HTS Continuing Disclosure Services
A Division of Hilltop Securities

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated May 6, 2025

Ratings:
Moody's: "A1"
S&P: "AA"
(See : "Bond Insurance" and "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 federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$44,505,000*
NORTH TEXAS MUNICIPAL WATER DISTRICT
BUFFALO CREEK WASTEWATER INTERCEPTOR SYSTEM
CONTRACT REVENUE BONDS, SERIES 2025

Dated Date: May 15, 2025
Interest accrues: Delivery Date

Due: June 1, as shown below

PAYMENT TERMS . . . Interest on the $44,505,000* North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2025 (the "Bonds") will accrue from the date of initial delivery thereof, will be payable on June 1 and December 1 of each year commencing June 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, (see "THE BONDS - Paying Agent/Registrar").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the District, secured by and payable from a lien on and pledge of the "Pledged Revenues" as defined in the Resolution authorizing the Bonds, including the Gross Revenues of the Buffalo Creek Wastewater Interceptor System, and including specifically certain payments to be received by the District from the "Participants", collectively the Cities of Rockwall, Forney and Heath, Texas, and any future Additional Participants pursuant to the contracts with said Participants and any Additional Participants.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds for (i) acquisition and final design of Buffalo Creek Parallel Interceptor Phase II, preliminary design of Buffalo Creek Lift Station No. 2, construction of Buffalo Creek Parallel Force Main, and other system improvements, (ii) to make a deposit to the Debt Service Reserve Fund to the extent necessary, and (iii) paying the costs incident to the issuance and delivery of the Bonds.

BOND INSURANCE . . . The District has submitted applications to municipal bond insurance companies to have the payment of the principal and interest on the Bonds insured by a municipal bond insurance policy. In the event the Bonds are qualified for municipal bond insurance, the Initial Purchaser may elect to purchase, at its sole expense, municipal bond insurance to insure the Bonds. (See "BOND INSURANCE" and "BOND INSURANCE - Bond Insurance Risk Factors" herein.)

MATURITY SCHEDULE

SEE SCHEDULE ON PAGE 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser 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 D - "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through The Depository Trust Company on June 25, 2025.

BIDS DUE THURSDAY, MAY 22, 2025, AT 10:30 AM, CDT

* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" in the Notice of Sale and Bidding Instructions.

MATURITY SCHEDULE* **CUSIP Prefix: 662902 (1)**

Principal Amount	Maturity June 1	Rate	Initial Yield	CUSIP Suffix (1)	Principal Amount	Maturity June 1	Rate	Initial Yield	CUSIP Suffix (1)
$ 300,000	2026				$ 1,400,000	2041			
710,000	2027				1,470,000	2042			
745,000	2028				1,545,000	2043			
780,000	2029				1,625,000	2044			
820,000	2030				1,715,000	2045			
860,000	2031				1,805,000	2046			
905,000	2032				1,890,000	2047			
950,000	2033				1,985,000	2048			
995,000	2034				2,080,000	2049			
1,045,000	2035				2,180,000	2050			
1,100,000	2036				2,285,000	2051			
1,155,000	2037				2,400,000	2052			
1,210,000	2038				2,520,000	2053			
1,270,000	2039				2,645,000	2054			
1,335,000	2040				2,780,000	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 on 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 have been assigned to this issue by the CUSIP Global Services and are included solely for the convenience of the owners of the Bonds. Neither the District, the Financial Advisor, nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

REDEMPTION OPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after June 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on June 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. See "Adjustment of Principal Amount and/or Types of Bids" in the Notice of Sale and Bidding Instructions.

For purposes of compliance with Rule 15c2-12 of the United States 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, Page 2, 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.

Certain information set forth herein has been obtained from the District and other sources believed by the District to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Initial Purchaser. 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.

The information and expressions of opinion contained herein 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 financial conditions or operations of the District or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the undertakings of the District and the Significant Obligated Persons (defined herein), respectively, to provide certain information on a continuing basis.

Neither the District nor the Financial Advisor make any representation or warranty regarding the information in this Official Statement describing DTC or the DTC Book-Entry-Only System.

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 UNITED STATES 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 JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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.

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The Page 2 hereof, this page, 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 $44,505,000* Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2025, (the "Bonds"). The Bonds mature on June 1 in each of the years and in the amounts shown on the 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"), at the rates shown on the cover hereof, and is payable on June 1, 2026, and each December 1 and June 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS – Optional Redemption").

RESERVE FUND REQUIREMENT........ The District is required to accumulate and maintain, and currently has on deposit, 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 "Required Amount") on all outstanding Parity Bonds (hereinafter defined) and any Additional Bonds (as defined herein). To the extent necessary, out of proceeds of the Bonds, there shall be deposited to the credit of the Reserve Fund an amount of money, if any, sufficient to cause the Reserve Fund to contain the Required Amount.

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the District Act, Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws and a resolution adopted by the District (the "Resolution") in which the Board delegated pricing of the Bonds and certain other matter to an "Authorized Officer" who will approve and execute an "Approval Certificate" which will complete the sale of the Bonds (the Resolution and Approval Certificate are referred to herein as the "Bond 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 lien on and pledge of the Pledged Revenues (as defined in the Bond Resolution), consisting of all revenues or payments (the "Gross Revenues") to be received by the District from the "Participants", collectively the Cities of Rockwall, Forney and Heath, Texas and any future Additional Participants pursuant to the North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System (the "Contract") dated January 22, 2004, and any similar contracts with Additional Participants, as more fully described herein (see "THE BONDS – Security and Source of Payment"). The Bonds are on a parity in all respects with the outstanding the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2019" in the original principal amount of $9,400,000 (the "Series 2019 Bonds"), the "North Texas Municipal Water District Wastewater Interceptor Contract Revenue Bonds, Series 2020" in the original principal amount of $28,075,000 (the "Series 2020 Bonds"), the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor Contract Revenue Bonds, Series 2022" in the original principal amount of $38,615,000 (the "Series 2022 Bonds"), and the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor Contract Revenue Bonds, Series 2024" in the original principal amount of $8,470,000 (the "Series 2024 Bonds") (the Series 2019 Bonds, the Series 2020 bonds, the Series 2022 Bonds and the Series 2024 Bonds, the "Outstanding Bonds" and together with the Bonds the "Parity Bonds").

OPTIONAL REDEMPTION .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after June 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on June 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 certain corporations.

USE OF PROCEEDS............................ Proceeds from the sale of the Bonds will be used for the purpose of providing funds for (i) acquisition and final design of Buffalo Creek Parallel Interceptor Phase II, preliminary design of Buffalo Creek Lift Station No. 2, construction of Buffalo Creek Parallel Force Main, and other system improvements, (ii) to make a deposit to the Debt Service Reserve Fund to the extent necessary, and (iii) paying the costs incident to the issuance and delivery of the Bonds.

MUNICIPAL BOND INSURANCE AND RATINGS .... Applications have been made for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies, other than S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investor Service, Inc. ("Moody's") as a result of such insurance, will be paid by the Initial Purchaser. See "BOND INSURANCE". The Bonds are rated "A1" by Moody's Investors Service, Inc. ("Moody's) and "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") (see "Other Information – Ratings") without regard to credit enhancement.

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........................... Neither the District nor any Participant has ever defaulted in payment of its bonds, including the Outstanding Bonds.

* Preliminary, subject to change.

NORTH TEXAS MUNICIPAL WATER DISTRICT
DISTRICT OFFICIALS, STAFF AND CONSULTANTS

BOARD OF DIRECTORS

George Crump, Farmersville, President
David Hollifield, Royse City, Vice President
Donald Imrie, Rockwall, Secretary

ALLEN	FORNEY	FRISCO	GARLAND
Joe Farmer	Alan McCuistion	Richard Peasley	Jack May
James Kerr	Raymond Stephens	George Purefoy	Lori Barnett Dodson
McKINNEY	**MESQUITE**	**PLANO**	**PRINCETON**
Geralyn Kever	Terry Sam Anderson	Ron Kelley	Jody Sutherland
Donald E. Paschal, Jr.	Rick Mann	Phil Dyer	Larry Thompson
RICHARDSON	**ROCKWALL**	**ROYSE CITY**	**WYLIE**
Randy Roland	Rick Crowley	Blair Johnson	Marvin Fuller
John Sweeden			Keith Stephens

MANAGEMENT & STAFF

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

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

OFFICIAL STATEMENT

RELATING TO

$44,505,000*
NORTH TEXAS MUNICIPAL WATER DISTRICT
BUFFALO CREEK WASTEWATER INTERCEPTOR SYSTEM CONTRACT REVENUE BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $44,505,000* North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2025 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution authorizing the Bonds (the "Resolution") which will authorize the issuance of the Bonds, and the Approval Certificate of the District approving certain terms of the Bonds (the "Approval Certificate" and together with the Resolution, the "Bond Resolution").

