



MAKING PROGRESS

Annual Comprehensive Financial Report

October 1, 2022 - September 30, 2023



Treated Water

Watershed Protection

Long-range Water Supply

Water Conservation

Water Reclamation

Household Hazardous Waste
Disposal

Non-potable Water Reuse



Upper Trinity Regional Water District
Lewisville, TX



ONE YEAR LATER

UPPER TRINITY REGIONAL WATER DISTRICT

900 NORTH KEALY
P.O. BOX 305
LEWISVILLE, TEXAS 75067

(972) 219-1228

WWW.UTRWD.COM

UPPER TRINITY REGIONAL WATER DISTRICT

**SERVING THE TEXAS COUNTIES OF DENTON, COLLIN, AND
DALLAS**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2023

PREPARED BY THE BUSINESS DEPARTMENT

OF THE

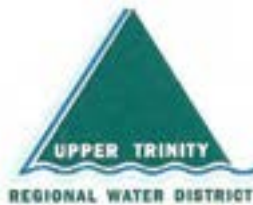
UPPER TRINITY REGIONAL WATER DISTRICT

**UPPER TRINITY REGIONAL WATER DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter.....	1
District Board of Directors.....	9
District Management Officers.....	10
District Organization Chart.....	12-13
GFOA Certificate of Achievement.....	14
 FINANCIAL SECTION	
Independent Auditors' Report.....	15-17
Management's Discussion and Analysis	18-26
Basic Financial Statements:	
Statements of Net Position	28
Statements of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows.....	30-31
Notes to Financial Statements	32-47
Supplemental System and Project Schedules:	
Combining Schedule of Net Position.....	50-53
Combining Schedule of Revenues, Expenses, and Changes in Net Position	54-55
Combining Schedule of Cash Flows	56-57
 STATISTICAL SECTION	
Schedule 1 - Net Position.....	59
Schedule 2 - Changes in Net Position.....	60
Schedule 3 - Operating Revenue By Service Provided.....	61
Schedule 4 - Revenue Rates By System.....	62
Schedule 5 - Principal Revenue Payers	63-64
Schedule 6 - Ratio of Revenue Bond and State Participation Debt to Total Expenses ..	65
Schedule 7 - Outstanding Debt By Type.....	65
Schedule 8 - Revenue Bond Coverage By System	66-69
Schedule 9 – Principal Employers in County Served.....	70
Schedule 10 – Member / Customer Population.....	71
Schedule 11 - District Employees By Function /Program	72
Schedule 12 - Operating Indicators By System.....	73
Schedule 13 - Capital Asset (In Service) Statistics By System.....	74
Schedule 14 – Subscribed Capacity By Participants.....	75
 SUPPLEMENTAL SCHEDULES REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	
Services and Rates	78-80
Insurance Coverage.....	81
Comparative Schedule of Revenues and Expenses	82
Board Members, Key Personnel, and Consultants.....	83-87

INTRODUCTORY SECTION



March 21, 2024

To the Board of Directors
Upper Trinity Regional Water District

Your Staff is proud to present this Annual Comprehensive Financial Report (annual report) for the fiscal year ended September 30, 2023 – reflecting steady progress in achieving the goals of the Upper Trinity Regional Water District (“Upper Trinity” or “District”). Board Members can be proud of their role in setting priorities and providing guidance toward the desired results for this regional enterprise. This annual report is a good source of useful information about the finances and operations of the District; and, it summarizes the condition of the enterprise and the progress of regional service. As a regional utility system, we provide water and wastewater services on a wholesale basis to cities and utilities in the rapidly growing area on the north side of the Dallas/Fort Worth Metroplex.

The annual report was prepared by the Business Department of the District; and, responsibility for the accuracy of the data, for completeness and fairness of presentation, and for all disclosures rests with District management. For the best understanding, one should consider the information presented here in conjunction with the separate section titled *Management’s Discussion and Analysis* in the Financial Section of this report.

The information herein is accurate in all material respects; and, is reported in a manner that presents fairly the financial position of, and the operating results for, the District. Disclosures are included as necessary to enable members of the Board of Directors and other interested parties to understand more clearly the District’s activities and financial results. The financial statements in the annual report were audited as required by the Texas Water Code, by the firm of Deloitte & Touche LLP.

General Information

Structure of the Enterprise

The District, headquartered in Lewisville, Texas, was created in 1989 by the Texas Legislature as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution. The District is authorized to plan, develop, manage and provide wholesale utility services on a regional basis. For Member entities and for other Customers, the District is expected to meet present and future water supply and water reclamation needs; and, if requested by Member entities, to address future needs for solid waste management. The District was created as a governmental enterprise, without taxing power; therefore, costs of services and programs are financed through user fees and charges, and through the issuance of tax-exempt debt.

The District is organized and managed to function as an efficient enterprise in a competitive market environment. The District has specific authority to:

- develop raw water resources or to contract therefor;
- construct, own and operate water systems, including treatment, pumping and transmission facilities;
- construct, own, and operate water reclamation (wastewater treatment) systems, including interceptor trunk mains, treatment, disposal, and reuse facilities;
- provide other services authorized by the Board, not in conflict with the District's enabling statute;
- make contracts to provide for these services on a wholesale basis for municipalities, retail utilities, and others;
- recover the cost for District services through fees and charges.

The District is composed of 24 public entities (Members) – including 19 towns and cities, plus Denton County, Denton County at-large, one utility authority, and two special districts. Each Member entity appoints one Director to the Board of Directors of the District. As an exception, Denton County appoints two Directors – one to represent Denton County “at-large” and one to represent the Denton County Commissioners Court. The Board of Directors appoints an Executive Director who manages the District, its employees, and the services and programs offered. In addition to serving its Members, the District enters into “Customer” contracts for water and wastewater services with non-member cities, non-profit water supply corporations and special districts under similar terms as member entities.

This annual report covers the various wholesale services provided by the District: raw water supply, treated water service, water reclamation (wastewater treatment) service, non-potable and reclaimed water, and collection of household hazardous waste. In addition, the District has a component unit (Upper Trinity Conservation Trust) for the purpose of promoting watershed protection.

Funding of District Projects

The District provides funds for construction of water and water reclamation facilities, primarily with tax-exempt municipal revenue bonds; and, to a limited extent, with Variable-Rate Direct Purchase Note program. For certain projects, the District has taken advantage of the State Participation program and other programs from the Texas Water Development Board. Under the Board/State Participation programs, the State of Texas encourages the development of efficient regional utility systems, by taking an equity interest in qualified projects to enable construction of adequate capacity for future needs.

For each project or service, participating entities (both Members and Customers) enter into District contracts that require certain minimum payments to cover fixed costs. The provisions of these contracts assure a stable and dependable source of revenue to cover each entity's proportionate share of the applicable cost, including administration and planning, operating and maintenance, capital and financing costs, and other relevant costs of the project and of the service being rendered. In addition, contracts with certain Fresh Water Supply Districts (FWSDs) stipulate that the contracting entity will provide initial funding for cost of specified infrastructure for water reclamation projects in the northeast portion of the District's service area. Under these agreements, the District owns and operates the system and may extend service to other Members and Customers. A portion of said initial funds so provided is subject to reimbursement when the District is ready to provide permanent financing.

Mission, Vision, and Goals

The following mission statement adopted by the Board of Directors guides the various programs of the District:

The District's mission is to plan, develop and manage water and wastewater services in the interest of its Members, using consensus-based strategies that are environmentally and economically sound.

The District's vision is to:

Focus on Member and customer needs as the primary purpose of the District, and endeavor to be the provider of choice for the service area.

Work Program Guidelines adopted annually by the Board of Directors help focus the energies, activities and resources of the District for maximum effectiveness and results. These Guidelines provide positive direction to management in the following areas: *Leadership, Organization, Function, Finance, Partnerships, Environment and Education.*

Development History

Upon creation of the District in 1989, the Board of Directors embarked on an ambitious mission to plan, develop and implement regional water supply and regional water reclamation programs for approximately 30 towns and cities. Water supply was the most immediate challenge; but, water reclamation also was given priority attention. Prior to completion of the first regional water treatment facility in 1997, the District purchased treated water on an interim basis from other entities to resell to Members and Customers.

A Regional Water Treatment Plant with a capacity of 20 million gallons per day (mgd) was constructed in the City of Lewisville with convenient access to Lewisville Lake, the raw water source. The treatment plant became operational in 1997 to serve Members and utilities that contracted for wholesale treated water service. The District expanded its original 20 mgd treatment plant in phases to 70 mgd total treatment capacity by 2001. In 2009, the Board of Directors named the plant the Thomas E. Taylor Regional Water Treatment Plant for its long-time Executive Director. The Plant is located on an ample site that will enable staged expansion to at least 300 mgd of treatment capacity as needed to provide for future growth within the District's service area.

The initial Regional Treated Water System served eleven towns, cities and utilities. Growth has continued throughout the District's service area and many communities (both Members and Customers) have requested service. To provide for the needs of Member entities and other wholesale customers, the District has extended a network of major transmission pipelines across its service area, now providing treated water service to more than twenty five communities in the Denton County area. The District has adequate capability and capacity to provide for the needs of its Members and Customers who have contracted for service. Each community now has access to an adequate supply of water, including the peak needs that occur during periods of drought.

In accordance with long-range plans, in 2003 the District proceeded with design of the District's second regional water treatment plant, located in northeast Denton County. In Fiscal Year 2008 (FY), the Tom Harpool Regional Water Treatment Plant began operation. This new plant uses membrane technology as part of the treatment process to provide enhanced treatment and for protection of water quality. The plant site is sufficient to support 240 mgd of water treatment facilities as further growth in the service area may require. The Board of Directors chose to name this new regional facility after a local pioneer in long-range water supply planning, Mr. Tom Harpool, a past President of the Board.

The District is continuing with its strategic planning activities to achieve an adequate long-range supply of water resources for future needs. At five-year intervals, the Texas Water Development Board prepares an updated State Water Plan, a master plan for the State of Texas based on a consolidation of 16 regional plans prepared locally. The local Regional Planning Group (Region C) gathered input from both the District and its Members and Customers to assist in preparation of the most recent 2021 Region C Plan. In July 2021, the Texas Water Development Board adopted the updated final State Water Plan and submitted it to the Texas Legislature. The approved Plan became the 2022 State Water Plan. The State Water Plan incorporates and reflects the District's own initiatives and outlines a range of recommended strategies to assure an adequate water supply for the District over the next 50 years. The current 2022 Plan provides for water supply needs through 2070. Efforts are already underway for the next five-year update.

In 2003, the District submitted an application for a water rights permit for the proposed Lake Ralph Hall to the Texas Commission on Environmental Quality (TCEQ). In 2006, the District filed a Section 404 permit application with the U.S. Army Corps of Engineers (USACE) to enable the District to construct the proposed lake. In January 2020 the USACE issued Permit No. SWF-2003-00336 to the District for the Lake Ralph Hall project. In June of 2021 the District initiated construction of the project and anticipate delivery of raw water by 2026.

This new lake will be located in Fannin County in the North Sulphur River Basin and will provide the District and its growing customer base with a firm yield of approximately 35 mgd (million gallons per day) of new water supply. In March 2011 after a thorough technical review, the Executive Director for the TCEQ issued a draft water rights permit, after which the next step was to consider any opposition thereto. In April 2012, the State Office of Administrative Hearings began the legal process for a Contested Case Hearing regarding the proposed permit. Three entities were admitted as opposition parties to the hearing; and the Contested Case Hearing was held in Austin in January 2013. For the first time in nearly thirty years, TCEQ officially awarded a permit for a new water supply lake in Texas, voting to issue the requested permit for Lake Ralph Hall to the District in September 2013. The water rights permit was issued as of December 11th, 2013, making the District's long-term water supply more secure.

Also, in 2007 the District filed two applications with the Water Resources Board of the State of Oklahoma (WRB), seeking the right to divert water from the Kiamichi and Boggy Creek basins, both basins being adjacent the Oklahoma/Texas boundary. In 2009, a third application was submitted to the WRB, seeking rights to use water from Lake Texoma on the Oklahoma/Texas boundary. Those applications remain on file with the WRB pending legal and policy challenges. With a more current outlook, the District is engaged with other regional water systems in evaluation of alternative water resource projects in northeast Texas.

It is important to note that the District currently has water supply resources which are adequate for about 5 to 10 years into the future. The long-range planning activities summarized above reflect the District's efforts to develop adequate sources as needed for the next 50 years.

Initial development of the District's regional water reclamation (wastewater treatment) program began in 1996 when Lake Cities Municipal Utility Authority (LCMUA), a Member entity, transferred its existing wastewater treatment plant (with 1.0 mgd capacity) to the District. By 1998, the District had organized the Lakeview Regional Water Reclamation System and had enlarged the treatment plant to 3.5 mgd to serve LCMUA plus two other Members. In 2003, the Lakeview plant was expanded to 5.0 mgd, and wholesale service was extended to three additional participants, for a total of six member entities: LCMUA, Corinth, Highland Village, Double Oak, Bartonville, and Denton County Fresh Water

Supply District #7 (Lantana). During FY 2013, construction was completed to expand treatment capacity to 5.5 mgd.

In 2003, new water reclamation facilities became operational in northeast Denton County, with two new plants. The Riverbend Water Reclamation Plant and the Peninsula Water Reclamation Plant began serving seven additional Members and Customers on a wholesale basis: Oak Point, Lincoln Park, Mustang Special Utility District (Mustang SUD), and four Fresh Water Supply Districts (FWSD). In 2008, the Peninsula Plant was expanded from 375,000 gallons per day to 940,000 gallons per day; and in 2013 construction was completed for an expansion of the Riverbend Plant from 1.5 mgd to 2 mgd. Construction of the Doe Branch Water Reclamation Plant for 2 mgd was completed in fall of 2016 and expanded to 4 mgd in 2022. in northeast Denton County and serves the cities of Prosper and Celina, Mustang SUD and FWSD No. 10. The Riverbend Plant was subsequently expanded from 2 mgd to 4 mgd in 2019. Also, the Peninsula Plant expended to 2 mgd during 2023.

As a strategic element of an ambitious watershed protection program, the District created the Upper Trinity Conservation Trust (UTCT) in FY 2010 and began financial operations in FY 2011. The UTCT will receive donations and acquire land and conservation easements for the purpose of protecting water quality in watersheds above the District's water supply sources. The District established the UTCT as a non-profit conservancy and appointed a nine-member Board of Trustees to lead the new entity on its important mission. The UTCT acquired full tax exemption from the Internal Revenue Service (IRS) in FY 2012.

Services Provided

The chart on the following page summarizes the various services provided by the District to Members and Customers.

UPPER TRINITY REGIONAL WATER DISTRICT
As of September 30, 2023

Entity Served	Treated Water	Water Reclamation	Household Haz. Waste	Other Services
Argyle WSC				
Argyle*				
Aubrey				
Bartonville*				
Celina				
Copper Canyon*				
Corinth				
Cross Roads*				
Cross Timbers WSC				
Denton	**			
Denton County				
Denton County FWSD #7				
Denton County FWSD #8A				
Elm Ridge Water Control Improvement District				
Denton County FWSD #11A				
Double Oak*				
Flower Mound				
Hickory Creek*				
Highland Village				
Irving	**			
Justin				
Krugerville*				
Krum				
Lake Cities MUA				
Lake Dallas*				
Lewisville	**			
Mustang SUD				
Northlake				
Oak Point*				
Pilot Point				
Ponder				
Prosper				
Town of Providence Village				
Sanger				
Shady Shores*				

*Indirect Customer: Receives retail water and /or water reclamation service from a wholesale customer of Upper Trinity.

