,211,186	29,576,186	34,890,000	5,499,500	40,389,500	69,965,686	
2054	-	-	-	36,635,000	3,755,000	40,390,000	40,390,000	96.81%
2055	-	-	-	38,465,000	1,923,250	40,388,250	40,388,250	100.00%
	$ 2,571,540,000	$ 1,193,602,870	$ 3,765,142,870	$ 884,590,000	$ 696,534,919	$ 1,581,124,919	$ 5,346,267,789	

(1) Does not include the Refunded Obligations. Preliminary, subject to change.
(2) Does not include the $District's $700 million Water System Bonds – Extendable Commercial Paper Mode. Payments due under the ECP Program are subordinate to the Bonds and Parity Bonds. See "DEBT INFORMATION – SUBORDINATE LIEN EXTENDABLE COMMERCIAL PAPER BONDS".
(3) Average life of the issue – 15.748 Years. Interest on the Bonds has been calculated at the average rate of 4.70% for purposes of illustration. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF DEBT . . . The District is in the process of submitting applications to the Texas Water Development Board for approximately $885 million for projects to be funded with the proceeds of two series of Water System Revenue Bonds that will close in the fourth quarter of 2025.

SUBORDINATE LIEN EXTENDABLE COMMERCIAL PAPER BONDS . . . The District has authorized the issuance of its $700,000,000 Water System Revenue Bonds – Extendible Commercial Paper Mode (the "ECP Bonds") pursuant to a Master Resolution adopted by the Board on May 27, 2021 ("the "Master ECP Resolution"), as amended by the Amending Resolution on March 23, 2023 (the "Amending Resolution," and together with the Master Resolution, the "ECP Resolution"). The ECP Bonds are special obligations of the District, and the payment of the principal of and interest on the ECP Bonds are secured by and payable from a lien on and pledge of the Pledged Revenues, together with any additional revenues, income, grants, donations or other resources received or to be received from any public or private source, which in the future may, at the option of the District be pledged to the payment of the Parity Bonds and the ECP Bonds, created in the ECP Resolution; **provided that the lien on and pledge of Pledged Revenues securing the ECP Bonds is expressly made junior and subordinate to the lien on and pledge of Pledged Revenues securing Parity Bonds**. The ECP Bonds are and shall be secured by and payable only from a subordinate lien on the Pledged Revenues and from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll"). The District has elected not to enter into any liquidity agreements at this time, and the ECP Bonds are not supported by any liquidity facility. Upon issuance of the Bonds and the refunding of the Refunded ECP, the District will have no currently outstanding ECP Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following statements summarize certain portions of the Resolution to be adopted by the Board of Directors authorizing the issuance, sale and delivery of the Bonds and do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Resolution.

ADDITIONAL DEFINITIONS. That as used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in the future in this Resolution.

The term "Board" shall mean the Board of Directors of the Issuer, being the governing body of the Issuer, and it is further resolved that the declarations and covenants of the Issuer contained in this Resolution are made by, and for and on behalf of the Board and the Issuer, and are binding upon the Board and the Issuer for all purposes.

The terms "Bond Resolution" and "Resolution" mean this resolution authorizing the Bonds.

The term "Bonds" means collectively the Initial Bond as described and defined in Sections 1 and 2 of this Resolution, and all substitute bonds exchanged therefor as well as all other substitute and replacement bonds issued pursuant to this Resolution.

The term "Contracts" shall mean collectively: (a) the original separate water supply contracts between the Issuer and each of the current Member Cities, respectively, and all amendments thereto, with each of said contracts initially having been authorized at elections held in each of the current Member Cities, respectively, on December 5, 1953, except for (i) such contract with the City of Richardson, which is dated April 7, 1965, and was amended on July 2, 1973, and modified in October, 1973, (ii) such contract with the City of Allen, Texas, which is dated as of October 1, 1998 (the "Allen Contract"), and (iii) such contract with the City of Frisco, Texas, which is dated as of October 1, 2001 (the "Frisco Contract"), as all of said contracts (except the Allen Contract and the Frisco Contract, which have not been amended or modified since the respective dates thereof), as amended, have been further amended, modified, combined, consolidated, and wholly replaced by a single "North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract" dated as of August 1, 1988, as amended by a First Amendment to North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract, effective February 7, 2021 executed between the Issuer and each of such Member Cities, (b) any water supply contracts relating to the System with any other cities which hereafter may become Member Cities, and (c) all water supply contracts between the Issuer and other cities and customers in connection the District's Water System.

The terms "District" and "Issuer" shall mean North Texas Municipal Water District.

The terms "District's System" and "System" shall mean all of the Issuer's existing water storage, treatment, transportation, distribution, and supply facilities, and other properties, which heretofore have been acquired or constructed with the proceeds from the sale of all bonds or other obligations ever issued by the Issuer which have been payable from or secured by a lien on or pledge of any part of the "Net Revenues of the System," or with revenues from said System, together with all future improvements, enlargements, extensions, and additions to any of the foregoing, and all future new facilities, which are acquired or constructed with the proceeds from the sale of the Parity Bonds and any Additional Bonds or money from the Contingency Fund (hereinafter described) or any water supply facilities which are deliberately and specifically, at the option of the Board, made a part of the System by resolution of the Board, and all repairs to and replacements of the System. Said terms do not include any Issuer facilities which provide waste treatment or disposal or other wastewater services of any kind. Said terms do not include any facilities acquired or constructed by the Issuer with any proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purposes and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

The term "Gross Revenues of the System" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Board or the Issuer from the operation and/or ownership of the System, including specifically all payments and amounts received by the Board or the Issuer from the Contracts, and all investments, interest, and income from any Fund created pursuant to this Resolution.

The term "Member Cities" shall mean collectively the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, together with all cities which hereafter may become Member Cities as provided in the Act.

The terms "Net Revenues of the District's Water System" and "Net Revenues of the System" shall mean the Gross Revenues of the System less the Operation and Maintenance Expense of the System.

The term "Operation and Maintenance Expense of the System" shall mean all costs of operation and maintenance of the System including, but not limited to, repairs and replacements, operating personnel, the cost of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, and any other supplies, services, administrative costs, and equipment necessary for proper operation and maintenance of the System, payments to any public or private entity made for the purchase of water, storage right, or other interests in water, or for the use or operation of any property or facilities, payments to the United States of America with respect to the operation, maintenance, and use of Lavon Dam and Reservoir and/or any other reservoirs or facilities in connection with the Issuer's sources of water for the System, and payments made by the Issuer in satisfaction of judgments or other liabilities resulting from claims not covered by Issuer's insurance. Depreciation shall not be considered an item of Operation and Maintenance Expense.

The term "Parity Bonds" shall mean, collectively, (i) the Bonds, (ii) the outstanding the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2014 (the "Series 2014 Bonds"), dated as of June 15, 2014, authorized by a resolution of the Board on June 26, 2014 (the "Series 2014 Bond Resolution"), (iii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2015 (the "Series 2015 Bonds"), dated as of April 15, 2015, authorized by a resolution of the Board on April 23, 2015 (the "Series 2015 Bond Resolution"), (iv) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2016 (the "Series 2016 Bonds"), dated as of October 15, 2016, authorized by a resolution of the Board on October 27, 2016 (the "Series 2016 Bond Resolution"), (v) the North Texas Municipal Water District Water System Revenue Bonds, Series 2017 (the "Series 2017

Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2017 Bond Resolution"), (vi) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018 (the "Series 2018 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2018 Bond Resolution"), (vii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018A (the "Series 2018A Bonds"), authorized by a resolution of the Board on March 22, 2018 (the "Series 2018A Bond Resolution"), (viii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Bond Resolution"), (ix) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019A (the "Series 2019A Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019A Bond Resolution"), (x) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Refunding Bond Resolution") (xi) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds"), authorized by a resolution of the Board on March 26, 2020 (the "Series 2020 Refunding Bond Resolution") (xii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2021 (the "Series 2021 Bonds") authorized by a resolution of the Board on June 24, 2021 (the "Series 2021 Bond Resolution") , (xii) North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2021A (the "Series 2021A Bonds") authorized by a resolution of the Board on August 26, 2021 (the "Series 2021A Bond Resolution"), and (xiii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2023 (the "Series 2023 Bonds") authorized by a resolution of the Board on October 23, 2023 (the "Series 2023 Bond Resolution").

The term "Pledged Revenues" shall mean: (a) the Net Revenues of the System and (b) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the Issuer, be pledged to the payment of the Parity Bonds or the Additional Bonds.

The term "year" or "fiscal year" shall mean the Issuer's fiscal year, which currently begins on October 1 of each calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of any resolution authorizing the Bonds or any Additional Bonds.

PLEDGE. (a) The Bonds authorized by this Resolution are hereby designated as, and shall be, "Additional Bonds" as permitted by Sections 22 and 23, respectively, of the Series 2014 Bond Resolution, the Series 2015 Bond Resolution, the Series 2016 Bond Resolution, the Series 2017 Bond Resolution, the Series 2018 Bond Resolution, the Series 2018A Bond Resolution, the Series 2019 Bond Resolution, the Series 2019A Bond Resolution, the Series 2019 Refunding Bond Resolution, the Series 2020 Refunding Bond Resolution the Series 2021 Bond Resolution, the Series 2021A Bond Resolution, and the Series 2023 Bond Resolution, and it is hereby determined, declared, and resolved that all of the Parity Bonds, including the Bonds authorized by this Resolution, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 26 of this Resolution substantially restate and are supplemental to and cumulative of the applicable and pertinent provisions of the resolutions authorizing the issuance of the previously issued Parity Bonds, respectively, with Sections 8 through 26 of this Resolution being equally applicable to all of the Parity Bonds, including the Bonds.

(b) The Parity Bonds and any Additional Bonds, and the interest thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Redemption Fund, the Reserve Fund and the Contingency Fund as provided in this Resolution.

REVENUE FUND. There has been created and established and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues of the System (excepting the investment interest and income from the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund) shall be credited to the Revenue Fund immediately upon receipt. All Operation and Maintenance Expenses of the System shall be paid from such Gross Revenues credited to the Revenue Fund, as a first charge against same.

INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all outstanding Parity Bonds and any Additional Bonds, as the same come due, there has been created and established and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of $25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

RESERVE FUND. There has been created and established, and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of $25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Regional Water System Revenue Refunding and Improvement Bonds Reserve Fund" (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of the outstanding Parity Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Parity Bonds and Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose.

CONTINGENCY FUND. There has been created and established, and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of $25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds Contingency Fund" (hereinafter called the

"Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions, or additions to the System, and unexpected or extraordinary repairs or replacements of the System for which System funds are not otherwise available, or for paying unexpected or extraordinary Operation and Maintenance Expenses of the System for which System funds are not otherwise available, or for paying principal of and interest on any Parity Bonds or Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose

DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund when and as required by this Resolution.

(b) Money in any Fund established or maintained pursuant to the this Resolution may, at the option of the Issuer, be placed in secured time deposits or secured certificates of deposit, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Small Business Administration; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the 20th day of August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds or Additional Bonds.

FUNDS SECURED. Money in all Funds described in this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

DEBT SERVICE REQUIREMENTS. (a) Promptly after the delivery of the Initial Bond the Issuer shall cause to be deposited to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Initial Bond, all accrued interest, if any, to be used to pay part of the interest coming due on the Bonds.

(b) The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest scheduled to accrue and come due on all of the Parity Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the principal scheduled to mature and come due, and/or mandatorily required to be redeemed prior to maturity, on all of the Parity Bonds on the next succeeding principal payment date.

RESERVE REQUIREMENTS. The Issuer is required to accumulate and maintain in the Reserve Fund an aggregate amount of money and/or investments equal in market value to the average annual principal and interest requirements on all outstanding Parity Bonds (the "Reserve Required Amount"). Immediately after the delivery of the Initial Bond, the District shall deposit to the credit of the Reserve Fund, from the proceeds from the sale and delivery of the Initial Bond, an amount of money, if any, which will cause the Reserve Fund to contain, together with the other money and/or investments then on hand therein, an amount of money and/or investments equal in market value to the Reserve Required Amount. No deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount; but if and whenever the market value of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall require the Member Cities to increase their payments under their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the amount of such decrease; and in the event the Reserve Fund is used pay the principal of or interest on the Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the Issuer shall require the Member Cities to increase their payments under the their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Issuer shall deposit, in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to cause the Reserve Fund to contain the Reserve Required Amount within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Interest and Redemption Fund on or before September 1 of each year.

CONTINGENCY REQUIREMENTS. There is now on hand in the Contingency Fund an amount of money and/or investments at least equal in market value to $500,000. No additional deposits are required to be made to the credit of the Contingency Fund unless and until such amount therein is reduced or depleted. If and when such amount in the Contingency Fund is reduced or depleted then, subject and subordinate to making the required deposits to the credit of the Interest and Redemption Fund and the Reserve Fund, such reduction or depletion shall be restored from amounts which shall be provided for such purpose in the Issuer's Annual Budget for the next ensuing fiscal year or years; provided that the Issuer is not required to budget more than $200,000 for such purpose during any one fiscal year. So long as the Contingency Fund contains money and investments not less than the amount of $500,000 in market value, any surplus in the Contingency Fund over said amount may be withdrawn and used for any lawful purpose.

DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund, the Contingency Fund, and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources lawfully available for such purpose.

(b) Subject to making the required deposits to the credit of the Interest and Redemption Fund, the Contingency Fund, and the Reserve Fund, when and as required by this Resolution, or any Resolution authorizing the issuance of Additional Bonds, the excess Pledged Revenues may be used for any lawful purpose; provided that at the time each Annual Budget is prepared all such excess revenues which are not pledged to the payment of junior or subordinate lien bonds or other obligations of the Issuer, and which have not been committed by formal resolution or order of the Board for a specific purpose, and which exceed twenty-five percent of the Operation and Maintenance Expenses of the Issuer for the fiscal year then ending, shall be applied to the payment of Operation and Maintenance Expenses of the Issuer for the next ensuing fiscal year, and the Annual Budget shall be prepared accordingly.

PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. Semiannually on or before the first day of each March and September while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the paying agents therefor, out of the Interest and Redemption Fund, the Contingency Fund, or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will accrue or mature on such March 1 or September 1, as the case may be. The paying agents shall destroy all paid Parity Bonds and Additional Bonds, and furnish the Issuer with an appropriate certificate of cancellation or destruction.

FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS. (a) Any Parity Bond or Additional Bond shall be deemed to be paid, retired, and no longer outstanding, when payment of the principal of, redemption premium, if any, on such Parity Bond or Additional Bond, plus interest thereon to the due date thereof (whether such date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with a paying agent therefor, (1) money sufficient to make such payment or (2) Government Obligations, as hereinafter defined in this Section, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such paying agent pertaining to the Parity Bonds and Additional Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such paying agent. At such time as a Parity Bond or Additional Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of any Bond Resolution or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) Any moneys so deposited with a paying agent may at the direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the paying agent pursuant to this Section which is not required for the payment of the Parity Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, with respect to which such moneys has been so deposited, shall be turned over to the Issuer.

(c) The Issuer covenants that no deposit will be made or accepted under clause (ii) of this Section and no use made of any such deposit which would cause the Parity Bonds or any Additional Bonds to be treated as arbitrage bonds within the meaning of the Internal Revenue Code of 1986, as amended.

(d) For the purpose of this Section, the term "Government Obligations" shall mean direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be United States Treasury obligations such as its State and Local Government Series, and which may be in book-entry form.

(e) Notwithstanding any provisions of this Resolution, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Parity Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of Parity Bonds and Additional Bonds, the redemption premium, if any, and interest thereon.

(f) Notwithstanding the foregoing, the Issuer covenants that with respect to the Parity Bonds it will provide a paying agent/registrar to perform the services thereof provided for by this Resolution the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such paying agent and registrar services.

ADDITIONAL BONDS. (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose relating to the System, including the refunding of any Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, and all other outstanding Additional Bonds, from a first lien on and pledge of the Pledged Revenues.

(b) The Interest and Redemption Fund and the Reserve Fund, established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Parity Bonds. However, each Resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other Resolution or Resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased, if and to the extent necessary, to an amount not less than the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) within five years from the date of such installment or series of Additional Bonds, and in approximately equal installments, not less than annual.

(c) All calculations of average annual principal and interest requirements made pursuant to this Section shall be made as of and from the date of the Additional Bonds then proposed to be issued.

(d) The principal of all Additional Bonds must be scheduled to be paid or mature on September 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on March 1 and September 1.

FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the Resolutions authorizing same, and that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and either (a) an independent registered professional engineer of the State of Texas or a firm of such engineers executes a certificate or report to the effect that in his or its opinion the Pledged Revenues in each complete fiscal year thereafter will be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (b) in the alternative to (a), above, the President and Secretary of the Board sign a written certificate to the effect that, based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Member Cities and others which are parties to such Contracts are obligated to make minimum payments to the Issuer at such times (including during periods when water is not available to such member Cities and others) and in such amounts as shall be necessary to provide to the Issuer Net Revenues of the System sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

GENERAL COVENANTS. The Issuer further covenants and agrees that:

(a) PERFORMANCE. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Parity Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Parity Bonds or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund and the Reserve Fund; and any holder of the Parity Bonds or Additional Bonds may require the Issuer, its Board, and its officials and employees, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its Board, and its officials and employees.

(b) ISSUER'S LEGAL AUTHORITY. It is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59 of the Texas Constitution, and Chapter 62, Acts of the 52nd Legislature of the State of Texas, Regular Session, 1951, as amended (originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-141), and is duly authorized under the laws of the State of Texas to create and issue the Parity Bonds; that all action on its part for the creation and issuance of the Parity Bonds has been duly and effectively taken, and that the Parity Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) TITLE. It has or will obtain lawful title to, or the lawful right to use and operate, the lands, buildings, and facilities constituting the System, that it warrants that it will defend, the title to or lawful right to use and operate, all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Parity Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) LIENS. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Issuer.

(e) OPERATION OF SYSTEM. While the Parity Bonds or any Additional Bonds are outstanding and unpaid it will cause the System to be continuously and efficiently operated and maintained in good condition, repair, and working order, and at a reasonable cost.

(f) FURTHER ENCUMBRANCE. While the Parity Bonds or any Additional Bonds are outstanding and unpaid, it shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any resolution authorizing the issuance of Additional Bonds; but the right of the Issuer and the Board to issue revenue bonds payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) SALE OF PROPERTY. While the Parity Bonds or any Additional Bonds are outstanding and unpaid, it will maintain its current legal corporate status as a conservation and reclamation district, and the Issuer shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the entire System, or any significant or substantial part thereof; provided that whenever it deems it necessary to dispose of any machinery, fixtures, and equipment, it may sell or otherwise dispose of such machinery, fixtures, and equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined by the Board that no such replacement or substitute is necessary.

(h) INSURANCE. (1) It will cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including fire and extended coverage insurance. Public liability and property damage insurance shall also be carried unless the general counsel for Issuer, or the Attorney General of Texas, gives a written opinion to the effect that the Issuer, the Board, and its officers and employees, are not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Issuer shall not be required to carry insurance on the works being constructed, but the contractor shall be required to carry appropriate insurance. All such policies shall be open to the inspection of the owners of the Parity Bonds and Additional Bonds and their representatives at all reasonable times.

(2) Upon the happening of any loss or damage covered by insurance from one or more of said causes, the Issuer shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Issuer. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Issuer for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(a) for the redemption prior to maturity of the Parity Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Parity Bonds or Additional Bonds bears to the total outstanding principal of all Parity Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(b) if none of the outstanding Parity Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Parity Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (a), to the extent practicable; provided that the purchase price for any such Parity Bond or Additional Bonds shall not exceed the redemption price of such Parity Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(c) to the extent that the foregoing clauses (a) and (b) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Issuer, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (a) and/or (b) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(3) The annual audit hereinafter required shall contain a list of all such insurance policies carried, together with a statement as to whether or not all insurance premiums upon such policies have been paid.

(i) RATE COVENANT. It will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the System as are necessary to produce Gross Revenues of the System sufficient, together with any other Pledged Revenues, (a) to pay all Operation and Maintenance Expenses of the System and (b) to make all payments and deposits required to be made into the Interest and Redemption Fund, and to maintain the Reserve Fund and the Contingency Fund, when and as required by the resolutions authorizing all Parity Bonds and Additional Bonds.

(j) RECORDS. Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and all Funds described in this Resolution; and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any owner of a Parity Bond or Additional Bond.

(k) AUDITS. Each year while any of the Parity Bonds or Additional Bonds is outstanding, an audit will be made of its books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each year, and when said audit has been completed and made available to the Issuer, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas and to any bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(l) GOVERNMENTAL AGENCIES. It will comply with all of the terms and conditions of any and all agreements applicable to the System and the Parity Bonds or Additional Bonds entered into between the Issuer and any governmental agency, and the Issuer will take all action necessary to enforce said terms and conditions; and the Issuer will obtain and keep in full force and effect all franchises, permits, and other requirements necessary with respect to the acquisition, construction, operation, and maintenance of the System.

(m) CONTRACTS. It will comply with the terms and conditions of the Contracts, and any amendments thereto, and will cause the Member Cities and other cities and customers to comply with all of their obligations thereunder by all lawful means; provided that the Contracts will not be rescinded, modified, or amended in any way which would materially affect adversely the operation of the System or the rights of the owners of the Parity Bonds and Additional Bonds; provided further that, without violating this Section 24(m), the Contracts may be modified or amended to change the allocation of the Annual Requirement (as defined in the Contracts) among the Member Cities by changing the basis for determination of each Member City's minimum amount of each Annual Requirement.