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"), Fort Worth, Texas.

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 thirteen District Member Cities (as defined below) and other customers located in North Central Texas. Under the Texas Constitution and laws of the State of Texas, including 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, 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 of the District, the "District 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 District Member City having a population of 5,000 or more is represented by two members on the Board of Directors and each District 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 District Member Cities for two-year terms.

In addition to its Buffalo Creek Wastewater Interceptor System (herein after defined), the District, in cooperation with certain area cities, has established and implemented the Water System, the Upper East Fork Wastewater Interceptor System, the Stewart Creek Regional Wastewater System, the Regional Wastewater System, Sabine Creek Regional Wastewater System, Panther Creek Regional Wastewater System, Lower East Fork Wastewater Interceptor System and the Trinity East Fork 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 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. While all District Member Cities are contracting partners for the Water System, not all District Member Cities participate in the District's other Regional Systems. **Revenues from the Water System, the Upper East Fork Wastewater Interceptor System, the Stewart Creek Regional Wastewater System, the Regional Wastewater System, the Sabine Creek Regional Wastewater System, the Panther Creek Regional Wastewater System, the Lower East Fork Wastewater Interceptor System, and the Trinity East Fork Solid Waste Disposal System are not pledged to the payment of the Bonds.**

* Preliminary, subject to change.

THE BUFFALO CREEK WASTEWATER INTERCEPTOR SYSTEM

Pursuant to terms and conditions of the Buffalo Creek Interceptor System Contract dated as of January 22, 2004 (together with all similar contracts with Additional Participants, the "Contract"), among the District, the Cities of Rockwall, Forney and Heath, Texas (together with any Additional Participants, collectively the "Participants"), the District has accepted the responsibility to design, acquire, construct, complete, own, operate and maintain a wastewater interceptor system (the "System") to receive and transport of wastewater from the Participants in order to control water pollution, and protect, improve and enhance the water quality of the Trinity River.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds for (i) acquisition and final design of Buffalo Creek Parallel Interceptor Phase II, preliminary design of Buffalo Creek Lift Station No. 2, construction of Buffalo Creek Parallel Force Main, and other system improvements, (ii) to make a deposit to the Debt Service Reserve Fund to the extent necessary, and (iii) paying the costs incident to the issuance and delivery of the Bonds.

ESTIMATED USE OF PROCEEDS . . . The proceeds from the sale of the Bonds, will be applied approximately as follows:

Sources of Funds	
Principal Amount of Bonds	$ -
Net Premium	-
Total Sources of Funds	$ -
Uses of Funds	
Deposit to Construction Fund	$ -
Deposit to Debt Service Reserve Fund	-
Estimated Costs of Issuance	-
Total Uses of Funds	$ -

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated May 15, 2025, and mature on June 1 in each of the years and in the amounts shown on the Page 2 hereof. Interest will accrue from the date of initial delivery thereof (the "Delivery Date"), at the rates shown on the cover hereof, to the Initial Purchaser (herein defined), and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on June 1 and December 1 of each year, commencing June 1, 2026 until maturity or prior redemption. The definitive 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"), New York, New York, 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 (herein after defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the provisions and authority provided by the District Act, Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws. Under the Texas Constitution and laws of the State of Texas, including the District Act, the District has broad powers to (1) impound, control, store, preserve, treat, transmit and use storm and floodwater, the water of rivers and streams, and underground water, for irrigation, power, and all other useful purposes, and to supply water for municipal, domestic, power, industrial and commercial uses and purposes, and all other beneficial uses and purposes; (2) collect, transport, process, treat, dispose of, and control, all municipal, domestic, industrial, or commercial waste whether in fluid, solid, or composite state, including specifically the control, abatement, or reduction of all types of pollution, and (3) to refund obligations issued for the foregoing purposes.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the District, secured by and payable from an irrevocable first lien on and pledge of the "Pledged Revenues", together with any additional parity bonds which may be issued in the future ("Additional Bonds") as defined in the Resolution authorizing this series of Bonds, including the Gross Revenues of the District's Buffalo Creek Wastewater Interceptor System, and including specifically certain payments to be received by the District from the Participants (the Cities of Rockwall, Forney and Heath, Texas) pursuant to the Contract with said Participants, and from any future Additional Participants, pursuant to all similar contracts with any Additional Participants. Each Participant represents and covenants that all payments made by it under the Contract shall constitute reasonable and necessary "expenses of operation and maintenance" of its combined waterworks and sewer system, as defined in Section 1502.056, Texas Government Code, and that all such payments will be made from the gross revenues of its combined waterworks and sewer system. All payments required by the Contract to be made by each Participant shall constitute reasonable and necessary operation and maintenance expenses of its combined water and sewer system, with the effect that the obligation to make such payments from revenues of such combined water and sewer system shall have priority over any obligation to make any payments from such revenues of principal, interest, or otherwise, with respect to all bonds or other obligations heretofore or hereafter issued by such Participant.

The District is obligated to pay the principal of and interest on the Bonds solely from and to the extent of the payments to be received from the Participants pursuant to the Contract. No other entity, including the State of Texas, any political subdivision thereof (other than the Participants), or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay such principal or interest from any other source whatsoever. The owners of the Bonds shall never have the right to demand payment of the Bonds out of any other funds of the District except the Pledged Revenues. No part of the physical property of any Participant of the System is encumbered by any lien or security interest for the benefit of the owners of the Bonds.

The Bonds are on a parity in all respects with the outstanding the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2019" in the original principal amount of $9,400,000 (the "Series 2019 Bonds"), the "North Texas Municipal Water District Wastewater Interceptor Contract Revenue Bonds, Series 2020" in the original principal amount of $28,075,000 (the "Series 2020 Bonds"), the "North Texas Municipal Water District Wastewater Interceptor Contract Revenue Bonds, Series 2022" in the original principal amount of $38,615,000 (the "Series 2022 Bonds"), and the "North Texas Municipal Water District Wastewater Interceptor System Contract Revenue Bonds, Series 2024" in the original principal amount of $8,470,000 (the "Series 2024 Bonds"), (the Series 2019 Bonds, the Series 2020 Bonds, the Series 2022 Bonds, and the Series 2024 Bonds, the "Outstanding Bonds" and together with the Bonds, the "Parity Bonds").

RESERVE FUND REQUIREMENT . . . The District 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 "Required Amount"). To the extent necessary, and out of proceeds of the Bonds, there shall be deposited to the credit of the Reserve Fund an amount of money, if any, sufficient to the cause, the Reserve Fund to contain an amount at least equal to the Required Amount. So long as the money and investments in the Reserve Fund are at least equal to the Required Amount, no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than said Required Amount in market value, then, subject and subordinate to making the required deposits to the credit of the Bond Fund, the Issuer shall transfer from Pledged Revenues and deposit to the credit of the Reserve Fund, on or before the 25th day of each month, a sum equal to 1/60th of the average annual principal and interest requirements of all then outstanding Parity Bonds, until the Reserve Fund is restored to said Required Amount. So long as the Reserve Fund contains said Required Amount, all amounts in excess of such Required Amount shall, on or before the 10th day prior to each interest payment date, be deposited to the credit of the Bond Fund; and otherwise any earnings from the deposit and investment of the Reserve Fund shall be retained in the Reserve Fund.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after June 1, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on June 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 redeemed, the District may select the maturities and amounts of Bonds to be redeemed. If fewer than all the Bonds within a maturity are 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.

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 which 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/Registrar for the Bonds. The Resolution provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

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.

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 and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District and the Initial Purchaser cannot and do 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 from S&P Global Rating of "AA+". 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 that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Resolution and summarized under "THE BONDS - 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. The Texas Supreme Court has ruled, 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, the pledge of contract revenues of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. 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.

BOND INSURANCE

General . . . The District has submitted applications to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost will be paid by the Initial Purchaser. Any fees to be paid to S&P or Moody's as a result of said insurance will be paid by the District. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms, and the effect thereof with respect to the reoffering of the Bonds. If the District obtains a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Bonds (the "Policy"), the final Official Statement shall disclose certain information relating to the Insurer and the Policy.

Bond Insurance Risk Factors . . . In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the owners.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the sources of funds pledged to the payment of the Bonds (see "The Bonds – Security and Source of Payment"). In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a Policy is acquired, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on Bonds, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds.

The obligations of the Insurer under a Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the District, the Financial Advisor or the Initial Purchaser have made independent investigation into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers . . . Moody's Investor Services, Inc. ("Moody's"), and Fitch Ratings (collectively, the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Bonds and the claims paying ability of any such bond insurer, particularly over the life of the Bonds.