**Participating jointly with Upper Trinity in a water project

Operational Information

Internal Accounting Controls

Management is responsible for establishing and maintaining internal controls designed to assure that assets of the District are protected from loss, theft or misuse. Further, management must ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The District has developed a *Fraud Risk Assessment and Procedures Manual*, a very helpful tool in evaluating and maintaining internal controls. Such internal controls provide reasonable, but not absolute, assurance that internal control objectives are met. The concept of reasonable assurance recognizes that:

- the cost of any given control should not exceed the benefits likely to be derived; and,
- the evaluation of costs and benefits relies on informed estimates and judgments by management.

All internal control evaluations occur within this framework of “reasonable assurance”. We believe the District’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of accounting transactions.

Budgetary Controls

To augment accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal and fiscal provisions of annual operating and capital budgets approved by the Board of Directors. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the “fund” level. As confirmed by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

The District participates in the Texas Municipal League Intergovernmental Risk Pool to manage risks associated with District property, and for liabilities related to District operations. On the District’s books, liabilities are recognized when incurred, rather than when claims are actually reported.

Other Information

Submission for Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual report for the most recent fiscal year, through September 30, 2022. This was the District’s twenty-third consecutive Certificate of Achievement award from GFOA. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized annual report, which conforms to program standards. Each annual report must satisfy both generally accepted accounting principles and applicable legal requirements.

Each Certificate of Achievement applies to an annual report that presents the financial position and results of operations for one particular year. We believe this year’s annual report will

conform to Certificate of Achievement Program requirements; and, we will submit it to GFOA for consideration.

In addition, GFOA awarded the Distinguished Budget Presentation Award to the District for the FY 2024 budget year. This was the District's fifteenth year to submit and to receive this award. The Distinguished Budget Presentation Award encourages and assists state and local governments in preparation of budget documents of the highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting, and the GFOA's best practices on budgeting. Awards are given by the GFOA on an annual basis to recognize individual governments that succeed in achieving that goal.

Acknowledgements

Preparation of this annual report could not have been accomplished without the efficient and dedicated support of the entire staff of the Business Department, augmented by expert assistance from the Administration, Operations and Engineering Departments. We wish to express our appreciation to all District personnel who assisted and contributed to the preparation of this report.

Especially, we want to express appreciation to the Board of Directors for their continued vision in governance of the District, and for their guidance and support to management in planning and conducting the operations of the District in an efficient manner. With dedicated Members working together, the District continues to excel, fulfilling the regional mission for adequate long-range water supply and for excellent wastewater services – for the people and communities in our service area.

Respectfully submitted,

Larry N. Patterson, P.E.
Executive Director

Lester T. Harris, Jr., C.P.A, C.M.A, C.F.M.
Chief Financial Officer

UPPER TRINITY REGIONAL WATER DISTRICT

BOARD OF DIRECTORS As of September 30, 2023

<u>Name</u>	<u>Term</u>	<u>Appointing Entity</u>
Clay M. Riggs, President	A	Town of Flower Mound
Lyle Drescher, Vice President	B	Denton County at Large
Greg Scott, Treasurer	B	City of Justin
Allen L. McCracken, II, Secretary	A	City of Pilot Point
Troy Norton	B	Town of Argyle
Brian Roberson	A	City of Aubrey
Del Knowler	B	Town of Bartonville
Kimberly Brawner	B	City of Celina
Glenn Barker	B	City of Corinth
Mark Pape	B	Town of Copper Canyon
Stephen Gay	B	City of Denton
(Vacant)	A	Denton County
Kevin Mercer	A	Denton County FWSD No. 7
Dave Nelson	B	Town of Double Oak
Richard A. Lubke	A	City of Highland Village
Orlando Sanchez	B	City of Irving
Nate Winchester	A	City of Krum
Mike Fairfield	A	Lake Cities Municipal Utility Authority
Kelly Rouse	B	City of Lewisville
Chris Boyd	A	Mustang Special Utility District
Drew Corn	B	Town of Northlake
Mike Anderson	A	Town of Ponder
Frank Jaromin	A	Town of Prosper
Alina Ciocan	A	City of Sanger

A -- Term expires May 31, 2027 and each four years thereafter

B -- Term expires May 31, 2025 and each four years thereafter

**UPPER TRINITY REGIONAL WATER DISTRICT
MANAGEMENT OFFICERS**

<u>Name</u>	<u>Position and Length of Time in this Position</u>	<u>Length of Employment with Upper Trinity</u>
Larry N. Patterson, P.E.	Executive Director 5 ½ Years	21 Years
Lester T. Harris, Jr., C.P.A., C.M.A., C.F.M.	Chief Financial Officer 3 Months	20 Years
Kurt Staller, P.E.	Director / Engineering & Construction 5 Months	23 Years
D. Jody Zabolio, P.E.	Director / Operations 7 Years	18 Years

INDEPENDENT AUDITORS
Deloitte & Touche LLP
Dallas, Texas

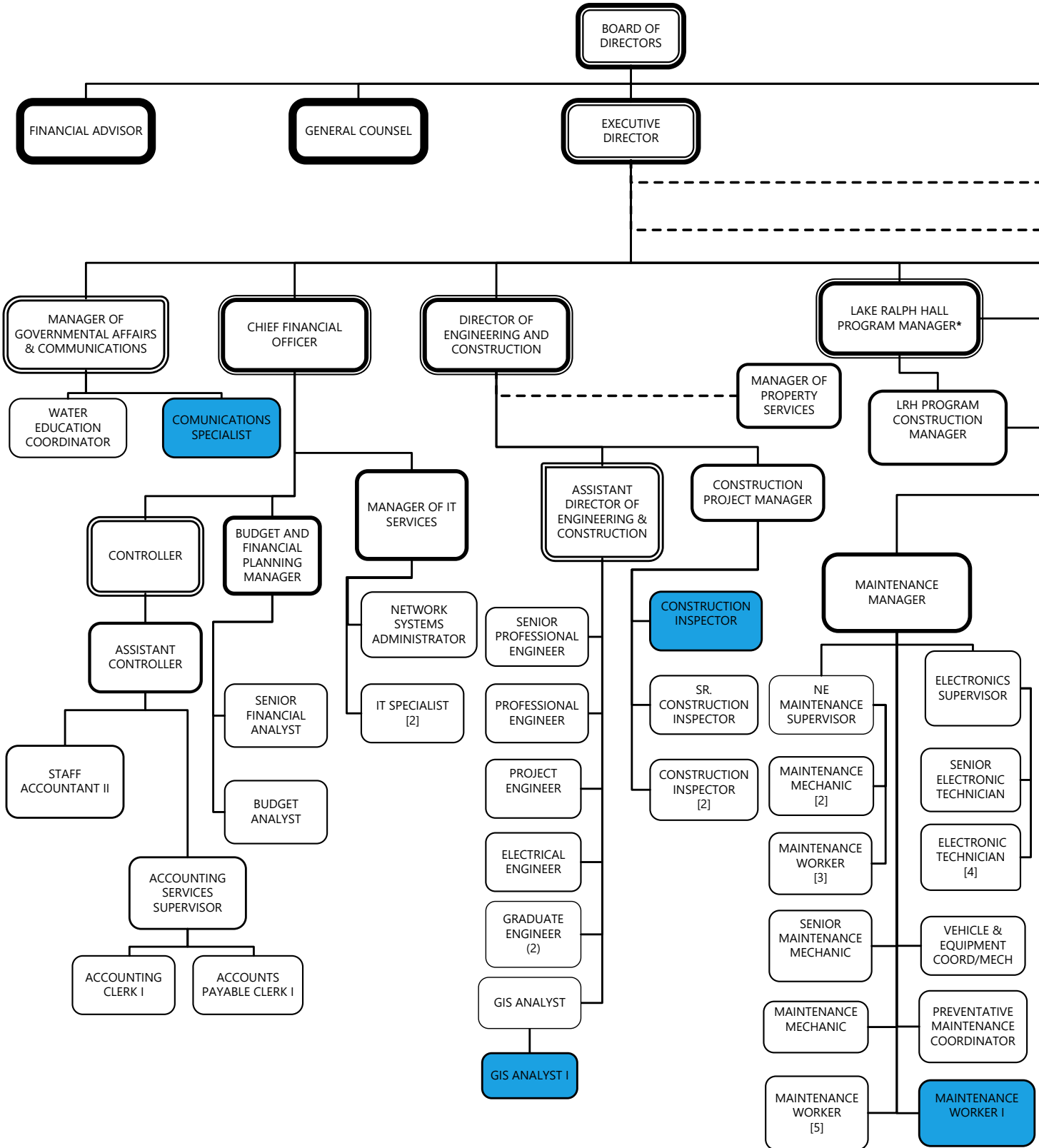
GENERAL COUNSEL and CO-BOND COUNSEL
Boyle and Lowry LLP
Irving, Texas

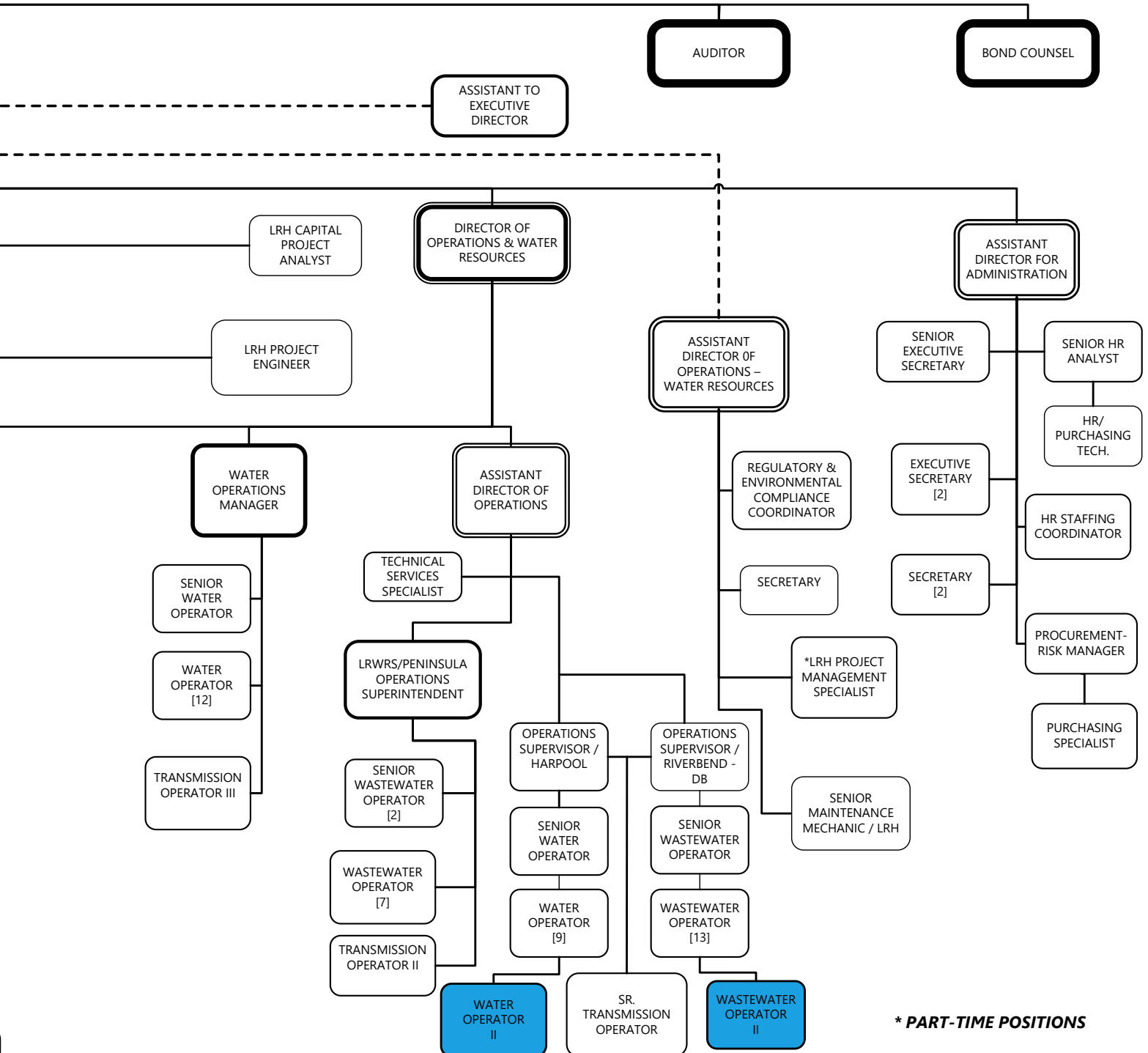
CO-BOND COUNSEL
Bracewell LLP
Dallas, Texas

FINANCIAL ADVISOR
Hilltop Securities Inc.
Dallas, Texas

THIS PAGE INTENTIONALLY LEFT BLANK

FY 2023 ADOPTED ORGANIZATIONAL CHART





* PART-TIME POSITIONS



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Upper Trinity Regional Water District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors of
Upper Trinity Regional Water District
Lewisville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Upper Trinity Regional Water District (the "District"), as of and for the year ended September 30, 2023, 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 the business-type activities and the discretely presented component unit of the Upper Trinity Regional Water District, as of September 30, 2023, 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). 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's discussion and analysis 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 Supplemental System and Project 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 Supplemental System and Project 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 Section, the Statistical Section, and the Supplemental Schedules Required by the Texas Commission on Environmental Quality 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.

Deloitte & Touche LLP

March 21, 2024

UPPER TRINITY REGIONAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEAR ENDED SEPTEMBER 30, 2023

Your interest in the financial results of the Upper Trinity Regional Water District (the District) is appreciated. We hope this financial report will be interesting and informative about the District's mission to provide for wholesale water and wastewater needs in our growing service area on the north side of the Dallas/Fort Worth Metroplex. Management is pleased to provide this overview and analysis of the District's financial activities for the fiscal year ended September 30, 2023.

PROGRAM HIGHLIGHTS

- An improving financial condition despite an uneven economy. A key indicator is “Net Position”, which is the remainder after deducting total liabilities and deferred inflows from total assets and deferred outflows. Net Position as of the end of FY 2023 was over \$258 million, an increase of nearly 11% for the year. The increase was largely due to:
 - Vigilance of the Board and Staff in controlling costs.
 - Taking advantage of available low-cost capital financing.
 - A steady commitment to funding reserve accounts.
- Even as interest rates rose through FY 2023, use of Variable-Rate debt for capital improvements in the Regional Treated Water System saved the District substantially. Due to the District's use of Variable-Rate debt, there was no need to issue new revenue bonds in FY 2023 - eliminating the corresponding principal payments. Interest rates on Variable-Rate debt ranged from a low of 3.43% to a high of 4.76%.
- Total net capital asset additions were over \$156 million, of which over \$147 million was for the Regional Treated Water System.