(n) ANNUAL BUDGET. On or before the first day of the second calendar month prior to the beginning of each fiscal year, it will prepare the preliminary Annual Budget of Operation and Maintenance Expenses of the System for the ensuing fiscal year, and any amounts required to be deposited to the credit of the Contingency Fund during the ensuing fiscal year, and such budget shall include a showing as to the proposed expenditures for such ensuing fiscal year. If the owners of ten per centum (10%) in aggregate principal amount of the Parity Bonds and Additional Bonds then outstanding shall so request on or before the 15th day of the aforesaid month, the Board shall hold a public hearing on or before the 15th day of the following month, at which any such owner may appear in person or by agent or attorney and present any objections he may have to the final adoption of such budget. Notice of the time and place of such hearing shall be published twice, once in each of two successive weeks, in daily newspapers (and if no daily newspaper is published in any one of such cities, in a weekly newspaper published in such cities) of general circulation published in Dallas, Texas, the date of the first publication to be at least fourteen days before the date fixed for the hearing, and copies of such notice shall be mailed at least ten days before the hearing to each owner of a Parity Bond or Additional Bond who shall have filed his or her name and address with the Secretary of the Board for such purpose. The Issuer further covenants that on or before the first day of each fiscal year it will finally adopt the Annual Budget of Operation and Maintenance Expenses of the System for such fiscal year (hereinafter sometimes call the "Annual Budget") and that except as otherwise provided herein the total expenditures in any division thereof will not exceed the total expenditures in the corresponding division in the preliminary budget. If for any reason the Board shall not have adopted the Annual Budget before the first day of any fiscal year, the budget for the preceding fiscal year shall be deemed to be in force until the adoption of the Annual Budget. The Operation and Maintenance Expenses of the System incurred in any fiscal year will not exceed the reasonable and necessary amount thereof, and the Board will not expend any amount or incur any obligation for maintenance, repair, and operation in excess of the amounts provided therefor in the Annual Budget; provided, however, that if at any time the Board shall determine that the amount of the appropriation for any item in the Annual Budget is in excess of the amount which will be required for such item, the Board may by resolution reduce such appropriation and make an appropriation for any item or items not covered by the Annual Budget or increase the appropriation for any other item or items by an amount not exceeding the amount of such reduction; and provided, further, that the Board may at any time by resolution adopt an Amended or Supplemental Annual Budget for the remainder of the then current fiscal year in case of an emergency caused by some extraordinary occurrence which shall be recited in such resolution.

AMENDMENT OF RESOLUTION. (a) The owners of Parity Bonds and Additional Bonds aggregating 51% in principal amount of the aggregate principal amount of then outstanding Parity Bonds and Additional Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Parity Bonds or Additional Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds or Additional Bonds so as to:

(1) Make any change in the maturity of the outstanding Parity Bonds or Additional Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Parity Bonds or Additional Bonds;

(3) Reduce the amount of the principal payable on the outstanding Parity Bonds or Additional Bonds;

(4) Modify the terms of payment of principal of or interest on the outstanding Parity Bonds or Additional Bonds, or impose any conditions with respect to such payment;

(5) Affect the rights of the holders of less than all of the Parity Bonds and Additional Bonds then outstanding;

(6) Change the minimum percentage of the principal amount of Parity Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New

York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each paying agent for any of the Parity Bonds or Additional Bonds for inspection by all owners of Parity Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each holder of Parity Bonds and Additional Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of all Parity Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Issuer and all the owners of then outstanding Parity Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a Parity Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders or owners of the same Parity Bond or Additional Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent for each Series of Parity Bonds and Additional Bonds, and the Issuer, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then outstanding Parity Bonds and Additional Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the ownership of and other matters relating to the Parity Bonds shall be determined from the registration books kept by the registrar therefor.

DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Section 1201.067, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

COVENANTS REGARDING TAX-EXEMPTION. (a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code, or if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or five percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is, directly or indirectly, used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

For purposes of the foregoing (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds.

(b) Compliance with Code. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs its President, Executive Director, and Assistant General Manager - Chief Financial Officer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. The Issuer covenants to comply with the covenants contained in this section after defeasance of the Bonds.

(c) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation, the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(d) Written Procedures. Unless superseded by another action of the Issuer to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Issuer hereby adopts and establishes the instructions attached hereto as Exhibit A as their written procedures applicable to Bonds issued pursuant to the Contract.

ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT; DISPOSITION OF THE PROJECT. (a) The Issuer covenants to account for the expenditure of Bond proceeds and investment earnings to be used for the construction or acquisition of the property constituting the projects financed or refinanced with proceeds of the sale of the Bonds on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made or (2) such construction or acquisition is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the Bonds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Bonds.

(b) The Issuer covenants that the property constituting the projects financed or refinanced with proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Bonds.

INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Initial Bond, other than proceeds deposited in accordance with Section 16 hereof or deposited pursuant to the Escrow Agreement or Deposit Agreement, as the case may be, authorized by Section 33 hereof, shall be used along with other available proceeds for improving the District's Water System; provided that after such use, if any of such interest earnings remain on hand, such interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 27 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

INVESTMENTS

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the District. Both State law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under Texas law, the District is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Directors.

ADDITIONAL PROVISIONS . . . Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or Resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or Resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the District Board of Directors; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

TABLE 5 - CURRENT INVESTMENTS

As of April 30, 2025, investable funds of the District's Water System were invested as follows:

Description	Percent [1]	Book Value	Market Value
FHLB Note	3.29%	$ 37,986,683	$ 37,432,990
FHLMC Note	0.60%	6,994,210	6,885,690
FNMA Note	0.64%	7,251,352	7,255,424
Treasury Notes	21.95%	249,411,945	250,080,949
State Pools	73.53%	837,823,299	837,823,299
	100.00%	$ 1,139,467,489	$ 1,139,478,352

(1) Based Upon Market Value.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof, ("Existing Law") (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See APPENDIX D - Form of Bond Counsel's Opinion.

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, (b) the Sufficiency Certificate of the Verification Agent, and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds. Further, no assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds (the "Original Issue Discount Bonds") may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, owners of interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation’s “adjusted financial statement income” determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds, although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

OTHER INFORMATION

RATINGS

The Bonds and the Outstanding Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION

The District is not a party to any litigation or other proceeding pending, or to its knowledge threatened, in or before any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial statements or operations of the District.

At the time of the initial delivery of the Bonds, the District will provide the Underwriters with a certificate to the effect that, other than as described above, no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of said Bonds.

CYBERSECURITY

In November 2023, the District detected a ransomware incident affecting its business computer network and phone system. The business computer network and phone system were promptly restored, and the District's employees continued working through the event. The District's core water, wastewater, and solid waste services were not impacted by the incident, and the District continued to provide such services to its communities without interruption. The District did not pay a ransom.

The District promptly engaged third-party forensic specialists who are actively investigating the extent of any unauthorized activity, including a review of any potentially impacted District data and whether any personally identifiable information was compromised. The District has reported the incident to all required parties, including State and federal agencies. To the District's knowledge and belief, the cybersecurity incident did not have a material adverse effect on its operations or financial condition. However, the District cannot predict the likelihood of future cyber security incidents or whether such incidents could have a materially adverse effect on the operations or financial condition of the District.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 Texas Government Code, provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with a capital of one million dollars or more, and savings and loan associations. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that the Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The District will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, with respect to the Bonds being issued in compliance with the provisions of applicable law and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix D.

Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect hereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement appearing under the captions "PLAN OF FINANCING (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the table under the subcaptions "Security and Source of Payment", "Book-Entry Only System, and "Bondholders Remedies"), "WATER CONTRACTS," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," "TAX MATTERS," and the subcaptions "Registration and Qualification of the Bonds for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas," "Legal

Matters" (excluding the last sentence of the second paragraph) and "Continuing Disclosure of Information" (excluding the information under the subcaption "Compliance with Prior Undertakings") under the caption "OTHER INFORMATION", and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell LLP, Dallas, Texas, whose legal fee is contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from District and Member Cities' records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreements for the benefit of the holders and beneficial owners of the Bonds. Under the agreement the District has agreed to provide or cause to be provided with respect to itself and each Significant Obligated Person certain updated financial information and operating data annually and the District will be obligated to provide timely notice of specified events. For purposes of such agreement, the "Significant Obligated Person" means any Member City, or Additional Member City, or other party contracting with the District whose payments to the District for use of or service from the System in the calendar year preceding any such determination exceeded 10% of the Gross Revenues of the System. Currently, the Cities of Plano, Garland, Frisco and McKinney are the only Significant Obligated Persons with respect to the Parity Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") system.

ANNUAL REPORTS . . . The District will provide or cause each Significant Obligated Person to provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under tables numbered 1 through 5 and all quantitative financial information and operating data with respect to each Significant Obligated Person of the general type included in Appendix C to this Official Statement. The District will provide, or cause each Significant Obligation Person to provide, this information within 6 months after the end of each fiscal year ending in and after 2025. The District will additionally provide or cause to be provided audited financial statements for the District and each Significant Obligated Person when and if available. If the audit of such financial statements of the District or a Significant Obligated Person is not complete within 12 months after their respective fiscal year end, then the District shall provide or cause to provide by each Significant Obligated Person unaudited financial statements within said 12-month period and audited financial statements when and if the audit report on such statement becomes available. Any such financial statements will be prepared in accordance with general accepted accounting principles or such other accounting principles as the District or the Significant Obligated Persons may be required to employ from time to time pursuant to State law or regulation. The District or a Significant Obligated Person may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC").

The District's and each Significant Obligated Person's current fiscal year end is September 30. Accordingly, updated information included in the above-referenced tables and Appendix B must be provided by March 31 in each year, and audited financial statements for the preceding fiscal year must be provided by September 30 of each year, unless the District or a Significant Obligated Person changes its respective fiscal year. If the District or such Significant Obligated Person changes its fiscal year, the District will notify the MSRB of the change. If the District or Significant Obligated Person fails to provide updated information as described above, the District will provide, or cause the Significant Obligated Person to provide timely notice of the failure to the MSRB.

NOTICE OF CERTAIN EVENTS . . . The District will also provide, or cause a Significant Obligated Person to provide, timely notices of certain events to the MSRB. The District will provide notice (not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security; (7) Modifications to the rights of security holders, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution or sale of property securing repayment of the securities, if material; (11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the District, or a Significant Obligated Person; (13) the consummation of a merger, consolidation, or acquisition involving the District, or a Significant Obligated Person, or the sale of all or substantially all of the assets of the District, or a Significant Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. Neither the Bonds nor the Resolution make any provision for credit enhancement, or enhancement liquidity; (15) Incurrence of a financial obligation (as defined by the Rule) of the District or a Significant Obligated Person which includes certain debt, debt-like, and debt-related obligations, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District or a Significant Obligated Person any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District or a Significant Obligated Person, any of which reflect financial difficulties. As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, of a guarantee of (i) or (ii), but does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION . . . The District and the Significant Obligated Persons have agreed to provide the foregoing information to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update, or cause each Significant Obligated Person to update, information and to provide or cause the Significant Obligated Person to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or certain to a complete presentation of its or any Significant Obligated Person's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the respective Significant Obligated Person, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the Parity Bonds consent to the amendment or (b) any person unaffiliated with the District or the Significant Obligated Person (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, the District has agreed to include or cause the Significant Obligated Person to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the District believes it has complied in all material respects with its previous continuing disclosure undertakings, entered into pursuant to the Rule, except as follows:

In its Buffalo Creek Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2012, Buffalo Creek Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2019, and Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2020, the District agreed that it would provide or cause the Significant Obligated Person to provide certain updated financial information and operating data annually to the MSRB, which information would include audited financial statements, provided an audit is commissioned and the audit is completed in time. The District further agreed that if audited financial statements were not available by the required time, the District would provide or cause to be provided unaudited financial statements within the required time, which is six months after the end of each fiscal year of the Significant Obligated Person (March 31 in each year) and would provide or cause to be provided audited financial statements when and if such audited financial statements became available. For fiscal years ending 2018-2022, the City of Rockwall, Texas, filed its audited financial statements after the March 31 deadline in each year. In addition, with respect to the Series 2012, 2019 and 2020 Bonds, the City of Heath did not timely file its audited financial statements for fiscal years ended 2019, 2022 and 2023 by the March 31 deadline. The District filed certain financial information of the type included in Appendix C of the official statements, and unaudited financial statements for the City of Heath for fiscal year 2022 and 2023 by the required time.

In addition, in connection with its North Texas Municipal Water District Water Transmission Facilities Contract Revenue Refunding Bonds (City of Terrell Project), Series 2014, the District agreed that it would provide or cause the City of Terrell (the "City") to provide certain updated financial information and operating data annually to the MSRB, including audited financial statements for the District and the City when and if available, and unaudited financial statements within 12 months after fiscal year end, unless audited financial statements have been provided sooner. The City did not file audited or unaudited financial statements for fiscal year ended 2020 within 12 months after the end of its fiscal year, but audited financial statements were filed when they became available.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") serves as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions contained in the bond purchase agreement with the District, to purchase the Bonds from the District, at a price equal to the initial offering prices to the public, as shown on page 2, less an underwriting discount of $__________. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the Bonds.

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of The PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association may from time to time have banking or other financial relationships with the District. PNC Capital Markets LLC may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in PNC Capital Markets LLC's inventory for resale to PNCI's customers.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Use of Audited Financial Statements

Crowe, the District’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. Crowe also has not performed any procedures relating to this official statement.

Verification of Arithmetical and Mathematical Computations

Frost PLLC, CPA’s in conjunction with Public Finance Partners LLC, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash, if any, and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District’s retained advisors, consultants or legal counsel.

The report will be relied upon by Bond Counsel in rendering its opinion with respect to the defeasance of the Refunded Obligations.

Forward Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District to the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgment with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Miscellaneous

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Concluding Statement

The Bond Resolution authorizes the Authorized Officer to (i) approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and (ii) authorize its further use in the re-offering of the Bonds by the Underwriters. This Official Statement will be approved by the Authorized Officer of the District for distribution in accordance with the provisions of the Rule.

NORTH TEXAS MUNICIPAL WATER DISTRICT

/s/______________________________

Jennafer P. Covington
Executive Director/General Manager

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SCHEDULE OF REFUNDED OBLIGATIONS* **Schedule I**

Water System Revenue Refunding and Improvement Bonds, Series 2014

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded	CUSIP
6/15/2014	9/1/2025	5.000%	$ 17,170,000	$ -	662903NS8
	9/1/2026	5.000%	18,030,000	18,030,000	662903NT6
	9/1/2027	5.000%	3,830,000	3,830,000	662903NU3
	9/1/2028	5.000%	4,020,000	4,020,000	662903NV1
	9/1/2029	3.500%	4,225,000	-	662903NW9
	9/1/2030	3.500%	16,330,000	-	662903NX7
	9/1/2031	3.750%	4,525,000	4,525,000	662903NY5
	9/1/2032	3.750%	4,695,000	4,695,000	662903NZ2
	9/1/2033	3.750%	4,870,000	4,870,000	662903PA5
	9/1/2034	3.750%	5,055,000	5,055,000	662903PB3
			$ 65,580,000	$ 45,025,000	

The 2014 Bonds will be redeemed prior to original maturity on September 1, 2025, at par.

Water System Revenue Refunding and Improvement Bonds, Series 2015

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded	CUSIP
4/15/2015	9/1/2025	5.000%	$ 2,795,000	$ -	662903PQ0
	9/1/2026	5.000%	2,930,000	2,930,000	662903PR8
	9/1/2027	5.000%	18,245,000	18,245,000	662903PS6
	9/1/2028	5.000%	19,160,000	19,160,000	662903PT4
	9/1/2029	5.000%	20,135,000	20,135,000	662903PU1
	9/1/2030	3.000%	8,280,000	-	662903PV9
	9/1/2031	5.000%	22,255,000	22,255,000	662903PW7
	9/1/2032	5.000%	23,395,000	23,395,000	662903PX5
	9/1/2033	5.000%	24,540,000	24,540,000	662903PY3
	9/1/2034	5.000%	25,750,000	25,750,000	662903PZ0
	9/1/2035	5.000%	27,010,000	27,010,000	662903QA4
	9/1/2036	5.000%	11,310,000	11,310,000	662903QB2
	9/1/2037 (1)	4.000%	5,015,000	5,015,000	662903QK2
	9/1/2038 (1)	4.000%	5,265,000	5,265,000	662903QK2
	9/1/2039 (1)	4.000%	5,530,000	5,530,000	662903QK2
	9/1/2040 (1)	4.000%	5,805,000	5,805,000	662903QK2
	9/1/2041 (1)	4.000%	6,095,000	6,095,000	662903QK2
	9/1/2042 (1)	4.000%	6,400,000	6,400,000	662903QK2
	9/1/2043 (1)	4.000%	6,720,000	6,720,000	662903QK2
	9/1/2044 (1)	4.000%	7,055,000	7,055,000	662903QK2
			$ 250,895,000	$ 242,615,000	

(1) Represents mandatory sinking fund installments of a Term Bond with a final maturity of September 1, 2044.

The 2015 Bonds will be redeemed prior to original maturity on September 1, 2025, at par.

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* Preliminary, subject to change.

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APPENDIX A

EXCERPTS FROM THE

NORTH TEXAS MUNICIPAL WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the North Texas Municipal Water District Comprehensive Annual Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
North Texas Municipal Water District
City of Wylie, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund and the aggregate remaining fund information for the North Texas Municipal Water District (the District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District'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 respective financial position of each major fund and the aggregate remaining fund information of the District, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 District'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 opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 District'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 District'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*, *Schedule of Changes in Net Pension Liability and Related Ratios*, *Schedule of Employer Contributions*, *Money-Weighted Rate of Return – Retirement Plan, Schedule of Changes in Net OPEB Liability and Related Ratios*, *Schedule of NTMWD Contributions* and *Money-Weighted Rate of Return - OPEB* on pages 5-10, 62, 63, 64, 65, 67 and 68, respectively, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Plano, Texas
February 12, 2025

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

As management of the North Texas Municipal Water District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished with our letter of transmittal, which can be found in the Introductory section of this report.

Financial Highlights

As of September 30, 2024:

- Total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $2.31 billion.
- The District's total net position increased approximately $202 million, or 9.56%.
- During the year, the District's total operating revenues increased by approximately $64 million or 8.36%, and total operating expenses increased by approximately $35 million, or 6.35%.
- The District issued $776 million in revenue bonds for various projects. The District also added $85 million in Extended Commercial Paper (ECP) debt and paid off $52 million in ECP debt during FY24.
- Construction of the Bois d'Arc Lake, Leonard Water Treatment Plant (WTP), Wylie WTP Improvements, Sister Grove Wastewater Treatment Plant (WWTP) and various other WWTP improvements led the way in capital expenditures totaling over $205 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District can be divided into two categories: Proprietary Funds and Fiduciary Funds.

Proprietary Funds. The District maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise Funds. An enterprise fund is used to report the functions that are business-type activities. The District reports five major enterprise funds: Water, Regional Wastewater, Small Systems, Solid Waste and Interceptor.

Internal Service Funds. Internal service funds are used to accumulate and allocate costs internally amongst the District's various systems. The District uses internal service funds to account for its administrative support services, maintenance services, technical services, inspector's revenue, information technology support services, and insurance benefits to District employees, participating dependents, and eligible retirees.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 12 through 19 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources that are under the District's control, but are for the benefit of parties outside the District. The District's pension and OPEB trust are reported under the fiduciary funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 20 through 21 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found starting on page 22 of this report.

Other Information. In addition to the basic 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 and other postemployment benefits to its employees. Required supplemental information can be found beginning on page 62 of this report.

North Texas Municipal Water District's Net Position

	As of September 30			
	2024	2023	Increase/ (Decrease)	Percent Change
ASSETS:				
Current assets - unrestricted	$ 331,698,400	$ 272,159,938	$ 59,538,462	21.9%
Current assets - restricted	140,646,175	91,080,914	49,565,261	54.4%
Noncurrent assets - restricted	1,512,215,156	964,980,541	547,234,615	56.7%
Capital assets-net	5,631,165,237	5,384,491,490	246,673,747	4.6%
Total assets	7,615,724,968	6,712,712,883	903,012,085	13.5%
Total deferred outflows of resources	64,261,729	76,305,470	(12,043,741)	-15.8%
Total assets and deferred outflows of resources	7,679,986,697	6,789,018,353	890,968,344	13.1%
LIABILITIES:				
Long-term liabilities outstanding	4,721,091,412	4,145,144,728	575,946,684	13.9%
Current and other liabilities	645,168,158	530,964,290	114,203,868	21.5%
Total liabilities	5,366,259,570	4,676,109,018	690,150,552	14.8%
Total deferred inflows of resources	4,461,572	5,181,412	(719,840)	-13.9%
Total liabilities and deferred inflows of resources	5,370,721,142	4,681,290,430	689,430,712	14.7%
NET POSITION:				
Net investment in capital assets	1,840,638,282	1,734,270,828	106,367,454	6.1%
Restricted	315,470,369	262,426,104	53,044,265	20.2%
Unrestricted	153,156,904	111,030,991	42,125,913	37.9%
Total net position	$ 2,309,265,555	$ 2,107,727,923	$ 201,537,632	9.6%

The largest portion of the District's net position (79.7%) reflects its investment in capital assets (e.g., land, reservoir facilities, water treatment facilities and wastewater disposal facilities) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its Member Cities and Customers; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

An additional portion of the District's net position (13.7%) represents resources that are subject to external restrictions on how they may be used. The District's restricted net position consists primarily of the reserve funds required by bond resolutions.

The remaining balance of the District's net position represents unrestricted net position (6.6%) and may be used to meet the District's ongoing obligations. The overall increase in net position of $201,537,632, or 9.6%, during the current fiscal year indicates an improved financial position.

While the Statement of Net Position provides the components of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information on the source of the change during the year.