DEBT INFORMATION

TABLE 1 - DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt Principal	Outstanding Debt Interest	Outstanding Debt Total	The Bonds [(1)] Principal	The Bonds [(1)] Interest	The Bonds [(1)] Total	Total Outstanding Debt	Percent of Principal Retired
2025	$ 2,115,000	$ 2,023,585	$ 4,138,585	$ -	$ -	$ -	$ 4,138,585	
2026	2,535,000	1,961,735	4,496,735	300,000	2,076,702	2,376,702	6,873,436	
2027	2,605,000	1,893,620	4,498,620	710,000	2,210,038	2,920,038	7,418,657	
2028	2,470,000	1,822,995	4,292,995	745,000	2,174,538	2,919,538	7,212,532	
2029	2,530,000	1,756,055	4,286,055	780,000	2,137,288	2,917,288	7,203,342	11.67%
2030	2,605,000	1,684,805	4,289,805	820,000	2,098,288	2,918,288	7,208,092	
2031	2,675,000	1,610,374	4,285,374	860,000	2,057,288	2,917,288	7,202,661	
2032	2,745,000	1,550,682	4,295,682	905,000	2,014,288	2,919,288	7,214,969	
2033	2,815,000	1,488,276	4,303,276	950,000	1,969,038	2,919,038	7,222,313	
2034	2,895,000	1,424,094	4,319,094	995,000	1,921,538	2,916,538	7,235,632	26.08%
2035	2,975,000	1,355,789	4,330,789	1,045,000	1,871,788	2,916,788	7,247,577	
2036	3,045,000	1,283,650	4,328,650	1,100,000	1,819,538	2,919,538	7,248,187	
2037	3,130,000	1,208,127	4,338,127	1,155,000	1,764,538	2,919,538	7,257,664	
2038	3,210,000	1,128,809	4,338,809	1,210,000	1,706,788	2,916,788	7,255,596	
2039	3,300,000	1,046,140	4,346,140	1,270,000	1,646,288	2,916,288	7,262,428	43.00%
2040	3,380,000	965,336	4,345,336	1,335,000	1,582,788	2,917,788	7,263,124	
2041	3,470,000	881,735	4,351,735	1,400,000	1,516,038	2,916,038	7,267,772	
2042	3,560,000	794,724	4,354,724	1,470,000	1,446,038	2,916,038	7,270,761	
2043	3,665,000	704,504	4,369,504	1,545,000	1,372,538	2,917,538	7,287,041	
2044	3,090,000	610,916	3,700,916	1,625,000	1,291,425	2,916,425	6,617,341	62.36%
2045	3,170,000	541,798	3,711,798	1,715,000	1,206,113	2,921,113	6,632,910	
2046	3,245,000	470,283	3,715,283	1,805,000	1,116,075	2,921,075	6,636,358	
2047	3,330,000	396,636	3,726,636	1,890,000	1,028,081	2,918,081	6,644,717	
2048	3,410,000	320,579	3,730,579	1,985,000	935,944	2,920,944	6,651,522	
2049	3,505,000	242,372	3,747,372	2,080,000	839,175	2,919,175	6,666,547	82.98%
2050	3,195,000	161,642	3,356,642	2,180,000	737,775	2,917,775	6,274,417	
2051	1,760,000	89,486	1,849,486	2,285,000	631,500	2,916,500	4,765,986	
2052	1,805,000	45,486	1,850,486	2,400,000	517,250	2,917,250	4,767,736	
2053	-	-	-	2,520,000	397,250	2,917,250	2,917,250	
2054	-	-	-	2,645,000	271,250	2,916,250	2,916,250	97.81%
2055	-	-	-	2,780,000	139,000	2,919,000	2,919,000	100.00%
	$ 82,235,000	$ 29,464,224	$ 111,699,224	$ 44,505,000	$ 42,496,177	$ 87,001,177	$ 198,700,400	

(1) Average life of the issue – 19.122 Years. Interest on the Bonds has been calculated at the average rate of 4.97% for purposes of illustration. Preliminary, subject to change

ANTICIPATED ISSUANCE OF DEBT . . . The District anticipates issuing approximately $8 million of additional Buffalo Creek Regional Wastewater Interceptor System Contract Revenue Bonds in the next 12 months.

HISTORICAL OPERATING INFORMATION

The following table presents condensed financial information for the Buffalo Creek Wastewater Interceptor System of the District for each fiscal year ended September 30, 2020 through September 30, 2024. These Statements have been compiled using accounting principles customarily employed in the determination of revenues available for payment of bonded debt service and, in all instances, exclude depreciation, transfers of debt service requirements and expenditures identified as capital. Excerpts of District's combined financial statements for the fiscal year ended September 30, 2024 appear in Appendix A, hereto attached.

TABLE 2 - BUFFALO CREEK WASTEWATER INTERCEPTOR SYSTEM SCHEDULE OF REVENUES AND EXPENSES

	Fiscal Year Ended September 30,				
Revenues	2024	2023	2022	2021	2020
Buffalo Creek Wastewater Service Fees	$ 5,282,830	$ 4,397,667	$ 3,635,751	$ 2,210,509	$ 2,381,656
Interest Income & Other	2,251,633	2,284,666	175,250	22,045	167,753
Total Gross Revenues	$ 7,534,463	$ 6,682,333	$ 3,811,001	$ 2,232,554	$ 2,549,409
Operating Expenses (1)	$ 2,139,971	$ 3,898,053 (2)	$ 1,518,768	$ 1,344,483	$ 919,187
Net Income	$ 5,394,492	$ 2,784,280	$ 2,292,233	$ 888,071	$ 1,630,222

Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds Outstanding (as of 2-28-25) (3)	$ 126,740,000
Average Annual Principal and Interest Requirements, 2025-2055 (3)	$ 6,409,690
Coverage of Average Annual Principal and Interest Requirements by 9-30-24 Total Gross Revenues (4)	1.17x
Maximum Annual Principal and Interest Requirements, 2027 (3)	$ 7,418,657
Coverage of Maximum Annual Principal and Interest Requirements by 9-30-24 Total Gross Revenues (4)	1.01x
Interest and Sinking Fund (as of 2-28-25)	$ 2,743,206
Reserve Fund (as of 2-28-25)	$ 4,233,317

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(1) Excludes depreciation.
(2) FYE 2023 Operating Expenses include a one-time $2,968,944 capital expense that was funded by prior bond funds.
(3) Includes the Bonds. Preliminary, subject to change.
(4) The Participants share the cost for wastewater transportation on the basis of proportional flows. Charges are based on current budgeted expenditures and are allocated to each Participant at the beginning of the year based on estimated flows (subject to certain minimums). At the end of the year the actual cost of each Participant is determined based on actual flows (subject to certain minimums) and final billing adjustments are applied accordingly. See "Payments by Contracting Parties" in "Summary of Certain Provisions of the Buffalo Creek Wastewater Interceptor System Contract" herein.

TABLE 3 – SCHEDULE OF REVENUES – EXISTING WASTEWATER SYSTEM CONTRACTS

	Fiscal Year Ended September 30,					
	2024		2023		2022	
Member City	Amount	% of Total	Amount	% of Total	Amount	% of Total
Rockwall	$ 2,538,513	48.07%	$ 2,186,126	49.65%	$ 2,389,723	65.78%
Heath	1,952,430	36.97%	1,512,849	34.36%	720,383	19.83%
Forney	789,514	14.95%	703,833	15.99%	522,686	14.39%
Total	$ 5,280,457	100.00%	$ 4,402,808	100.00%	$ 3,632,792	100.00%

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 NTMWD anticipates to to prepare 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 represent 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)" of 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.

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

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SUMMARY OF THE RESOLUTION

There follow certain provisions of the Resolution which do not purport to be complete. For a full statement of all matters of fact relating to the Bonds reference should be made to the Resolution.

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 "Contract" shall mean collectively the Buffalo Creek Interceptor System Contract, dated as of January 22, 2004, among the Issuer and the Participants, together with all similar contracts which may be executed in the future between the Issuer and Additional Participants, as defined and permitted in the aforesaid contracts.

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

The terms "District's System", "Issuer's System", and "System" shall mean all of the Issuer's facilities acquired, constructed, used, or operated by the Issuer for receiving and transporting of Wastewater (as defined in the Contract) of and for the Participants, pursuant to the Contract, including the contracts with Additional Participants (but excluding any facilities acquired or constructed with Special Facilities Bonds, and excluding any facilities required to transport Wastewater to any Point of Entry (as defined in the Contract) of the System), together with any improvements, enlargements, or additions to said System facilities and any extensions, repairs, or replacements of said System facilities acquired, constructed, used, operated, or otherwise incorporated into or made a part of said System facilities in the future by the Issuer. Said terms shall include only those facilities which are acquired, constructed, used, or operated by the Issuer to provide service to Participants pursuant to the Contract, including any contracts with Additional Participants.