You may find comparative financial information to be worthwhile; and, considerable information is provided in other sections of this Management's Discussion and Analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report is composed of financial statements, plus the appropriate notes for the Enterprise Fund. For a complete analysis, one also needs to examine the supplementary information to the basic financial statements, containing the financial information for the individual systems and projects. In this context, the following discussion and analysis serves as an introduction to the District's basic financial statements.

Financial Statements—The financial statements are designed to provide a reader with an overview of the District's finances, in a manner similar to a typical private enterprise.

The *Statements of Net Position* presents information on all District assets, deferred outflows, liabilities, and deferred inflows with the difference between assets, deferred outflows, liabilities

and deferred inflows being reported as *net position*. Over time, increases or decreases in net position can serve as an indicator of the long-term trend of the District's financial condition.

The *Statements of Revenues, Expenses and Changes In Net Position* shows activity and changes during the fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported for some items that will not affect cash flow until future fiscal periods (e.g., earned but unused vacation leave and accounts receivable for services).

The *Statement of Cash Flows* presents information showing the District's cash activities, cash receipts and cash disbursements. The statement of cash flows is presented in three broad categories: (1) cash flows from operating activities, (2) cash flows from capital and related financing activities, and (3) cash flows from investing activities. The statement of cash flows is a useful tool in understanding the District's cash position.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

ENTERPRISE FUND FINANCIAL ANALYSIS

The trend of changes in net position over time serves as an indicator of the District's financial condition. Year-end assets and deferred outflows exceeded liabilities and deferred inflows by over \$258 million—an approximate increase of 11% in net position compared with fiscal year 2022. As noted on page 1, the increase was due to controlling costs, use of low-cost capital financing, contributions by participating entities, and a commitment to fund the District's reserves.

The District and most of its member entities practice cash-basis budgeting. Further, the District does not consider depreciation expense when setting rates for utility services rendered to members and customers. Considering this, a relevant view of the District's financial strategy would be the original cost of the District's assets, less indebtedness, without any reduction for accumulated depreciation expense. Accordingly, the District only recovers the original cost of the acquired assets, plus related financing costs in its rates and charges.

Another major element of the District's financial strategy has been the use of funds provided by the Texas Water Development Board (TWDB) under the State Water Implementation Fund for Texas (SWIFT) *Board Participation Program*. Board Participation funds were received for the Lake Ralph Hall and the Northeast Pipeline Projects, key components of the Regional Treated Water System. Board Participation funds allow for added flexibility -- with repayment to occur more closely to the time when the projects are completed and in use. As a result, there is minimal cost to the current customer when Board Participation funds are used.

Similar to the structure of the *Board Participation Program* is the *State Participation Program* of the TWDB. Under this Program, the State of Texas invests capital funds in specific projects for equity participation to enable growing regional systems like the District to oversize facilities in an efficient manner - that is, to construct extra capacity for anticipated future growth. This Program enables the District to prepare for the future, with little cost to current customers. In the future, when pipeline or plant capacity is needed to meet the needs of a growing customer base, the District is required to repurchase from the State such constructed capacity as needed, at original cost. Such original oversize cost could be a fraction of what the cost would be to construct stand-alone capacity in the future to meet such growth requirements. Therefore, for sound financial reasons,

the District has made extensive use of State Participation funds to help construct extra capacity to prepare for expected future growth needs.

In addition, the flexibility of both the Board Participation and State Participation Programs affords the District time to refund the debt in more favorable interest rate environments financially beneficial to achieve the greatest savings. As a result, the District has taken advantage of historically low rates to refund nearly all of the debt issued under the State Participation Program since FY 1993. Board Participation and the remaining State Participation are discussed further in the **Debt Administration** section of the MD&A.

To help coordinate the timing of debt repayment with beneficial use, the District uses certain funding sources that offer deferred payment of principal. Such sources include the previously discussed Board Participation and State Participation financing. Other sources including variable rate debt financing, Participant Advance Funding and other SWIFT programs such as the *Deferred Interest Program* all serve as integral components of the District's financial strategy. This strategy enables the District to plan effectively for future growth needs by not placing an undue financial burden on current customers.

However, as a side effect of this practice, there could be a temporary decline in *Net Investment in Capital Assets* for an interim period. Such a decline can occur when the depreciation of capital assets is taken at a faster rate than the corresponding and related reduction in debt. When principal payments on debt are made, *Net Investment in Capital Assets* would then begin to increase.

To clarify, the amount noted as *Net Investment in Capital Assets* represents long-term capital assets the District uses to provide services to its members and customer entities, minus the related debt. These assets are not cash and cannot be immediately converted to cash; therefore, they cannot be used to satisfy current outstanding liabilities.

The District's net position also reflects the fact that \$7,083,455 is *Restricted for Debt Service*, and \$5,429,313 is *Restricted Contributions for Capital Improvements*, limiting how these funds may be used. The remaining *Unrestricted Net Position* may be used to meet ongoing obligations of the District.

Upper Trinity Regional Water District's Condensed Schedule of Net Position
September 30, 2023
(With Comparative Totals As Of September 30, 2022)

	FY 2023	FY 2022
ASSETS:		
Current and other assets	\$ 383,181,915	\$ 334,827,707
Capital assets, net	<u>805,164,657</u>	<u>648,957,156</u>
Total assets	<u>1,188,346,572</u>	<u>983,784,863</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Loss on debt refunding	<u>441,642</u>	<u>498,094</u>
Total deferred outflows of resources	<u>441,642</u>	<u>498,094</u>
LIABILITIES:		
Current and other liabilities	68,336,410	52,381,800
Long-term liabilities outstanding	<u>861,755,329</u>	<u>697,981,780</u>
Total liabilities	<u>930,091,739</u>	<u>750,363,580</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflow from Gain on debt refunding	360,660	370,952
Deferred Inflow from Leases	<u>238,384</u>	<u>354,591</u>
Total deferred inflows of resources	<u>599,044</u>	<u>725,543</u>
NET POSITION:		
Net investment in capital assets	143,493,678	120,152,029
Restricted:		
For debt service	7,083,455	7,748,718
Contributions for capital improvements	5,429,313	14,389,266
Unrestricted	<u>102,090,985</u>	<u>90,903,821</u>
Total net position	<u>\$ 258,097,431</u>	<u>\$ 233,193,834</u>

**Expenses and Changes in Net Position
For the Year Ended September 30, 2023
(With Comparative Totals for Year Ended September 30, 2022)**

	FY 2023	FY 2022
OPERATING REVENUES		
Charges for Services	\$ 86,653,720	\$ 77,365,744
Miscellaneous Income	<u>283,689</u>	<u>335,322</u>
Total Operating Revenue	<u>86,937,409</u>	<u>77,701,066</u>
OPERATING EXPENSES:		
Operation and maintenance	34,532,478	31,127,392
Depreciation and amortization	15,177,776	14,139,856
Administrative expenses	<u>4,957,204</u>	<u>4,353,271</u>
Total operating expenses	<u>54,667,458</u>	<u>49,620,519</u>
OPERATING INCOME	<u>32,269,951</u>	<u>28,080,547</u>
NON-OPERATING REVENUES/(EXPENSES)		
Interest income	16,901,584	2,006,504
Interest and fiscal charges	(26,256,261)	(19,222,994)
Gain on disposal of capital assets	<u>24,677</u>	<u>28,531</u>
Total non-operating revenues/(expenses)	<u>(9,330,000)</u>	<u>(17,187,959)</u>
INCOME BEFORE CONTRIBUTIONS	22,939,951	10,892,588
CONTRIBUTIONS	<u>1,963,646</u>	<u>418,669</u>
CHANGE IN NET POSITION	24,903,597	11,311,257
TOTAL NET POSITION—beginning of year	<u>233,193,834</u>	<u>221,882,577</u>
TOTAL NET POSITION—end of year	<u>\$ 258,097,431</u>	<u>\$ 233,193,834</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's total capital assets as of September 30, 2023, were \$805,164,657 (net of accumulated depreciation). This investment in capital assets includes land and buildings, treatment plants, pump stations, pipelines, water rights, an emergency water supply reservoir, and other equipment and fixtures. Additional information regarding the District's capital assets is reflected in Note 5 to the basic financial statements.

For FY 2023, the most significant additions to capital assets were for the Regional Treated Water System -- which increased by approximately \$147 million. The investments in capital assets in the Regional Treated Water System were for on-going planning, regulatory permitting and land

purchases for the Lake Ralph Hall Water Supply Project and various other capital improvement projects.

Upper Trinity Regional Water District's Capital Assets
(Net of accumulated depreciation)
As of September 30, 2023
(With Comparative Totals As Of September 30, 2022)

	FY 2023	FY 2022
Land	\$ 16,397,604	\$ 15,661,388
Furniture and Equipment	3,720,910	3,322,250
Plant/Pipeline Facilities	363,240,924	333,864,240
Water Rights	6,227,863	6,319,449
Reservoirs	1,027,240	1,058,368
Construction in progress:		
Land - General purpose	1,636,321	1,524,934
Reservoir land	58,311,228	53,711,031
Other construction costs	<u>354,602,567</u>	<u>233,495,496</u>
 Total	 <u>\$ 805,164,657</u>	 <u>\$ 648,957,156</u>

Debt Administration

As mentioned earlier, over a period of years, the District received significant funding from the Texas Water Development Board (TWDB) *State Participation Program* for equity participation in construction of extra capacity in water and wastewater regional systems to meet future growth needs, reaching a peak of approximately \$55.5 million. Taking advantage of low-interest opportunities, the District has purchased most of the State’s equity ownership at original cost, reducing the outstanding State Participation to \$1.89 million.

Between FY 2016 and FY 2023, the District received an approximate total of \$431 million from a TWDB program that is essentially the same in structure and nature as the State Participation Program – the *Board Participation Program*. Board Participation funding is part of the State Water Infrastructure Fund for Texas (SWIFT) Program of the TWDB that is specifically designed to assist for future water needs. Board Participation funding is being used for costs of the Lake Ralph Hall and the Northeast Pipeline Projects in the Regional Treated Water System. The State’s equity ownership under the Board Participation program, plus non-current accrued interest remaining to be reimbursed when timely, was approximately \$461 million at fiscal year-end.

During FY 2016 and FY 2021, the District also acquired approximately \$29.1 and \$15 million, respectively, as part of the SWIFT *Deferred Interest Program*. Under Deferred Interest, the District pays no principal or interest for 8 years after issuance or until construction is completed for Lake Ralph Hall, whichever is earlier. Also during that period, interest is not accrued. This funding source is being used for various planning costs associated with Lake Ralph Hall. The District classifies Deferred Interest funding as “Revenue Bonds” for financial reporting purposes.

Further, the total of outstanding debt (including both State Participation and Board Participation) and other long-term liabilities is approximately \$866 million. Of this total, 88.8% is for the Regional Treated Water System; 9.5% is for the Northeast Regional Water Reclamation System (Riverbend and Doe Branch Plants); and, the remaining 1.7% is for the Lakeview Water Reclamation System and the Peninsula Water Reclamation Plant.

**Upper Trinity Regional Water District's Outstanding Debt
As of September 30, 2023
(With Comparative Totals As Of September 30, 2022)**

	FY 2023	FY 2022
Revenue Bonds	\$ 327,875,000	\$ 345,845,000
State/Board Participation Debt	432,660,000	313,670,000
Variable-Rate Debt	60,805,000	8,500,000
Water Supply Obligations	4,448,599	4,562,489
Notes Payable	9,878,422	9,930,172
State/Board Participation Accrued Interest	<u>30,170,458</u>	<u>16,546,863</u>
 Total	 <u>\$ 865,837,479</u>	 <u>\$ 699,054,524</u>

Currently, the District's revenue bonds are rated as follows:

	Moody's Investors	Standard & Poor's
Regional Treated Water System	A1	A+
Lakeview Regional Water Reclamation System	A2	A+
Northeast Regional Water Reclamation System	n/a	AA-
Peninsula Water Reclamation Plant	n/a	AA+

Additional information on the District's long-term debt can be found in Notes 6 and 7 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In FY 2023, the Board of Directors continued to take a proactive approach to monitor costs and to adjust rates accordingly. The Board adjusted rates as necessary to maintain and improve the District's financial condition. Of special note, FY 2023 represented the nineteenth consecutive year that the District has achieved an increase in total Net Position, with an increase of nearly 11% for this fiscal year.

During FY 2023, many aspects of the national economy were still lagging. However, the economy in the District's service area continued to improve – positively impacting growth and development in the District's services area. Accordingly, the District will continue to make adjustments in its Capital Improvement Program, Operations and Planning to pace expenditures according to economic conditions and customer needs. It is important that the District maintain a close watch on all aspects of its financial plan - capital planning, revenue projections, and cash management - to maintain a strong financial position.

With continued growth in the District's service area, capital planning continued at a steady pace. The District proceeded with key capital projects: (1) acquisition of land, construction and

permitting for the important future water supply source in Lake Ralph Hall; (2) projects to improve efficiency and service in the Regional Treated Water System; and (3) planning for the expansion of services in the Northeast Regional Water Reclamation System.

As a strategic element of the District’s watershed protection program, the District established the Upper Trinity Conservation Trust (UTCT) as a component unit during FY 2010. The District established the UTCT as a charitable entity and appointed a Board of Trustees. During FY 2012, the UTCT experienced its first full fiscal year of operations and received IRS approval for full tax exemption. In future years, the UTCT is expected to receive donations and acquire land and conservation easements for the purpose of protecting water quality in watersheds above the District’s water supply sources.

In September 2023, the Board of Directors approved new rates and charges for Fiscal Year 2024:

- Lakeview Regional Water Reclamation System. There was an increase of 3.50% for various fees and charges.
- Non-Potable Water System. There was an increase of .11% for various fees and charges.
- Northeast Regional Reclamation System. There was an increase of 3.50% for various fees and charges.
- Peninsula Water Reclamation Plant. There was no increase in fees and charges.
- Regional Treated Water System. Combined, the blended rate increase for the fixed “Demand” components and the variable “Volume” components averaged 6.10%.

The District has maintained its full readiness and capacity to serve, and is prepared for economic growth, with the accompanying financial requirements. In the meantime, management continues to be vigilant in its oversight of District budgets, investments, finances, rates, and expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances, with a glimpse at enterprise planning and operating strategies. We believe that the results confirm the District’s responsible stewardship and accountability for all funds and resources entrusted to the District. The District is proud of its commendable track record in development of regional systems, in extension of water and wastewater service throughout the service area, staying ahead of growth demands—and, in preparation for the future.

Management of the District believes that the District’s motto on the cornerstone of its headquarters building is very apt:

Providing for the present and future needs of this region.

With vision and courage we plan.

With cooperation and commitment we serve.

Questions concerning any of the information provided in this report, and requests for additional financial information may be addressed to the Chief Financial Officer, P.O. Box 305, Lewisville, Texas 75067.