North Texas Municipal Water District's Changes in Net Position

	Year Ended September 30		Increase	Percent
	2024	2023	(Decrease)	Change
Operating Revenues:				
Water sales	$ 451,251,338	$ 420,935,131	$ 30,316,207	7.2%
Wastewater service fees	225,462,439	198,930,141	26,532,298	13.3%
Solid waste service fees	43,600,382	40,894,421	2,705,961	6.6%
Intragovernmental	79,910,858	77,422,127	2,488,731	3.2%
Insurance premiums	23,255,429	20,601,527	2,653,902	12.9%
Other operating revenues	3,645,137	4,524,592	(879,455)	-19.44%
Total Operating Revenues	827,125,583	763,307,939	63,817,644	8.4%
Operating Expenses:				
Personnel	129,223,264	116,792,740	12,430,524	10.6%
Claims paid	18,387,069	18,535,644	(148,575)	-0.8%
Administrative charges	960,660	1,905,769	(945,109)	-49.6%
Operating supplies	106,135,935	108,095,080	(1,959,145)	-1.8%
Operating services	201,931,339	201,500,453	430,886	0.2%
Depreciation/amortization	137,606,358	111,945,502	25,660,856	22.9%
Total Operating Expenses	594,244,625	558,775,188	35,469,437	6.3%
Operating Income	232,880,958	204,532,751	28,348,207	13.9%
Nonoperating Revenues (Expenses):				
Investment income (expense)	86,368,626	60,313,933	26,054,693	43.2%
Miscellaneous revenue (expense)	380,428	127,617	252,811	198.1%
Grant income	-	33,508	88,409	263.8%
Gain (loss) on sale of capital assets	4,840,328	833,606	4,006,722	480.6%
Contribution revenue (expense)	8,489,443	61,070	8,428,373	13801.2%
Interest expense	(131,544,068)	(111,502,521)	(20,041,547)	18.0%
Net Nonoperating Revenues (Expenses)	(31,465,243)	(50,132,787)	18,789,461	-37.2%
Capital contributions	121,917	-	121,917	100.0%
Change in Net Position	201,537,632	154,399,964	47,137,668	30.5%
Net Position - Beginning	2,107,727,923	1,953,327,959	154,399,964	7.9%
Net Position - Ending	$ 2,309,265,555	$ 2,107,727,923	$ 201,537,632	9.6%

Total operating revenues for the District for the years ended September 30, 2024 and 2023 were $827,125,583 and $763,307,939, respectively. The $63,817,644 increase in total revenues was primarily driven by increases in water sales and wastewater service fees. The Member City water rate for FY24 increased to $3.64 per 1,000 gallons, an increase of $.25 from FY23. The Member City cost for wastewater services increased from $2.57 in FY23 to $2.85 in FY24.

Total operating expenses for the District for the years ended September 30, 2024 and 2023 were $594,244,625 and $558,775,188, respectively. Several key factors, primarily increased personnel and depreciation expense, account for the $35,469,437 increase in total expenses from 2023 to 2024. The increase in personnel expense is attributed to 26 net new budgeted positions, average 5% merit increases, retirement plan funding increases and rising health insurance costs. A portion of these increased expenses were offset by lower operating supplies, primarily related to reduced chemical pricing and optimization efforts at the Leonard Water Treatment Plant.

The District's Internal Service Fund accounts for support services, as well as insurance benefits to District employees, participating dependents, and eligible retirees. Intragovernmental revenues are derived from direct and indirect allocations based on historical costs and trends. The allocation amounts and percentages are calculated based on a multi-faceted review including department specific metrics and manager input. These revenues are offset by specific operating expenses including personnel, supplies and services, including shared services which increased in FY24.

The District's operating revenues are derived from charges to Member Cities and Customers, primarily for the sale and treatment of water and wastewater. Member Cities and Customers generally contract to pay amounts equal to the District's operating and maintenance expenses, debt service requirements and any other obligations payable from the revenues of the District.

In the Regional Wastewater System, Small Systems, Solid Waste System and Interceptor System, the charges for services are adjusted accordingly at the end of each year on a break-even basis. In the Water System, variable costs, that are below budget, are rebated to the Member Cities and Customers that consume less than their annual minimum on a proportionate basis. Each Member City's or Customer's share of the variable rebate is determined by actual use compared to their annual minimum requirements. Any Water System excess or shortage, after accounting for variable rebate costs, can be transferred to or from the Operating and/or the Contingency Fund subject to Fund Balance Policy limits. Surplus budgeted funds are returned to Member Cities in accordance with the contract when applicable.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets as of September 30, 2024, amounted to $5,631,165,237 (net of accumulated depreciation). These capital assets include land and land improvements, reservoir facilities, water treatment and transmission facilities, wastewater treatment facilities, buildings and other equipment and water rights. The total increase in the District's investment in capital assets for the current year was 4.6%.

Major capital asset events during the current fiscal year included the following:

- Completion of the Wylie Water Treatment Plant (WTP) II Mechanical improvements totaling approximately $63 million;
- Improvements, including WTP II Structural improvements, filter improvements to WTP IV, and improvements to the Wylie WTP Ammonia Systems, the cost of these additions was $38 million;
- Improvements to McKinney Lift Stations, Transfer Stations, Interceptors and Force Mains; the cost of additions to construction-in-progress was approximately $40 million;
- Sister Grove WWTP and Plant Site development totaling more than $51 million;
- Construction of the treated water pipeline from Leonard WTP to McKinney No. 4, Leonard Water Treatment Plant and Leonard High Service Pump Station; the cost of additions to construction-in-progress during the fiscal year was approximately $27 million;
- Bois d'Arc raw water pipeline, raw water pump station, reservoir and dam, archaeological survey, boat ramps, Fannin County road and bridge improvements, and mitigation property; the cost of additions to construction-in-progress during the fiscal year were approximately $22 million;
- Capitalized improvements of Upper East Fork Lift Stations and Interceptor Lines, including North McKinney and FM 2551 Relocation totaling approximately $70.8 million.

Additional information on the District's construction commitments can be found in Note 11 of this report.

North Texas Municipal Water District's Capital Assets (net of accumulated depreciation/amortization)

	As of September 30		Increase	Percent
	2024	2023	(Decrease)	Change
Land	$ 354,034,223	$ 349,496,699	$ 4,537,524	1.3%
Easements	97,450,431	93,174,510	4,275,921	4.6%
Land improvements	266,304,836	274,745,693	(8,440,857)	-3.1%
Water treatment, storage and transmission facilities	2,471,948,067	2,387,670,666	84,277,401	3.5%
Wastewater treatment facilities	953,888,382	879,460,774	74,427,608	8.5%
Solid waste transfer and disposal facilities	51,242,194	52,958,316	(1,716,122)	-3.2%
Reservoir facilities and water rights	344,570,476	352,200,693	(7,630,217)	-2.2%
Buildings	67,756,148	69,563,046	(1,806,898)	-2.6%
Automobiles and trucks	9,782,415	8,886,120	896,295	10.1%
Office furniture and fixtures	458,492	230,839	227,653	98.6%
Other equipment	36,712,163	38,699,941	(1,987,778)	-5.1%
Lease and subscription right-of-use assets	3,272,937	1,807,238	1,465,699	81.1%
Construction in progress	973,744,473	875,596,955	98,147,518	11.2%
Total	$ 5,631,165,237	$ 5,384,491,490	$ 246,673,747	4.6%

Additional information on the District's capital assets can be found in Note 4 of this report.

Debt Administration

At the end of the current fiscal year, the District had total outstanding debt of $4,737,575,000. Of this amount 62% is reflected in the Water System revenue bonds and 18% is reflected in the Regional Wastewater System revenue bonds. For the Extendable Commercial Paper, 58% is reflected in the Water System and 42% in the Wastewater System.

North Texas Municipal Water District's Outstanding Debt

	As of September 30		Increase	Percent
	2024	2023	(Decrease)	Change
Revenue bonds	$ 4,600,575,000	$ 3,997,070,000	$ 603,505,000	15.1%
Extendable commercial paper	137,000,000	104,000,000	33,000,000	31.7%
Total	$ 4,737,575,000	$ 4,101,070,000	$ 636,505,000	15.1%

The District's revenue bonds have been rated as follows for both FY24 and FY23:

	Moody's	S&P
Water System	Aa1	AAA
Wastewater System	Aa2	AAA
Solid Waste System	Aa2	AA+
Interceptor System	Aa1	AAA

Additional information on the District' s long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The Annual Budget outlines the District's plans to provide high-quality, cost-effective service to its Member Cities and Customers. According to the Dallas Federal Reserve, the local economy moderated toward more normal growth in 2024. The Dallas Fed's Texas Employment Forecast suggests job growth would be steady for the remainder of the year. Inflation has continued to slow with Texas CPI down to 2.5% in August. The State of Texas and our local economy surrounding the Dallas/Forth Worth Metroplex is known for its traditionally lower cost of living which has attracted a large migration of new residents from across the U.S. to now call our service area home.

The District increased the Regional Water System rates for Member Cities by $0.21/1,000 gallons to $3.85/1,000 gallons for FY25. This represented a 5.8% increase and was necessary to cover increasing operating and capital costs. The District's Board of Directors goal of meeting the contractual obligation of the participating cities, within state and federal laws while protecting the environment, continues to be accomplished with reasonable cost in all systems.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting Department, P.O. Box 2408, Wylie, Texas 75098 or Accounting@NTMWD.com.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2024

ASSETS	Water System	Regional Wastewater System
CURRENT ASSETS:		
Cash and cash equivalents	$ 123,258,736	$ 17,430,413
Investments	73,593,680	1,990,680
Accounts receivable	14,577,144	4,111,015
Contracts receivable	-	-
Due from other funds	5,110,653	36,905
Prepaid expenses	6,613,022	928,595
Unbilled receivables	118,699	1,799,525
Total current unrestricted assets	223,271,934	26,297,133
Restricted assets:		
Cash and cash equivalents	45,289,759	16,339,745
Interest receivable	1,692,335	308,533
Accounts receivable	455,861	-
Due from other funds	24,934,275	4,663,583
Prepaid expenses	507,796	-
Unbilled receivables	-	-
Total current restricted assets	72,880,026	21,311,861
TOTAL CURRENT ASSETS	296,151,960	47,608,994
NONCURRENT ASSETS:		
Restricted assets:		
Cash and cash equivalents	580,346,995	221,624,947
Investments	259,239,507	37,042,128
Total noncurrent restricted assets	839,586,502	258,667,075
Capital assets:		
Land	319,300,038	20,854,911
Easements	78,903,302	40,598
Construction-in-progress	260,603,728	435,187,929
Land improvements	289,347,849	1,472,029
Water treatment, storage, and transmission facilities	3,036,240,048	-
Wastewater treatment facilities	-	577,070,045
Solid waste transfer and disposal facilities	-	-
Reservoir facilities and water rights	497,014,397	-
Buildings	17,109,622	3,763,888
Automobiles and trucks	2,397,202	3,772,447
Office furniture and fixtures	106,697	101,610
Other equipment	31,003,929	15,908,506
Lease and subscription right-of-use assets	92,015	1,626,135
Less: accumulated depreciation/amortization	(808,860,099)	(179,094,088)
Net capital assets	3,723,258,728	880,704,010
TOTAL NONCURRENT ASSETS	4,562,845,230	1,139,371,085
TOTAL ASSETS	4,858,997,190	1,186,980,079
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	1,992,985	926,608
Deferred pension outflow	7,149,280	8,167,408
Deferred OPEB outflow	878,303	935,739
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,020,568	10,029,755
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,869,017,758	$ 1,197,009,834

See notes to the basic financial statements.

Small Systems	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
$ 14,599,022	$ 15,319,826	$ 7,152,735	$ 177,760,732	$ 19,677,139
-	6,959,890	988,490	83,532,740	-
1,297,147	433,179	1,873,996	22,292,481	543,927
-	-	-	-	30,000
1,936,047	433,849	2,706	7,520,160	1,167,014
499,496	452,205	201,844	8,695,162	972,641
573,324	1,391,620	274,975	4,158,143	5,348,261
18,905,036	24,990,569	10,494,746	303,959,418	27,738,982
15,355,792	1,040,900	12,150,153	90,176,349	-
535,605	94,072	185,051	2,815,596	-
-	-	-	455,861	-
2,898,915	1,806,664	950,000	35,253,437	1,356,555
-	-	-	507,796	-
-	10,080,581	-	10,080,581	-
18,790,312	13,022,217	13,285,204	139,289,620	1,356,555
37,695,348	38,012,786	23,779,950	443,249,038	29,095,537
129,444,429	37,177,137	160,841,398	1,129,434,906	-
58,642,125	7,894,264	19,962,226	382,780,250	-
188,086,554	45,071,401	180,803,624	1,512,215,156	-
436,498	13,089,142	353,634	354,034,223	-
6,027,264	-	12,479,267	97,450,431	-
92,346,056	20,353,560	165,253,200	973,744,473	-
417,138	10,890,996	-	302,128,012	1,910,708
46,501,712	-	-	3,082,741,760	-
275,859,908	-	452,241,116	1,305,171,069	-
-	96,236,981	-	96,236,981	-
-	-	-	497,014,397	-
192,616	43,852,730	1,673,848	66,592,704	27,806,360
885,353	6,661,560	1,301,940	15,018,502	10,228,520
-	-	-	208,307	1,226,494
5,788,613	37,291,935	6,802,389	96,795,372	14,478,711
74,615	24,729	-	1,817,494	3,338,593
(101,713,083)	(87,581,613)	(109,745,658)	(1,286,994,541)	(29,783,333)
326,816,690	140,820,020	530,359,736	5,601,959,184	29,206,053
514,903,244	185,891,421	711,163,360	7,114,174,340	29,206,053
552,598,592	223,904,207	734,943,310	7,557,423,378	58,301,590
494,911	539,258	858,887	4,812,649	-
3,690,119	7,221,340	1,155,802	27,383,949	25,416,160
498,218	738,688	176,408	3,227,356	3,421,615
4,683,248	8,499,286	2,191,097	35,423,954	28,837,775
$ 557,281,840	$ 232,403,493	$ 737,134,407	$ 7,592,847,332	$ 87,139,365

(Continued)

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2024

LIABILITIES	Water System	Regional Wastewater System
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Accounts payable and accrued liabilities	$ 32,950,614	$ 6,507,829
Due to other funds	25,443,960	5,050,125
Customers' advance payments	14,205,079	4,346,155
Total payable from unrestricted assets	72,599,653	15,904,109
Payable from restricted assets:		
Accounts payable and accrued liabilities	58,620,987	44,857,873
Due to other funds	5,297,650	51,727
Accrued landfill closure and post-closure care cost	-	-
Accrued interest payable on notes	638,475	482,533
Accrued interest payable on revenue bonds	8,497,604	4,406,940
Accrued interest payable on lease and SBITA liability	-	31,742
Current portion of note payable	79,000,000	58,000,000
Current portion of lease and SBITA payable	18,586	415,084
Current portion of revenue bonds	110,205,000	24,195,000
Total payable from restricted assets	262,278,302	132,440,899
TOTAL CURRENT LIABILITIES	334,877,955	148,345,008
NONCURRENT LIABILITIES:		
Accrued landfill closure costs	-	-
Accrued vacation—less current portion	483,478	577,140
Accrued sick—less current portion	539,250	764,270
Net pension liability	15,565,499	15,622,036
Net OPEB liability	1,691,019	1,836,722
Lease and SBITA liability	25,291	785,989
Deferred compensation	-	-
Long-term debt—less current portion	2,852,376,346	805,927,179
TOTAL NONCURRENT LIABILITIES	2,870,680,883	825,513,336
TOTAL LIABILITIES	3,205,558,838	973,858,344
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflow	(8,142)	374,235
Deferred OPEB inflow	266,468	325,127
Deferred grant income	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	258,326	699,362
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,205,817,164	974,557,706
NET POSITION:		
Net investment in capital assets	1,321,752,125	168,311,443
Restricted for debt service	188,785,878	49,500,446
Unrestricted	152,662,591	4,640,239
TOTAL NET POSITION	$ 1,663,200,594	$ 222,452,128

See notes to the basic financial statements.

Small Systems	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
$ 11,127,157	$ 3,171,363	$ 3,479,142	$ 57,236,105	$ 16,140,248
2,849,676	1,825,723	1,043,122	36,212,606	1,422,742
1,336,384	185,211	1,774,952	21,847,781	-
15,313,217	5,182,297	6,297,216	115,296,492	17,562,990
9,523,110	22,000,658	25,839,986	160,842,614	-
2,246,385	-	66,056	7,661,818	-
-	6,983,097	-	6,983,097	-
-	-	-	1,121,008	-
4,763,171	246,461	4,753,808	22,667,984	-
-	-	-	31,742	13,976
-	-	-	137,000,000	-
15,024	1,740	-	450,434	886,003
15,255,000	4,980,000	20,015,000	174,650,000	-
31,802,690	34,211,956	50,674,850	511,408,697	899,979
47,115,907	39,394,253	56,972,066	626,705,189	18,462,969
-	3,097,484	-	3,097,484	-
193,214	432,532	102,035	1,788,399	1,606,289
298,352	676,967	129,144	2,407,983	2,167,545
7,136,788	13,385,845	2,330,814	54,040,982	47,559,866
952,156	1,438,936	338,691	6,257,524	6,579,538
29,440	-	-	840,720	853,264
-	-	-	-	105,000
369,983,706	69,881,192	495,618,395	4,593,786,818	-
378,593,656	88,912,956	498,519,079	4,662,219,910	58,871,502
425,709,563	128,307,209	555,491,145	5,288,925,099	77,334,471
(30,757)	396,035	(49,963)	681,408	613,639
157,153	265,855	47,012	1,061,615	1,104,910
1,000,000	-	-	1,000,000	-
1,126,396	661,890	(2,951)	2,743,023	1,718,549
426,835,959	128,969,099	555,488,194	5,291,668,122	79,053,020
93,140,558	83,927,045	146,054,301	1,813,185,472	27,452,810
38,579,529	6,528,555	32,075,961	315,470,369	-
(1,274,206)	12,978,794	3,515,951	172,523,369	(19,366,465)
$ 130,445,881	$ 103,434,394	$ 181,646,213	$ 2,301,179,210	$ 8,086,345

(Concluded)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	Water System	Regional Wastewater System
OPERATING REVENUES:		
Water sales	$ 451,251,338	$ -
Wastewater service fees	-	107,316,826
Solid waste service fees	-	-
Intragovernmental	-	-
Insurance premiums	-	-
Other operating revenues	257,999	105,198
Total operating revenues	451,509,337	107,422,024
OPERATING EXPENSES:		
Personnel	18,788,363	19,418,767
Claims paid	-	-
Administrative charges	-	-
Operating supplies:		
Chemicals	61,320,488	6,405,892
Other supplies	6,241,190	5,763,350
Operating services:		
Electric power	22,313,416	4,176,112
Wholesale water purchases	5,421,527	-
Consulting	4,515,015	955,755
Maintenance	23,354,184	2,696,786
Shared services	41,924,404	14,467,271
Other services	5,369,757	9,882,264
Depreciation/amortization	92,579,095	16,145,251
Total operating expenses	281,827,439	79,911,448
OPERATING INCOME	169,681,898	27,510,576
NONOPERATING REVENUES (EXPENSES):		
Investment income (expense)	56,207,072	13,524,580
Miscellaneous revenue (expense)	-	-
Gain (loss) on sale of capital assets	(683,386)	124,287
Contribution revenue (expense)	6,489,443	-
Interest expense	(92,094,157)	(13,813,978)
Total nonoperating revenues (expenses)	(30,081,028)	(165,111)
Income (loss) before contributions and transfers	139,600,870	27,345,465
Capital Contributions	121,917	-
CHANGE IN NET POSITION	139,722,787	27,345,465
NET POSITION AT OCTOBER 1, 2023	1,523,477,807	195,106,663
NET POSITION AT SEPTEMBER 30, 2024	$ 1,663,200,594	$ 222,452,128

See notes to the basic financial statements.