The term "fiscal year" shall mean the 12 month period beginning each October 1, or such other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of this Resolution.

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 constituting the "Annual Requirement" (consisting of the "Operation and Maintenance Component" and the "Bond Service Component"), and all other payments and amounts received by the Board or the Issuer from the Participants pursuant to the Contract, including any contracts with Additional Participants.

The term "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" shall mean all costs of operation and maintenance of the Issuer's System including, but not limited to, repairs and replacements, 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 Issuer's System, any payments required to be made under the Contract into the Contingency Fund (as defined in the Contract), payments made for the use or operation of any property, payments of fines, and payments made by Issuer in satisfaction of judgments or other liabilities resulting from claims not covered by Issuer's insurance or not paid by one particular Participant arising in connection with the operation and maintenance of the Issuer's System. 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 "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2019", in the original principal amount of $9,400,000 authorized by a Resolution of the Issuer on September 26, 2019 (the "2019 Bond Resolution"), (iii) the outstanding "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2020", in the original principal amount of $28,075,000 authorized by a Resolution of the Issuer on December 17, 2020 (the "2020 Bond Resolution") and (iv) the outstanding "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2022", in the original principal amount of $38,615,000 authorized by a Resolution of the Issuer on April 28, 2022 (the "2022 Bond Resolution") and (v) the outstanding "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2024," in the original principal amount of $8,470,000, authorized by a resolution of the Issuer on February 22, 2024 (the "2024 Bond Resolution").

The term "Participants" shall mean collectively the City of Forney, Texas in Kaufman County, Texas and the Cities of Heath and Rockwall, in Rockwall County, Texas, together with all Additional Participants.

The term "Pledged Revenues" shall mean: (a) the Gross 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 Bonds or the Additional Bonds.

The term "Special Facilities Bonds" shall mean revenue obligations of the District which are not secured by or payable from Annual Payments under the Contract, but which are payable solely from other sources; but Special Facilities Bonds may be made payable from payments from any person, including any Participant, under a separate contract whereunder the facilities to be acquired or constructed are declared not to be part of the system and are not made payable from the Annual Payments as defined in the Contract.

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 2019 Bond Resolution, the 2020 Bond Resolution, the 2022 Bond Resolution, and the 2024 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 9 through 25 of this Resolution substantially restate and are supplemental to and cumulative of the applicable and pertinent provisions of the resolution authorizing the issuance of the previously issued Parity Bonds, with Sections 9 through 25 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 Bond Fund and the Reserve Fund as provided in this Resolution.

REVENUE FUND. There has been created and established and there shall be maintained at an official depository of the Issuer (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Bonds Revenue Fund" (hereafter called the "Revenue Fund"). All Gross Revenues of the System shall be credited to the Revenue Fund immediately upon receipt.

BOND 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 Paying Agent/Registrar, a separate fund to be entitled the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract Bonds Bond Fund" (hereinafter called the "Bond Fund").

RESERVE FUND. There has been created and established and there shall be maintained at the Paying Agent Registrar, a separate fund to be entitled the "North Texas Municipal Water District Buffalo Creek Wastewater Interceptor System Contract 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 Bond Fund is insufficient for such purpose.

DEPOSITS OF PLEDGED REVENUES. The Pledged Revenues shall be deposited into the Bond Fund and the Reserve Fund when and as required by this Resolution.

INVESTMENTS. Money in any Fund established pursuant to the Resolution may, at the option of the Issuer be invested in any or all of the authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code (or any successor statute), in which the Issuer may purchase, sell and invest its funds and funds under its control; 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 15th day of January 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 Bonds or Additional Bonds. No investment of any Fund shall be made in any way which would violate any provision of this Resolution.

FUNDS SECURED. Money in all Funds described in this Resolution, to the extent not invested, shall be secured in the manner prescribed by law, including particularly, the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, for securing funds of the Issuer.

DEBT SERVICE REQUIREMENTS. The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Bond 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 Bond Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Parity Bonds and any Additional 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 Bond 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 the Parity Bonds and any Additional Bonds on the next succeeding principal payment date or mandatory redemption date, if any.

RESERVE REQUIREMENTS. Out of proceeds of the Bonds, there shall be deposited to the credit of the Reserve Fund an amount of money, if any, necessary and sufficient to cause the Reserve Fund to contain money and/or investments in market value equal to the average annual principal and interest requirements on all Parity Bonds which will be outstanding immediately after issuance of the Bonds. So long as the money and investments in the Reserve Fund are at least equal to the average annual principal and interest requirements on all then outstanding Parity Bonds and Additional Bonds (the "Required Amount"), no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than said Required Amount in market value, then, subject and subordinate to making the required deposits to the credit of the Bond Fund, the Issuer shall transfer from Pledged Revenues and deposit to the credit of the Reserve Fund, on or before the 25th day of each month, a sum equal to 1/60th of the average annual principal and interest requirements of all then outstanding Parity Bonds, until the Reserve Fund is restored to said Required Amount. So long as the Reserve Fund contains said Required Amount, all amounts in excess of such Required Amount shall, on or before the 10th day prior to each interest payment date, be deposited to the credit of the Bond Fund; and otherwise any earnings from the deposit and investment of the Reserve Fund shall be retained in the Reserve Fund.

DEFICIENCIES. If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Bond 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 available for such purpose.

EXCESS PLEDGED REVENUES. Subject to making the required deposits to the credit of the Bond 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 first shall be used to pay the Operation and Maintenance Expenses of the System, and then, subject to paying such Operation and Maintenance Expenses of the System, may be used for any other lawful purpose.

PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. On or before the last day of each May and of each November hereafter 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 Bond 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 the June 1 or December 1 immediately following.

FINAL DEPOSITS. At such times as the aggregate amount of money and investments in the Bond Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Parity Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid interest, including all unpaid (unmatured and matured) outstanding interest coupons, appertaining to such Parity Bonds and Additional Bonds, no further deposits need be made into the Bond Fund or the Reserve Fund. In determining the amount of such Parity Bonds and Additional Bonds, and unpaid interest appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Parity Bonds and Additional Bonds, and unpaid interest appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient for such redemption.

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 any amounts, for any lawful purpose of 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 Bond Fund and the Reserve Fund, 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 Bond Fund, the Issuer shall deposit to the credit of the Bond 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) in monthly installments, made on or before the 25th day of each month following the adoption of the Resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(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 June 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on June 1 and December 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 Bond Fund and the Reserve Fund each contains the amount then required to be therein.

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 Bond 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. The Issuer 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 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 Board.

(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, the Issuer 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, the Issuer 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 the Issuer 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 Issuer that no such replacement or substitute is necessary.

(h) INSURANCE. (1) It will cause to be insured (including self-insurance) 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 Bondholders 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 make all payments and deposits required to be made into the Bond Fund, and to maintain the Reserve Fund, as required by the resolutions authorizing all Parity Bonds and Additional Bonds, and (b) to pay all Operation and Maintenance Expenses of the System.

(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 bondholder.

(k) AUDITS. Each year while any of the Parity Bonds or Additional Bonds are 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.

(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 WITH PARTICIPANTS. It will comply with the terms and conditions of the Contract, including any contracts with Additional Participants, and will cause the Participants to comply with all of their obligations thereunder by all lawful means; and the Issuer agrees to prepare an annual budget as required by the Contract.

AMENDMENT OF RESOLUTION. (a) The holders or 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 this Resolution or any resolution authorizing the issuance of 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, or in the City of Austin, Texas, 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 each Series of Parity Bonds and Additional Bonds for inspection by all holders 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 notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the holders or 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 holders or 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 holder or 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 holder or 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, Texas, and the Issuer, but such revocation shall not be effective if the holders 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 fact of the holding of Parity Bonds or Additional Bonds in bearer, coupon form by any holder thereof and the amount and numbers of such Parity Bonds and Additional Bonds, and the date of their holding same, may be provided by the affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, banker, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Parity Bonds or Additional Bonds described in such certificate. The ownership of all registered Parity Bonds and Additional Bonds shall be ascertained by the registration books pertaining thereto kept by the registrar. The Issuer may conclusively assume that such holding or ownership continues until written notice to the contrary is served upon the Issuer.

DEFEASANCE OF BONDS. (a) Each of the Bonds, including the Initial Bond and each of the other Bonds (as hereinbefore defined), and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due 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 for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) The term "Government Obligations" as used in this Section shall mean the following obligations, which may or may not be in book-entry form, (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bonds or Bond authorized by this Resolution 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 Chapter 1201, 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 Internal Revenue Code of 1986 (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 (1) 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 90 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.