BASIC FINANCIAL STATEMENTS

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENTS OF NET POSITION

September 30, 2023

	UTRWD	Component Unit
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 111,227,177	\$ 115,878
Cash and cash equivalents-health self-insurance	3,926,338	
Accounts receivable from customers	12,824,956	
Interest receivable	957	
Leases receivable, current portion	88,360	
Other current assets	239,290	557
Total current assets	<u>128,307,078</u>	<u>116,435</u>
Non-current assets:		
Accounts receivable - Northlake	309,977	
Contractual agreements receivable	2,088,144	
Leases receivable non-current portion	160,564	
Restricted assets:		
Cash and cash equivalents	231,634,246	
Cash held in escrow	20,681,906	
Non-depreciable capital assets	430,947,720	
Depreciable capital assets - net	374,216,937	
Total non-current assets	<u>1,060,039,494</u>	<u>-</u>
TOTAL ASSETS	<u>1,188,346,572</u>	<u>116,435</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows from loss on debt refunding	441,642	
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>441,642</u>	<u>-</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	6,199,611	8,003
Unearned revenue	53,656	
Accrued liabilities	165,293	
Accrued wages and benefits	1,154,162	
Other current liabilities	19,822	
Payable from restricted assets:		
Accrued interest payable	2,507,554	
Accounts payable-construction	26,867,833	
Construction retainage payable	11,447,966	
Current portion of long-term bonds	19,335,000	
Current portion of long-term state participation debt	115,000	
Current portion of water supply obligation	117,595	
Unpaid self-insurance claims	352,918	
Total current liabilities	<u>68,336,410</u>	<u>8,003</u>
Non-current liabilities:		
Long-term bonds	322,929,853	
Long-term board /state participation debt	432,545,000	
Variable rate debt	60,805,000	
Long-term water supply obligation	4,331,004	
Long-term accrued compensated absences	1,095,592	
Notes payable	9,878,422	
Long-term accrued interest	30,170,458	
Total non-current liabilities	<u>861,755,329</u>	<u>-</u>
TOTAL LIABILITIES	<u>930,091,739</u>	<u>8,003</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow from Gain on debt refunding	360,660	
Deferred Inflow from Leases	238,384	-
Total Deferred Inflows from Leases	<u>599,044</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	143,493,678	
Restricted:		
For debt service	7,083,455	
Contributions for capital improvements	5,429,313	
Unrestricted	102,090,985	108,432
Total net position	<u>\$ 258,097,431</u>	<u>\$ 108,432</u>

See notes to financial statements.

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2023

	UTRWD	Component Unit
OPERATING REVENUES:		
Charges for services	\$ 86,653,720	\$ 8,075
Miscellaneous income	283,689	
Total operating revenues	<u>86,937,409</u>	<u>8,075</u>
OPERATING EXPENSES:		
Operation and maintenance:		
Salaries and benefits	6,485,705	14,412
Water and wastewater treatment	14,652,803	
Lab chemicals and supplies	3,980,066	
Maintenance materials service	3,064,706	
Utilities	4,374,006	
Equipment and tools	104,885	
Sludge removal	1,361,588	
Disposal service	13,574	
Miscellaneous	495,145	
Depreciation and amortization	15,177,776	
Overhead expenses	3,384,907	
Administrative/other	1,572,297	9,284
Total operating expenses	<u>54,667,458</u>	<u>23,696</u>
OPERATING INCOME (LOSS)	32,269,951	(15,621)
Non-operating revenues (expenses):		
Operating contribution from UTRWD	-	25,000
Interest income	16,901,584	858
Interest and fiscal charges	(26,256,261)	
Gain on disposal of capital assets	24,677	
Net non-operating revenues (expense)	<u>(9,330,000)</u>	<u>25,858</u>
INCOME BEFORE CONTRIBUTIONS	22,939,951	10,237
CONTRIBUTIONS FOR CAPITAL IMPROVEMENTS	1,963,646	
CHANGE IN NET POSITION	24,903,597	10,237
TOTAL NET POSITION - beginning of year	233,193,834	98,195
TOTAL NET POSITION - end of year	<u>\$ 258,097,431</u>	<u>\$ 108,432</u>

See notes to financial statements

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 83,682,445
Cash paid to vendors	(30,012,925)
Cash paid to employees	(8,682,798)
	<hr/>
Net cash provided by operating activities	44,986,722
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital asset additions	(158,012,725)
Contributions received	1,963,646
Board participation debt proceeds	119,100,000
Bond principal payments	(17,970,000)
State participation principal payments(from refunded bond proceeds)	(110,000)
Water supply obligation payment	(113,890)
Variable rate debt proceeds	146,025,000
Variable rate debt payments	(93,720,000)
Notes payable payments	(51,750)
Payment of interest and related fees	(13,762,638)
	<hr/>
Net cash used by capital and related financing activities	(16,652,357)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	16,901,299
Net cash provided by investing activities	16,901,299
	<hr/>
Increase in cash and cash equivalents	45,235,664
Cash and cash equivalents, beginning of year	322,234,003
	<hr/>
Cash and cash equivalents, end of year	\$ 367,469,667
	<hr/>

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 32,269,951
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	15,177,776
Change in accounts receivable	(3,254,964)
Change in accounts payable	742,437
Change in unearned revenue	(3,650)
Change in accrued liabilities	74,332
Change in accrued wages and benefits	(39,656)
Change in other current assets	20,496
	<hr/>
Total adjustments	12,716,771

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 44,986,722

NON-CASH ITEMS:

Amortization of bond refunding loss	(85,829)
Amortization of bond refunding gain	39,669
Amortization of bond premium	1,753,393
Accounts payable relating to construction	26,867,833
Retainage	11,447,966

See notes to financial statements. (Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Trinity Regional Water District (District) is a political subdivision of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI; Section 59 of the Constitution and chapter 1053, Acts of the 71st Legislature of Texas, Regular Session, 1989. Under the Constitution and the statutes the District has broad powers for water conservation and use of storm and flood waters and unappropriated flow waters. The District has specific authority to construct, own, and operate water supply, treatment and distribution facilities and wastewater gathering, treatment, and disposal facilities, to charge for such services; and to make contracts for such purposes with municipalities and other entities.

A board of directors appointed by member entities governs the District. Each member entity appoints one representative, who is not an elected official of the entity, to serve as a director for a term of four years. In order to fund the water and wastewater services to member entities, members pay a proportionate share of the administrative, planning, operating and maintenance, and financing costs of projects based upon their usage of services from each project in which they participate. Non-member entities (customers) pay fees at a slight premium compared to member entities.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The following is a summary of the more significant policies:

District's Systems and Projects

- A. **Reporting Entity** – The District's basic financial statements include all organizations and activities determined to be part of the District's reporting entity. The following are descriptions of the systems and projects, which are sub funds of the District and the Upper Trinity Conservation Trust (UTCT) which is the component unit of the District.

The District's Regional Treated Water System (RTWS) was placed in service in June of 1994 and currently provides treated water service to 19 customers in Denton County. The FY 23 budgeted subscribed capacity for RTWS' customers is 88.64 million gallons per day (mgd). Flower Mound is the RTWS's largest customer with a subscribed capacity of 30 mgd.

The District initiated wholesale wastewater treatment service to customers of the Lakeview Regional Water Reclamation System (LRWRS) in 1996. It was completed in two phases and currently serves Bartonville, Corinth, Denton County Fresh Water Supply District (DCFWSD) #7 (Lantana), Double Oak, Highland Village, and Lake Cities MUA. The total combined subscribed capacities for these customers are currently 5.329 mgd, with Highland Village having the highest subscribed capacity at 1.65 mgd.

In March of 1995 the District entered into a contract for non-potable water service with DCFWSD #1A. This system, which consists of a pump station and non-potable pipeline, was placed in operation in 1998. The system provides both treated effluent and raw water service to DCFWSD #1A. It should be noted that the City of Lewisville assumed the operations of DCFWSD #1A during FY 2022.

The Northeast Regional Water Reclamation System (NERWRS) is composed of the Riverbend and Doe Branch Plants. Riverbend currently provides wastewater treatment service to Mustang Special

Utility District (MSUD), Providence Village, and DCFWSD's #8A, #10, and #11. The Doe Branch Plant provides wastewater treatment services to Celina, Prosper, MSUD and DCFWSD #10. The combined budgeted contracted capacities for the two plants in FY 23 is 7.107 mgd.

The Peninsula plant is also located in Northeast Denton County and became operational in 2003. The Peninsula plant serves Mustang SUD. Peninsula has a budgeted FY 23 contracted capacity of 1.205 mgd.

The other sub funds include the Household Hazardous Waste Program. The District's Growth Project is used to account for the acquisition of land for projects. Administration and Project Development are used to report administrative fee revenue and expenses and to account for various expenses before the construction of projects begins.

Discrete component unit

The UTCT is a component unit of the District that was established in June 2010. The purpose of the UTCT is to receive, acquire, invest and maintain financial, real property and other assets for the purpose of protecting designated watersheds and water quality. The District appoints the board members that are separate from the District's Board of Directors and provides significant funds for the UTCT's operations. Therefore, the UTCT is accounted for as a discretely presented component unit, which is reported as a business type activity, as it charges fees for services to users. The UTCT does not issue separate financial statements.

- B. **Fund Accounting** — The accounts of the District are organized into one Enterprise Fund, a proprietary fund. The operations of the fund are accounted for using a set of self-balancing accounts that comprise the fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, excluding depreciation and amortization) of providing services to the contracting users on a continuing basis be financed or recovered primarily through user charges; and for which the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, management control, accountability or other purposes.
- C. **Basis of Accounting** — The proprietary fund is accounted for on a cost of services or “economic resources” measurement focus, using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing services. Operating expenses include the cost of providing the services, administrative expenses, depreciation of capital assets and general overhead. General overhead expenses such as the District's management and support staff's salary, benefits, supplies, rent and utilities are allocated to all operating systems and construction projects based on percentage of the total expenses for the year. All other expenses and revenues not meeting the definition outlined above are reported as non-operating revenues and expenses.

Rates charged for services to member and customer entities are established during the budget process and approved by the Board of Directors for each fiscal year. The Board provides final approval for the next fiscal year rates during the September meeting preceding the end of the fiscal year.

- D. **Cash, Cash Equivalents, and Investments** — Cash equivalents are defined as cash, public funds investment pools, and investments purchased within three months of maturity. Investments are recorded at fair value, with the exception of TexPool which is reported at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District reports cash and cash equivalents related to the acquisition or construction of capital assets or for debt service as a restricted non-current asset.

- E. **Restricted Cash and Cash Equivalents** — Certain cash and cash equivalents related to the acquisition or construction of capital assets and certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants and agreements. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed. This is exemplified in the resources first being used for debt service payments and construction costs. Escrow funds are held in the District’s name but are restricted for construction. The following table lists the categories and amounts of cash and cash equivalents that are restricted.

<u>Restricted Cash and Cash Equivalents</u>	<u>Amount</u>
<u>Non-current Restricted Cash and Cash Equivalents</u>	
Interest and Sinking Reserve	\$ 2,412,603
Debt Service Reserve	18,858,328
Construction Funds	18,871,741
Board Participation cash	187,604,469
Board Participation cash held in escrow	20,681,895
State Water Infrastructure Fund for Texas (SWIFT) - cash	3,887,105
State Water Infrastructure Fund for Texas (SWIFT) - escrow	11
Total Non-current Restricted Cash and Cash Equivalents	<u>252,316,152</u>
 Total Restricted Cash and Cash Equivalents	 <u><u>\$ 252,316,152</u></u>

- F. **Capital Assets** — Capital assets are recorded at historical cost. In the case of gifts or contributions, such assets are recorded at their acquisition value at the time received. Depreciation on property, plant and equipment in the financial statements are recorded for each major class of depreciable property utilizing the straight-line method over the following estimated useful lives:

Furniture and equipment	3–15 years
Plant/pipeline facilities	10–50 years
Reservoirs	50 years
Water Rights	100 years

The District’s capitalization threshold for assets is \$5,000. A full year of depreciation on plant/pipeline facilities is taken in the fiscal year following the year the asset is put in service.

- G. **Capital Contributions** – The District periodically receives capital contributions from various member entities for the construction and improvements of the District’s systems. It is the policy of

the District to recognize these contributions as revenue in the year it is received and to restrict the related net position. The cash received would be classified as restricted. Generally, as agreed upon by the contributing entities and the District, any unused funds are restricted for future system related improvements.

- H. **Compensated Absences** — The District’s employees earn vacation and sick leave that may be used or accumulated up to certain limits. Unused vacation is paid upon retirement, termination or death. Unused sick leave is reduced to a percentage of the accumulated balance when paid upon retirement, certain terminations or death.

A liability is recorded for vacation and sick leave earned by employees attributable to past service. The maximum amount of vacation that can be accrued is equal to 2 years of annual eligibility for each employee. The maximum amount of sick leave that can be accrued is 1,200 hours for each employee. Employees are eligible to take accrued sick leave and vacation after 30 days and 6 months, respectively, from initial employment with the District.

The District calculates the current portion of the compensated absences liability based on a 3-year rolling average of amount used by employees. In addition, a liability is recorded for certain salary-related payments associated with the payment of accrued vacation and sick leave. Current portion of \$862,734 is included in accrued wages and benefits.

As of September 30, 2023, liabilities relating to accrued vacation and sick leave have been recorded as shown:

	Sick Leave	Vacation
Beginning of fiscal year	\$ 907,037	\$ 901,971
Decrease	(237,318)	(542,157)
Increase	324,915	603,878
End of fiscal year	<u>\$ 994,634</u>	<u>\$ 963,692</u>

- I. **Net Position** – Net position on the Statements of Net Position includes the following:

Net investment in capital assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums, discounts and excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets. It does not include long-term accrued interest on State Participation debt.

For the calculation of this portion of net position for individual projects as sub-funds, all debt related to capital assets is considered. For the entity-wide financial statements, loans between sub-funds are not included for the calculation of net investment in capital assets, because the debt is not owed to an outside party and does not represent a debt of the District as a whole.

Restricted for Debt Service – the component of net position that reports the difference between assets to be used for debt service and associated liabilities.

Restricted Contributions for Capital Improvements – the component of net position that reports the amounts restricted for capital improvements.

Unrestricted – the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not reported in Net Investment in Capital Assets and Restricted Net Position.

2. CASH AND INVESTMENTS

The Board designates Wells Fargo to serve as the depository for the funds of the District in accordance with its enabling statute. To the extent that funds held by the depository bank are not insured by the Federal Deposit Insurance Corporation (FDIC), they are secured in the manner provided by law of the State of Texas. At September 30, 2023, the District's cash and cash equivalents included deposits with carrying amount of \$12,994,271 for the District and \$115,878 for the UTCT. The bank balance as of September 30, 2023 was \$15,145,287 for the District and \$115,878 for the UTCT. Both bank balances at September 30, 2023, were entirely covered by federal depository insurance or by collateral held by District's independent third-party agent (BNY Mellon) in the District's name.

The District also holds a FDIC insured and fully collateralized deposit with Farmer's Bank and Trust. The collateral is a Direct Letter of Credit issued by Farmer's Bank and Trust on behalf of the District. At September 30, 2023, the amount deposited with Farmer's Bank and Trust was \$1,084,794.

The District also has money market and short-term government securities investments held in escrow accounts with BNY Mellon and Bank of Oklahoma Financial (BOK) with monies borrowed from the Texas Water Development Board (TWDB). The escrow investments in both BNY Mellon and BOK are Level 2 investments. All investments are measured at fair value. All escrow accounts require approval from the TWDB prior to funds being released to the District. At September 30, 2023, the District had \$20,681,906 held in these escrow accounts.