Small Systems	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
$ -	$ -	$ -	$ 451,251,338	$ -
63,242,546	-	54,903,067	225,462,439	-
-	43,600,382	-	43,600,382	-
-	-	-	-	79,910,858
-	-	-	-	23,255,429
414,650	2,664,677	9,321	3,451,845	193,292
63,657,196	46,265,059	54,912,388	723,766,004	103,359,579
9,582,935	15,825,043	3,529,600	67,144,708	62,078,556
-	-	-	-	18,387,069
-	-	-	-	960,660
3,005,928	174,402	4,906,790	75,813,500	32
2,622,533	5,503,554	1,106,314	21,236,941	9,085,462
2,819,672	263,844	1,674,998	31,248,042	167,266
-	-	-	5,421,527	-
2,141,479	494,578	1,026,325	9,133,152	2,688,534
1,541,944	1,242,553	5,922,087	34,757,554	3,446,508
8,239,544	4,095,499	7,034,890	75,761,608	-
9,249,443	4,833,075	5,365,974	34,700,513	4,606,635
8,526,504	7,360,933	9,120,986	133,732,769	3,873,589
47,729,982	39,793,481	39,687,964	488,950,314	105,294,311
15,927,214	6,471,578	15,224,424	234,815,690	(1,934,732)
8,376,332	2,974,603	5,082,749	86,165,336	203,290
-	-	-	-	380,428
14,846	5,164,565	43,012	4,663,324	177,004
-	-	2,000,000	8,489,443	-
(10,625,454)	(2,845,081)	(12,165,398)	(131,544,068)	-
(2,234,276)	5,294,087	(5,039,637)	(32,225,965)	760,722
13,692,938	11,765,665	10,184,787	202,589,725	(1,174,010)
-	-	-	121,917	-
13,692,938	11,765,665	10,184,787	202,711,642	(1,174,010)
116,752,943	91,668,729	171,461,426	2,098,467,568	9,260,355
$ 130,445,881	$ 103,434,394	$ 181,646,213	$ 2,301,179,210	$ 8,086,345

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	Water System	Regional Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 477,025,211	$ 105,265,406
Cash received from other funds	-	506,199
Cash received from (paid to) others	315,170	163,827
Cash paid to suppliers for goods and services	(144,859,371)	(31,144,296)
Cash paid for employee services	(11,420,219)	(11,172,484)
Cash paid to other funds	(42,117,873)	(17,857,169)
Net cash provided by operating activities	278,942,918	45,761,483
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bonds	533,473,000	-
Cash paid for capital assets	(160,571,872)	(89,767,460)
Proceeds from extended commercial paper	25,000,000	25,000,000
Interest paid on long-term debt	(101,005,179)	(13,888,196)
Interest paid on notes	(2,874,092)	(1,696,982)
Principal payments on long-term debt	(115,540,000)	(22,525,000)
Principal payments on notes	-	-
Payments for bond issue costs	(1,083,000)	-
Arbitrage rebate and service fees	-	(57,070)
Capital contribution	121,917	-
Net cash provided by (used for) capital and related financing activities	177,520,774	(102,934,708)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale and maturity of investments	219,766,087	76,190,692
Purchases of investments	(298,020,036)	(34,960,861)
Interest received	53,193,356	16,983,939
Net cash provided by (used for) investing activities	(25,060,593)	58,213,770
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	431,403,099	1,040,545
CASH AND CASH EQUIVALENTS—Beginning of year	317,492,391	254,354,560
CASH AND CASH EQUIVALENTS—End of year	$ 748,895,490	$ 255,395,105
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	$ 123,258,736	$ 17,430,413
Restricted cash and cash equivalents	625,636,754	237,964,692
	$ 748,895,490	$ 255,395,105
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 169,681,898	$ 27,510,576
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization	92,579,095	16,145,251
Change in operating assets and liabilities:		
Accounts receivable and unbilled receivable	1,045,693	(1,387,524)
Prepaid expenses	(121,743)	(135,890)
Pension related deferred outflows of resources	1,343,403	1,365,100
OPEB related deferred outflows of resources	247,083	251,018
Net pension liability	(8,095)	(8,227)
Pension related deferred inflows of resources	(166,771)	(169,463)
OPEB related deferred inflows of resources	61,064	62,037
Net OPEB liability	(166,050)	(168,695)
Subscription liability	(1,441)	1,202,212
Due to/from other funds	(172,325)	(227,643)
Accounts payable, accrued liabilities, and developers' deposits	12,889,531	2,091,472
Accrued vacation and accrued sick	84,677	127,702
Landfill liability	-	-
Customers' advance payments	1,646,899	(896,443)
	109,261,020	18,250,907
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 278,942,918	$ 45,761,483
NONCASH TRANSACTION DISCLOSURES		
Change in landfill liability	$ -	$ -
Gain (loss) on disposal of capital assets	(79,432)	-
Amortization of bond-related items	(13,428,416)	(1,795,843)
Change in fair value of investments	(6,029,174)	(1,179,588)
Change in liabilities related to capital assets	(26,119,616)	(18,406,165)
Change in actuarial value of net pension liability	8,095	8,227

See notes to the basic financial statements

	Small Systems	Solid Waste System	Interceptor System	Total Enterprise Funds	Internal Service Fund
	$ 63,123,006	$ 38,649,739	$ 53,695,523	$ 737,758,885	$ -
	-	4,430,569	56,092	4,992,860	75,988,386
	72,413	2,090,621	24,079	2,666,110	4,398,798
	(19,861,727)	(17,751,826)	(21,059,816)	(234,677,036)	(37,465,722)
	(5,578,511)	(9,298,458)	(2,129,226)	(39,598,898)	(36,141,758)
	(10,245,644)	(4,095,121)	(6,568,646)	(80,884,453)	(96,797)
	27,509,537	14,025,524	24,018,006	390,257,468	6,682,907
	97,753,402	-	159,127,601	790,354,003	-
	(47,247,717)	(15,793,571)	(56,057,637)	(369,438,257)	(3,128,129)
	-	-	35,000,000	85,000,000	-
	(10,444,135)	(3,321,047)	(12,518,718)	(141,177,275)	-
	-	-	(1,367,379)	(5,938,453)	-
	(13,605,000)	(4,635,000)	(16,095,000)	(172,400,000)	-
	-		(52,000,000)	(52,000,000)	-
	(1,492,182)	-	(1,665,344)	(4,240,526)	-
	(11,909)	-	-	-	-
	-	-	-	121,917	-
	24,952,459	(23,749,618)	54,423,523	130,212,430	(3,128,129)
	69,695,063	27,005,051	42,638,127	435,295,020	-
	(64,631,881)	(32,571,675)	(25,649,168)	(455,833,621)	-
	10,211,734	4,055,636	5,969,851	90,414,516	583,719
	15,274,916	(1,510,988)	22,958,810	69,875,915	583,719
	67,736,912	(11,235,082)	101,400,339	590,345,813	4,138,497
	91,662,331	64,772,945	78,743,947	807,026,174	15,538,642
	$ 159,399,243	$ 53,537,863	$ 180,144,286	$ 1,397,371,987	$ 19,677,139
	$ 14,599,022	$ 15,319,826	$ 7,152,735	$ 177,760,732	$ 19,677,139
	144,800,221	38,218,037	172,991,551	1,219,611,255	-
	$ 159,399,243	$ 53,537,863	$ 180,144,286	$ 1,397,371,987	$ 19,677,139
	$ 15,927,214	$ 6,471,578	$ 15,224,424	$ 234,815,690	$ (1,934,732)
	8,526,504	7,360,933	9,120,986	133,732,769	3,873,589
	287,913	(1,187,316)	(1,035,881)	(2,277,115)	(988,807)
	(87,982)	(1,127)	(68,590)	(415,332)	(187,432)
	682,564	1,158,419	233,002	4,782,488	4,469,647
	125,468	178,196	48,977	850,742	883,989
	(4,101)	(6,982)	(1,401)	(28,806)	(26,948)
	(84,734)	(143,805)	(28,931)	(593,704)	(554,858)
	31,007	44,039	12,104	210,251	218,471
	(84,321)	(119,754)	(32,914)	(571,734)	(594,075)
	13,345	(7,687)	-	1,206,429	187,883
	(118,989)	270,189	2,327	(246,441)	228,076
	3,126,294	135,490	734,701	18,977,488	950,430
	57,466	229,890	35,617	535,352	246,744
	-	598,571	-	598,571	-
	(888,111)	(955,110)	(226,415)	(1,319,180)	(89,070)
	11,582,323	7,553,946	8,793,582	155,441,778	8,617,639
	$ 27,509,537	$ 14,025,524	$ 24,018,006	$ 390,257,468	$ 6,682,907
	$ -	$ 598,571	$ -	$ 598,571	$ -
	-	635,287	-	555,855	-
	(1,125,979)	(434,692)	(2,180,318)	(18,965,248)	-
	(514,231)	(115,908)	(412,578)	(8,251,479)	-
	(3,693,435)	(1,287,143)	(11,218,639)	(60,724,998)	-
	4,101	6,982	1,401	28,806	26,948

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	Total [1]
ASSETS	
Cash and cash equivalents	$ 6,247,603
Investments	137,454,833
TOTAL ASSETS	143,702,436
LIABILITIES	
Accrued expenses and benefits payable	-
TOTAL LIABILITIES	-
NET POSITION:	
Restricted for pensions	131,893,557
Restricted for postemployment benefits other than pensions	11,808,879
TOTAL NET POSITION	$ 143,702,436

(1) Information presented for the Pension Trust Fund is as of December 31, 2023.
Information presented for the OPEB Trust Fund is as of September 30, 2024.

See notes to the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	Total (1)
Additions:	
Contributions:	
Employer	$ 13,471,420
Member	3,371,026
Total contributions	16,842,446
Net investment income:	
Interest and dividends	4,288,707
Equity fund income, net	-
Net increase in fair value of investments	11,543,874
Less investment expenses:	
Direct investment expense	367,677
Total investment expenses	367,677
Net investment income	15,464,904
Other income	-
Total Additions	32,307,350
Deductions:	
Service benefits	10,807,991
Total Deductions	10,807,991
Net increase (decrease)	21,499,359
Net position	
Beginning of year	122,203,077
End of year	$ 143,702,436

(1) Information presented for the Pension Trust Fund is as of December 31, 2023.
Information presented for the OPEB Trust Fund is as of September 30, 2024.

See notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Texas Municipal Water District (the District) 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 District's significant accounting policies are described below.

Reporting Entity

The District is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article XVI, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session, as amended (the Act). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment, processing and transportation of such water to its 13 Member Cities (as defined below) and other customers located in North Central Texas. Under the State of Texas Constitution and the Statutes, the District has broad powers to effect flood control and the conservation and use, for all beneficial purposes, of storm and floodwaters and unappropriated flow waters and, as a necessary aid to these purposes, the specific authority to construct, own and operate water supply, treatment, and distribution facilities and sewage gathering, transmission and disposal facilities and to collect, transport, treat, dispose of and control all municipal, domestic, industrial, or communal waste, whether in fluid, solid, or composite state.

The District comprises all of the territory of its Member Cities: Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie (the Member Cities). The District's Administrative Office is located at 501 E. Brown Street, Wylie, Texas. The District is governed by a 25-member Board of Directors. Each Member City having a population of 5,000 or more is represented by two members on the Board of Directors. A Member City with a population of less than 5,000 (Farmersville) is represented by one member on the Board of Directors. Members of the Board of Directors are appointed by the governing bodies of the respective Member Cities for two-year terms.

Basis of Presentation - Fund Financial Statements

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses.

The District reports the following proprietary fund types:

Enterprise Funds. The District reports its activities in five major enterprise funds: Water System, Regional Wastewater System, Small Systems, Solid Waste System and Interceptor System.

The Water System owns and operates a wholesale water treatment and transmission system consisting of raw water facilities, water treatment works and water transmission facilities and provides treated water to municipalities, water supply corporations, and individual customers.

The Regional Wastewater System, Small Systems, and Interceptor System own and operate wastewater treatment and disposal systems consisting of facilities to receive, treat and dispose of wastewater.

The Solid Waste System owns and operates landfill sites and solid waste transfer stations.

Internal Service Fund. This fund accounts for support services, as well as insurance benefits to District employees, participating dependents, and eligible retirees.

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

Pension and Other Employee Benefit Trust Funds. These funds account for the operations of the retirement and other postemployment benefits. The Pension Trust is reported on a calendar year basis as of December 31, 2023 and the OPEB Trust is reported on a fiscal year basis, which reflects each of the trusts measurement dates respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The accompanying basic financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The District's operating revenues are derived from charges to cities, primarily for the sale and treatment of water, wastewater and solid waste. The District constructs facilities to provide services to others, which are financed in part by the issuance of its revenue bonds. Users, primarily Member Cities, generally contract to pay amounts equal to the District's operating and maintenance expenses, debt service requirements and any other obligations payable from the revenues of the District. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Deposits

The District's collateral agreement requires that all deposits be fully collateralized by government securities or Texas municipal bonds rated A or better that have a fair value exceeding the total amount of cash and investments held at all times.

Investments

All of the District's investments, except for investment pools, 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. Investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost also in accordance with GASB Statement No. 72. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Accounts Receivable

Management considers accounts receivable to be fully collectible as of September 30, 2024; accordingly, no allowance for doubtful accounts is deemed necessary. As of September 30, 2024, 57% of total accounts receivable was attributed to the Member Cities and 26% was attributable to Customers.

Material and Supplies Inventory

Inventory of supplies and parts is maintained at different warehouses for use in the operation and is recorded as an expense when consumed or placed in service. Inventory is valued based on first-in-first-out methodology.

Capital Assets

All purchased capital assets are stated at historical cost unless they are determined to be impaired based on GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Donated capital assets are reported at acquisition value based on GASB Statement No. 72, *Fair Value Measurement and Application.*

Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

According to the District's capitalization policy, assets with a useful life greater than one year with an original cost over the below thresholds will be capitalized.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Land, right-of-way and easements		Capitalize all
Water treatment, storage and transmission facilities	$	50,000
Wastewater treatment facilities		50,000
Solid waste transfer and disposal facilities		50,000
Land improvements		20,000
Water rights		50,000
Reservoir facilities		50,000
Buildings and building improvements		50,000
Automobiles and trucks		15,000
Office furniture and fixtures		10,000
Other equipment and machinery		10,000

Depreciation is calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Water treatment, storage and transmission facilities	40 to 75 years
Wastewater treatment facilities	40 to 50 years
Solid waste transfer and disposal facilities	40 years
Land improvements	20 years
Water rights	50 years
Reservoir facilities	50 years
Buildings	40 years
Automobiles and trucks	5 years
Office furniture and fixtures	10 years
Other equipment	5 to 20 years

Leases and Subscription-Based Information Technology Arrangements (SBITA)

In accordance with GASB Statement No. 87, *Leases*, a lessee is required to recognize an intangible right-to-use lease asset and a lease liability, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be during the lease term. The right-to-use leased asset is initially measured as the initial amount of the lease liability, adjusted for certain indirect costs and amortized on a straight-line basis over the shorter of the lease term or its useful life.

District as Lessee. The District is a lessee for noncancelable leases of land and equipment. The District recognizes a lease liability, reported with noncurrent liabilities, and a right-to-use leased asset reported with other capital assets, on the Statement of Net Position. The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the right-to-use leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

District as Lessor. As of September 30, 2024, the District is not a lessor that meets the pronouncement requirement.

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the District is required to recognize an intangible right-to-use subscription asset and a SBITA liability. At the commencement of a SBITA contract, the District initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of subscription payments made. The right-to-use subscription asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over its useful life.

The District monitors changes in circumstances that would require a remeasurement of its SBITA arrangement and will remeasure the SBITA right-to-use subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA right-of-use assets are reported with other capital assets and SBITA liabilities are reported with noncurrent liabilities on the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow/Outflow of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category - 1) deferred charges on refunding, 2) deferred amounts related to pension and 3) deferred amounts related to OPEB. The deferred charges on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts for pension and OPEB relate to the differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The District reports deferred amounts related to pension and OPEB.

Compensated Absences

Employees are allowed to accumulate vacation within certain limitations. Payment for accrued vacation (within limits) is payable upon termination. Payment for accrued sick leave (within limits) is paid upon retirement. As of September 30, 2024, a liability of $7,234,640 for unused vacation and $7,004,623 for unused sick leave has been accrued. The short-term portion is included in "accounts payable and accrued liabilities" in the accompanying Statement of Net Position. A summary of changes in accrued vacation and sick leave for the year ended September 30, 2024 is as follows:

	Beginning Liability	Additions	Reductions	Ending Liability	Amount due within one year
Vacation	$ 6,510,813	$ 1,272,423	$ 548,596	$ 7,234,640	$ 3,839,953
Sick	6,575,255	742,421	313,053	7,004,623	2,429,095

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred inflows/outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Investments are reported at fair value.

Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is reported as (1) net investment in capital assets; (2) restricted for debt service and; (3) unrestricted. When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted net position first, then unrestricted net position.

Revenues

Charges for treated water are based upon the current budgeted expenditure requirements (including debt service payments and excluding charges for depreciation and amortization) and amounts designated by the Board of Directors for capital improvements. Charges for wastewater and solid waste disposal are based upon the current budgeted expenditure requirements (including debt service payments and excluding charges for depreciation and amortization) and are adjusted for the difference between budgeted and actual expenditures for the same period. The District derives approximately 64% of its revenues from the cities of Allen, Frisco, Garland, McKinney, Mesquite, Plano, and Richardson. Such revenues derived directly from the respective systems are defined by the District as operating revenues. All other revenues not directly related to the operations of the systems are reported as non-operating revenues. Revenues are shown net of rebates and/or excess billings.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

Direct charges attributable to the operations of the District's systems, including depreciation and amortization, are reported as operating expenses. Interest expense and other similar charges are reported as non-operating expenses.

Intragovernmental Transactions

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Transactions that would be treated as revenue or expense if they involved organizations external to the District are similarly treated when involving funds of the District. Major transactions that fall into this category include payments for support services and payments in lieu of insurance premiums to the Internal Service Fund.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The District issued $23,735,000 of Series 2024 Bonds for the Mustang Creek Interceptor System. The District also issued Extendable Commercial Paper of $25,000,000 in the Regional Water System and $15,000,000 in the Regional Wastewater System.

NOTE 2. RESTRICTED ASSETS

Restricted assets represent amounts reserved for:

- *Construction* — Construction of facilities, restricted by purpose of the debt issuance.
- *Interest and Redemption (Sinking)* — Current interest and principal of bonded indebtedness.
- *Reserve* — Payment of final serial maturity on bonded indebtedness or payment of interest and principal of bonded indebtedness when and to the extent the amount in the interest and redemption (sinking) fund is insufficient.
- *Contingency* — Unexpected or extraordinary expenses for which funds are not otherwise available or for debt service to the extent of interest and redemption (sinking) fund deficiencies as required by bond covenants.
- *Reserve for Maintenance* — Escrow for future maintenance expenses.
- *Arbitrage Escrow* — Payment of interest earnings on bond proceeds due to the United States Government.

NOTE 2. RESTRICTED ASSETS (CONTINUED)

The cash and cash equivalents, investments, and interest receivable components of each fund represented by restricted assets are as follows:

Funds	Cash and Cash Equivalents	Investments	Interest Receivable
Water:			
Construction	$ 540,735,079	$ 111,827,860	$ 466,510
Interest and Sinking	45,289,759	-	-
Reserve	3,994,727	147,411,647	1,225,825
Contingency	32,764,717	-	-
Arbitrage	2,290,686	-	-
Reserve for Maintenance	561,786	-	-
	625,636,754	259,239,507	1,692,335
Regional Wastewater:			
Construction	211,565,900	-	-
Interest and Sinking	16,339,745	-	-
Reserve	731,254	37,042,128	308,533
Arbitrage	4,450,380	-	-
Reserve for Maintenance	4,877,413	-	-
	237,964,692	37,042,128	308,533
Small Systems:			
Construction	120,630,773	37,190,330	271,945
Interest and Sinking	15,355,793	-	-
Reserve	6,271,458	21,451,795	263,660
Arbitrage	1,060,048	-	-
Reserve for Maintenance	1,482,149	-	-
	144,800,221	58,642,125	535,605
Solid Waste:			
Construction	16,553,193	2,991,465	34,861
Interest and Sinking	1,040,900	-	-
Reserve	772,106	4,902,799	59,211
Arbitrage	187,007	-	-
Reserve for Maintenance	1,446,208	-	-
Reserve for Equipment Replacement	18,218,623	-	-
	38,218,037	7,894,264	94,072
Interceptor:			
Construction	150,379,131	2,477,135	18,635
Interest and Sinking	12,150,153	-	-
Reserve	7,028,110	17,485,091	166,416
Arbitrage	555,473	-	-
Reserve for Maintenance	2,878,684	-	-
	172,991,551	19,962,226	185,051
Total	$ 1,219,611,255	$ 382,780,250	$ 2,815,596

Unbilled receivables of $10,080,581 that are reflected as restricted assets in the Solid Waste System represent Member Cities' obligations for closure and postclosure costs related to solid waste landfills. Based on the contracts for services, Member Cities will be billed for the actual costs incurred to close the landfills.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

The District maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the Investment Officer to enhance diversification and interest earnings. The pooled interest earned is allocated to the funds based on each fund's cash and investment balance at the end of each month.

A. Deposits

At September 30, 2024, the carrying amount of cash deposits was $8,484,235 and total bank balance was $8,455,940. During 2023-2024, the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the entity or its agent in the entity's name. At September 30, 2024, the District also held petty cash of $500.

B. Investments

Legal provisions generally permit the District to invest in direct and indirect obligations of the United States of America or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools and mutual funds. During the year ended September 30, 2024, the District did not own any types of securities other than those permitted by statute.

The District invests in multiple Local Government Investment Pools (LGIP), including LOGIC, Texas CLASS, Texas CLASS Government and TexPool. The District has an undivided beneficial interest in the pool of assets held by the related investment pools. These underlying investments and deposits are fully insured by Federal depository insurance or collateralized by securities. The investment objectives of the pools are safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return. Authorized investments include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements.

LOGIC

Hilltop Securities INC. (HTS) and J.P. Morgan Investment Management INC are the Co-Administrators of Texas Local Government Investment Cooperative (LOGIC) with HTS providing distribution, administration, Participant support, and marketing services while J.P. Morgan Investment Management provides investment management, custody, and fund accounting services. LOGIC was created as an investment pool for its Participants pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool. LOGIC uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

Texas CLASS

Public Trust Advisors, LLC provides advisory services and administration and marketing services to Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS), which has two separate investment pools: Texas CLASS and Texas CLASS Government. The purpose of the Trust is to establish one or more investment funds through which a Participant may pool any of its funds or funds under its control in order to preserve principal, to maintain the liquidity of the Participant, and to maximize yield. These goals are in accordance with the Public Funds Investment Act, Section 2256.01, Texas Government Code, or other laws of the State of Texas, from time to time in effect, governing the investment of funds of a Participant or funds under its control. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board is comprised of active members of the pool and elected by the Participants, guided by the Advisory Board. The Board is responsible for selecting the Administrator and Investment Advisors. UMB Bank, NA serves as the Custodian for Texas CLASS.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

TexPool

The Comptroller of Public Accounts (the "Comptroller") is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"), which is authorized to operate TexPool. Federated Investors, Inc. ("Federated"), under an agreement with the Comptroller, acting on behalf of the Trust Company, provides administrative and investment services to TexPool. The Texas Local Government Investment Pools (the "TexPool Portfolios") have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller maintains oversight of the services provided to the TexPool Portfolios by Federated. In addition, the TexPool Advisory Board advises on the Investment Policies for the TexPool Portfolios. The Advisory Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

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 3. CASH AND INVESTMENTS (CONTINUED)

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	September 30, 2024	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Percent Total Investments	Weighted Average Maturity (Days)
Investments not Subject to Level Reporting:				
Investment Pools*:				
LOGIC	$ 332,381,321	$ -	17.73%	48
Texas CLASS - CP	714,687,126	-	38.12%	36
Texas CLASS - Government	115,502,686	-	6.16%	12
TexPool	245,993,258	-	13.12%	31
Investments by Fair Value Level:				
U. S. Government Agency Securities:				
Fannie Mae Note	10,643,710	10,643,710	0.57%	329
Federal Farm Credit Bank Note	13,000,000	13,000,000	0.69%	1
Federal Home Loan Mortgage Corp. Note	44,193,000	44,193,000	2.36%	174
Federal Home Loan Bank Note	60,203,830	60,203,830	3.21%	663
U. S. Treasury Note	338,272,450	338,272,450	18.04%	621
Total Value	$ 1,874,877,381	$ 466,312,990		
Portfolio Weighted Average Maturity				166

*Investment Pools are exempt for level reporting.

U.S. Government Agency Securities and *U.S. Treasury Notes* classified in Level 2 of the fair value hierarchy are valued using both active market prices observable for each identical or similar securities and other observable inputs provided by a reputable and independent source including but not limited to Bloomberg, the Wall Street Journal, Intercontinental Exchange (ICE), and the District's safekeeping agent. In the event the District has retained the services of a Registered Investment Advisor, the advisor shall also provide security pricing from ICE, Bloomberg or similarly recognized pricing services. Since the District does not have visibility to the market pricing all such securities are classified as Level 2.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Credit risk is the risk that a security issuer may default on an interest or principal payment. State law and the District's investment policy limits the District to investments in high quality rated instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investor Service.