(b) Compliance with Code. 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. 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 the President of the Board of Directors, the Executive Director, the –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.

DISPOSITION OF PROJECT. The Issuer covenants that the property financed or refinanced with proceeds of the Bonds (the "Project") 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.

ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Project on its books and records in accordance with the requirements of the Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings thereon must be expended no more than 60 days after the (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.

SUMMARY OF CERTAIN PROVISIONS
OF THE BUFFALO CREEK INTERCEPTOR SYSTEM CONTRACT WITH
THE CITIES OF ROCKWALL, FORNEY AND HEATH

The District entered into the Buffalo Creek Interceptor System Contract, dated January 22, 2004 (together with any similar contracts with Additional Participants, collectively the "Contract"), with the Cities of Rockwall, Forney and Heath, Texas (together with any Additional Participants, the "Participants"), which provide for the acquisition, construction, improvement, operation and maintenance, of a Wastewater Interceptor System. Pursuant thereto the District has accepted the responsibility of providing facilities to adequately transport of the Participants wastewater. Pertinent provisions of the contracts are as follows:

Facilities and Initial Contract. In order to provide services for receiving and transporting Wastewater for the Participants, the District will use its best efforts to design, acquire, construct, and complete the Interceptor System, as generally described in the Engineering Report (the "Interceptor System"), and as generally described in appropriate additional engineering reports hereafter to be obtained with respect to any Participant and will operate and maintain the Interceptor System, and from time to time enlarge, improve, repair, replace, and/or extend the Interceptor System to provide service to the Participants. The District shall obtain and hold in its name all required permits from the appropriate Federal and State agencies, and each Participant shall assist the District in obtaining same. The District shall provide, manage, operate, and maintain the Interceptor System in such manner as it determines is necessary for providing adequate, efficient, and economical service to Participants.

Discharge. In consideration of the payments to be made under its respective contract with the District, each of the Participants have and shall have the right to discharge into the Interceptor System such Wastewater from its respective sewer system as is generally described in the Engineering Report; provided that such Wastewater meets the requirements for quantity and quality as set forth in this Contract.

Points of Entry. Each Participant may discharge all such Wastewater generated from such Participant's sewer system into the designated Point or Points of Entry for such Participant. Each Participant agrees that, without the consent of all other Participants and the District, it will not provide service from the Interceptor System to any area outside the municipal limits of such Participant, as such municipal limits exist from time to time.

Conveyance to Point of Entry. It shall be the sole responsibility of each Participant to transport, or cause to be transported, at no cost to the District or the other Participants, its Wastewater to its Point or Points of Entry.

Quantity at Points of Entry. (a) The quantity of Wastewater delivered hereunder by each Participant shall be metered by the District and the total annual contributing flow of Wastewater received during any Fiscal Year, as determined by such metering, shall be used to determine each Participant's Annual Payment as set forth in Article V; (b) The maximum discharge rate is defined as a rate in million gallons per day (MGD), exceeded for a period of sixty minutes, which, if continued over a period of 24 hours, would be equal to 3.50 times the Participant's average daily flow during that Fiscal Year; (c) Any Participant exceeding the maximum discharge rate shall have a surcharge applied equal to l% of the Annual Payment in that Fiscal Year for each l/10th that the ratio of the maximum discharge to the average daily flow exceeds 3.50, such surcharge to be paid in addition to, and concurrently with, such Participant's next Fiscal Year's Annual Payment.

Quality. Each Participant agrees to limit discharge into the Interceptor System to Wastewater that complies with quality requirements the District finds it necessary from time to time to establish in order to meet standards imposed by regulatory agencies having appropriate jurisdiction or to protect the water quality for water supply purposes. No discharge shall be made into the Interceptor System which would cause the District to violate any permit granted, or any rule or regulation promulgated, by any State or Federal agency having jurisdiction over the District. Each Participant specifically covenants that it will enact and enforce procedures which will prohibit or prevent customers of its sewer system from making any discharge which would cause such Participant to violate the provisions of this contract or any applicable State or Federal permit, law, rule, or regulation. To enable the highest degree of treatment in the most economical manner possible, certain solids, liquids, and gases have been and are hereby prohibited from entering the Interceptor System, either absolutely or in excess of established standards, and the prohibited discharges will be listed and furnished to all Participants, with a minimum of sixty days of notice before the effective date thereof.

Financing. The District will use its best efforts to issue its Bonds, in amounts and at times as determined by the District, to provide the Interceptor System. The proceeds from the sale of the Bonds will be used for the payment of all of the District's costs and expenses in connection with the design, acquisition, and construction of the Interceptor System and the Bonds, including, without limitation, all financing, legal, printing, administrative overhead, and other expenses and costs incurred in issuing its Bonds and to fund a debt service reserve and other funds if required by any Bond Resolution. It is currently expected that such Bonds to finance the Interceptor System will be issued by the District in the amount of approximately $18,500,000 (whether actually more or less), which amount is now estimated to be sufficient to cover all the aforesaid costs and expenses and other amounts required. Each Bond Resolution of the District shall specify the exact principal amount of the Bonds initially issued, which shall mature not more than 20 years from the date of such Bonds, and shall bear interest at not to exceed the maximum legal rates, and the Bond Resolution shall create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and other funds and accounts, all in the manner and amounts as provided in such Bond Resolution. Prior to the sale of any such Bonds, the District shall provide to the Participants a copy of the Preliminary Official Statement relating to such Bonds, which shall include, among other things, proposed maturity schedule and optional and mandatory redemption provisions. The Participants agree that if such Bonds are actually issued and delivered to the purchaser thereof, the Bond Resolution authorizing the Bonds shall for all purposes be deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract.

Annual Requirement. It is acknowledged and agreed that payments to be made under this Contract will be the only source available to the District to provide the Annual Requirement; and that the District has a statutory duty to establish and from time to time to revise the charges for services to be rendered and made available to Participants hereunder so that the Annual Requirement shall at all times be not less than an amount sufficient to pay or provide for the payment of:

(a) An "Operation and Maintenance Component" equal to the amount paid or payable for all Operation and Maintenance Expense; and

(b) A "Bond Service Component" equal to:

(l) the principal of, redemption premium, if any, and interest on, its Bonds, as such principal, redemption premium, if any, and interest become due, less interest to be paid out of Bond proceeds if permitted by any Bond Resolution; and

(2) during each Fiscal Year, the proportionate part of any special or reserve funds required to be established and/or maintained by the provisions of any Bond Resolution; and

(3) an amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any Bond Resolution; and

(4) the charges of paying agents and registrars for paying principal of, redemption premium, if any, and interest on, all Bonds, and for registering and transferring Bonds.

Payments By Participants. (a) For services to be rendered to each Participant by the District under this Contract and other similar contracts, if any, each Participant has agreed to pay, at the time and in the manner hereinafter provided, its proportionate share of the Annual Requirement, which shall be determined as hereafter described and shall constitute a Participant's Annual Payment or Adjusted Annual Payment. For each Fiscal Year each Participant's proportionate share of the Annual Requirement shall, subject to the subsequent provisions hereof, be a percentage obtained by dividing such Participant's estimated contributing flow to the Interceptor System for the next succeeding Fiscal Year or portion thereof by the total estimated contributing flow to the Interceptor System by all Participants during such Fiscal Year or portion thereof. The calculation of each Annual Payment as determined herein, and each Adjusted Annual Payment, shall be determined as provided in this Section. The terms "contributing flow to the Interceptor System" and "contributing flow" as used in this Contract with respect to any Fiscal Year, commencing with the Fiscal Year beginning October 1, 2003, shall mean the greater of (i) the actual metered contributing flow of a Participant or (ii) the minimum annual contributing flow for which a Participant has agreed to pay, which minimum annual contributing flow for Rockwall, Heath, and Forney are as follows:

Rockwall	1,950,000 gallons per day
Heath	350,000 gallons per day
Forney	200,000 gallons per day

The above minimum annual contributing flow may be adjusted by the District and the Participants to include minimum annual contributing flows of Additional Participants should Additional Participants be approved for connection to the Interceptor System, in accordance with Section 8.02 herein. Each Participant's Annual Payment shall be calculated by the District by multiplying such Participant's estimated percentage of the estimated total contributing flow times the Annual Requirement. Each Participant's Annual Payment shall be made to the District in monthly installments, on or before the twentieth (20th) day of each month, for its required part of the Annual Requirement for each Fiscal Year, commencing with the Fiscal Year beginning October 1, 2003. Such payments shall be made in accordance with a Schedule of Payments for each Fiscal Year which will be supplied to each Participant. At the close of each Fiscal Year, the District shall redetermine each Participant's percentage by dividing each Participant's contributing flow to the Interceptor System by the total contributing flow of all Participants. Each Participant's Adjusted Annual Payment shall be calculated by multiplying each Participant's redetermined percentage times the Annual Requirement. The difference between the Adjusted Annual Payment and the Annual Payment, if any, when determined, shall be applied as a credit or a debit to each Participant's account with the District and shall be credited or debited to such Participant's next subsequent monthly payment or payments.