Statutory Risks – Investments – To ensure that the District is in compliance with all applicable laws, the District adheres to a Board approved Investment Policy in accordance with Chapter 2256, Texas Government Code (Texas Public Funds Investment Act).

Interest Rate Risk — In accordance with the District's Board approved investment policy and with Chapter 2256, Texas Government Code (Texas Public Funds Investment Act), investments are made to ensure the primary objective of preservation of capital and the safety of principal in the overall portfolio. Interest rate earnings and reasonable returns are the secondary objectives. As a result, each investment transaction seeks to ensure first that capital losses are avoided, whether they be from security defaults or erosion of market value. Therefore, the District does not expose itself to significant interest rate risk.

Credit Risk — In accordance with the District's Board approved investment policy and with Chapter 2256, Texas Government Code (Texas Public Funds Investment Act), the District's investments in public funds investment pools include investments with TexPool. As of September 30, 2023, TexPool was rated as an AAA by Standard & Poor's. TexPool is a public funds investment pool created by the Treasurer of the State of Texas, acting and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as a custodian of investments purchased with local investment funds in full compliance with the Public Funds Investment Act. As of September 30, 2023, the District's investment in TexPool was \$332,708,696.

Custodial Credit Risk – Investments — For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by third parties are held in the District's name.

Public Funds Investment Act – The District adheres to the requirement of the Act in the areas of investment practices.

The District recognizes the net unrealized gain/loss on investments as investment income/loss.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. These three levels are as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that a government can access at the measurement date. An active market for the asset or liability is a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Accordingly, a quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. If an asset or liability has a specified term to maturity, then to qualify for Level 2 designation, an input must be observable for substantially the full term to maturity of the asset or liability.

Level 2 inputs include the following: (a) Quoted prices for similar assets or liabilities in active markets; (b) Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); (c) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, prepayment speeds, loss severities, credit risks, and default rates); (d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market--corroborated inputs).

Level 3- Inputs that are unobservable for an asset or liability.

TexPool

The \$332,708,696 of District's investments in Texpool is in a public funds investment pool which measures its investments at amortized cost in accordance with GASB Statement 79. The District has accordingly measured its investments in Texpool at amortized cost and as such, they are not subject to the fair value hierarchy categorization.

3. CONTRACTUAL AGREEMENTS RECEIVABLE

Contractual Agreements made with other entities refers to financing provided by the District for facilities for the benefit of Mustang SUD and Providence Village. The amount of \$2,355,714 represents the principal and interest to be paid by these entities, of which \$267,570 is recorded in accounts receivable from customers is to be repaid in the next fiscal year.

4. UNEARNED REVENUE

The unearned revenue amount is comprised of the total interest that will be earned in future periods from Contractual Agreements. The unearned revenue will be recognized as revenue in future periods when service is performed.

5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2023:

	Beginning Balance	Additions	Retirements/ Adjustments	Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 15,661,388	\$	\$	\$ 736,216	\$ 16,397,604
Construction in progress:					
Land - General purpose	1,524,934	847,603		(736,216)	1,636,321
Reservoir land	53,711,031	4,600,197			58,311,228
Other construction costs	233,495,496	165,156,662	(226,400)	(43,823,191)	354,602,567
	<u>304,392,849</u>	<u>170,604,462</u>	<u>(226,400)</u>	<u>(43,823,191)</u>	<u>430,947,720</u>
Total capital assets not being depreciated					
Capital assets that are being depreciated:					
Plant/pipeline facilities	521,552,423	137,172	(75,915)	43,823,191	565,436,871
Water rights	9,324,753				9,324,753
Reservoirs	1,556,416				1,556,416
Furniture and equipment	7,683,786	910,400	(301,206)		8,292,980
	<u>540,117,378</u>	<u>1,047,572</u>	<u>(377,121)</u>	<u>43,823,191</u>	<u>584,611,020</u>
Less accumulated depreciation for:					
Plant/pipeline facilities	187,688,183	14,583,679	(75,915)		202,195,947
Water rights	3,005,304	91,586			3,096,890
Reservoirs	498,048	31,128			529,176
Furniture and equipment	4,361,536	471,384	(260,850)		4,572,070
	<u>195,553,071</u>	<u>15,177,777</u>	<u>(336,765)</u>		<u>210,394,083</u>
Total depreciable capital assets — net	<u>344,564,307</u>	<u>(14,130,205)</u>	<u>(40,356)</u>	<u>43,823,191</u>	<u>374,216,937</u>
Capital assets — net	<u>\$ 648,957,156</u>	<u>\$ 156,474,257</u>	<u>\$ (266,756)</u>	<u>\$ -</u>	<u>\$ 805,164,657</u>

6. NOTES PAYABLE, LONG-TERM DEBT, AND OTHER LIABILITIES

Long-term debt of the District at September 30, 2023 includes bonded indebtedness consisting of revenue bonds payable, State and Board Participation debt, notes payable, related non-current accrued interest payable, and other financing proceeds not to be repaid within one year. Revenues from customers participating in these projects will be used to pay debt service on the long-term debt.

The District entered into a master agreement with the Texas Water Development Board (TWDB) on February 20, 2002 related to the Northeast Water Reclamation System and received \$2,325,000 of State Participation funding. The funding was for improvements to pump stations and transmission and distribution pipelines.

On October 1, 2015, the District entered into another master agreement related to the Regional Treated Water System and received \$15,565,000 of Board Participation funding as part of the State Water Infrastructure Fund for Texas (SWIFT) Program of the TWDB. On October 3, 2019, November 5, 2020, December 2, 2021 and December 1, 2022, the District amended and restated the Master Agreement for the Regional Treated Water System in order to receive an additional \$30,000,000, \$120,000,000, \$146,105,000, and \$119,100,000 respectively, of Board Participation. The funding is for land purchases and construction costs related to the Lake Ralph Hall and the Northeast Pipeline Projects.

Under the master agreements regarding State Participation and Board Participation funding, the District is allowed to defer payment of a portion of interest costs until future periods. However, the full amount of the interest is currently being expensed on an annual basis. The amount of unpaid interest is being recorded as a non-current liability under long-term accrued interest. The District has a remaining balance of \$30,170,458 in long-term accrued interest as of September 30, 2023.

In addition to the Board Participation funding for Lake Ralph Hall, the District received \$29,115,000 in FY 2016 and \$15,000,000 in FY 2021 of Deferred Interest funding for Lake Ralph Hall as part of the SWIFT Program. Under this program, the District pays no principal or interest until FY 2024. During that period, interest is also not accrued. The District classifies Deferred Interest funding as senior lien revenue bonds for financial reporting purposes.

Through December 2022, the District continued to make use of its Variable-Rate Commercial Paper program for the RTWS. The Variable-Rate Commercial Paper program was established during fiscal year 2005 through partnerships with Banc of America Securities, LLC and Wachovia Bank, N.A. (now replaced by US Bank). The Variable-Rate Commercial Paper program enabled the District to drawdown the funds when necessary to pay for capital improvement expenditures and to rollover the principal portions of the liability until the District sees fit to retire the principal balance. The Variable-Rate Commercial Paper program included a long-term irrevocable financing option in the form of a Letter of Credit (LOC) in the amount of \$75,000,000; with an expiration date of December 2022. During the year ended September 30, 2023, the District used the LOC to pay principal and interest amounts on the Variable-Rate Commercial Paper program.

The District ended the LOC in December 2022. The District repaid the interest amounts drawn on the LOC from revenues of the RTWS and the principal amounts drawn on the LOC from the proceeds of new draws on a Variable-Rate Direct Purchase Note program with PNC Bank, NA (PNC). As of year-end, there was no balance owed by the District on the LOC.

The Variable-Rate Direct Purchase program, like the Variable-Rate Commercial Paper program, enables the District to drawdown the funds when necessary to pay for capital improvement expenditures and to rollover the principal portions of the liability until the District sees fit to retire the principal balance. In accordance with the terms of the Variable-Rate Direct Purchase agreement (“Agreement”), the District has recorded the amount outstanding as of year-end as a long-term liability in the Statement of Net Position. The Agreement has a limit of \$75,000,000, and expires November 2025. The Agreement carries an annual interest rate not to exceed 15% and can be used as a liquidity facility to ensure direct payment of principal and interest of the maturities of the Variable-Rate Direct Purchase Note program as they become due. For fiscal year 2023, the annual interest rate for Variable-Rate Direct Purchase Notes issued ranged from 3.43% to 4.76%.

If market conditions provide favorable interest rates for long-term debt, the District may refund a part or all of the Variable-Rate notes outstanding at any point in the future. In FY 2023, the District did not refund any variable-rate notes. The outstanding principal balance of the Variable-Rate Note program as of September 30, 2023 was \$60,805,000.

Also included as a significant portion of the District’s long-term debt is the obligation due to the Army Corps of Engineers for Chapman Lake Water Rights through the City of Commerce. The District had a remaining balance of \$4,448,599. See note 7 for further explanation of this obligation.

The District had a remaining balance of \$9,878,422 of Notes Payable as of September 30, 2023. The District received these funds from certain fresh water supply districts for the construction of wastewater systems. These notes have no interest costs or payment schedule associated with them. The District may repay the Notes Payable at such time as the respective service areas have developed sufficiently that the District deems it appropriate to arrange other long-term financing or repay amounts available from non-restricted assets. The notes payable are reduced by 90% of the permit fees received by the District from the Denton County Fresh Water Supply Districts.

Total activity for notes payable, long-term debt and other liabilities for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 345,845,000		\$ (17,970,000)	\$ 327,875,000	\$ 19,335,000
Board/State participation	313,670,000	119,100,000	(110,000)	432,660,000	115,000
Premium	16,143,245		(1,753,392)	14,389,853	
	<hr/>				
Revenue bonds and board / state participation debt	<u>675,658,245</u>	<u>119,100,000</u>	<u>(19,833,392)</u>	<u>774,924,853</u>	<u>19,450,000</u>
Variable-Rate Commercial Paper	8,500,000	2,000,000	(10,500,000)	\$ -	
Variable-Rate Direct Purchase Notes	-	144,025,000	(83,220,000)	\$ 60,805,000	
Water supply obligation	4,562,489		(113,890)	4,448,599	117,595
Notes payable	9,930,172		(51,750)	9,878,422	
Non-current accrued interest	16,546,864	13,623,594		30,170,458	
	<hr/>				
Other long-term liabilities	<u>39,539,525</u>	<u>159,648,594</u>	<u>(93,885,640)</u>	<u>105,302,479</u>	<u>117,595</u>
	<hr/>				
Total notes payable, long-term debt and other liabilities	<u>\$ 715,197,770</u>	<u>\$ 278,748,594</u>	<u>\$ (113,719,032)</u>	<u>\$ 880,227,332</u>	<u>\$ 19,567,595</u>

The following is a detailed listing of the long-term debt of the District as of September 30, 2023:

Series	Amount	Final Maturity	Interest Rates
Regional Treated Water System Revenue Bonds			
Series 2013 (Refunding)	\$ 8,875,000	2030	3.11%
Series 2015 (Refunding)	22,550,000	2044	2.00 - 5.00%
Series 2015A (SWIFT)	29,115,000	2045	2.14 - 4.11%
Series 2016	13,240,000	2032	2.00 - 5.00%
Series 2017 (Refunding)	15,495,000	2047	2.00 - 4.00%
Series 2018	6,335,000	2043	1.40 - 3.01%
Series 2019 (SWIFT)	16,015,000	2044	0.96 - 2.46%
Series 2019A (Refunding)	17,935,000	2049	2.50 - 4.00%
Series 2020 (Refunding)	5,425,000	2026	4.00 - 5.00%
Series 2020A	14,080,000	2045	0.11 - 2.20%
Series 2020B	15,000,000	2050	0.94 - 3.09%
Series 2021	36,230,000	2051	2.00 - 4.00%
Series 2022 (Refunding)	42,305,000	2052	4.00 - 5.00%
Lakeview Water Reclamation System Revenue Bonds			
Series 2012 (Refunding)	675,000	2028	2.00 - 4.00%
Series 2012A (Refunding)	6,525,000	2028	2.00 - 5.00%
Series 2014 (Refunding)	1,505,000	2030	2.00 - 3.50%
Series 2015	2,425,000	2035	2.00 - 4.00%
Series 2020 (Refunding)	2,725,000	2030	2.00 - 3.00%
Northeast Water Reclamation System Revenue Bonds			
Series 2016 (D-Fund)	11,435,000	2045	1.57 - 3.63%
Series 2017 (D-Fund)	23,740,000	2045	1.88 - 4.28%
Series 2019 (Refunding)	24,820,000	2048	3.00 - 5.00%
Series 2022	10,690,000	2047	5.00%
Peninsula Water Reclamation Plant Revenue Bonds			
Series 2016	735,000	2035	2.00 - 3.00%
Total Revenue Bonds	\$ 327,875,000		
Regional Treated Water System Board Participation			
Series 2015	\$ 15,565,000	2050	3.98 - 4.11%
Series 2019	30,000,000	2054	1.27 - 3.46%
Series 2020	120,000,000	2055	2.41 - 3.09%
Series 2021	135,500,000	2056	2.65 - 3.27%
Series 2021A	10,605,000	2056	2.65 - 3.27%
Series 2022	110,000,000	2057	4.74 - 4.97%
Series 2022A	9,100,000	2057	4.74 - 4.97%
Northeast Water Reclamation System State Participation			
Series 2003	\$ 1,890,000	2036	5.58 - 5.78%
Total Board/State Participation	\$ 432,660,000		
Regional Treated Water System Water Rights			
Initial Water	\$ 923,264	2040	3.25%
Future Water	3,525,335	2050	3.25%
Total Water Rights	\$ 4,448,599		

The District plans to repay both the principal and interest on the Revenue Bonds, State/Board Participation and Water Supply Obligation based on the following schedule:

Years ending September 30:	Revenue Bonds		Board /State Participation		Water Supply Obligation		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	19,335,000	\$ 11,279,177	\$ 115,000	\$ 1,423,032	\$ 117,595	\$ 144,713	\$ 32,414,516
2025	20,485,000	10,953,226	120,000	2,503,612	121,421	140,888	34,324,146
2026	19,095,000	10,163,584	125,000	4,188,087	125,370	136,938	33,833,980
2027	17,430,000	9,452,638	135,000	5,115,959	129,449	132,859	32,395,905
2028	16,975,000	8,804,715	145,000	6,791,319	133,660	128,648	32,978,343
2029 - 2033	65,620,000	37,589,475	845,000	62,214,396	736,416	575,124	167,580,412
2034 - 2038	59,640,000	26,099,428	2,795,000	76,264,362	864,245	447,296	166,110,331
2039 - 2043	57,500,000	15,518,541	52,680,000	74,375,776	874,884	299,509	201,248,711
2044 - 2048	40,060,000	5,659,127	129,495,000	58,563,302	800,214	168,459	234,746,102
2049 - 2053	11,735,000	853,867	149,635,000	33,905,992	545,345	35,859	196,711,064
2054 - 2058			96,570,000	8,123,575			104,693,575
Total	\$ 327,875,000	\$ 136,373,778	\$ 432,660,000	\$ 333,469,412	\$ 4,448,599	\$ 2,210,294	\$ 1,237,037,083

Debt of the District’s water, wastewater and non-potable systems includes revenue refunding and revenue bonds, State/Board Participation funding, Water Supply Obligation and payments related to Commercial Paper. This debt is secured by and payable from net revenues of each of the District’s systems. Some of the District’s debt contains provisions that allow the District to prepay or call the debt.