Custodial credit risk is the risk that a depository financial institution will not be able to recover collateral securities that are in the possession of an outside party. The District monitors collateral balances at the bank to ensure they are backed by quality rated instruments.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities in excess of 5% of the total portfolio. The investment policy of the District specifies the following limitations on the amount that can be invested in any one instrument at the time of purchase.

Instrument	Limitations
U.S. TREASURY SECURITIES	100%
U.S. AGENCIES & INSTRUMENTALITIES	75%
U.S. AGENCY BULLET	75%
U.S. AGENCY CALLABLE	25%
CERTIFICATES OF DEPOSIT	40%
REPURCHASE AGREEMENTS	40%
MONEY MARKET MUTUAL FUNDS	25%
AUTHORIZED INVESTMENT POOLS	100%

At September 30, 2024, investments, other than external investment pools, that represent 5% or more of the District's investments are as follows:

Issue	Investment Type	Reported Amount
U.S. TREASURY NOTE	Treasury note	$ 338,272,450

The District held a total of $466,312,990 in securities that equated to 24.87% of the total investment portfolio.

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. However, the District manages its exposure to interest rate risk by investing in investment pools which purchase a combination of short term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. At September 30, 2024, $226,410,270 of the District's portfolio had a weighted average maturity of greater than one year.

Foreign currency risk is the potential for loss due to fluctuations in exchange rates. The District is not exposed to foreign currency risk.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds, resulting in the following investment income:

	Water System	Regional Wastewater System	Small Systems	Solid Waste System	Interceptor System	Internal Service Funds	Total
Investment income:							
Interest	$ 52,412,710	$ 15,717,223	$ 8,908,154	$ 3,041,141	$ 5,536,615	$ 203,290	$ 85,819,133
Arbitrage rebate	(2,234,812)	(3,372,231)	(1,046,053)	(182,446)	(866,444)	-	(7,701,986)
Net changes in the fair value of investments	6,029,174	1,179,588	514,231	115,908	412,578	-	8,251,479
Investment income:	$ 56,207,072	$ 13,524,580	$ 8,376,332	$ 2,974,603	$ 5,082,749	$ 203,290	$ 86,368,626

In accordance with GASB Statement No. 31, the net changes in the fair value of investments take into account all changes in fair value (including purchases and sales) that occurred during the year. These portfolio value changes are unrealized unless sold.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

C. Summary of Cash and Investments

	Water System	Regional Wastewater System	Small Systems	Solid Waste System	Interceptor System	Internal Service Funds	Total
Unrestricted:							
Cash and cash equivalents	$ 123,258,736	$ 17,430,413	$ 14,599,022	$ 15,319,826	$ 7,152,735	$ 19,677,139	$ 197,437,871
Investments	73,593,680	1,990,680	-	6,959,890	988,490	-	83,532,740
Total unrestricted	196,852,416	19,421,093	14,599,022	22,279,716	8,141,225	19,677,139	280,970,611
Restricted-current:							
Cash and cash equivalents	45,289,759	16,339,745	15,355,792	1,040,900	12,150,153	-	90,176,349
Total restricted-current	45,289,759	16,339,745	15,355,792	1,040,900	12,150,153	-	90,176,349
Restricted -non-current:							
Cash and cash equivalents	580,346,995	221,624,947	129,444,429	37,177,137	160,841,398	-	1,129,434,906
Investments	259,239,507	37,042,128	58,642,125	7,894,264	19,962,226	-	382,780,250
Total restricted-non-current	839,586,502	258,667,075	188,086,554	45,071,401	180,803,624	-	1,512,215,156
Total Restricted	884,876,261	275,006,820	203,442,346	46,112,301	192,953,777	-	1,602,391,505
Total	$ 1,081,728,677	$ 294,427,913	$ 218,041,368	$ 68,392,017	$ 201,095,002	$ 19,677,139	$ 1,883,362,116

Amounts included in unrestricted cash and cash equivalents and investments are comprised of the following:

	Water System	Regional Wastewater System	Small Systems	Solid Waste System	Interceptor System	Internal Service Funds	Total
Unrestricted:							
Operating Funds	$ 92,869,587	$ 9,893,196	$ 3,339,611	$ 3,652,567	$ 3,005,546	$ 6,838,212	$ 119,598,719
Petty Cash	500	-	-	-	-	-	500
Capital Improvement Funds	103,982,329	9,022,583	3,100,704	18,627,149	3,965,578	-	138,698,343
Contingency Funds	-	-	-	-	-	4,558,233	4,558,233
Preventative Maintenance	-	505,313	8,158,707	-	1,170,101	-	9,834,122
Employee Insurance Funds	-	-	-	-	-	4,638,906	4,638,906
Retiree Insurance Funds	-	-	-	-	-	3,641,788	3,641,788
Total unrestricted	$ 196,852,416	$ 19,421,093	$ 14,599,022	$ 22,279,716	$ 8,141,225	$ 19,677,139	$ 280,970,611

Refer to Note 2 for a detail of restricted assets and Note 11 for commitments under construction contracts.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At September 30, 2024, the District had the following deposits and investments:

	Credit Quality Ratings	Fair Value	Weighted Average Maturity
Unrestricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	$ 8,484,202	N/A
Cash on hand	Not Rated	500	N/A
Texas CLASS - CP	AAAm	63,216,562	36 Days
Texas CLASS - Government	AAAm	14,392,355	12 Days
TexPool	AAAm	111,344,252	31 Days
Total cash and cash equivalents		197,437,871	
Investments—Securities of U.S. Government Agencies:			
Treasuy Note - US Treasuries	Aaa	56,527,360	173 Days
FFCB - Federal Farm Credit Bank	Aaa	10,000,000	1 Day
FHLB - Federal Home Loan Bank	Aaa	17,005,380	187 Days
Total Securities of U.S. Government Agencies		83,532,740	
Total Unrestricted Investments and Cash Equivalents		280,970,611	
Restricted Cash and Investments			
Cash and cash equivalents:			
Deposits with a financial institution	Not Rated	33	N/A
LOGIC	AAAm	332,381,321	48 Days
Texas CLASS - CP	AAAm	651,470,564	36 Days
Texas CLASS - Government	AAAm	101,110,331	12 Days
TexPool	AAAm	134,649,006	31 Days
Total cash and cash equivalents		1,219,611,255	
Investments—Securities of U.S. Government Agencies:			
Treasury Note - US Treasuries	Aaa	281,745,090	710 Days
FFCB - Federal Farm Credit Bank	Aaa	3,000,000	1 Day
FHLB - Federal Home Loan Bank	Aaa	43,198,450	851 Days
FHLMC - Federal Home Loan Mortgage Corp.	Aaa	44,193,000	174 Days
FNMA - Fannie Mae	Aaa	10,643,710	329 Days
Total Securities of U.S. Government Agencies		382,780,250	
Total Restricted Investments and Cash Equivalents		1,602,391,505	
Total Cash and Investments		$ 1,883,362,116	

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

D. Pension and OPEB Trust Fund Cash, Cash Equivalents, 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 $165,062 as of December 31, 2023. The balance per bank of cash on deposit in the OPEB Trust Fund and the carrying value was $23,632 as of September 30, 2024. Additional cash in the amount of $3,184,664 was held by Aetna as of December 31, 2023 to cover the monthly benefit payments. See below for the detail of investments held.

The assets of the District's Employee Benefit Pension Plan are administered by the North Texas Municipal Water District 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 respectively held by each of these trustees and custodians.

The District has contracted with Westwood Trust for trust administration, and the District's OPEB Plan investments are held in the Investment Trust by its trustee and custodian Westwood Trust (the "Trustee").

Investments	Pension Trust Fund [(1)]	OPEB Trust Fund	Quoted Prices in Active Markets for Identical Assets (Level 1)
Money Market Funds			
Fidelity Government Money Market Capital Reserves	$ 33,884(2)	$ -	N/A
Equity Funds			
American Capital Income Builder	30,848,247	-	30,848,247
American Income Fund of America	35,018,305	-	35,018,305
Largecap Value Equity - EB	6,289,091	1,425,810	7,714,901
LSV Emerg Mrkts Eqty - I	-	237,516	237,516
Baron Emerging Markets Fund Insitutional Shares	3,816,527	-	3,816,527
RBC Emerg Mkts Equity - I	-	479,891	479,891
Pgim Jennison Growth Fund R6	6,268,784	902,612	7,171,395
Smidcap Value Equity - EB	3,142,777	598,027	3,740,804
Smallcap Value Equity - EB	3,153,987	602,042	3,756,029
Vanguard FTSE Developed Markets Index Fund ETF Shares	5,718,972	1,411,189	7,130,161
Vanguard Scottsdal Vng Rus2000grw	4,448,518	831,073	5,279,590
Fixed Income Funds			
Core Investment Grade Bond - EB	11,790,598	2,471,472	14,262,070
iShares 20 Year Treasury Bond ETF	1,842,332	357,280	2,199,612
Westwood High Income Fund Instl	3,725,395	702,852	4,428,247
Specialty Funds			
Westwood Total Return Fund Instl	6,210,190	-	6,210,190
Westwood Alternative Income Fund Ultra	615,711	116,173	731,885
Income Opportunity - EB	5,620,512	1,649,310	7,269,822
Total Investments and Cash Equivalents	$ 128,543,831	$ 11,785,247	$ 140,295,193

(1) Information presented for the Pension Trust Fund is as of December 31, 2023.

(2) 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.

Neither the Pension Trust Fund or OPEB Trust Fund have unfunded commitments and therefore may redeem investments at any time to pay for benefits.

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance at October 1, 2023	Additions and Transfers	Disposals and Transfers	Balance at September 30, 2024
Nondepreciable:				
Land	$ 349,496,699	$ 5,111,213	$ 573,689	$ 354,034,223
Easements	93,174,510	4,275,921	-	97,450,431
Construction in progress	875,596,955	375,258,203	277,110,685	973,744,473
Total nondepreciable assets	1,318,268,164	384,645,337	277,684,374	1,425,229,127
Depreciable:				
Land improvements	297,717,691	6,321,029	-	304,038,720
Water treatment, storage and transmission facilities	2,936,371,464	149,624,851	3,254,555	3,082,741,760
Wastewater treatment facilities	1,201,347,237	103,823,832	-	1,305,171,069
Solid waste transfer and disposal facilities	96,192,501	44,480	-	96,236,981
Reservoir facilities and water rights	494,380,821	2,633,576	-	497,014,397
Buildings	93,949,185	449,879	-	94,399,064
Automobiles and trucks	23,598,084	4,076,414	2,427,476	25,247,022
Office furniture and fixtures	1,130,331	304,470	-	1,434,801
Other equipment	106,225,656	7,709,466	2,661,039	111,274,083
Total depreciable assets	5,250,912,970	274,987,997	8,343,070	5,517,557,897
Amortizable:				
Equipment lease assets	974,916	989,869	53,465	1,911,320
Subscription assets	1,688,543	1,768,599	212,375	3,244,767
Total amortizable assets	2,663,459	2,758,468	265,840	5,156,087
Total depreciable/amortizable assets	5,253,576,429	277,746,465	8,608,910	5,522,713,984
Less accumulated depreciation/amortization on:				
Land improvements, depreciation	(22,971,998)	(14,761,886)	-	(37,733,884)
Water treatment, storage and transmission facilities, depreciation	(548,700,798)	(65,268,017)	(3,175,122)	(610,793,693)
Wastewater treatment facilities, depreciation	(321,886,463)	(29,396,224)	-	(351,282,687)
Solid waste transfer and disposal facilities, depreciation	(43,234,185)	(1,760,602)	-	(44,994,787)
Reservoir facilities and water rights, depreciation	(142,180,128)	(10,263,793)	-	(152,443,921)
Buildings, depreciation	(24,386,139)	(2,256,777)	-	(26,642,916)
Automobiles and trucks, depreciation	(14,711,964)	(3,063,141)	(2,310,498)	(15,464,607)
Office furniture and fixtures, depreciation	(899,492)	(76,817)	-	(976,309)
Other equipment, depreciation	(67,525,715)	(9,466,330)	(2,430,125)	(74,561,920)
Equipment lease assets, amortization	(297,514)	(398,132)	53,467	(642,179)
Subscription assets, amortization	(558,707)	(894,635)	(212,371)	(1,240,971)
Total accumulated depreciation/amortization	(1,187,353,103)	(137,606,354)	(8,074,649)	(1,316,777,874)
Total depreciable/amortizable assets—net	4,066,223,326	140,140,111	534,261	4,205,936,110
TOTAL CAPITAL ASSETS—NET	$ 5,384,491,490	$ 524,785,448	$ 278,218,635	$ 5,631,165,237

NOTE 4. CAPITAL ASSETS, CONTINUED

At September 30, 2024, capital assets by system were the following:

	Net Depreciable Assets	Net Amortizable Assets	Total Net Capital Assets
Water System	$ 3,723,214,749	$ 43,979	$ 3,723,258,728
Regional Wastewater System	879,357,918	1,346,092	880,704,010
Small Systems	326,772,964	43,726	326,816,690
Solid Waste System	140,817,938	2,082	140,820,020
Interceptor System	530,359,736	-	530,359,736
Internal Service Fund	27,368,995	1,837,058	29,206,053
Total	$ 5,627,892,300	$ 3,272,937	$ 5,631,165,237

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2024, accounts payable and accrued liabilities consisted of the following:

	Water System	Regional Wastewater System	Small Systems	Solid Waste System	Interceptor System	Internal Service Fund	Total
Payable to vendors/ contractors	$ 79,206,309	$ 40,079,145	$ 9,369,014	$ 3,920,347	$ 24,145,528	$ 3,382,088	$ 160,102,431
Insurance claims liability	-	-	-	-	-	2,335,483	2,335,483
Arbitrage liability	-	4,256,809	-	-	-	-	4,256,809
Escrow liability	10,896,598	5,382,727	10,674,999	19,847,276	4,915,229	5,101,693	56,818,522
Compensated absences	757,687	939,999	257,616	578,555	143,769	3,591,422	6,269,048
Accrued payroll and related benefits	711,007	707,022	348,638	825,843	114,602	1,729,562	4,436,674
Total	$ 91,571,601	$ 51,365,702	$ 20,650,267	$ 25,172,021	$ 29,319,128	$ 16,140,248	$ 234,218,967
Payable from unrestricted assets	$ 32,950,614	$ 6,507,829	$ 11,127,157	$ 3,171,363	$ 3,479,142	$ 16,140,248	$ 73,376,353
Payable from restricted assets	58,620,987	44,857,873	9,523,110	22,000,658	25,839,986	-	160,842,614
Total	$ 91,571,601	$ 51,365,702	$ 20,650,267	$ 25,172,021	$ 29,319,128	$ 16,140,248	$ 234,218,967

NOTE 6. INTERFUND BALANCES

At September 30, 2024, interfund balances consisted of the following:

	Due From Other Funds	Due To Other Funds
Water System	$ 30,044,928	$ 30,741,610
Regional Wastewater System	4,700,488	5,101,852
Small Systems	4,834,962	5,096,061
Solid Waste System	2,240,513	1,825,723
Interceptor System	952,706	1,109,178
Internal Service Fund	2,523,569	1,422,742
Total	$ 45,297,166	$ 45,297,166

The above interfund balances are a result of routine administrative type transactions in the normal course of business and are expected to be repaid in less than one year.

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES

At September 30, 2024, deferred outflows of resources consisted of the following:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024
Water System:				
Deferred loss on refunded debt	$ 2,103,686	$ -	$ (110,701)	$ 1,992,985
Deferred pension outflow	8,492,683	-	(1,343,403)	7,149,280
Deferred OPEB outflow	1,125,386	-	(247,083)	878,303
	11,721,755	-	(1,701,187)	10,020,568
Regional Wastewater:				
Deferred loss on refunded debt	1,237,103	-	(310,495)	926,608
Deferred pension outflow	9,532,508	-	(1,365,100)	8,167,408
Deferred OPEB outflow	1,186,757	-	(251,018)	935,739
	11,956,368	-	(1,926,613)	10,029,755
Small Systems:				
Deferred loss on refunded debt	712,831	-	(217,920)	494,911
Deferred pension outflow	4,372,683	-	(682,564)	3,690,119
Deferred OPEB outflow	623,686	-	(125,468)	498,218
	5,709,200	-	(1,025,952)	4,683,248
Solid Waste System:				
Deferred loss on refunded debt	683,834	-	(144,576)	539,258
Deferred pension outflow	8,379,759	-	(1,158,419)	7,221,340
Deferred OPEB outflow	916,884	-	(178,196)	738,688
	9,980,477	-	(1,481,191)	8,499,286
Interceptor System:				
Deferred loss on refunded debt	1,132,070	-	(273,183)	858,887
Deferred pension outflow	1,388,804	-	(233,002)	1,155,802
Deferred OPEB outflow	225,385	-	(48,977)	176,408
	2,746,259	-	(555,162)	2,191,097
Internal Service Fund:				
Deferred pension outflow	29,885,807	-	(4,469,647)	25,416,160
Deferred OPEB outflow	4,305,604	-	(883,989)	3,421,615
	34,191,411	-	(5,353,636)	28,837,775
Total deferred outflows of resources	$ 76,305,470	$ -	$ (12,043,741)	$ 64,261,729

NOTE 8. LONG -TERM DEBT

At September 30, 2024, long-term debt consisted of the following:

	Original Borrowing	Balance at October 1, 2023	Issued	Retired or Refunded	Balance at September 30, 2024	Amounts due Within One Year
Water System:						
Water revenue bonds 3/23-9/51, 2.00-5.00%	$ 2,629,713,000	$ 1,150,010,000	$ -	$ 61,535,000	$ 1,088,475,000	$ 59,595,000
Water direct placement 3/23-9/49, 1.060-3.43%	2,009,370,000	1,292,320,000	532,390,000	54,005,000	1,770,705,000	50,610,000
Total Water System	4,639,083,000	2,442,330,000	532,390,000	115,540,000	2,859,180,000	110,205,000
Regional Wastewater:						
Wastewater revenue bonds, 12/22-6/51, 2.00-5.00%	451,360,000	349,675,000	-	14,820,000	334,855,000	15,490,000
Wastewater direct placement 12/22-6/50, .020-.170%	496,535,000	480,405,000	-	7,705,000	472,700,000	8,705,000
Total Regional Wastewater System	947,895,000	830,080,000	-	22,525,000	807,555,000	24,195,000
Small Systems:						
Rockwall contract revenue bonds, 12/22-6/28, 5.75%	2,960,000	1,055,000	-	190,000	865,000	200,000
Mustang Creek Interceptor System revenue bonds, 12/22-6/50, 2.50-5.125%	34,455,000	29,965,000	-	800,000	29,165,000	840,000
Rockwall-Heath contract revenue bonds 12/22-6/25, 4.20-4.25%	3,020,000	440,000	-	215,000	225,000	225,000
Terrell contract revenue bonds 12/22-6/35, 3.25-5.00%	10,465,000	7,110,000	-	475,000	6,635,000	495,000
Stewart Creek contract revenue bonds, 12/22-6/35, 3.00-5.00%	69,685,000	45,200,000	-	2,890,000	42,310,000	3,005,000
Sabine Creek Wastewater System revenue bonds, 12/22-6/52, 2.00-5.00%	101,710,000	92,810,000	-	640,000	92,170,000	660,000
Muddy Creek Wastewater System revenue bonds 12/22-6/40, 2.00-4.00%	116,930,000	17,185,000	84,300,000	1,325,000	100,160,000	2,550,000
Muddy Creek Interceptor revenue bonds 12/22-6/24, 3.00%	2,135,000	250,000	-	250,000	-	-
Buffalo Creek Interceptor revenue bonds 12/22-6/50, 2.00-5.00%	58,995,000	37,275,000	8,470,000	1,625,000	44,120,000	1,365,000
Rockwall Water Pumping Facilities bonds 12/22-6/26, 4.55-4.60%	2,145,000	470,000	-	150,000	320,000	155,000
Panther Creek Wastewater System bonds 12/22-6/40, 2.50-5.00%	36,190,000	18,825,000	-	3,480,000	15,345,000	3,640,000
Lower East Fork Interceptor bonds 12/22-6/26, 3.00-4.00%	10,745,000	3,695,000	-	1,180,000	2,515,000	1,230,000
Parker Creek Parallel Interceptor bonds 12/21-6/36, 2.00-3.00%	3,045,000	2,210,000	-	135,000	2,075,000	140,000
Total Small Systems revenue bonds	452,480,000	256,490,000	92,770,000	13,355,000	335,905,000	14,505,000

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Original Borrowing	Balance at October 1, 2023	Issued	Retired or Refunded	Balance at September 30, 2024	Amounts due Within One Year
Small Systems direct placement:						
Buffalo Creek Interceptor direct placement 12/21-6/52, 1.10-2.52%	38,615,000	38,365,000	-	250,000	38,115,000	750,000
Total Small Systems	491,095,000	294,855,000	92,770,000	13,605,000	374,020,000	15,255,000
Solid Waste System - revenue bonds, 3/23-9/43, 3.00-5.00%	116,435,000	75,310,000	-	4,635,000	70,675,000	4,980,000
Interceptor System - revenue bonds, 12/22-6/51, 2.00-6.25%	687,680,000	354,495,000	150,745,000	16,095,000	489,145,000	20,015,000
Total	$ 6,882,188,000	$ 3,997,070,000	$ 775,905,000	$ 172,400,000	$ 4,600,575,000	$ 174,650,000

Pledged Revenue

Throughout the years, the District has issued revenue bonds and U.S. Government Notes with pledged revenues as collateral.

Pledged revenues generally include gross revenues of the District's respective Systems, and includes specifically certain payments to be received by the District from the Systems' Member Cities and contracting parties. The Member Cities and contracting parties are obligated to make payments in amounts sufficient to pay the principal and interest of the debt, which were issued to provide funding for construction and capital improvement projects.

The total amount of the pledge is equal to the remaining outstanding debt service requirements for the District's bonds and notes.