(b) If a Participant fails to pay its monthly charge on or before the twentieth (20th) day of any month, it shall incur and pay a penalty of ten percent of the amount due together with any legal or other costs incurred by the District in collecting the amount due. The District is authorized to discontinue service to any Participant which fails to make any monthly payment, and which, after written notice, does not make such payment.

(c) If, during any Fiscal Year, the District begins providing services to an Additional Participant, each Participant's Annual Payment for such Fiscal Year shall be redetermined consistent with the provisions of this contract.

(d) Each Participant's Annual Payment also shall be adjusted and redetermined for the balance of any applicable Fiscal Year, consistent with the provisions of this contract, and initially based on estimated contributing flow, at any time during any Fiscal Year if:

(i) Additions, enlargements, repairs, extensions, or improvements to the Interceptor System are placed in service by the District which require an increase and redetermination of the Annual Requirement; or

(ii) Unusual or extraordinary expenditures for operation and maintenance of the Interceptor System are required which are not provided for in the Annual Budget or in a Bond Resolution; or

(iii) A Participant's contributing flow to the Interceptor System, after the beginning of the Fiscal Year, is estimated to be substantially different from that on which Annual Payments are based as determined by the District, to the extent that such difference in flow will substantially affect such Participant's Budget, and consequently such Participant's Annual Payment to the District; or

(iv) The District issues additional Bonds, the payments in connection with which require an increase and redetermination of the Annual Requirement; or

(v) It appears to the District that for any other reason it will not receive the full amount of the Annual Requirement unless such adjustment and redetermination are made.

(e) The District shall give all Participants at least 21 days written notice prior to consideration by the Board of Directors of the District of making any Adjusted Annual Payment for any Participant during any Fiscal Year.

(f) The Annual Payment set forth in this section shall be considered the basic charge for service hereunder, and each Participant shall pay a surcharge in addition to the Annual Payment for excess BOD and/or TSS as provided in Section 4.02, and for excessive discharge in the manner set forth in Section 3.04(c).

(g) The District shall establish and maintain a separate fund entitled the "Buffalo Creek Interceptor System Contingency Fund." The Contingency Fund shall be used solely for the purpose of paying unexpected or extraordinary Operation and Maintenance Expenses of the Interceptor System for which funds are not otherwise available under this Contract. The Contingency Fund shall initially be funded, and any subsequent deficiency shall be restored, with amounts included as Operation and Maintenance Expenses in the Annual Budget.

(h) The facilities and services of the Interceptor System to be provided to each Participant pursuant to this Contract are and will be essential and necessary to the operation of such Participant's combined waterworks and sanitary sewer system, and all payments to be made hereunder by each Participant will constitute reasonable and necessary "operating expenses" of such Participant's combined waterworks and sanitary sewer system, within the meaning of Section 30.030, Texas Water Code, as amended, and Section 1502.056, Texas Government Code, and the provisions of all ordinances authorizing the issuance of all waterworks and sanitary sewer system revenue bond issues of such Participant, with the effect that such Participant's obligation to make payments from its waterworks and sanitary sewer system revenues under this Contract shall have priority over its obligations to make payments of the principal of and interest on any and all of its waterworks and sanitary sewer system revenue bonds. Each Participant agrees to fix and collect such rates and charges for waterworks and sanitary sewer system services to be supplied by its waterworks and sanitary sewer system as will make possible the prompt payment of all expenses of operating and maintaining its entire waterworks and sanitary sewer system, including all payments, obligations, and indemnities contracted hereunder, and the prompt payment of the principal of and interest on its bonds payable from the net revenues of its waterworks and sanitary sewer system. The District shall never have the right to demand payment of the amounts due hereunder from funds raised or to be raised from taxation by a Participant. Each Participant's payments hereunder shall be made pursuant to the authority granted by Section 30.030, Texas Water Code, as amended, and Section 1502.056, Texas Government Code. Recognizing the fact that the Participants urgently require the facilities and services covered by this Contract, and that such facilities and services are necessary for actual use and for stand-by purposes; and further recognizing that the District will use the payments received from the Participants hereunder to pay, secure, and finance the issuance of its Bonds, it is hereby agreed that the Participants shall be obligated unconditionally, and without offset or counterclaim, to make the payments designated as the "Bond Service Component" of the Annual Requirement, in the manner provided in this Contract, regardless of whether or not the District actually provides such facilities and services, or whether or not any Participant actually receives or uses such facilities and services, and regardless of the validity or performance of the other parts of this or any other contract, and such "Bond Service Component" shall in all events be applied and used for providing debt service and other requirements of the Bonds, and the holders of the Bonds shall be entitled to rely on the foregoing agreement and representation, regardless of any other agreement between the District and the Participants. Each Participant further agrees that it shall be obligated to make the payments designated as the "Operation and Maintenance Component" of the Annual Requirement as described in Section 5.02 of this Contract, so long as the District is willing and able to provide the facilities and services contemplated hereunder to any Participant.

(i) On or before August l of each year, the District will furnish each Participant with a tentative budget and an estimated schedule of monthly payments to be made by such Participant for the ensuing Fiscal Year. On July l of each year, the District shall be in a position to furnish any Participant an estimate of the Participant's annual requirement. On or before October l of each year, the District shall furnish such Participant with a finalized schedule of the monthly payments to be made by such Participant to the District for the ensuing Fiscal Year. Each Participant agrees that it will make such payments to the District on or before the twentieth (20th) day of each month of such Fiscal Year. If any Participant shall dispute the Annual Budget, and proceed as provided in Article VII, such Participant nevertheless promptly shall make the payment or payments determined by the District, and if it is subsequently determined by agreement that such disputed payments made by such Participant should have been less, the District shall promptly revise, reallocate, and readjust the charges among all Participants then being served by the District in such manner that such Participant will recover its overpayment. In the event any Participant is assessed a surcharge for excess BOD and/or TSS, the District will bill such Participant for such surcharge on or before the tenth (10th) day of the month following the determination of the surcharge and such Participant shall pay such surcharge on or before the twentieth (20th) day of the month of receipt of any such bill. Any such surcharge collected by the District shall be applied by the District against the total cost of Operation and Maintenance Expense of the Interceptor System.

(j) If any Participant's Annual Payment is redetermined as is herein provided, the District will promptly furnish such Participant with an updated schedule of monthly payments reflecting such redetermination.

(k) All interest income earned by the investment of any Funds created pursuant to any Bond Resolution shall be credited towards the payment of the Bond Service Component and taken into account in determining the Annual Requirement; except that as to any Acquisition or Construction Fund created from any Bond proceeds all interest income earned by the investment thereof may, at the option of the District, be credited to such Acquisition or Construction Fund and used for the Interceptor System purposes for which the Bonds are issued, or be credited towards the payment of the Bond Service Component.

Annual Budget. (a) Not less than sixty (60) days before the commencement of each Fiscal Year while this Contract is in effect, the District shall cause its tentative budget for operation and maintenance of the Interceptor System for the ensuing Fiscal Year to be prepared and a copy thereof filed with each Participant. If no protest or request for a hearing on such tentative budget is presented to the District within thirty (30) days after such filing of the tentative budget by one or more Participants, the tentative budget for the Interceptor System, when adopted by the District's Board of Directors, shall be considered for all purposes as the "Annual Budget" for the Interceptor System ensuing Fiscal Year. But if a protest or request for a hearing is duly filed, it shall be the duty of the District to fix the date and time for a hearing on the tentative budget. The Board of Directors of the District shall consider the testimony and showings made in such hearing. The Board of Directors of the District may adopt the budget or make such amendments thereof as to it may seem proper. The budget thus approved by the Board of Directors of the District shall be the Annual Budget for the next ensuing Fiscal Year.

(b) The Annual Budget may be amended to provide for transfers of budgeted funds between expenditure accounts, provided however that said transfers do not result in an overall increase in budgeted funds as provided in the Annual Budget. The Annual Budget may be amended and increased through formal action by the Board of Directors of the District, if required. Certified copies of any amended Annual Budget and the resolution authorizing same shall be filed immediately by the District with each Participant.

Other Use of System. Nothing contained in this Contract shall in any way affect any payments to the District by a Participant or rates charged by the District to such Participant for the providing of water, wastewater or other services or facilities pursuant to other contractual relationships between the District and such Participant, including particularly, but not by way of limitation, the Regional Contracts.

Annual Audit of System. The District shall, at the close of each Fiscal Year, cause an annual audit of the Interceptor System to be prepared.