Specifically, net revenues of the District’s various systems have been pledged for repayment of the District’s outstanding debt. All debt was originally issued to provide for construction of the various systems. The pledge continues for the life of the debt. For the Regional Treated Water System, net pledged revenues for the year ended September 30, 2023 were \$51,352,436 and actual annual debt service was \$24,266,610. For the Lakeview Regional Water Reclamation System, net pledged revenues were \$5,123,782 and actual annual debt service was \$3,033,468. For the Northeast Regional Water Reclamation System, net pledged revenues were \$6,955,524 and actual annual debt service was \$4,471,066. For the Peninsula Water Reclamation Plant, net pledged revenues were \$775,425 and actual annual debt service was \$71,494.

The District uses a method that approximates the effective interest rate to amortize premiums and discounts on bond issuance.

There is no amortization schedule for the Direct Purchase Notes or Notes Payable because these liabilities have undetermined payment schedules.

7. CHAPMAN RESERVOIR WATER RIGHTS/WATER SUPPLY OBLIGATIONS

In 1990 the District entered into a 50–year contract with the City of Commerce, Texas to obtain raw water rights in Chapman Reservoir. On January 31, 2006, the Corps of Engineers (COE) notified the Sulphur River Municipal Water District (SRMWD) of its final accounting for construction. The final construction cost allocated to water supply was \$14,930,738. The District’s share of SRMWD’s obligation is 41.81%, or \$6,242,542. As of September 30, 2023, the District had paid \$1,793,943 for principal, leaving a remaining liability of \$4,448,599. Inclusive of capitalized costs during the construction period of the reservoir, the net book value, net of amortization, of the District’s water rights was \$6,227,863 at September 30, 2023.

During FY 2019, the contract was extended for an additional 50 years. Therefore, the District changed the amortization of its water rights over the new life of the contract, on a straight-line basis for 100 years.

8. LEASES

During fiscal year 2023, the District leased out office space from buildings the District owns. The District recognized \$92,791 of lease revenue and \$7,374 of interest revenue during the fiscal year 2023 related to these leases. The District received \$89,951 in lease payments, \$82,859 in principal and \$7,092 in interest. As of September 30, 2023, the District's total lease receivable for lease payments was \$248,924. Also, the District has a deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2023, the balance of the deferred inflows of resources was \$238,384.

9. EMPLOYEES' RETIREMENT PLANS

Defined Contribution Plan — A retirement plan is provided for all regular employees of the District and is administered by Mission Square (formerly ICMA Retirement Corporation). It is a single-employer defined contribution retirement plan created in accordance with Internal Revenue Code Section 401(a), which provides retirement benefits for all regular employees. The retirement plan is established by the District's Board, which may periodically amend the plan and its respective contributions. The District's employer contribution to the 401(a) plan is 10% of the employees' gross compensation.

Employees hired before October 1, 2000, become fully vested after five years of employment or upon attaining age 60, whichever occurs first, and are eligible to receive benefits upon retirement. Full vesting for employees hired after September 30, 2000, occurs at seven years of employment or upon reaching age 62, whichever occurs first.

During fiscal year 2023, the District contributed the required employer contribution of 10% of the employees' gross compensation. The District also contributed the required employees' contribution of 6.2% of the employees' gross compensation pursuant to the IRC Section 414(h)(2) Pick-Up Election under the Plan. Under the Pick-Up Election, any plan established by a governmental unit can have its employees tax defer the required employee contribution since the employer "picks-up" the required contribution from the employee and makes the payment to the Plan on behalf of the employee. The employer and employee contributions were \$1,250,224 and \$662,524 respectively, based on a covered payroll of \$10,685,856. Total payroll for the District was \$11,266,644.

The District makes contributions to the 401(a) plan by matching, dollar-for-dollar, employees' contributions to the deferred compensation plan, discussed below, up to 2% of each employee's gross income. The District contributed \$114,851 to the 401(a) plan as a result of employee contributions into the deferred compensation plan.

The market value of the balance in the District's forfeiture account at September 30, 2023 was \$71,484.

Deferred Compensation Plan — The District also offers its regular employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years. Any withdrawal requires a penalty, except upon termination, retirement, death or an unforeseeable emergency. The District does not make any contribution to the deferred compensation plan.

All amounts of compensation deferred under the plan are placed into a trust for the benefit of participants. The plan is administered by Mission Square. These deferred amounts; all property and rights with those amounts, and all income attributable to those amounts are solely the property and rights of the employees. As such, these assets are not included in the financial statements of the District as of September 30, 2023.

10. CONTRIBUTIONS

The District recorded a total of \$1,963,646 in capital contributions in fiscal year 2023. The contributions received by the District were for the Water and Northeast Water Reclamation Systems.

The UTCT recorded a total of \$25,000 in contributions. The contributions were received from the District. The contributions were made to assist the financial position of the UTCT.

11. SEGMENT INFORMATION

The three condensed schedules on the next two pages represent a breakdown of the financial information of the three major segments of the District. The Water segment is composed of the Regional Treated Water System; the Water Reclamation segment is composed of the Lakeview System, the Northeast Water Reclamation System and the Peninsula Water Reclamation Plant; the Non-Potable Segment is composed of the Non-Potable Water System.

Condensed Schedule of Net Position by Segment	September 30, 2023				
	Water	Water Reclamation			Non-Potable
		Lakeview	Riverbend/Doe Branch	Peninsula	
Assets:					
Current assets	\$ 97,976,924	\$ 14,311,812	\$ 10,586,545	\$ 2,565,406	\$ 1,008,861
Non-current assets	2,398,121				
Restricted assets	226,309,510	2,358,514	21,736,314	1,488,170	423,644
Capital assets	<u>645,750,778</u>	<u>31,122,447</u>	<u>98,649,420</u>	<u>27,803,265</u>	<u>1,160,232</u>
Total assets	<u>972,435,333</u>	<u>47,792,773</u>	<u>130,972,279</u>	<u>31,856,841</u>	<u>2,592,737</u>
Deferred outflows of resources					
Deferred loss on refunding of debt	<u>355,592</u>	<u>64,777</u>	<u>21,273</u>		
Total Deferred outflow	<u>355,592</u>	<u>64,777</u>	<u>21,273</u>		
Liabilities:					
Current liabilities	5,893,487	349,195	657,286	142,698	20,918
Liabilities payable from restricted assets	52,984,319	2,294,669	4,423,696	1,035,907	284
Non-current liabilities	<u>764,694,589</u>	<u>12,158,300</u>	<u>83,826,977</u>	<u>704,857</u>	<u>605</u>
Total Liabilities	<u>823,572,395</u>	<u>14,802,164</u>	<u>88,907,959</u>	<u>1,883,462</u>	<u>21,807</u>
Deferred inflows of resources					
Deferred inflow from bond refunding gain	<u>356,869</u>	<u>3,791</u>			
Total Deferred inflow	<u>356,869</u>	<u>3,791</u>			
Net position:					
Net investment in capital assets	74,403,159	17,649,090	23,513,591	26,089,091	1,160,232
Restricted:					
For debt service		2,194,576	4,812,848	76,031	
Contributions for capital improvements			4,009,560	1,419,753	
Unrestricted	<u>74,458,502</u>	<u>13,207,929</u>	<u>9,749,594</u>	<u>2,388,504</u>	<u>1,410,698</u>
Total net position	<u>\$ 148,861,661</u>	<u>\$ 33,051,595</u>	<u>\$ 42,085,593</u>	<u>\$ 29,973,379</u>	<u>\$ 2,570,930</u>

Condensed Schedule of Revenues, Expenses, and Changes in Net Position by Segment	Year Ended September 30, 2023				
	Water	Water Reclamation			Non-Potable
		Lakeview	Riverbend/Doe Branch	Peninsula	
Total Revenue	\$ 65,948,719	\$ 7,370,148	\$ 11,643,771	\$ 1,486,514	\$ 175,441
Depreciation	(8,986,087)	(1,635,728)	(4,132,398)	(317,435)	(61,654)
Other operating expenses	<u>(29,031,911)</u>	<u>(2,927,497)</u>	<u>(6,081,585)</u>	<u>(996,320)</u>	<u>(106,436)</u>
Operating income	<u>27,930,721</u>	<u>2,806,923</u>	<u>1,429,788</u>	<u>172,759</u>	<u>7,351</u>
Non-operating revenues (expenses):					
Interest income	14,435,628	681,131	1,393,338	285,231	40,546
Interest expense	(22,820,483)	(485,760)	(2,928,781)	(21,237)	
Gain/Loss on Disposal of capital assets	18,398	5,559	550	113	57
Net non-operating revenues (expenses)	<u>(8,366,457)</u>	<u>200,930</u>	<u>(1,534,893)</u>	<u>264,107</u>	<u>40,603</u>
Net income (loss) before contributions and transfers	19,564,264	3,007,853	(105,105)	436,866	47,954
Contributions for capital improvements	1,542,000		421,646		
Transfers from (to) other systems	<u>167,620</u>	<u>(77,188)</u>	<u>(113,119)</u>	<u>(16,236)</u>	<u>(3,494)</u>
Change in net position	21,273,884	2,930,665	203,422	420,630	44,460
Beginning net position	<u>127,587,777</u>	<u>30,120,930</u>	<u>41,882,171</u>	<u>29,552,749</u>	<u>2,526,470</u>
Total net position - End of year	<u>\$ 148,861,661</u>	<u>\$ 33,051,595</u>	<u>\$ 42,085,593</u>	<u>\$ 29,973,379</u>	<u>\$ 2,570,930</u>

Condensed Schedule of Cash Flows by Segment	Year Ended September 30, 2023				
	Water	Water Reclamation			Non-Potable
		Lakeview	Riverbend/Doe Branch	Peninsula	
Net cash provided (used) by:					
Operating activities	\$ 36,350,738	\$ 4,895,203	\$ 4,805,580	\$ (1,264,598)	\$ 119,315
Capital and related financing activities	3,692,220	(3,412,272)	(8,764,048)	(8,046,602)	(10,813)
Investing activities	<u>14,435,628</u>	<u>681,131</u>	<u>1,393,338</u>	<u>285,231</u>	<u>40,546</u>
Net increase (decrease)	54,478,586	2,164,062	(2,565,130)	(9,025,969)	149,048
Cash and cash equivalents — beginning of year	<u>260,783,758</u>	<u>13,732,197</u>	<u>31,870,833</u>	<u>12,890,564</u>	<u>1,266,170</u>
Cash and cash equivalents — end of year	<u>\$ 315,262,344</u>	<u>\$ 15,896,259</u>	<u>\$ 29,305,703</u>	<u>\$ 3,864,595</u>	<u>\$ 1,415,218</u>

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; workers' compensation; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are managed through the purchase of commercial insurance policies. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The District has a partially self-funded health care insurance program. This is subject to stop-loss of \$35,000 per year per covered person. The District had estimated partially self-funded health insurance liabilities as follows:

	<u>Year ended</u> <u>9/30/23</u>	<u>Year ended</u> <u>9/30/22</u>	<u>Year ended</u> <u>9/30/21</u>
Unpaid claims, beginning of fiscal year	\$ 290,868	\$ 236,000	\$ 191,000
Incurred claims (including IBNR*)	2,339,247	1,686,544	1,985,925
Claim payments	<u>(2,277,198)</u>	<u>(1,631,676)</u>	<u>(1,940,925)</u>
Unpaid claims, end of fiscal year	<u>\$ 352,917</u>	<u>\$ 290,868</u>	<u>\$ 236,000</u>

No significant reductions in insurance coverage have occurred. No settlements have exceeded coverage in the past three years.

*IBNR – Incurred But Not Reported.

13. COMMITMENTS AND CONTINGENCIES

The District frequently enters into contractual commitments for construction of water and wastewater facilities, pipelines and other related construction costs. Commitments for construction projects not completed at September 30, 2023, had a total contracted amount of \$625,935,151 of which \$224,699,119 has been spent. Funds to pay these obligations are provided by debt proceeds, internally generated capital (Non-Bond Reserve Funds) and from entities that participate in projects.

The District from time to time is the condemnor in eminent domain cases and is subject to other suits in the normal course of business, for which the ultimate cost is unknown. The exposure to the District in condemnation matters depends on testimony as to the value of the right taken. Management does not expect the potential exposure in these cases to be material, and has not recorded an accrual at September 30, 2023.

14. SUBSEQUENT EVENTS

During December 2023, the District received \$76,595,000 of Board Participation Funds from the Texas Water Development Board for the Regional Treated Water System. These funds have interest rates between 4.75% and 4.96%. The final repayment of these funds will occur in 2058.

In December 2023, the District Issued \$30,450,000 in refunding bonds. These bonds refunded \$30,000,000 of variable-rate Direct Purchase Notes. These Bonds have interest rates between 5.00% and 5.25%. The final repayment of these bonds will occur in 2053.

The District issued an additional \$14,195,000 in Variable-Rate Direct Purchase Notes for the Regional Treated Water System in October 2023 for 4.65%, prior to the termination in early December of the Variable Rate Direct Purchase Notes Agreement with PNC. Also, the District issued a total of \$55,231,000 in December 2023 and January 2024 from its \$100,000,000 Variable-Rate Revolving Credit Facility that was newly established on December 2023 with Wells Fargo, NA Bank, and expires December 2026. The issuances from the Variable -Rate Revolving Credit Facility had interest rates between 4.55% and 4.71%.

15. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following statements that are not yet effective:

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement is effective for the District in fiscal year ending September 30, 2025.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement is effective for the District in fiscal year ending September 30, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is effective for the District in fiscal year ending September 30, 2025.

Management has not yet determined the impact of the above statements on the basic financial statements.

Governmental Accounting Standards Board Statements Implemented in Current Fiscal Year:

During FY 2023, the District implemented Statement No. 91, *Conduit Debt Obligations*. There is no impact to the District's financial statements.

During FY 2023, the District implemented Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. There is no impact to the District's financial statements.

During FY 2023, the District implemented Statement No. 96, *Subscription-Based Information Technology Arrangements*. There is no impact to the District's financial statements.