For the year ended September 30, 2024, bond debt service of $318,148,348 was fully secured by 100% of pledged revenues of $723,766,004 and interest earned on accounts restricted for debt service. Also, the Interceptor System ECP Debt service amount of $782,654 was paid directly from Operating and is not included in the pledged revenues.

Arbitrage Rebate

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term obligations. Arbitrage rebate rules, under the Internal Revenue Code Section 148 and related Treasury Regulations, require generally that a tax-exempt bond issuer forward to the federal government any profits made from investing bond proceeds at a yield above the bond yield, when investing in a taxable market. Payments based on cumulative profits earned by bonds are due, in general, every five years. For the year ended September 30, 2024, the District accrued a yield restriction/arbitrage rebate of $8,629,123, based on the most recent calculation. Future calculations might result in adjustments to this determination.

NOTE 8. LONG -TERM DEBT (CONTINUED)

In the Statement of Net Position, the long-term liabilities include premiums net of discounts of $103,401,346 in the Water System, $22,567,179 in the Regional Wastewater System, $11,218,706 in the Small Systems, $4,186,192 in the Solid Waste System and $26,488,395 in the Interceptor System.

Other premiums and discounts related to long term debt activity for the year ended September 30, 2024, were as follows:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024
Water System:				
Premiums	$ 116,940,463	$ -	$ (13,539,117)	$ 103,401,346
	116,940,463	-	(13,539,117)	103,401,346
Regional Wastewater:				
Premiums	24,673,517	-	(2,106,338)	22,567,179
	24,673,517	-	(2,106,338)	22,567,179
Small Systems:				
Premiums	9,076,135	3,491,220	(1,345,429)	11,221,926
Discounts	(4,750)	-	1,530	(3,220)
	9,071,385	3,491,220	(1,343,899)	11,218,706
Solid Waste System:				
Premiums	4,765,460	-	(579,268)	4,186,192
	4,765,460	-	(579,268)	4,186,192
Interceptor System:				
Premiums	22,224,638	6,717,258	(2,453,501)	26,488,395
	22,224,638	6,717,258	(2,453,501)	26,488,395
Total	$ 177,675,463	$ 10,208,478	$ (20,022,123)	$ 167,861,818

Revenue bonds outstanding at September 30, 2024 are secured as follows:

- *Water Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Water System.
- *Regional Wastewater Revenue Bonds — Assignment of the gross revenues to be derived from the operation of the District's Regional Wastewater System and payments made to the District from the Cities of Plano, Mesquite, McKinney, Forney, Allen, Frisco, Princeton, Prosper, Rockwall, Seagoville and Heath.*
- *Rockwall Contract Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's sewage disposal system serving the City of Rockwall.
- *Mustang Creek Interceptor Revenue Bonds* — Payments to be made to the District by the City of Forney.
- *Rockwall/Heath Water Storage Facilities Revenue Bonds* — Payments to be made to the District by the Cities of Rockwall and Heath.
- *Terrell Water Transmission Facilities Contract Revenue Bonds* — Payments to be made to the District by the City of Terrell.
- *Stewart Creek Contract Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Stewart Creek Wastewater System and payments made to the District by the City of Frisco.
- *Sabine Creek Wastewater System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Sabine Creek Wastewater System and payments made to the District by the Cities of Fate and Royse City.
- *Muddy Creek Wastewater System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Muddy Creek Wastewater System and payments made to the District by the Cities of Murphy and Wylie.
- *Buffalo Creek Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the Buffalo Creek Interceptor System and payments made to the District by the Cities of Forney, Heath, and Rockwall.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

- *Rockwall Water Pumping Facilities Bonds* — Payments to be made to the District by the City of Rockwall.
- *Panther Creek Wastewater System Bonds* — Assignment of the gross revenues to be derived from the operation of the Panther Creek Wastewater System and payments made to the District by the City of Frisco.
- *Lower East Fork Interceptor System Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Lower East Fork Interceptor System and payments made to the District by the Cities of Mesquite and Seagoville.
- *Parker Creek Parallel Wastewater Interceptor Bonds* — Assignment of the gross revenues to be derived from the operation of the Parker Creek Interceptor System and payments made to the District by the City of Fate.
- *Solid Waste System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Solid Waste System.
- *Interceptor System Revenue Bonds* — Assignment of the gross revenues to be derived from the operation of the District's Upper East Fork Interceptor System.

Interest and redemption (sinking) funds, reserve funds and contingency funds have been established, as required, in accordance with bond resolutions. Funds may be placed in secured time deposits or invested in direct obligations of, or obligations guaranteed by, the U.S. government. Interest earned is retained in the applicable funds or transferred to meet debt service requirements in accordance with bond resolutions.

Premiums and discounts on bonds are amortized over the life of the debt using the effective interest method.

During the year, the District issued revenue bonds in the amounts of $532,390,000 in the Water System primarily for improving the District's Water System, including paying construction costs relating to the Lower Bois D'Arc Creek Reservoir and the Leonard WTP expansion, $150,745,000 in the Interceptor System primarily for refunding a portion of the District's outstanding Extendable Commercial Paper, the acquisition, construction, and inspection of the Wilson Creek Transfer Force Main, the McKinney East Side extension, Sloan Creek Force Main, Beck Branch Parallel Interceptor, Spring Creek Force Main and the Plano-McKinney Pipeline and systems relocations, $92,770,000 in the Small Systems primarily for constructing the Muddy Creek WWTP expansion to 12.5 MGD, constructing the Muddy Creek WWTP Operations Building operation improvements, preliminary design of Buffalo creek Parallel Interceptor Phase II, final design of Buffalo Creek Lift Station No. 2, final design and easements of Buffalo Creek Parallel Force Main and other system improvements.

At September 30, 2024, defeased bonds outstanding totaled $0.

For current and advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. At September 30, 2024, the amount of the unamortized deferred amount on refundings is $4,812,649.

Additional debt information

As disclosed in this note, the District's outstanding revenue bonds including direct placement revenue bonds are secured by and payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the pledged revenues.

A number of the District's bond issues have separately purchased insurance on them. The insurance contains a provision that in the event, the District defaults on a scheduled payment of principal or interest, all or a portion becomes due under the policy. The bonds are payable solely from the sources of funds pledged to the payment of the bonds. Payment of the principal and interest is not subject to acceleration.

The District's outstanding revenue bonds from direct placements of $1,770,705,000 for the Water System, $472,700,000 for the Wastewater System, and $38,115,000 for Small Systems contain a provision that if the District defaults on the payment of the principal and interest of the bond when due, there is no right to the acceleration of maturity of the Bonds. The District is eligible to seek relief from its creditors under chapter 9 of the U.S. Bankruptcy Code.

The Board has authorized using Extendable Commercial Paper (ECP) in the Water System (not to exceed $700M), Regional Wastewater System (not to exceed $400M), and Interceptor System (not to exceed $150M). As of September 30, 2024, the District has outstanding ECP notes of $79,000,000 in the Water System, $58,000,000 in the Wastewater System, and $0 in the Interceptor System.

NOTE 8. LONG -TERM DEBT (CONTINUED)

Annual requirements to retire revenue bonds outstanding, including interest, are:

	Water System			Water System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 59,595,000	$ 45,708,508	$ 105,303,508	$ 50,610,000	$ 56,262,736	$ 106,872,736
2026	61,430,000	42,943,859	104,373,859	51,705,000	55,137,416	106,842,416
2027	64,510,000	39,940,059	104,450,059	52,850,000	53,966,851	106,816,851
2028	64,690,000	36,784,358	101,474,358	54,025,000	52,752,040	106,777,040
2029	66,940,000	33,724,208	100,664,208	55,265,000	51,467,467	106,732,467
2030-2034	339,665,000	122,442,406	462,107,406	297,885,000	234,730,619	532,615,619
2035-2039	217,420,000	59,315,981	276,735,981	342,740,000	188,307,040	531,047,040
2040-2044	137,840,000	27,413,174	165,253,174	401,165,000	128,110,274	529,275,274
2045-2049	71,730,000	6,067,461	77,797,461	357,410,000	55,884,432	413,294,432
2050-2053	4,655,000	171,745	4,826,745	107,050,000	11,652,830	118,702,830
	$ 1,088,475,000	$ 414,511,759	$ 1,502,986,759	$ 1,770,705,000	$ 888,271,705	$ 2,658,976,705

	Regional Wastewater System			Regional Wastewater System - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 15,490,000	$ 13,042,181	$ 28,532,181	$ 8,705,000	$ 178,641	$ 8,883,641
2026	16,190,000	12,316,500	28,506,500	12,665,000	178,641	12,843,641
2027	15,770,000	11,587,825	27,357,825	18,310,000	178,641	18,488,641
2028	16,485,000	10,872,687	27,357,687	18,310,000	178,641	18,488,641
2029	13,865,000	10,124,462	23,989,462	18,310,000	178,641	18,488,641
2030-2034	60,040,000	42,432,102	102,472,102	91,625,000	893,201	92,518,201
2035-2039	63,605,000	30,157,245	93,762,245	92,635,000	893,201	93,528,201
2040-2044	78,210,000	17,423,524	95,633,524	94,680,000	874,181	95,554,181
2045-2049	51,165,000	4,167,538	55,332,538	97,560,000	527,072	98,087,072
2050-2053	4,035,000	125,456	4,160,456	19,900,000	30,110	19,930,110
	$ 334,855,000	$ 152,249,520	$ 487,104,520	$ 472,700,000	$ 4,110,970	$ 476,810,970

	Small Systems			Small Systems - Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 14,505,000	$ 13,458,225	$ 27,963,225	$ 750,000	$ 743,822	$ 1,493,822
2026	16,590,000	12,720,903	29,310,903	1,115,000	735,572	1,850,572
2027	12,625,000	12,041,750	24,666,750	1,125,000	723,307	1,848,307
2028	13,010,000	11,533,313	24,543,313	1,140,000	710,932	1,850,932
2029	13,350,000	10,935,332	24,285,332	1,150,000	698,392	1,848,392
2030-2034	68,680,000	46,728,457	115,408,457	5,965,000	3,286,716	9,251,716
2035-2039	56,285,000	33,663,257	89,948,257	6,455,000	2,805,451	9,260,451
2040-2044	49,845,000	23,925,907	73,770,907	7,135,000	2,117,551	9,252,551
2045-2049	52,155,000	14,473,331	66,628,331	7,995,000	1,253,029	9,248,029
2050-2053	38,860,000	4,393,738	43,253,738	5,285,000	267,114	5,552,114
	$ 335,905,000	$ 183,874,213	$ 519,779,213	$ 38,115,000	$ 13,341,886	$ 51,456,886

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Solid Waste System			Interceptor System		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 4,980,000	$ 2,957,531	$ 7,937,531	$ 20,015,000	$ 16,390,827	$ 36,405,827
2026	5,205,000	2,708,531	7,913,531	20,035,000	17,555,905	37,590,905
2027	4,895,000	2,448,281	7,343,281	22,120,000	16,610,955	38,730,955
2028	5,105,000	2,203,531	7,308,531	23,210,000	15,564,680	38,774,680
2029	3,670,000	1,983,281	5,653,281	22,050,000	14,489,655	36,539,655
2030-2034	20,890,000	7,696,114	28,586,114	97,350,000	59,455,563	156,805,563
2035-2039	16,740,000	3,665,806	20,405,806	80,000,000	41,773,805	121,773,805
2040-2044	9,190,000	894,600	10,084,600	71,865,000	29,599,419	101,464,419
2045-2049	-	-	-	81,150,000	17,268,625	98,418,625
2050-2053	-	-	-	51,350,000	5,414,050	56,764,050
	$ 70,675,000	$ 24,557,675	$ 95,232,675	$ 489,145,000	$ 234,123,484	$ 723,268,484

	Total All Systems		
	Principal	Interest	Total
2025	$ 174,650,000	$ 148,742,471	$ 323,392,471
2026	184,935,000	144,297,327	329,232,327
2027	192,205,000	137,497,669	329,702,669
2028	195,975,000	130,600,182	326,575,182
2029	194,600,000	123,601,438	318,201,438
2030-2034	982,100,000	517,665,178	1,499,765,178
2035-2039	875,880,000	360,581,786	1,236,461,786
2040-2044	849,930,000	230,358,630	1,080,288,630
2045-2049	719,165,000	99,641,488	818,806,488
2050-2053	231,135,000	22,055,043	253,190,043
	$ 4,600,575,000	$ 1,915,041,212	$ 6,515,616,212

NOTE 8. LONG -TERM DEBT (CONTINUED)

As of September 30, 2024, the District's total lease liability is $1,245,120. The total lease liability payable within one year is $367,266.

As of September 30, 2024, the District's total SBITA liability is $1,785,301, plus $45,718 accrued interest payable. The total SBITA liability payable within one year is $969,171.

Lease and SBITA liabilities consist of the following at September 30, 2024:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024
Water System:				
Lease liability	$ 45,318	$ 18,397	$ (19,838)	$ 43,877
	45,318	18,397	(19,838)	43,877
Regional Wastewater:				
Lease liability	30,603	-	(12,119)	18,484
Subscription liability	-	1,571,478	(388,889)	1,182,589
	30,603	1,571,478	(401,008)	1,201,073
Small Systems:				
Lease liability	31,119	27,722	(14,377)	44,464
	31,119	27,722	(14,377)	44,464
Solid Waste System:				
Lease liability	9,427	-	(7,687)	1,740
	9,427	-	(7,687)	1,740
Internal Service Fund:				
Lease liability	539,114	943,752	(346,311)	1,136,555
Subscription liability	1,000,398	222,967	(620,653)	602,712
	1,539,512	1,166,719	(966,964)	1,739,267
Total	$ 1,655,979	$ 2,784,316	$ (1,409,874)	$ 3,030,421

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG -TERM DEBT (CONTINUED)

The following is a summary schedule of future lease and SBITA payments by fund type as of September 30, 2024:

	Internal Service Fund - Leases			Internal Service Fund - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 320,462	$ 24,703	$ 345,165	$ 565,541	$ 18,025	$ 583,566
2026	315,125	18,288	333,413	37,171	1,229	38,400
2027	302,202	11,817	314,019	-	-	-
2028	196,360	5,305	201,665	-	-	-
2029	2,406	18	2,424	-	-	-
	$ 1,136,555	$ 60,131	$ 1,196,686	$ 602,712	$ 19,254	$ 621,966

	Water System - Leases			Water System - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 18,586	$ 736	$ 19,322	$ -	$ -	$ -
2026	14,096	462	14,558	-	-	-
2027	6,949	232	7,181	-	-	-
2028	3,914	85	3,999	-	-	-
2029	332	-	332	-	-	-
	$ 43,877	$ 1,515	$ 45,392	$ -	$ -	$ -

	Wastewater System - Leases			Wastewater System - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 11,454	$ 77	$ 11,531	$ 403,630	$ 40,811	$ 444,441
2026	7,030	23	7,053	250,896	26,882	277,778
2027	-	-	-	259,553	18,223	277,776
2028	-	-	-	268,510	9,265	277,775
2029	-	-	-	-	-	-
	$ 18,484	$ 100	$ 18,584	$ 1,182,589	$ 95,181	$ 1,277,770

	Solid Waste System - Leases			Solid Waste System - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 1,740	$ 1	$ 1,741	$ -	$ -	$ -
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
	$ 1,740	$ 1	$ 1,741	$ -	$ -	$ -

	Small Systems - Leases			Small Systems - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 15,024	$ 728	$ 15,752	$ -	$ -	$ -
2026	14,470	429	14,899	-	-	-
2027	6,204	277	6,481	-	-	-
2028	6,348	134	6,482	-	-	-
2029	2,418	13	2,431	-	-	-
	$ 44,464	$ 1,581	$ 46,045	$ -	$ -	$ -

NOTE 8. LONG -TERM DEBT (CONTINUED)

	Total All Systems - Leases			Total All Systems - SBITA		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 367,266	$ 26,245	$ 393,511	$ 969,171	$ 58,836	$ 1,028,007
2026	350,721	19,202	369,923	288,067	28,111	316,178
2027	315,355	12,326	327,681	259,553	18,223	277,776
2028	206,622	5,524	212,146	268,510	9,265	277,775
2029	5,156	31	5,187	-	-	-
	$ 1,245,120	$ 63,328	$ 1,308,448	$ 1,785,301	$ 114,435	$ 1,899,736

NOTE 9. DEFERRED INFLOWS OF RESOURCES

At September 30, 2024, deferred inflows of resources consisted of the following:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024
Water System:				
Deferred pension inflow	$ 158,629	$ -	$ (166,771)	$ (8,142)
Deferred OPEB inflow	205,404	61,064		266,468
	364,033	61,064	(166,771)	258,326
Regional Wastewater:				
Deferred pension inflow	543,698	-	(169,463)	374,235
Deferred OPEB inflow	263,090	62,037		325,127
	806,788	62,037	(169,463)	699,362
Small Systems:				
Deferred pension inflow	53,977	-	(84,734)	(30,757)
Deferred OPEB inflow	126,146	31,007		157,153
Deferred grant revenue	1,000,000	-	-	1,000,000
	1,180,123	31,007	(84,734)	1,126,396
Solid Waste System:				
Deferred pension inflow	539,840	-	(143,805)	396,035
Deferred OPEB inflow	221,816	44,039		265,855
	761,656	44,039	(143,805)	661,890
Interceptor System:				
Deferred pension inflow	(21,032)	-	(28,931)	(49,963)
Deferred OPEB inflow	34,908	12,104		47,012
	13,876	12,104	(28,931)	(2,951)
Internal Service Fund:				
Deferred pension inflow	1,168,497	-	(554,858)	613,639
Deferred OPEB inflow	886,439	218,471		1,104,910
	2,054,936	218,471	(554,858)	1,718,549
Total	$ 5,181,412	$ 428,722	$ (1,148,562)	$ 4,461,572

As of September 30, 2024, the Buffalo Creek Interceptor Fund had deferred grant income of $1,000,000 that represents the Clean Water Principal Grant income received in May 2022.

NOTE 10. 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. The Plan does not issue separate financial statements. 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 January 1, 2024, the following numbers of employes were covered by the benefit terms:

Active employees	887
Inactive employees entitled to but not yet receiving benefits (Vested Terminated)	189
Inactive employees entitled to but not yet receiving benefits (Nonvested Terminated)	122
Inactive employees or beneficiaries currently receiving benefits	285
Total	1,483

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. Effective January 1, 2023, 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, 2023, the District made contributions of $13,471,420, which represent 18.4% of annual covered payroll. These contributions were based on actuarially determined contribution requirements through an actuarial valuation performed at January 1, 2023. For the fiscal year ended September 30, 2024, the District made contributions of $13,700,000 of which contributions subsequent to the measurement date through September 30, 2024 were $10,274,987.

Net Pension Liability

The District's Net Pension Liability reported for the fiscal year ending September 30, 2024 was measured as of December 31, 2023, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that same date.

NOTE 10. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2023	January 1, 2024
Measurement date	December 31, 2022	December 31, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Salary increases including inflation	2.50% to 6.5%, including inflation	2.50% to 6.5%, including inflation
Mortality	Amount-weighted General Tables (i.e., PubG-2010) projected generationally using Scale MP-2021.	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. No assumptions or other inputs have been updated since the prior valuation.

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 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, 2023 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	5.00%	0.25%	0.013%
Fixed Income	24.00%	2.00%	0.480%
U.S. Equities	48.00%	7.25%	3.480%
International Equities	13.00%	5.25%	0.683%
Alternative Income	10.00%	4.10%	0.410%
Total	100.00%		5.066%
Real Rate of Investment Return Assumption			5.066%
Assumed Inflation			2.500%
Assumed Investment Expenses			-0.200%
Unrounded Expected Long-Term Rate of Return			7.366%
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, 2022	December 31, 2023
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 10. 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 September 30, 2023	$ 214,156,359	$ 112,499,757	$ 101,656,602
Changes for the year:			
Service cost	6,910,378	-	6,910,378
Interest on Total Pension Liability	15,718,982	-	15,718,982
Differences between expected and actual experience	5,366,556	-	5,366,556
Contributions - Employer	-	13,471,420	(13,471,420)
Contributions - Member	-	1,220,906	(1,220,906)
Net investment income	-	13,359,344	(13,359,344)
Benefit payments, including refunds of employee contributions	(8,657,870)	(8,657,870)	-
Administrative expenses	-	-	-
Assumption changes	-	-	-
Balances as of September 30, 2024	$ 233,494,405	$ 131,893,557	$ 101,600,848

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	$ 136,232,353	$ 101,600,848	$ 73,201,605

Pension Expense

For the year ended September 30, 2024, the District recognized pension expense of $21,747,819 of which $10,506,237 was allocated to the Support Fund, $3,157,769 was allocated to the Water System, $3,208,768 was allocated to the Wastewater System, $1,604,411 was allocated to the Small Systems, $2,722,947 was allocated to the Solid Waste System, and $547,687 was allocated to the Interceptor System.