District Contracts with Additional Participants. (a) The District reserves the right, with the consent of the Participants, to contract with subsequent Additional Participants to provide the services of the Interceptor System to such Additional Participants; provided that the terms and provisions of such contracts with Additional Participants shall be, to the extent practicable and applicable, the same as the terms and provisions of this Contract except that such contract shall provide for payments calculated on the basis of adequate minimum flows as hereinafter provided.

(b) A Person may become an Additional Participant in the following manner and under the following conditions;

(i) A formal request must be submitted to the District furnishing information on the area to be served, a description of existing facilities, and the latest annual audit of such proposed Additional Participant's waterworks and/or sewer systems, if any.

(ii) Such proposed Additional Participant must provide funds for any necessary engineering studies if funds are not available from the appropriate Federal or State agencies. The preliminary studies must determine or estimate, for the ensuing five year period, the size and type of any proposed facilities, their estimated cost, and estimated flows of Wastewater, so as to enable the District to ascertain or estimate the requirements of the proposed Additional Participant for the ensuing five year period.

(c) Each Additional Participant must agree to make minimum payments under its contract, on the basis of estimated annual minimum flows, that would provide amounts annually at least sufficient, as determined by the District, to pay such Additional Participant's proportionate share of the Annual Requirement.

(d) The provisions of this Section and the payments to be made under an Additional Participant's contract are further subject to the provisions of Section 5.03 of this Contract.

Term of Contract. This Contract shall continue in force from the effective date hereof at least until all Bonds, including any Bonds issued to refund same, shall have been paid in full; and shall also remain in force thereafter throughout the useful life of the Interceptor System.

INVESTMENTS

The North Texas Municipal Water 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 of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly 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 is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (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) certificates of deposit and share certificates meeting the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) 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 depository institution that has a main office or branch office in the State and that is selected by the District; (b) the depository institution selected by the District arranges for the deposit of 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; (d) the depository institution acts as a custodian for the District with respect to the certificates of deposit; and (e) at the same time that the certificates of deposit are issued, the depository institution selected by the District receives deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the funds invested by the District through the depository institution selected under clause (ii)(a) above (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) 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 (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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 4 - CURRENT INVESTMENTS

As of February 28, 2025 investable funds of the District's Buffalo Creek Wastewater Interceptor System were invested as follows:

Description	Percent [1]	Market Value	Book Value
FNMA Note	0.31%	$ 186,447	$ 186,264
Treasury Note	9.82%	5,940,080	5,935,763
State Pools	89.87%	54,360,187	54,360,187
	100.00%	$ 60,486,714	$ 60,482,214

(1) Based Upon Market Value.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, will render its 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 and, (b) 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. A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether 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 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 (the "Original Issue Discount Bonds"). 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 following 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, 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.

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.

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.

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 foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal of state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price of marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchaser of the Bonds should consult their own tax advisors regarding the foregoing matters.

OTHER INFORMATION

RATINGS

The Bonds and the Outstanding Bonds that carry a rating are rated "A1" by Moody's Investors Service Inc. and "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds (See "Bond Insurance – Claims Paying Ability and Financial Strength of Municipal Bond Insurers" and " – Bond Insurance Risk Factors" for a description of the current state of the financial guaranty insurance industry and information regarding downgrading and negative changes to the rating outlook of multiple financial guaranty insurers).

LITIGATION

The District is a party to various claims and lawsuits arising in the normal course of District operations. However, to the knowledge of the District, there is no pending, or to its knowledge threatened, litigation or other proceeding against the District that could have a material adverse financial impact upon the District or its operations. However, with respect to the Buffalo Creek Wastewater Interceptor System, the District filed suit against the City of Heath in June of 2022 seeking a declaration that the City of Heath's Tree Preservation Ordinance was unenforceable against the District. The primary issue is whether the District will be required to pay Heath a fee for removing trees during the pipeline construction. At the trial court, the District obtained summary judgment that the tree ordinance and fee are not enforceable against the District and that the District can pursue its damage claim against the City of Heath for breach of contract and construction delays. The case is currently on appeal to the Dallas Court of Appeals. If such a fee is ultimately imposed, the cost would be passed through to Rockwall, Forney, and Heath under the terms of the Buffalo Creek Interceptor System Contract or potentially financed through future bond issues. The District cannot predict the outcome or the timeframe for the final resolution of this litigation.

At the time of the initial delivery of the Bonds, the District will provide the Initial Purchaser with a certificate to the effect that 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 a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the Bonds 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 Bond Counsel, a copy of which opinion is attached to this Official Statement as Appendix D. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto 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 describing the Bonds in the Official Statement to verify that such description conforms to the provisions of 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. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from District and the Participants' 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 Bond 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 certain specified events. For purposes of such agreement, the "Significant Obligated Person" means any Participant, or Additional Participant, 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. 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 4 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 each Significant Obligated Person within the 12 months after each fiscal year end. If audited financial statements are not available, unaudited financial statements will be filed within 12 months after each fiscal year end and audited financial statements will be filed if and when they become available. Any such financial statements will be prepared in accordance with general accepted accounting principles or such other accounting principles 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").

Each Significant Obligated Person's current fiscal year end is September 30. Accordingly, updated information included in the above-referenced tables and Appendix C must be provided by March 31 in each year, unless the District or a Significant Obligated Person changes its respective fiscal year. Audited financial statements (or unaudited financial statements if audited financial statements are not available) must be filed by September 30 in each year. If such Significant Obligated Person changes its fiscal year, the District will notify or cause such Significant Obligated Person to notify the MSRB of the change.

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; (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material. (15) Incurrence of a Financial Obligation of a Significant Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of a Significant Obligated Person, an of which affect security holder, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of a Significant Obligated Person, any of which reflect financial difficulties. In purposes of (15) and (16) above, the term "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. In addition, the District will provide, or cause a Significant Obligated Person to provide timely notice of any failure by the District or a Significant Obligated Person to provide, information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information . . . The District and each Significant Obligated Person 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 events only as described above. The District has not agreed to provide other information that may be relevant or material 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 audited financial statements (if available) or unaudited financial statements by March 31 of each year. For fiscal years ending 2019-2022, the City of Rockwall, Texas, filed its 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 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 or fiscal year 2023 within 12 months after the end of its fiscal year, but audited financial statements were filed when they became available.

FINANCIAL ADVISOR

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.

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the District accepted the bid of ________________________(the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the Page 2 of the Official Statement at a price of par plus cash premium (if any) of $_______________. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser of the Bonds. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser.

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 on 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 judgments 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

In the Resolution, the Board delegated pricing of the Bonds and certain other matters to an Authorized Officer who will approve and execute an Approval Certificate which will complete the sale of the Bonds and also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Purchaser will be furnished a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since the date of the last audited financial statements of the District.

NORTH TEXAS MUNICIPAL WATER DISTRICT

/s/________________________
JENNAFER P. COVINGTON
Executive Director/General Manager

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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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Crowe LLP
Independent Member Crowe Global

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 2024	2023	Increase (Decrease)	Percent 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 2024	As of September 30 2023	Increase (Decrease)	Percent 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 2024	As of September 30 2023	Increase (Decrease)	Percent 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.

NOTES TO FINANCIAL STATEMENTS

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.

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%

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.

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	

REGIONAL WASTEWATER SYSTEM

REGIONAL SYSTEM

Regional Wastewater Plants	Permitted Capacity	
Floyd Branch RWWTP*	4.750	MGD
South Mesquite RWWTP*	33.000	MGD
Rowlett Creek RWWTP*	24.000	MGD
Wilson Creek RWWTP*	64.000	MGD

SEWER SYSTEM

City	System	Permitted Capacity
Farmersville	Farmersville No. 1 Plant	0.225 MGD
	Farmersville No. 2 Plant	1.225 MGD
	Panther Creek Plant*	10.000 MGD
	Stewart Creek West Plant*	10.000 MGD
Lavon	Bear Creek Plant	0.500 MGD
Rockwall	North Rockwall Plant*	1.200 MGD
	South Rockwall Plant*	2.250 MGD
Royse City and Fate	Sabine Creek Plant*	3.000 MGD
Seis Lagos MUD	Seis Lagos Plant	0.250 MGD
Wylie and Murphy*	Muddy Creek Plant*	10.000 MGD
Total Treatment Capacity		164.400 MGD

Total number of plants - 13
Total number of plants in operation - 13**
* Number of plants owned by NTMWD - 11
**Total number of plants in operation at September 30, 2024