During FY 2023, the District implemented certain provisions of GASB Statement No. 99, *Omnibus 2022*. There is no impact to the District's financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTAL SYSTEM AND PROJECT SCHEDULES

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF NET POSITION - SYSTEMS AND PROJECTS

September 30, 2023

	Water Reclamation			
	Water Regional Treated Water System	Lakeview Water Reclamation System	Riverbend and Doe Branch Water Reclamation Plants	Peninsula Water Reclamation Plant
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 86,336,599	\$ 13,178,220	\$ 6,843,546	\$ 2,210,371
Cash and cash equivalents-health self-insurance	2,616,235	359,525	725,843	166,054
Accounts receivable	8,842,338	766,368	3,006,002	185,862
Interest receivable				
Leases Receivable, Current Portion				
Intersystem notes receivable	118,414			
Prepaid expenses	61,238	7,699	11,154	3,119
Other current assets	2,100			
Total current assets	<u>97,976,924</u>	<u>14,311,812</u>	<u>10,586,545</u>	<u>2,565,406</u>
NON-CURRENT ASSETS:				
Accounts Receivable - Northlake	309,977			
Leases Receivable Noncurrent Portion				
Contractual Agreements Receivable	2,088,144			
Restricted assets:				
Board Participation:				
Cash and cash equivalents	187,604,469			
Cash held in escrow	20,681,895			
SWIFT:				
Cash and cash equivalents	3,768,696			
Cash held in escrow	11			
2018 Cash and cash equivalents	118,409			
2018 Cash held in escrow				
Construction Fund:				
Cash and cash equivalents	597,049	81,970	16,360,163	1,408,915
TWDB Dfund cash held in escrow				
Investments				
Debt Reserve Fund:				
Cash and cash equivalents	12,123,836	2,194,078	4,464,497	75,917
I & S Reserve Fund:				
Cash and cash equivalents	1,415,145	82,466	911,654	3,338
Total Non-current assets	<u>228,707,631</u>	<u>2,358,514</u>	<u>21,736,314</u>	<u>1,488,170</u>
CAPITAL ASSETS:				
Land	12,656,266	1,254,432	2,220,866	213,113
Buildings	1,326,088	78,934	88,447	15,787
Furniture and equipment	4,065,887	2,174,317	1,114,862	229,368
Plant/pipeline facilities	354,215,812	52,240,255	122,276,147	32,355,142
Leased assets				
Water rights	9,324,753			
Reservoirs	1,556,416			
Less accumulated depreciation	(142,055,606)	(28,531,908)	(32,767,941)	(5,010,145)
Construction in progress:				
Land	1,636,320			
Reservoir land	58,311,229			
Other construction costs	344,713,613	3,906,417	5,717,039	
Total capital assets	<u>645,750,778</u>	<u>31,122,447</u>	<u>98,649,420</u>	<u>27,803,265</u>
Total Non-current assets	<u>874,458,409</u>	<u>33,480,961</u>	<u>120,385,734</u>	<u>29,291,435</u>
TOTAL ASSETS	<u>\$ 972,435,333</u>	<u>\$ 47,792,773</u>	<u>\$ 130,972,279</u>	<u>\$ 31,856,841</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Loss on debt refunding	355,592	64,777	21,273	
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 355,592</u>	<u>\$ 64,777</u>	<u>\$ 21,273</u>	<u>\$</u>

<u>Non-Potable</u>	<u>Solid Waste</u>	<u>Administration and Project Development</u>			<u>Component Unit</u>	
<u>Non-Potable Water System</u>	<u>Household Hazardous Waste Program</u>	<u>Growth Project</u>	<u>Administration and Capital Projects</u>	<u>Intersystem Elimination</u>	<u>Total</u>	
\$ 988,414	\$ 142,757	\$ 61,766	\$ 1,465,504	\$	\$ 111,227,177	\$ 115,878
3,160			55,521		3,926,338	
17,184			7,202		12,824,956	
			957		957	
			88,360		88,360	
				(118,414)		
103	34		153,843		237,190	557
					2,100	
<u>1,008,861</u>	<u>142,791</u>	<u>61,766</u>	<u>1,771,387</u>	<u>(118,414)</u>	<u>128,307,078</u>	<u>116,435</u>
					309,977	
			160,564		160,564	
					2,088,144	
					187,604,469	
					20,681,895	
					3,768,696	
					11	
					118,409	
423,644					18,871,741	
					18,858,328	
					2,412,603	
<u>423,644</u>			<u>160,564</u>		<u>254,874,837</u>	
					16,397,604	
27,966			24,961		1,657,577	
7,893			140,428		8,292,980	
14,927			693,619		563,779,294	
2,678,138			13,800			
					9,324,753	
					1,556,416	
(1,570,638)			(457,845)		(210,394,083)	
					1,636,320	
					58,311,229	
1,946			263,552		354,602,567	
<u>1,160,232</u>			<u>678,515</u>		<u>805,164,657</u>	
					1,060,039,494	
<u>1,583,876</u>			<u>839,079</u>		<u>1,188,346,572</u>	
<u>\$ 2,592,737</u>	<u>\$ 142,791</u>	<u>\$ 61,766</u>	<u>\$ 2,610,466</u>	<u>\$ (118,414)</u>	<u>\$ 1,188,346,572</u>	<u>\$ 116,435</u>
					441,642	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 441,642</u>	

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF NET POSITION - SYSTEMS AND PROJECTS

September 30, 2023

	Water	Water Reclamation		
	Regional Treated Water System	Lakeview Water Reclamation System	Riverbend and Doe Branch Water Reclamation Plants	Peninsula Water Reclamation Plant
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 5,220,222	\$ 252,399	\$ 329,574	\$ 96,112
Unearned revenue	43,285	271		
Accrued liabilities (arbitrage)	89,512		75,781	
Accrued wages & benefits	540,468	96,525	133,517	26,764
Other current liabilities				19,822
Intersystem notes payable			118,414	
Liabilities payable from restricted assets:				
Accrued interest payable	1,859,059	81,968	563,303	3,224
Accounts payable-construction	24,730,319	95,385	2,042,129	
Construction retainage payable	10,402,187		78,022	967,757
Current portion of long-term bonds	15,640,000	2,085,000	1,560,000	50,000
Current portion of long-term state participation			115,000	
Current portion of water supply obligation	117,595			
Unpaid self-insurance claims	235,159	32,316	65,242	14,926
Total current liabilities	<u>58,877,806</u>	<u>2,643,864</u>	<u>5,080,982</u>	<u>1,178,605</u>
Non-current liabilities, net of current portion				
Long-term bonds	238,113,745	12,071,397	72,059,132	685,579
Long-term board /state participation	430,770,000		1,775,000	
Variable rate debt	60,805,000			
Long-term water supply obligation	4,331,004			
Long-term accrued compensated absences	504,382	86,903	114,423	19,278
Notes payable			9,878,422	
Long-term accrued interest	30,170,458			
Total non-current liabilities	<u>764,694,589</u>	<u>12,158,300</u>	<u>83,826,977</u>	<u>704,857</u>
TOTAL LIABILITIES	<u>823,572,395</u>	<u>14,802,164</u>	<u>88,907,959</u>	<u>1,883,462</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow from bond refunding gain	356,869	3,791		
Deferred Inflow from Leases				
Total Deferred Inflows from Leases	<u>356,869</u>	<u>3,791</u>		
NET POSITION				
Net investment in capital assets	74,403,159	17,649,090	23,513,591	26,089,091
Restricted:				
For debt service		2,194,576	4,812,848	76,031
Contributions for capital improvements			4,009,560	1,419,753
Unrestricted	<u>74,458,502</u>	<u>13,207,929</u>	<u>9,749,594</u>	<u>2,388,504</u>
Total net position	<u>\$ 148,861,661</u>	<u>\$ 33,051,595</u>	<u>\$ 42,085,593</u>	<u>\$ 29,973,379</u>

<u>Non-Potable</u>	<u>Solid Waste</u>	<u>Administration and Project Development</u>			<u>Component Unit</u>	
<u>Non-Potable Water System</u>	<u>Household Hazardous Waste Program</u>	<u>Growth Project</u>	<u>Administration and Capital Projects</u>	<u>Intersystem Elimination</u>	<u>Total</u>	
\$ 20,003	\$ 20 10,100		\$ 281,281		\$ 6,199,611 53,656 165,293 1,154,162 19,822	\$ 8,003
915	68		355,905	(118,414)	2,507,554 26,867,833 11,447,966 19,335,000 115,000 117,595 352,918	
<u>284</u>			<u>4,991</u>		<u>352,918</u>	
<u>21,202</u>	<u>10,188</u>		<u>642,177</u>	<u>(118,414)</u>	<u>68,336,410</u>	<u>8,003</u>
605			370,001		322,929,853 432,545,000 60,805,000 4,331,004 1,095,592 9,878,422 30,170,458	
<u>605</u>			<u>370,001</u>		<u>861,755,329</u>	
<u>21,807</u>	<u>10,188</u>		<u>1,012,178</u>	<u>(118,414)</u>	<u>930,091,739</u>	<u>8,003</u>
			<u>238,384</u>		<u>238,384</u>	
			<u>238,384</u>		<u>599,044</u>	
1,160,232			678,515		143,493,678	
					7,083,455 5,429,313	
<u>1,410,698</u>	<u>132,603</u>	<u>61,766</u>	<u>681,389</u>		<u>102,090,985</u>	<u>108,432</u>
<u>\$ 2,570,930</u>	<u>\$ 132,603</u>	<u>\$ 61,766</u>	<u>\$ 1,359,904</u>	<u>\$</u>	<u>\$ 258,097,431</u>	<u>\$ 108,432</u>

(Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SYSTEMS AND PROJECTS YEAR ENDED SEPTEMBER 30, 2023

	Water	Water Reclamation		
	Regional Treated Water System	Lakeview Water Reclamation System	Riverbend and Doe Branch Water Reclamation Plants	Peninsula Water Reclamation Plant
OPERATING REVENUES:				
Charges for services	\$ 65,834,307	\$ 7,357,933	\$ 11,602,839	\$ 1,481,198
Miscellaneous income	<u>114,412</u>	<u>12,215</u>	<u>40,932</u>	<u>5,316</u>
Total operating revenues	<u>65,948,719</u>	<u>7,370,148</u>	<u>11,643,771</u>	<u>1,486,514</u>
OPERATING EXPENSES:				
Operation and maintenance:				
Salaries and benefits	3,453,014	872,582	1,643,115	310,607
Water and wastewater treatment	13,861,996	384,824	309,636	51,181
Lab chemicals and supplies	3,625,153	126,554	170,022	58,337
Maintenance	1,823,023	209,881	943,976	60,818
Utilities	2,778,597	306,637	1,101,402	174,729
Equipment and tools	57,983	7,389	36,214	3,299
Sludge removal		514,473	671,215	175,900
Disposal service				
Miscellaneous	396,101	42,232	52,669	4,143
Depreciation	8,986,087	1,635,728	4,132,398	317,435
Overhead expenses	2,014,620	384,818	832,265	119,379
Administrative/other	<u>1,021,424</u>	<u>78,107</u>	<u>321,071</u>	<u>37,927</u>
Total expenses	<u>38,017,998</u>	<u>4,563,225</u>	<u>10,213,983</u>	<u>1,313,755</u>
OPERATING INCOME (LOSS)	<u>27,930,721</u>	<u>2,806,923</u>	<u>1,429,788</u>	<u>172,759</u>
NON-OPERATING REVENUES (EXPENSES)				
Equity fee income				
Operating contribution from UTRWD				
Interest income	14,435,628	681,131	1,393,338	285,231
Interest expense, net of capitalized interest	(22,820,483)	(485,760)	(2,928,781)	(21,237)
Gain/(Loss) Disposal of Capital Assets	<u>18,398</u>	<u>5,559</u>	<u>550</u>	<u>113</u>
Net non-operating income (expense)	<u>(8,366,457)</u>	<u>200,930</u>	<u>(1,534,893)</u>	<u>264,107</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	19,564,264	3,007,853	(105,105)	436,866
Contributions for capital improvements	1,542,000		421,646	
Transfers (to)/from other systems and projects	<u>167,620</u>	<u>(77,188)</u>	<u>(113,119)</u>	<u>(16,236)</u>
CHANGE IN NET POSITION	21,273,884	2,930,665	203,422	420,630
TOTAL NET POSITION - beginning of year	<u>127,587,777</u>	<u>30,120,930</u>	<u>41,882,171</u>	<u>29,552,749</u>
TOTAL NET POSITION - end of year	<u>\$ 148,861,661</u>	<u>\$ 33,051,595</u>	<u>\$ 42,085,593</u>	<u>\$ 29,973,379</u>

<u>Non-Potable</u>	<u>Solid Waste</u>	<u>Administration and Project Development</u>			<u>Component Unit</u>
<u>Non-Potable Water System</u>	<u>Household Hazardous Waste Program</u>	<u>Growth Project</u>	<u>Administration and Project Development</u>	<u>Total</u>	
\$ 175,441	\$ 20,526	\$ 15,247	\$ 166,229 110,814	\$ 86,653,720 283,689	\$ 8,075
<u>175,441</u>	<u>20,526</u>	<u>15,247</u>	<u>277,043</u>	<u>86,937,409</u>	<u>8,075</u>
14,177	8,403		183,807	6,485,705	14,412
45,166				14,652,803	
19,675			7,333	3,980,066	
12,641				3,064,706	
				4,374,006	
				104,885	
				1,361,588	
	13,574			13,574	
61,654			44,474	495,145	
14,777	5,000		14,048	15,177,776	
			113,768	3,384,907	
				1,572,297	9,284
<u>168,090</u>	<u>26,977</u>		<u>363,430</u>	<u>54,667,458</u>	<u>23,696</u>
<u>7,351</u>	<u>(6,451)</u>	<u>15,247</u>	<u>(86,387)</u>	<u>32,269,951</u>	<u>(15,621)</u>
40,546	5,723	3,187	56,800	16,901,584	25,000
57				(26,256,261)	858
<u>40,603</u>	<u>5,723</u>	<u>3,187</u>	<u>56,800</u>	<u>24,677</u>	
				<u>(9,330,000)</u>	<u>25,858</u>
47,954	(728)	18,434	(29,587)	22,939,951	10,237
(3,494)		(15,250)	57,667	1,963,646	
44,460	(728)	3,184	28,080	24,903,597	10,237
<u>2,526,470</u>	<u>133,331</u>	<u>58,582</u>	<u>1,331,824</u>	<u>233,193,834</u>	<u>98,195</u>
\$ 2,570,930	\$ 132,603	\$ 61,766	\$ 1,359,904	\$ 258,097,431	\$ 108,432