The components of pension expense for the fiscal year ended September 30, 2024 are as follows:

Pension Expense	**October 1, 2023 to September 30, 2024**
Service cost	$ 6,910,378
Interest on Total Pension Liability	15,718,982
Amortization of differences between expected and actual experience	4,148,116
Amortization of changes of assumptions	3,912,941
Member contributions	(1,220,906)
Projected earnings on Plan investments	(8,371,154)
Amortization of differences between projected and actual earnings on Plan investments	649,462
Pension Plan administrative expense	-
Pension expense	$ 21,747,819

NOTE 10. RETIREMENT PLAN (CONTINUED)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,432,274	$ (451,246)
Changes of assumptions	19,743,002	(843,801)
Net difference between projected and actual earnings	7,349,846	-
Contributions made subsequent to measurement date	10,274,987	-
Total	$ 52,800,109	$ (1,295,047)

Year Ended September 30	Net Outflows/(Inflows) of Resources
2025	$ 10,487,583
2026	9,996,654
2027	11,088,370
2028	5,268,422
2029	3,662,164
Thereafter*	726,882
	$ 41,230,075

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

Pension Plan Fiduciary Net Position

	January 1, 2023	January 1, 2024
Assets		
Cash and cash equivalents	$ 7,719,253	$ 6,223,971
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	28,733,195	31,547,940
Alternative Investments	12,625,277	13,215,203
Stocks	63,422,032	80,906,443
Total investments	104,780,504	125,669,586
Total assets	112,499,757	131,893,557
Liabilities		
Total liabilities	-	-
Net position restricted for pensions	$ 112,499,757	$ 131,893,557

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN (CONTINUED)

Changes in Pension Plan Fiduciary Net Position

	January 1, 2023	January 1, 2024
Additions:		
Contributions:		
Employer	$ 9,203,590	$ 13,471,420
Member	977,896	1,220,906
Total contributions	10,181,486	14,692,326
Net investment income:		
Interest and dividends	4,964,784	4,288,707
Net appreciation in market value of investments	(17,830,025)	9,407,631
Less investment expenses:		
Direct investment expense	333,688	336,994
Total investment expenses	333,688	336,994
Net investment income	(13,198,929)	13,359,344
Total Additions	(3,017,443)	28,051,670
Deductions:		
Benefit payments including refunds of employee contributions	8,307,489	8,657,870
Administrative expenses	-	-
Other	-	-
Total Deductions	8,307,489	8,657,870
Net increase (decrease) in market value	(11,324,932)	19,393,800
Net position		
Beginning of year	123,824,689	112,499,757
End of year	$ 112,499,757	$ 131,893,557

NOTE 11. COMMITMENTS AND CONTINGENCIES

Commitments

Remaining commitments under construction contracts as of September 30, 2024 were as follows:

Payable from:	Capital Improvement Funds	Restricted Bond Funds	Total Commitments
Water System	$ 61,745,251	$ 801,294,043	$ 863,039,294
Regional Wastewater System	1,148,222	242,783,771	243,931,993
Sewer System	1,364,454	122,350,055	123,714,509
Solid Waste System	11,352,662	14,120,783	25,473,445
Interceptor System	2,798,343	158,378,284	161,176,627
	$ 78,408,932	$ 1,338,926,936	$ 1,417,335,868

Contingencies

The District is involved in threatened litigation and lawsuits arising in the ordinary course of business, including claims involving contract disputes. In the opinion of the District's management, potential liability in these matters will not have a material impact on the financial statements as of September 30, 2024.

NOTE 12. CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the District to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the District accrues a portion of these estimated closure and postclosure care costs in each period based on landfill capacity used as of each Statement of Net Position date. At September 30, 2024, a liability of $10,080,581 for landfill closure and postclosure care costs has been accrued in the Solid Waste System Fund in the accompanying statement of net position.

Beginning Liability	Additions	Reductions	Ending Liability
$ 9,482,010	$ 598,571	$ -	$ 10,080,581

The $10,080,581 reported as landfill closure and postclosure care liability at September 30, 2024, includes $256,059 for Transfer Stations, $1,832,500 for the Maxwell Creek Landfill, $3,415,780 for the McKinney Landfill and $4,576,242 for the 121 Regional Disposal Facility, which represents the cumulative amount reported to date based on the use of 20% of the estimated capacity of the 121 Regional Disposal Facility. The Maxwell Creek Landfill was closed during 2006 and the McKinney Landfill was closed during 2009. The District will recognize the remaining cost of closure and postclosure care of $17,790,534 for the 121 Regional Disposal Facility as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care at September 30, 2024. Based upon the current utilization of capacity, the remaining expected life of the 121 Regional Disposal Facility is estimated to be 99.3 years. Actual costs may be higher due to inflation, changes in technology, or changes in laws or regulations.

The District is required to provide financial assurance for closure and postclosure care to the State of Texas. In accordance with current regulations, a local government may demonstrate financial assurance for closure and postclosure care, or corrective action by satisfying certain requirements. Management of the District believes they have satisfied such requirements.

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased for fire and extended coverage for the buildings, plants, structures and contents with a $25,000 deductible per occurrence. Commercial insurance is also provided under a commercial floater policy, which covers the heavy off-road equipment with a $10,000 deductible per occurrence. The District is a member of a public entity risk pool operating as a common risk management and insurance program for a number of water districts and river authorities within the State of Texas. Coverage provided by the pool consists of workers' compensation, general liability, automobile liability, directors' and officers' liability, and automobile physical damage. Annual premiums are paid to the pool. The pool is self-sustaining through member premiums and the purchase of reinsurance through commercial companies. The amount of settlements did not exceed insurance coverage for the last three fiscal years.

The District maintains a self-insurance program for the employee group medical program. A third-party administrator is utilized to provide claims administration and payment of claims. Insurance is purchased to provide specific stop loss and aggregate stop loss protection.

The liability for insurance claims is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities are based upon the insurance company's figures for the District's liability for termination claims upon the termination of the policy year and the stop loss premium for any claims above the District's liability. Additionally, the liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage, and subrogation. The liability is reported with accounts payable and accrued liabilities in the Statement of Net Position. Changes in the employees' health claims liability amount in fiscal September 30, 2024 and 2023 were:

Fiscal Year	Liability Beginning of Year	Claims Incurred and Change in Estimates	Current Year Claim Payments	Liability End of Year
2023	$ 1,897,894	$ 18,853,579	$ 18,535,644	$ 2,215,829
2024	2,215,829	18,506,723	18,387,069	2,335,483

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided

The District's defined benefit other postemployment benefits (OPEB) plan provides OPEB in the form of health and dental insurance benefits for certain retirees and their spouses up to age 65 through a single-employer defined medical plan. These benefits are funded 100 percent by the District for the currently eligible retirees and their spouses, if the retiree had 20 years of District service. For those with less than 20 years of service, the retiree receives a 5% discount off of the total cost of the premium for each year of District service they have. A third-party administrator is utilized to provide claims administration and the District pays claims directly to the insurance provider. Insurance is purchased to provide specific stop loss and aggregate stop loss protection.

The District does not issue separate audited financial statements for its plan.

Employees Covered by Benefit Terms

As of September 30, 2024, the participants comprised of the following:

	Medical	Dental
Active plan participants	916	916
Inactive plan participants, retirees and retiree spouses	116	118
Total number of participants	1,032	1,034

Contributions

The District's funding policy is established and may be amended by the District's Board of Directors. The District has established an irrevocable trust fund to accumulate assets for payment of future OPEB benefits. The District pre-funds benefits through contributions to the trust. The current funding policy is to contribute at least the Actuarially Determined Contribution as calculated by the actuary. The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 20-year period beginning October 1, 2017. Currently, the District pays benefits on a pay-as-you-go basis.

Net OPEB Liability

The District's Net OPEB Liability reported for the fiscal year ending September 30, 2024 was measured as of September 30, 2024, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that same date.

Actuarial Assumptions

The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	October 1, 2022	October 1, 2023
Measurement date	September 30, 2023	September 30, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Salary increases including inflation	2.5% to 6.5% including inflation	2.5% to 6.5% including inflation
Long -Term Expected Rate of Return	7.25%	7.25%
Healthcare Cost Trend Rates (Medical)	6.5% for FY24 decreasing .50% per year to 4.50% for later years (medical)	6.5% for FY25 decreasing .25% per year to 4.50% for later years (medical)
Healthcare Cost Trend Rates (Dental)	3.30% each year for all years	3.30% each year for all years

Mortality rates (pre-retirement) were based on the Pub-2010 General Employees amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010. Mortality rates (post-retirement) were based on the Pub-2010 General Healthy Retiree mortality tables with MP-2021 projected generationally from the year 2010. Mortality rates (retirees) were based on the Pub-2010 General Healthy Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010.Mortality rates (retiree spouses) were based on the Pub-2010 General Contingent Survivor amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010. Mortality rates (disabled retirees) were based on the Pub-2010 General Disabled Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

Discount Rate: 7.25% in the current and previous year.

Projected Cash Flows: Projected cash flows into the plan are equal to the greater of projected benefit payments out of the plan or the projected actuarially determined contribution in accordance with Paragraph No. 50 of GASB No. 74 and Paragraph No. 30 of GASB No. 75.

Long-Term Expected Rate of Return: 7.25%; The plan operates on a pay-as-you-go (PAYGO) basis and accumulates assets in a trust in addition to the PAYGO amount.

Municipal Bond Rate: 3.81% as of September 30, 2024; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Years of Projected Benefit Payments to which Long-Term Expected Rate of Return Applies: All years

Long-Term Expected Rate of Return

In accordance with Paragraph No. 48 of GASB No. 74 and Paragraph No. 36 of GASB No. 75, the discount rate should be the single rate that reflects the following: (a) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (i) the OPEB plan's fiduciary net position (i.e., plan assets) is projected to be sufficient to make projected benefit payments and (ii) OPEB plan assets are expected to be invested using a strategy to achieve that return, and (b) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

For each future period, if the amounts of the OPEB plan's fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in that period and OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, the actuarial present value of benefit payments projected to be made in the period should be determined using the long-term expected rate of return on those investments discussed in (a) above. Per paragraph No. 40 of GASB No. 75, the long-term expected rate of return should be based on the mix of current and expected OPEB plan investments over a period representative of the expected length of time between (1) the point at which a plan member begins to provide service to the employer and (2) the point at which all benefits to the plan member have been paid. For this purpose, the long-term expected rate of return should be determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense. The municipal bond discussed in (b) above should be used to calculate the actuarial present value of all other benefit payments. The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values determined using the long-term rate of return and the municipal bond rate applied to the appropriate periods as described above.

Based on guidance in Illustration B2 of Appendix B to GASB Implementation Guide 2017-3, Accounting and Financnail Reporting for Postemployment, Benefit Plans other than Pensions, as of September 30. 2024, the accumulated funds and expected contributions are projected to be sufficient to cover benefit payments in all future years. Therefore, the discount rate at the end of the measurement year must be based solely on the long-term expected rate of return on OPEB plan investments, discussed in (a) above. Discount rate information is summaried in the table.

Equivalent Single Discount Rate Determination	Beginning of Fiscal Year	End of Fiscal year
Measurement Date	09/30/2023	09/30/2024
Long-term Expected Rate of return (LTROR)	7.25%	7.25%
Bond Buyer Index of general obligation 20-year bonds	4.09%	3.81%
Projected year of asset depletion	None*	None*
Single Discount Rate equivalent to using:		
(a) LTROR for years prior to depletion date and		
(b) the 20-year bond rate for years on and after depletion date	7.25%	7.25%

* Accumulated Funds and expected contributions are projected to cover benefit payments in all future years.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the net OPEB liability as of September 30, 2024, as well as what the Net OPEB liability would be if were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net OPEB liability	$ 14,937,141	$ 12,837,062	$ 10,937,744

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability as of September 30, 2024, as well as what the Net OPEB liability would be if were calculated using the healthcare cost trend rates that are 1-percentage point lower (5.50% for FY24 decreasing to 3.5% by FY32) or 1-percentage-point higher (7.5% for FY25 decreasing to 5.50% by FY32) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.50%)	1% Increase (7.50% decreasing to 5.50%)
Net OPEB liability	$ 10,401,467	$ 12,837,062	$ 15,698,882

Deferred Outflows/Inflows of Resources Related to OPEB

At September 30, 2024, the District reported deferred inflows and outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,705,040	$ (931,423)
Changes of assumptions	1,943,931	(731,064)
Net difference between projected and actual earnings	-	(504,038)
Total	$ 6,648,971	$ (2,166,525)

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	Net Outflows/ (Inflows) of Resources
2025	$ 788,134
2026	1,082,693
2027	698,609
2028	853,932
2029	720,387
Thereafter*	338,691
	$ 4,482,446

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of September 30, 2023	$ 23,706,191	$ 9,703,320	$ 14,002,871
Changes for the year:			
Service cost	1,316,301	-	1,316,301
Interest on total OPEB liability	1,736,189	-	1,736,189
Changes of benefit terms	-	-	-
Differences between expected and actual experience	575,215	-	575,215
Effect of assumptions changes or inputs	(537,835)	-	(537,835)
Benefit payments	(2,150,120)	2,150,120	(4,300,240)
Employer contributions	-	(2,150,120)	2,150,120
Member contributions	-	-	-
Net investment income	-	2,105,559	(2,105,559)
Administrative expenses	-	-	-
Balances as of September 30, 2024	$ 24,645,941	$ 11,808,879	$ 12,837,062

The District's total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

	September 30, 2023	September 30, 2024
Total OPEB liability	$ 23,706,191	$ 24,645,941
Fiduciary net position	9,703,320	11,808,879
Net OPEB liability	$ 14,002,871	$ 12,837,062
Fiduciary net position as a % of total OPEB liability	40.93%	47.91%

OPEB Plan Fiduciary Net Position

	September 30, 2023	September 30, 2024
Assets		
Cash and cash equivalents	$ 90,648	$ 23,632
Receivables and prepaid expenses	-	-
Investments:		
Fixed income	2,911,166	3,531,604
Stocks	4,504,289	6,488,160
Real estate	-	-
Alternative investments	2,197,217	1,765,483
Total investments	9,612,672	11,785,247
Total assets	9,703,320	11,808,879
Liabilities		
Total liabilities	-	-
Net position restricted for OPEB	$ 9,703,320	$ 11,808,879

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in OPEB Plan Fiduciary Net Position

	September 30, 2023	September 30, 2024
Additions:		
Contributions:		
Member	$ 2,704,625	$ 2,150,120
Total contributions	2,704,625	2,150,120
Net investment income:		
Interest and dividends	-	-
Net increase in fair value of investments	1,045,986	2,136,242
Less investment expenses:		
Direct investment expense	30,306	30,683
Total investment expenses	30,306	30,683
Net investment income	1,015,680	2,105,559
Other income	-	-
Total Additions	3,720,305	4,255,679
Deductions:		
Service benefits	2,704,625	2,150,120
Total Deductions	2,704,625	2,150,120
Net increase (decrease)	1,015,680	2,105,559
Net position		
Beginning of year	8,687,640	9,703,320
End of year	$ 9,703,320	$ 11,808,879

NOTE 15. RECENTLY ISSUED GASB STATEMENTS

The District has implemented the following new accounting pronouncements:

GASB Statement No. 99, *Omnibus 2022.* The standard addresses a number of practice issues for certain previously issued GASB statements, as well as providing additional guidance for accounting and reporting for financial guarantees. This statement was implemented in the current year with no material impact on the District's financial statements.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections,* effective for periods beginning after June 15, 2023. The standard is intended to improve the clarity of accounting and financial reporting for accounting changes and error corrections in order to provide greater consistency of application in practice with more understandable and relevant information.

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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

PENSION & OPEB TREND INFORMATION (UNAUDITED)

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

	As of the Measurement Date December 31 for the Fiscal Year Ended September 30,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability (TPL)										
Service cost	$ 6,911	$ 4,949	$ 3,726	$ 3,726	$ 3,712	$ 3,428	$ 2,897	$ 2,517	$ 3,058	$ 2,166
Interest on total pension liability	15,719	13,718	12,449	12,542	10,062	9,451	8,582	7,643	6,614	6,387
Effect of plan changes	-	-	-	13,026	-	-	(843)	-	-	-
Effect of economic/ demographic gains or (losses)	5,367	9,111	3,480	2,104	(1,312)	5,496	6,366	(2,503)	8,442	(4,871)
Effect of assumptions changes or inputs	-	18,540	8,389	4,794	(243)	(3,039)	(1,928)	(1,115)	(6,899)	-
Benefit payments	(8,658)	(8,307)	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)
Net change in TPL	19,339	38,011	20,620	31,135	7,469	10,819	11,568	3,450	8,599	1627
TPL, beginning	214,156	176,145	155,525	124,390	116,921	106,102	94,534	91,085	82,486	80,859
TPL, ending (a)	$233,495	$214,156	$176,145	$155,525	$124,390	$116,921	$106,102	$94,535	$91,085	$82,486
Fiduciary Net Position (FNP)										
Employer contributions	$ 13,472	$ 9,203	$ 6,300	$ 8,108	$ 6,808	$ 6,450	$ 6,765	$ 5,957	$ 4,999	$ 5,595
Member contributions	1,221	978	783	577	347	98	-	-	-	-
Investment income net of investment expenses	13,359	(13,199)	14,387	8,101	15,158	(5,315)	9,686	5,284	(1,337)	3,689
Benefit payments	(8,658)	(8,307)	(7,424)	(5,057)	(4,749)	(4,517)	(3,507)	(3,092)	(2,617)	(2,055)
Administrative expenses	-	-	-	-	-	-	-	-	(195)	(180)
Net change in FNP	19,394	(11,325)	14,046	11,729	17,564	(3,284)	12,944	8,149	850	7,049
FNP, beginning	112,500	123,825	109,779	98,050	80,486	83,770	70,827	62,678	61,828	54,779
FNP, ending (b)	131,894	112,500	123,825	109,779	98,050	80,486	83,771	70,827	62,678	61,828
Net Pension Liability, ending = (a) - (b)	$101,601	$101,656	$ 52,320	$ 45,746	$ 26,340	$ 36,435	$ 22,331	$23,708	$28,407	$20,658
FNP as a % of TPL	56.49%	52.53%	70.30%	70.59%	78.82%	68.84%	78.95%	74.92%	68.81%	74.96%
Covered payroll	$ 73,399	$ 66,021	$ 49,341	$ 53,290	$ 42,877	$ 41,022	$ 33,587	$31,778	$30,085	$26,655
Net pension liability as a % of covered payroll	138.42%	153.98%	106.04%	85.85%	61.43%	88.82%	66.49%	74.61%	94.42%	77.50%

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 Net Pension Liability.

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

	Fiscal Year Ended September 30,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially Determined Contribution	$ 13,324	$ 11,762	$ 9,478	$ 7,599	$ 6,510	$ 5,195	$ 5,213	$ 5,034	$ 4,600	$ 4,386
Actual Employer Contribution	13,700	12,500	6,300	8,108	6,808	6,450	6,765	5,957	4,999	5,595
Contribution Deficiency (Excess)	(376)	(738)	3,178	(249)	(1,598)	(1,255)	(1,552)	(923)	(399)	(1,209)
Covered Payroll*	$ 77,774	$ 72,059	$ 58,287	$ 53,444	$ 54,413	$ 47,598	$ 33,587	$ 31,778	$ 30,085	$ 26,655
Contributions as a % of Covered Payroll	17.62%	17.35%	10.81%	15.17%	12.51%	13.55%	20.14%	18.75%	16.62%	20.99%

Notes to Schedule:

Valuation Date January 1, 2024

Actuarially determined contribution rates are calculated as of January 1, 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 2024:

Actuarial cost method	Entry age
Amortization method	Level percent, layered closed periods
Remaining amortization period	Layered amortization with 20 years remaining on unfunded accrued liability at date of transition to layered approach
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 2019-2024 is for the fiscal year period ended September 30. Covered payroll for 2015-2018 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
2015	6.64%
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%

North Texas Municipal Employee Other Postemployment Benefits Plan
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability										
Service cost	$ 1,317	$ 917	$ 482	$ 473	$ 405	$ 374	$ 406	$ 432	N/A	N/A
Interest on total OPEB liability	1,736	1,573	1405	1015	923	953	832	826	N/A	N/A
Changes on benefit terms	-	(817)	2,267	-	-	-	-	-	N/A	N/A
Effect of economic/demographic gains or (losses)	575	1,390	732	4,782	(828)	(1,677)	1,046	(1,258)	N/A	N/A
Effect of assumptions changes or inputs	(538)	1,935	(164)	481	662	(83)	(634)	104	N/A	N/A
Benefit payments	(2,150)	(2,705)	(3,125)	(1,963)	-	-	-	-	N/A	N/A
Employer contributions	-	-	-	2,128	-	-	-	-	N/A	N/A
Member contributions	-	-	-	29	-	-	-	-	N/A	N/A
Administrative expenses	-	-	-	(194)	-	-	-	-	N/A	N/A
Net change in total OPEB liability	940	2,293	1,597	6,751	1,162	(433)	1,650	104	N/A	N/A
Total OPEB liability, beginning	23,706	21,413	19,816	13,065	11,902	12,335	10,685	10,581	N/A	N/A
Total OPEB liability, ending (a)	24,646	23,706	21,413	19,816	13,065	11,902	12,335	10,685	N/A	N/A
Fiduciary Net Position (FNP)										
Employer contributions	$ 2,150	$ 2,705	$ 3,125	$ -	$ 50	$ -	$ 696	$ 600	N/A	N/A
Net investment income	2,106	1,016	(1,798)	1,650	565	227	428	600	N/A	N/A
Benefit payments	(2,150)	(2,705)	(3,125)	-	-	-	-	-	N/A	N/A
Administrative expenses	-	-	-	-	-	-	-	-	N/A	N/A
Net change in FNP	2,106	1,016	(1,798)	1,650	615	227	1,124	1,200	N/A	N/A
FNP, beginning	9,703	8,687	10,485	8,835	8,220	7,993	6,869	5,669	N/A	N/A
FNP, ending (b)	11,809	9,703	8,687	10,485	8,835	8,220	7,993	6,869	N/A	N/A
Net OPEB liability, ending = (a) - (b)	$ 12,837	$ 14,003	$ 12,726	$ 9,331	$ 4,230	$ 3,682	$ 4,342	$ 3,816	N/A	N/A
FNP as a % of total OPEB liability	47.91%	40.93%	40.57%	52.91%	67.62%	69.06%	64.80%	64.28%	N/A	N/A
Covered-employee payroll (as reported with pension data)	$ 77,774	$ 72,059	$ 58,287	$ 62,977	$ 54,413	$47,598	$33,587	$31,778	N/A	N/A
Net OPEB liability as a % of covered-employee payroll	16.51%	19.43%	21.83%	14.82%	7.77%	7.74%	12.93%	12.01%	N/A	N/A

NOTE: Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

Notes to Schedule of Changes in OPEB and Related Ratios

Changes in Assumptions

The following assumptions have been updated since the previous valuation:

Expenses:

Current: For medical benefits, administration expenses directly related to the payment of benefits are $55.87 per member per month for 2025. For dental benefits, administration expenses directly related to the payment of benefits are included in the assumed per capita claims costs.

Prior: For medical benefits, administration expenses directly related to the payment of benefits are $76.46 per member per month for 2024. For dental benefits, administration expenses directly related to the payment of benefits are included in the assumed per capital claims costs.