REGIONAL INTERCEPTORS

Regional Interceptors:	Pipeline Length
Upper East Fork Interceptor Systems	171.7 Miles
Lakeside Interceptor (Rockwall)	4.3 Miles
Muddy Creek Interceptor	4.1 Miles
Forney Interceptor	6.9 Miles
Sabine Creek Interceptor	3.2 Miles
Parker Creek Interceptor	5.1 Miles
Buffalo Creek Interceptor	24.5 Miles
McKinney Interceptor System	3.1 Miles
Mustang Creek Interceptor System	7.6 Miles
Parker Creek Parallel Interceptor	1.5 Miles
Lower East Fork Interceptor	9.4 Miles
Total	241.4 Miles

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APPENDIX C

NORTH TEXAS MUNICIPAL WATER DISTRICT
BUFFALO CREEK REGIONAL WASTEWATER SYSTEM

FINANCIAL DATA [1]
FOR PARTICIPATING CITIES

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(1) The following condensed operating statements in this Appendix C have been compiled using accounting principles 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 ROCKWALL

WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Revenues					
Charges for Services	$ 42,608,098	$ 39,350,427	$ 38,231,335	$ 33,971,088	$ 33,358,226
Impact Fees	-	1,339,786	1,560,582	1,895,073	2,240,143
Other	1,899,188	966,148	192,166	165,748	88,287
Total Revenues	$ 44,507,286	$ 41,656,361	$ 39,984,083	$ 36,031,909	$ 35,686,656
Expenditures (1)					
Personnel Services	$ 3,834,971	$ 3,542,228	$ 2,797,639	$ 2,745,556	$ 2,697,788
Contractual Services	33,672,790	29,958,313	26,915,407	23,715,950	22,688,017
Materials and Supplies	1,124,805	988,861	1,408,369	1,001,844	735,867
Utilities	-	507,152	454,050	393,248	440,961
Operations	527,626	385,493	270,347	195,334	528,587
	$ 39,160,192	$ 35,382,047	$ 31,845,812	$ 28,051,932	$ 27,091,220
Net Income	$ 5,347,094	$ 6,274,314	$ 8,138,271	$ 7,979,977	$ 8,595,436
Water Customers	18,325	18,060	17,797	17,513	16,861
Sewer Customers	15,359	15,213	16,526	16,254	15,625

(1) Excludes depreciation.

The City of Rockwall, Texas Waterworks and Sewer System currently has no outstanding revenue debt.

MONTHLY WATER RATES

Monthly Residential Water Rates	
First 2,000 Gallons	$25.75 (Minimum)
2,001 - 8,000 Gallons	$4.11 per 1,000 Gallons
8,001 - 16,000 Gallons	$5.09 per 1,000 Gallons
Over 16,001 Gallons	$6.68 per 1,000 Gallons

Non-Residential/Irrigation Meters	
Meter Size:	Minimum Monthly Charge:
5/8"	$26.54
1"	$29.33
1 1/2"	$34.06
2"	$42.97
3"	$60.92
4"	$73.76
6"	$96.58
Irrigation over 2,001 gallons	$6.68 per 1,000 gallons
Non-residential over 2,001 gallons	$5.73 per 1,000 gallons

MONTHLY SEWER RATES

Residential	
Meter Size:	Monthly Sewer Base Rates
5/8"	$24.50
1"	$26.57
1 1/2"	$30.87
2"	$38.92
Volume Charge	$4.25 per 1,000 gallons

Non-Residential	
Meter Size:	Monthly Sewer Base Rates
5/8"	$24.50
1"	$26.57
1 1/2"	$30.87
2"	$38.92
Over 1,000 gallons	$4.25 per 1,000 gallons

CITY OF HEATH

WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2024 (2)	2023	2022	2021	2020
Revenues					
Water Sales	$ 7,521,790	$ 6,896,606	$ 7,288,700	$ 5,831,899	$ 5,912,751
Sewer Charges	3,242,845	3,622,338	3,718,932	3,374,115	2,769,288
Taps Fees, Penalty and Other	3,926,470	2,764,354	-	1,606,278	1,085,956
Grant Revenue	-	-	1,813,815	1,156,045	-
Other Revenue	453,389	106,366	101,748	74,231	243,469
Total Revenues	$ 15,144,494	$ 13,389,664	$ 12,923,195	$ 12,042,568	$ 10,011,464
Expenditures (1)					
Personnel Services - Salaries and wages	$ 1,420,391	$ 1,524,773	$ 1,254,343	$ 1,340,704	$ 1,230,199
Supplies and Services	336,934	464,302	355,999	357,744	330,727
Operational Costs	6,790,647	6,775,066	5,704,551	5,422,355	4,394,943
Materials and Equipment	128,588	307,555	328,508	408,707	133,694
	$ 8,676,560	$ 9,071,696	$ 7,643,401	$ 7,529,510	$ 6,089,563
Net Income	$ 6,467,934	$ 4,317,968	$ 5,279,794	$ 4,513,058	$ 3,921,901

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

The City currently has no Waterworks and Sewer System Revenue Bonds outstanding.

MONTHLY WATER RATES (EFFECTIVE 2022-2023)

All Customers	
Base Rates (includes 2,000 gallons)	
5/8" & 3/4" Meters	$ 33.49
1" Meters	$ 51.81
1 1/2" Meters	$ 82.34
2" Meters	$ 118.99
3" Meters	$ 235.05
4" Meters	$ 387.71
Usage Rates (per 1,000 gallons)	
2,001-10,000 gallons	$ 6.00
10,001-20,000 gallons	$ 6.15
20,001-30,000 gallons	$ 7.62
30,001-50,000 gallons	$ 9.11
50,001-100,000 gallons	$ 10.88
Greater than 1000,000 gallons	$ 13.00
Hydrant Rate ($150.00 minimum)	$ 15.00

MONTHLY SEWER RATES (EFFECTIVE 2022-2023)

Inside City Limits	
Residential	$60.09
Volume Rate/1,000 gallons - Winter Averaging	$6.38
Non-Residential	$10.85

CITY OF FORNEY

WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
Revenues	2024	2023	2022	2021	2020
	$ 39,235,509	$ 34,308,788	$ 27,711,652	$ 27,598,287	$ 22,835,914
Expenditures					
Operating Expenses (1)	$ 30,024,394	$ 23,547,512	$ 20,475,415	$ 20,128,483	$ 16,006,657
Net Income	$ 9,211,115	$ 10,761,276	$ 7,236,237	$ 7,469,804	$ 6,829,257
Water Customers	8,854	7,590	7,371	7,122	6,735
Sewer Customers	8,405	7,495	7,271	7,013	6,392

(1) Excludes depreciation and bonded debt amortization.

The City currently has no Waterworks and Sewer System Revenue Bonds outstanding.

MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2024)

All Customers	
First 2,000 gallons	$21.61 (Minimum)
Over 2,001 gallons	$6.97 per 1,000 gallons
Over 15,001 gallons	$8.72 per 1,000 gallons

MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2024)

Residential	Commercial
$35.13 Minimum	$35.13 Minimum
Base Rate: 0 to 2,000 gallons $34.22	Base Rate: 0 to 2,000 gallons $34.22
2,001+ Gallons: $10.57	2,001+ Gallons: $10.57
$17.00 Sewer Service Charge	$17.00 Sewer Service Charge

MONTHLY SPECIAL WATER CUSTOMER RATES (EFFECTIVE OCTOBER 1, 2024)

Talty Water Supply Corporation	$4.72/M gallons
Markout Water Supply District	$4.72/M gallons
Highpoint Water District	$4.72/M gallons
Corrugated Services, Inc.	$5.91/M gallons
Kaufman County Fresh Water Supply	$4.30/M gallons

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APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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June 25, 2025

NORTH TEXAS MUNICIPAL WATER DISTRICT
BUFFALO CREEK WASTEWATER INTERCEPTOR SYSTEM
CONTRACT REVENUE BONDS,
SERIES 2025
DATED MAY 15, 2025
$_______________

AS BOND COUNSEL for the North Texas Municipal Water District (the "Issuer"), in connection with the issuance of the Buffalo Creek Wastewater Interceptor System Contract Revenue Bonds, Series 2025 (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the Resolution of the Issuer authorizing the issuance and sale of the Bonds (the "Resolution").

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 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 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 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 the Gross Revenues of the Issuer's Buffalo Creek Wastewater Interceptor System, and including specifically certain payments to be received by the Issuer from the Cities of Forney, Heath and Rockwall, Texas (the "Participants"), and any future Additional Participants, under the "Buffalo Creek Wastewater Interceptor System Contract", dated January 2, 2004 (the "Contract"), among the Participants and the Issuer, and all similar contracts with any Additional Participants as permitted in such contract, and (ii) the Contract 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 aforesaid 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 aforesaid Pledged Revenues.

THE REGISTERED OWNERS of 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 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 AService@); 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 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 CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

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 the Participants, 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,

Municipal Advisory Services
Provided By

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