Health Benefit Cost and Retiree Contribution Trend:

Current: Medical rates of 6.50% from Fiscal Year 2024 to 2025. 6.25% from Fiscal Year 2025 to 2026. 6.00% from Fiscal Year 2026 to 2027. 5.75% from Fiscal Year 2027 to 2028. 5.5% from Fiscal Year to 2028 to 2029. 5.25% from Fiscal Year to 2029 to 2030. 5% from Fiscal Year to 2030 to 2031. 4.75% from Fiscal Year 2031 to 2032. 4.50% for all future years after 2032. Dental rates were 3.30% for each fiscal year.

Prior: Medical rates of 6.50% from Fiscal Year 2023 to 2024. 5.50% from Fiscal Year 2024 to 2025. 5.00% from Fiscal Year 2025 to 2026. 4.50% from Fiscal Year 2026 to 2027. 4.20% from Fiscal Year 2027 to 2028 and beyond. Dental rates are 3.00% for each fiscal year.

Assumed Per Capita Claims:

Current: Deductibles, copayments, coinsurance levels and retiree contribution levels are assumed to increase at the same rate as the health benefit cost trend, consistent with the expected operation of the substantive plan (i.e., the proportion of non-Medicare expenses covered by the employer/employee is assumed to remain constant).

Prior: Assumed per Capita Health Benefit Cost (Medical) by age for Fiscal Year 2024.

North Texas Municipal Employee Other Postemployment Benefits Plan
Schedule of NTMWD Contributions
Last 10 Fiscal Years
(Dollar amounts in 1,000s)

	Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 3,037	$ 2,428	$ 1,539	$ 905	$ 819	$ 864	$ 832	$ 669	N/A	N/A
Actual Employer Contribution	2,150	2,705	3,125	-	50	-	696	600	N/A	N/A
Contribution Deficiency (Excess)	887	(277)	(1,586)	905	769	864	137	69	N/A	N/A
Covered-employee Payroll	$ 77,774	$ 72,059	$ 58,287	$ 62,977	$ 54,413	$ 47,598	$ 33,587	$ 31,778	N/A	N/A
Contributions as a % of Covered-employee Payroll	2.76%	3.75%	5.36%	0.00%	0.09%	0.00%	2.07%	1.89%	N/A	N/A

Notes to Schedule:

Valuation Timing	Actuarial valuations for funding purposes are performed annually as of September 30.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll; Closed
Amortization Period	14 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	2.50% to 6.50% including inflation
Discount Rate	7.25%
Healthcare Cost Trend Rates (Medical)	6.5% for FY 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for later years (medical)
Healthcare Cost Trend Rates (Dental)	3.30% each year for all years
Retirement age	Age-based table of rates upon attainment of eligibility for unreduced pension benefits.
Mortality	Pre-retirement: PUB-2010 General Employees Amount-Weighted Table with Mortality Improvement Scale MP-2021 Projection Scale projected generationally from the year 2010
	Post-retirement: Pub-2010 General Healthy Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010
	Disability retirement: Pub-2010 General Disabled Retiree amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from the year 2010
	Retirees: Pub-2010 General Healthy Retireee amount-weighted mortality tables with MP-2021 Projection Scale projected generationally from year 2010.
	Retiree Spouses: PUB-2010 Contingent Survivors Amount-Weighted Table with MP-2021 Projection Scale projected generationally from the year 2010.

2017 and 2018 payroll as reported with pension data. 2019 through 2022 payroll shows fiscal year ending September 30 reported with OPEB data.

Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

North Texas Municipal Employee Other Postemployment Benefits Plan
Money-Weighted Rate of Return
Fiscal Year Ended September 30

Fiscal Year Ended September 30	Net Money-Weighted Rate of Return
2015	NA
2016	NA
2017	10.68%
2018	5.94%
2019	3.41%
2020	0.50%
2021	19.15%
2022	-17.14%
2023	11.69%
2024	21.70%

Data prior to 2017 is not available. Additional years' information will be displayed as it becomes available.

APPENDIX B

NORTH TEXAS MUNICIPAL WATER DISTRICT

MISCELLANEOUS STATISTICAL DATA

FISCAL YEAR ENDED SEPTEMBER 30, 2024

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MISCELLANEOUS STATISTICAL DATA

Authority created under Chapter 62, Acts of 1951, and 52nd Legislature.

Year of Creation	1951
Domicile	Wylie, Texas
District Population	2,000,000
District Service Area	2,200 Square Miles
Water Treatment Plant	532.614 acres
Rain Received at Lavon Lake during fiscal year	43.86 inches
Total Employees	969

REGIONAL WATER SYSTEM

Raw Water Supply: Safe Yield		
Lake Lavon	80.5	MGD
Lake Texoma	63.6	MGD
Jim Chapman Lake	37.5	MGD
Lake Bonham	1.7	MGD
Lake Tawakoni	37.4	MGD
Wilson Creek Reuse	55	MGD
East Fork Raw Water Supply	41	MGD
Main Stem Trinity River	50	MGD
Bois d'Arc Lake	56	MGD
Total	422.4	MGD

Water Treatment Plants: Capacity		
Wylie - Plant I	70	MGD
Wylie - Plant II	280	MGD
Wylie - Plant III	280	MGD
Wylie - Plant IV	210	MGD
Bonham	6.6	MGD
Tawakoni	30	MGD
Leonard	70	MGD
Total	946.6	MGD

Transmission Pipelines		
12" to 24" Diameter	153.5	Miles
30" to 54" Diameter	175.3	Miles
60" to 96" Diameter	368.0	Miles
Total	696.8	Miles

RAW WATER PUMP STATIONS

Lavon - 3 sites		
Total raw water pumps	18	
Total raw water pumping capacity	1106	MGD
Texoma - 1 site		
Total raw water pumps	4	
Total raw water pumping capacity	216	MGD
Jim Chapman - 1 site		
Total raw water pumps	3	
Total raw water pumping capacity	176	MGD
East Fork Raw Water Supply - 2 sites		
Total raw water pumps	10	
Total raw water pumping capacity	351.3	MGD
Main Stem Trinity River		
Total raw water pumps	4	
Total raw water pumping capacity	120	MGD
Lake Tawakoni - 2 sites		
Total raw water pumps	7	
Total raw water pumping capacity	167.5	MGD
Wylie Water Plant - treated water pump stations	7	
Wylie Water Plant - treated water pumping capacity	1070	MGD
Bois d'Arc Lake - 1 site		
Total raw water pumps	3	
Total raw water pumping capacity	150	MGD
NTMWD treated water storage reservoirs		
Treatment plant storage	62.4	million gallons
Transmission system storage	87.40	million gallons
	149.80	million gallons
Total City delivery points	82	

APPENDIX C

NORTH TEXAS MUNICIPAL WATER DISTRICT
REGIONAL WATER SYSTEM

WATERWORKS AND SEWER SYSTEM FINANCIAL DATA [1][2]
FOR CERTAIN MEMBER CITIES

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(1) Financial data is being presented herein only for the Member Cities which meet the definition of a "Significant Obligated Person" for purposes of continuing disclosure as described herein under "Other Information – Continuing Disclosure of Information."

(2) The following condensed operating schedules in this Appendix C have been compiled using a presentation customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, debt service payments and expenditures identified as capital.

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CITY OF GARLAND

COMBINED UTILITY SYSTEM STATEMENT OF REVENUES AND EXPENSES

	Fiscal Year Ended September 30,				
Operating Revenues	2024 [2]	2023	2022	2021	2020
Charges for Services	$ 152,550,344	$ 146,762,955	$ 137,378,338	$ 124,472,675	$ 127,250,500
Other	3,782,264	3,278,795	475,629	1,097,476	496,052
	$ 156,332,608	$ 150,041,750	$ 137,853,967	$ 125,570,151	$ 127,746,552
Expenditures [1]					
Salaries and Wages	$ 15,749,536	$ 15,742,220	$ 15,707,986	$ 14,989,337	$ 14,773,412
Water Purchases	43,585,340	41,813,409	39,829,671	39,799,013	40,180,065
Maintenance, Repairs and Supplies	16,236,189	15,624,953	13,856,341	12,449,708	12,655,399
Insurance and Other Expenses	2,616,880	1,459,627	1,420,705	1,170,706	1,139,643
Insurance Claims Payable	903,770	232,858	232,856	310,946	232,858
General and Administrative	11,701,045	11,193,837	11,034,479	10,277,480	9,255,550
Capitalized General and Administrative	(1,179,040)	(1,090,994)	(553,715)	(847,529)	(522,597)
Total	$ 89,613,720	$ 84,975,910	$ 81,528,323	$ 78,149,661	$ 77,714,330
Net Income	$ 66,718,888	$ 65,065,840	$ 56,325,644	$ 47,420,490	$ 50,032,222
Water Customers	72,578	72,012	70,806	70,165	70,136
Sewer Customers	69,325	68,845	68,556	68,211	67,847

(1) Excludes depreciation and bonded debt amortization.
(2) Unaudited; preliminary subject to change.

Water and Sewer Revenue Bonds Outstanding (as of 12-31-24)	$ 255,570,000
Average Annual Principal and Interest Requirements, 2021-2040	$ 15,282,226
Coverage of Average Annual Debt Service Requirements by 9-30-20 Net Income	4.36 times
Maximum Debt Service Requirements, 2025	$ 25,229,613
Coverage of Maximum Debt Service Requirements by 9-30-20 Net Income	2.64 times
Reserve Fund (as of 2-28-25)	$ - [1]

(1) Required Reserve Fund Amount funded with Surety Policy.

WATER RATES – (EFFECTIVE OCTOBER 1, 2024)

Residential volume charge:	$5.58 per 1,000 gallons for first 3,000 gallons	
	$6.71 per 1,000 gallons for next 12,000 gallons	
	$10.35 per 1,000 gallons for over 15,000 gallons	
Commercial and Industrial volume charge:	$7.23 per 1,000 gallons	
Monthly customer charge for residential, customers, based on meter size:	5/8 inch meter	$23.50
	3/4 inch meter	$32.25
	1 inch meter	$38.50
	1 1/2 inch meter	$45.80
	2 inch meter	$60.80
Monthly customer charge for commercial and industrial customers, based on meter size:	5/8 inch meter	$24.10
	3/4 inch meter	$32.25
	1 inch meter	$38.50
	1 1/2 inch meter	$45.80
	2 inch meter	$60.80
	3 inch meter	$147.10
	4 inch meter	$181.55
	6 inch meter	$260.35
	8 inch meter	$351.20
	10 inch meter	$453.80
Multi-family accounts:	$13.92 base charge per dwelling unit	

Sewer Rates – (Effective October 1, 2023)

Single-Family Residential User	
Customer Charge	$11.27
Volume Charge	$4.88 per 1,000 gallons

Duplex Dwelling Residential User	
Customer Charge	$11.27
Volume Charge	$4.88 per 1,000 gallons

Apartment Dwelling Residential User	
Customer Charge	$9.45
Volume Charge	$5.30 per 1,000 gallons

General Commercial-Industrial User	
Customer Charge	$10.36
Volume Charge	$5.30 per 1,000 gallons

Electric Rates – (Effective October 1, 2021)

Residential Service Rate

Customer Charge	$5.34	
November/May	0.0528	per 0-600 kWh; .0370 All Over 600 kWh
June/October	0.0561	per kWh

General Service - Small (0-20 kW Demand)

		0/2,000		All Over 2,000	
Customer Charge	$11.55				
All Months		$0.0602	per kWh	$ 0.0549	per kWh

General Service - Large 20 kW and Greater Demand

Energy:			Demand: November/May		Demand: June/October	
0-60,000 kWh	$0.0276 per kWh		First 200 kW	$6.88 Per kW	First 200 kW	$8.53 Per kW
All over 60,000	0.0235 per kWh		Over 200 kW	$6.33 Per kW	Over 200 kW	$7.98 Per kW

Public Institutional Electric Service Rate

Customer Charge	$19.25	
November/May	0.0413	per kWh
June/October	0.0520	per kWh

High Tension Service Rate (5,000 kW and Greater Demand)

Energy:	
0-6,000,000	$0.0056 per kWh
Over 6,000,000	0.0033 per kWh
Demand Charge	8.2500 per kWh

The following table presents financial information for the Water and Sewer System of the City for each fiscal year ended September 30, 2020 through September 30, 2024. This selected information has been prepared to summarize the revenues, expenses and amount available to pay debt historically generated from the Water and Sewer System.

CITY OF MCKINNEY

WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Revenues	$ 174,026,915	$ 151,084,962	$ 120,929,964	$ 108,043,200	$ 105,611,724
Expenses					
Water Purchased	$ 77,606,351	$ 68,581,016	$ 60,311,710	$ 57,964,644	$ 57,176,000
Contract Payments	9,037,620	8,193,391	6,663,784	6,057,185	6,179,644
Other	29,545,518	26,111,246	21,954,630	28,088,862	18,903,772
Total Expenses	$ 116,189,489	$ 102,885,653	$ 88,930,124	$ 92,110,691	$ 82,259,416
Net Income	$ 57,837,426	$ 48,199,309	$ 31,999,840	$ 15,932,509	$ 23,352,308
Water Customers	79,162	75,922	73,551	70,857	62,398
Sewer Customers	73,438	70,172	68,193	66,030	64,148

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/24)	$ 266,080,000
Average Annual Principal and Interest Requirements, 2025-2044	$ 18,827,469
Coverage of Average Annual Principal and Interest Requirements by 9-30-24 Net Income	3.07x
Maximum Principal and Interest Requirement, 2028	$ 23,619,244
Coverage at Maximum Principal and Interest Requirement by 9-30-24 Net Income	2.49x
Interest and Sinking Fund (as of 9-30-24)	$ 9,554,238
Reserve Fund (as of 9-30-24)	$ 19,229,859

MONTHLY WATER RATES – (EFFECTIVE OCTOBER 1, 2024)

Residential Meters	$	19.05
Non-residential and ALL Irrigation Meters:		
3/4 Inch		19.05
1 Inch		33.50
1 1/2 Inch		57.40
2 Inch		80.45
3 Inch		141.65
4 Inch		210.65
6 Inch		392.65
8 Inch		775.65
10 Inch		1,467.70
12 Inch		2,743.80
Volumetric Rates per 1,000 Gallons:		
Residential and ALL Irrigation Meters:		
1 to 7,000 Gallons	$	4.80
7,001 to 20,000 Gallons		6.65
20,000 to 40,000 Gallons		8.35
Over 40,000 Gallons		10.05
Wholesale/Municipal Water Rate		4.15

MONTHLY SEWER RATES – (EFFECTIVE OCTOBER 1, 2023)

Residential Meters	$	26.75
Non-residential Meters:		
3/4 Inch		26.75
1 Inch		43.85
1 1/2 Inch		72.45
2 Inch		94.30
3 Inch		147.85
4 Inch		209.60
6 Inch		358.10
8 Inch		700.70
10 Inch		1,442.40
12 Inch		2,942.20
Volumetric Rates per 1,000 Gallons:		
Residential Meters:		
1 to 8,000 Gallons (Using Winter Quarter Avg.)	$	7.45
Municipal Sewer Rates		5.65
All Other Meters		7.45

Winter Quarter Averaging (WQA) – Three month average water usage during December, January and February. Maximum sewer charge for residential Customers is limited to 8,000 gallons.

CITY OF PLANO

WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Revenues	$ 226,020,240	$ 214,174,919	$ 192,627,683	$ 166,637,706	$ 171,659,063
Expenditures (1)					
Water Purchased	$ 85,523,507	$ 81,813,711	$ 77,678,572	$ 76,813,645	$ 77,364,433
Sewer Contract	50,925,556	43,373,195	37,493,446	36,807,029	35,386,603
Other	44,492,994	40,874,824	33,733,820	32,968,549	36,809,254
	$ 180,942,057	$ 166,061,730	$ 148,905,838	$ 146,589,223	$ 149,560,290
Net Income	$ 45,078,183	$ 48,113,189	$ 43,721,845	$ 20,048,483	$ 22,098,773
Water Customers	83,304	82,999	82,849	82,425	82,206
Sewer Customers	80,920	82,393	79,747	79,747	79,507

(1) Excludes depreciation and bonded debt amortization.

MONTHLY WATER RATES (Effective November 1, 2024)

Current Water Rates

Meter Size	Rate	Meter Size	Rate
up to 3/4"	$ 28.89	1 1/2"	$ 137.50
1"	28.89	2"	217.00

Minimum charge based on meter size

First	1,000	Gallons	Included in Minimum Meter Charge
	1,001 - 5,000	Gallons	$2.20 per 1,000 Gallons
	5,001 - 20,000	Gallons	$4.70 per 1,000 Gallons
	20,001 - 40,000	Gallons	$9.40 per 1,000 Gallons
	All over 40,000	Gallons	$11.30 per 1,000 Gallons

SEWER RATES (Effective November 1, 2024)

All Non-Residential and Separately Metered Irrigation Use Consumption Charges

First	1,000	Gallons	Included in Minimum Meter Charge
	All over 1,000	Gallons	$7.95 per 1,000 Gallons

All Non-Residential and Separately Metered Irrigation Use Consumption Charges

Meter Size	Rate	Meter Size	Rate
3/4"	$ 20.10	4"	$ 324.30
1"	39.10	6"	641.30
1 1/2"	70.80	8"	954.30
2"	108.90	10"	1,465.40
3"	210.30		

CITY OF FRISCO

WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS [1]

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Revenues	$ 162,422,073	$ 147,333,062	$ 128,138,821	$ 109,152,648	$ 107,768,726
Expenses	115,179,233	104,388,893	88,053,388	84,197,855	80,909,585
Net Income	$ 47,242,840	$ 42,944,169	$ 40,085,433	$ 24,954,793	$ 26,859,141
Water Customers	68,006	66,854	64,681	64,104	61,515
Sewer Customers	64,009	63,114	60,486	60,392	58,354

(1) The above stated condensed statements have been compiled using principles customarily employed in the determination of net revenues available for payment of debt service, and in all instances exclude depreciation, transfers, debt service payments and expenditures identified as capital. The City has no outstanding Waterworks and Sewer System Revenue Bonds.

MONTHLY WATER RATES - (EFFECTIVE JANUARY 1, 2025)

Inside City Limits			
First	2,000	Gallons	$23.87 (Minimum)
Next	2,001 - 15,000	Gallons	$ 5.28/M Gallons
Next	15,000 - 25,000	Gallons	$ 6.14/M Gallons
Next	25,001 - 40,000	Gallons	$ 6.58/M Gallons
Next	40,000 - 80,000	Gallons	$ 7.60/M Gallons
Over	80,001	Gallons	$ 9.14/M Gallons

MONTHLY SEWER RATES - (EFFECTIVE JANUARY 1, 2025)

First	2,000	Gallons	$ 33.31 (Minimum)
Over	2,001	Gallons	$ 7.02/ M Gallons
No maximum			

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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July 23, 2025

NORTH TEXAS MUNICIPAL WATER DISTRICT
WATER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2025
DATED JUNE 15, 2025
$____________

AS BOND COUNSEL for the North Texas Municipal Water District (the "Issuer"), we have examined into the legality and validity of the bond issue initially evidenced by the bond described above (the "Initial Bond"), which Initial Bond originally has been issued and delivered as a single fully registered bond, without interest coupons, with the principal amount thereof payable in installments due on September 1 in each of the years _____ through ______, and with the unpaid balance of each installment of principal, respectively, bearing interest from the date hereof to the scheduled maturity, or to the date of prepayment or redemption, of each installment of principal, at the following rates per annum for each maturity, respectively:

Year	Rate	Year	Rate

with interest, calculated on the basis of a 360-day year composed of twelve 30-day months, payable semiannually on each March 1 and September 1, commencing March 1, 2026, and with the then outstanding principal of the Initial Bond being subject to prepayment or redemption, as a whole, or in part, prior to scheduled maturity, at the option of the Issuer, on September 1, ______, or on any date whatsoever thereafter, all in accordance with the terms and conditions stated on the face of the Initial Bond. The Initial Bond may, at the request of the registered owner, be transferred and converted into, and/or exchanged for, fully registered bonds, without interest coupons, in the denomination of $5,000 or any integral multiple of $5,000, and such bonds again may be transferred and/or exchanged, all subject to the conditions stated and in the manner provided in the

Resolution authorizing the issuance of the Initial Bond (the "Bond Resolution"), with any such bonds which are registered, authenticated, and delivered in accordance with the Bond Resolution being hereinafter called "Definitive Bonds." The Initial Bond and the Definitive Bonds are referred to herein as the "Bonds."

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer, and other pertinent instruments furnished by the Issuer relating to the authorization of the Initial Bond and Definitive Bonds and the issuance and delivery of the Initial Bond, including the executed Initial Bond and a printed specimen of the form for Definitive Bonds initially made available by the Issuer for completion and exchange for the Initial Bond.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Initial Bond and Definitive Bonds have been duly authorized and the Initial Bond has been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to sovereign immunity and to bankruptcy, reorganization, and other similar matters affecting creditors' rights, (i) the covenants and agreements in the Bond Resolution constitute valid and binding obligations of the Issuer, and the Initial Bond constitutes and Definitive Bonds will constitute valid and legally binding special obligations of the Issuer, which, together with other bonds, are secured by and payable from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, including specifically revenues derived pursuant to existing water supply contracts between the Issuer and the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, which cities are currently the Member Cities constituting the territory and boundaries of the Issuer, water supply contracts relating to the District's Water System with any other cities which hereafter may become Member Cities, and water supply contracts with other cities and customers in connection the District's Water System, and (ii) each of the aforesaid Contracts is authorized by law, has been duly executed, is valid, and is legally binding upon and enforceable by the parties thereto in accordance with their respective terms and provisions.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be secured by and made payable from a first lien on and pledge of the Pledged Revenues.

THE ISSUER also has reserved the right, subject to the restrictions stated in the Bond Resolution, to amend the Bond Resolution with the approval of the holders or owners of fifty-one percent in principal amount of all outstanding bonds which are secured by and payable from a first lien on and pledge of the Pledged Revenues.

THE REGISTERED OWNERS of the Initial Bond and the Definitive Bonds (collectively, the "Bonds") shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Bond Resolution.

IN OUR OPINION, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE HAVE ACTED AS BOND COUNSEL for the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on the Bonds from federal income taxes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or its Member Cities, or the adequacy of the "Pledged Revenues," and have not assumed any responsibility with respect thereto. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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