UPPER TRINITY REGIONAL WATER DISTRICT

COMBINING SCHEDULE OF CASH FLOWS - SYSTEMS AND PROJECTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water	Water Reclamation		
	Regional Treated Water System	Lakeview Water Reclamation System	Northeast Water Reclamation Riverbend/Doe Branch Plants	Peninsula Water Reclamation Plant
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 63,369,797	\$ 7,670,628	\$ 10,707,215	\$ 1,410,407
Cash paid to vendors	(22,282,254)	(1,659,424)	(3,719,716)	(2,281,837)
Cash paid to employees	(4,736,805)	(1,116,001)	(2,181,919)	(393,168)
Net cash provided by (used in) operating activities	<u>36,350,738</u>	<u>4,895,203</u>	<u>4,805,580</u>	<u>(1,264,598)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Property additions	(145,278,860)	(227,566)	(4,490,519)	(7,944,062)
Contributions received	1,542,000	-	421,646	-
Board participation debt proceeds	119,100,000			
Bond principal payments	(14,270,000)	(2,445,000)	(1,205,000)	(50,000)
State participation principal payments			(110,000)	
Water supply obligation	(113,890)			
Variable rate debt proceeds	146,025,000			
Variable rate debt payments	(93,720,000)			
Interfund Notes Receivable	236,960			
Interfund Notes Payable		(74,050)	(59,240)	(14,810)
Notes payable payments			(51,750)	
Payment of interest and related fees	(9,996,610)	(588,468)	(3,156,066)	(21,494)
Interfund transfers	167,620	(77,188)	(113,119)	(16,236)
Net cash provided by (used in) capital and related financing activities	<u>3,692,220</u>	<u>(3,412,272)</u>	<u>(8,764,048)</u>	<u>(8,046,602)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	14,435,626	681,130	1,393,339	285,232
Net cash provided by investing activities	<u>14,435,626</u>	<u>681,130</u>	<u>1,393,339</u>	<u>285,232</u>
Increase (decrease) in cash and cash equivalents	54,478,584	2,164,061	(2,565,129)	(9,025,968)
Cash and cash equivalents, beginning of year	260,783,760	13,732,198	31,870,832	12,890,563
Cash and cash equivalents, end of year	<u>\$ 315,262,344</u>	<u>\$ 15,896,259</u>	<u>\$ 29,305,703</u>	<u>\$ 3,864,595</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 27,930,721	\$ 2,806,923	\$ 1,429,788	\$ 172,759
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation and amortization	8,986,087	1,635,728	4,132,398	317,435
Change in accounts receivable	(2,578,922)	300,480	(936,556)	(76,107)
Change in accounts payable	1,997,234	144,251	107,469	(1,672,021)
Change in deferred revenue	(13,906)	156		
Change in accrued liabilities	-	-	74,332	-
Change in accrued wages	13,228	4,328	(2,989)	(5,704)
Change in other current assets	16,294	3,336	1,139	(959)
Total adjustments	<u>8,420,015</u>	<u>2,088,279</u>	<u>3,375,793</u>	<u>(1,437,356)</u>
Net cash provided by (used in) operating activities	<u>\$ 36,350,736</u>	<u>\$ 4,895,202</u>	<u>\$ 4,805,581</u>	<u>\$ (1,264,597)</u>
Non-cash Items:				
Amortization of bond refunding loss	\$ (68,464)	\$ (15,846)	\$ (1,520)	\$ -
Amortization of bond refunding gain	38,911	758	-	-
Amortization of bond premium	1,426,987	102,244	224,072	90
Accounts payable relating to construction	24,730,319	95,385	2,042,129	-
Retainage	10,402,187	-	78,022	967,757

Non-Potable Water System	Solid Waste Household Hazardous Waste Program	Administration and Project Development		Intersystem Elimination	Totals
		Growth Fund Project	Administration and Capital Projects		
\$ 212,724	\$ 20,587	\$ 15,247	\$ 275,840	\$	\$ 83,682,445
(78,946)	(8,525)		17,778		(30,012,925)
<u>(14,463)</u>	<u>(8,355)</u>		<u>(232,088)</u>		<u>(8,682,798)</u>
<u>119,315</u>	<u>3,707</u>	<u>15,247</u>	<u>61,530</u>		<u>44,986,722</u>
86			(71,804)		(158,012,725)
					1,963,646
					119,100,000
-					(17,970,000)
					(110,000)
					(113,890)
					146,025,000
					(93,720,000)
			-	(118,414)	118,546
(7,405)			(81,455)	118,414	(118,546)
					(51,750)
-					(13,762,638)
<u>(3,494)</u>		<u>(15,250)</u>	<u>57,667</u>		
<u>(10,813)</u>	<u>-</u>	<u>(15,250)</u>	<u>(95,592)</u>		<u>(16,652,357)</u>
<u>40,545</u>	<u>5,723</u>	<u>3,187</u>	<u>56,517</u>	<u>-</u>	<u>16,901,299</u>
<u>40,545</u>	<u>5,723</u>	<u>3,187</u>	<u>56,517</u>	<u>-</u>	<u>16,901,299</u>
149,047	9,430	3,184	22,455		45,235,664
1,266,171	133,327	58,582	1,498,570		322,234,003
<u>\$ 1,415,218</u>	<u>\$ 142,757</u>	<u>\$ 61,766</u>	<u>\$ 1,521,025</u>	<u>\$ -</u>	<u>\$ 367,469,667</u>
\$ 7,351	\$ (6,451)	\$ 15,247	\$ (86,387)		\$ 32,269,951
61,654			44,474		15,177,776
37,283	61		(1,203)		(3,254,964)
13,372	(30)		152,162		742,437
	10,100				(3,650)
-	-		-		74,332
(286)	48		(48,281)		(39,656)
(60)	(21)		767		20,496
<u>111,963</u>	<u>10,158</u>	<u>-</u>	<u>147,919</u>	<u>-</u>	<u>12,716,771</u>
<u>\$ 119,314</u>	<u>\$ 3,707</u>	<u>\$ 15,247</u>	<u>\$ 61,532</u>	<u>\$ -</u>	<u>\$ 44,986,722</u>
\$ -	\$ -	\$ -	\$ -	\$ -	(85,829)
-	-	-	-	-	39,669
					1,753,393
					26,867,833
					11,447,966

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 1 - NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	143,493,678	\$ 120,152,029	\$ 105,306,837	\$ 92,601,836	\$ 86,778,735	\$ 74,161,525	\$ 58,301,439	\$ 48,182,131	\$ 34,354,599	\$ 19,179,156
Restricted:										
For debt service	7,083,455	7,748,718	10,533,943	13,376,408	15,035,662	14,858,110	18,878,672	17,593,749	14,123,967	14,843,645
Contributions for capital improvements	5,429,313	14,389,266	26,060,532	11,165,088	15,868,792	2,490,216	9,484,921	15,792,791	8,280,146	14,074,925
Unrestricted	102,090,985	90,903,821	79,981,265	69,392,620	51,490,134	43,523,159	34,212,453	21,573,367	17,276,369	12,333,635
Total Net Position	<u>\$ 258,097,431</u>	<u>\$ 233,193,834</u>	<u>\$ 221,882,577</u>	<u>\$ 186,535,952</u>	<u>\$ 169,173,323</u>	<u>\$ 135,033,010</u>	<u>\$ 120,877,485</u>	<u>\$ 103,142,038</u>	<u>\$ 74,035,081</u>	<u>\$ 60,431,361</u>
% change from prior year	11%	5%	19%	10%	25%	12%	17%	39%	23%	40%

Source: UTRWD Annual Comprehensive Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 2 - CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Charges for services	\$ 86,653,720	\$ 77,365,744	\$ 68,892,675	\$ 65,613,968	\$ 60,790,938	\$ 57,974,584	\$ 53,749,737	\$ 51,445,158	\$ 47,000,481	\$ 43,626,393
Miscellaneous Income	283,689	335,322	248,329	290,632	268,711	267,512	268,747	173,514	276,904	125,263
Total Operating Revenues	\$ 86,937,409	\$ 77,701,066	\$ 69,141,004	\$ 65,904,600	\$ 61,059,649	\$ 58,242,096	\$ 54,018,484	\$ 51,618,672	\$ 47,277,385	\$ 43,751,656
Operating Expenses										
Water/Wastewater Treatment	\$ 21,138,508	\$ 19,662,402	\$ 14,171,433	\$ 12,812,966	\$ 11,617,469	\$ 15,656,881	\$ 12,009,695	\$ 11,702,578	\$ 8,658,156	\$ 9,230,839
Utilities	4,374,006	4,383,870	3,084,030	3,053,816	2,799,085	2,594,487	2,307,845	2,172,681	2,181,651	2,371,989
Chemicals	3,980,066	3,324,378	2,205,886	1,971,217	1,584,187	1,665,981	1,488,522	1,513,111	1,301,614	1,046,790
Depreciation & Amortization	15,177,776	14,139,856	14,265,082	13,886,366	11,675,283	11,272,242	9,409,453	9,031,406	8,850,626	8,982,059
Other	9,997,102	8,110,013	6,641,536	7,170,338	7,316,549	6,108,048	5,320,029	4,904,400	4,494,530	4,350,063
Total Operating Expenses	\$ 54,667,458	\$ 49,620,519	\$ 40,367,967	\$ 38,894,703	\$ 34,992,573	\$ 37,297,639	\$ 30,535,544	\$ 29,324,176	\$ 25,486,577	\$ 25,981,740
Operating Income	\$ 32,269,951	\$ 28,080,547	\$ 28,773,037	\$ 27,009,897	\$ 26,067,076	\$ 20,944,457	\$ 23,482,940	\$ 22,294,496	\$ 21,790,808	\$ 17,769,916
Other Changes in Net Position										
Equity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 20,000
Investment Income (Loss)	-	-	-	(15,980)	26,441	(10,371)	(1,351)	3,289	92,346	46,954
Interest Income	16,901,584	2,006,504	197,551	1,715,527	3,437,564	1,975,577	958,805	549,894	359,161	357,332
Interest Expense and fiscal charges	(26,256,261)	(19,222,994)	(14,812,455)	(12,278,879)	(10,302,125)	(9,264,625)	(7,919,151)	(8,694,166)	(9,252,633)	(9,888,248)
Other non-operating revenue	-	-	-	-	142,278	1,035,663	150,620	-	-	-
Other non-operating expense	-	-	-	-	(142,278)	(1,442,633)	-	-	-	-
Contributions for capital improvements	1,963,646	418,669	21,220,354	930,184	15,377,375	1,121,996	1,127,278	14,930,004	709,522	16,298,898
Gain (Loss) on disposal of capital asset	24,677	28,531	(31,862)	1,880	(466,018)	(204,539)	(63,694)	23,440	(155,484)	(83,794)
Total Other Changes in Net Position	\$ (7,366,354)	\$ (16,769,290)	\$ 6,573,588	\$ (9,647,268)	\$ 8,073,237	\$ (6,788,932)	\$ (5,747,493)	\$ 6,812,461	\$ (8,187,088)	\$ 6,751,142
Total Change in Net Position	\$ 24,903,597	\$ 11,311,257	\$ 35,346,625	\$ 17,362,629	\$ 34,140,313	\$ 14,155,525	\$ 17,735,447	\$ 29,106,957	\$ 13,603,720	\$ 24,521,058

Source: UTRWD Annual Comprehensive Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 3 - OPERATING REVENUE BY SERVICE PROVIDED LAST TEN FISCAL YEARS

Fiscal Year	Water Services	Water Reclamation	Non-Potable	Solid Waste	Administration and Project Development	Other Revenue	Total
2014	\$ 34,421,728	\$ 8,708,511	\$ 336,304	\$ 15,864	\$ 143,986	\$ 125,263	\$ 43,751,656
2015	\$ 36,447,257	\$ 10,048,624	\$ 336,683	\$ 13,842	\$ 154,075	\$ 276,904	\$ 47,277,385
2016	\$ 39,413,117	\$ 11,610,202	\$ 244,142	\$ 24,310	\$ 153,387	\$ 173,514	\$ 51,618,672
2017	\$ 41,166,095	\$ 12,212,147	\$ 181,330	\$ 19,530	\$ 170,635	\$ 268,747	\$ 54,018,484
2018	\$ 44,507,689	\$ 13,085,793	\$ 177,068	\$ 19,770	\$ 184,264	\$ 267,512	\$ 58,242,096
2019	\$ 45,385,586	\$ 15,058,840	\$ 143,051	\$ 16,044	\$ 187,417	\$ 268,711	\$ 61,059,649
2020	\$ 48,663,860	\$ 16,597,584	\$ 151,708	\$ 732	\$ 200,084	\$ 290,632	\$ 65,904,600
2021	\$ 50,749,814	\$ 17,777,778	\$ 158,420	\$ 12,682	\$ 193,981	\$ 248,329	\$ 69,141,004
2022	\$ 58,526,464	\$ 18,444,924	\$ 192,835	\$ 21,699	\$ 179,822	\$ 335,322	\$ 77,701,066
2023	\$ 65,834,307	\$ 20,441,970	\$ 175,441	\$ 20,526	\$ 181,476	\$ 283,689	\$ 86,937,409

Source: UTRWD Annual Comprehensive Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 4 - REVENUE RATES BY SYSTEM
LAST TEN FISCAL YEARS**

WATER			WATER RECLAMATION						NON-POTABLE			SOLID WASTE	
Regional Treated Water System			Lakeview Water Reclamation System			Northeast Water Reclamation System				Non-Potable Water System			Household Hazardous Waste
						Riverbend & Doe Branch		Peninsula					
Member Rate	Demand	Member Rate	Member Rate	Joint Capital /	Member Rate	Joint Capital /	Member Rate	Joint Capital /	Member Rate	Member Rate			
Volume	Per subscribed	Volume	Transportation	Fixed O&M (2)	Volume	Fixed O&M (2)	Volume	Fixed O&M (2)	Volume	Raw Water	Demand	Per	
Per 1,000 Gallons	mgd	Per 1,000	Per 1,000	Per subscribed	Per 1,000	Per subscribed	Per 1,000	Per subscribed	Per 1,000	Treated Effluent	Per Year	Household	
Winter/Summer	per Year (1)	Gallons	Gallons (3)	mgd per Year (1)	Gallons	mgd per Year (1)	Gallons	mgd per Year (1)	Gallons	Gallons	Per Year	Household	
2013	\$0.86/\$0.86	\$370,055	\$1.76	\$0.12	\$515,250	\$1.75	\$290,900	\$1.75	\$296,500	\$0.28	\$0.54	\$307,000	\$88
2014	\$0.95/\$0.95	\$373,265	\$1.90	\$0.12	\$515,250	\$1.75	\$315,050	\$1.75	\$310,600	\$0.29	\$0.62	\$307,000	\$88
2015	\$0.94/\$0.94	\$388,110	\$1.75		\$625,300	\$1.80	\$327,500	\$1.80	\$330,000	\$0.29	\$0.65	\$307,000	\$88
2016	\$1.09/\$1.09	\$398,110	\$1.50		\$174,250	\$1.50	\$390,000	\$1.50	\$430,000	\$0.29	\$0.91	\$225,000	\$88
2017	\$1.11/\$1.11	\$411,500	\$1.25		\$392,200	\$1.25	\$490,000	\$1.25	\$597,500	\$0.54	\$1.00	\$150,000	\$88
2018	\$1.11/\$1.11	\$428,200	\$1.25		\$392,200	\$1.25	\$521,350	\$1.25	\$597,500	\$0.54	\$1.10	\$125,000	\$91
2019	\$1.09/\$1.09	\$439,650	\$1.25		\$403,500	\$1.25	\$533,250	\$1.52	\$612,000	\$0.45	\$0.95	\$125,000	\$91
2020	\$1.12/\$1.12	\$448,745	\$1.25		\$403,500	\$1.25	\$563,500	\$1.58	\$655,100	\$0.45	\$0.95	\$125,000	\$91
2021	\$1.16/\$1.16	\$455,150	\$1.25		\$403,500	\$1.25	\$563,500	\$1.58	\$655,100	\$0.45	\$0.98	\$125,000	\$91
2022	\$1.25/\$1.25	\$465,055	\$1.25		\$423,500	\$1.25	\$589,650	\$1.61	\$680,250	\$0.49	\$1.08	\$125,000	\$91
2023	\$1.40/\$1.40	\$472,195	\$1.30		\$444,275	\$1.39	\$600,000	\$1.75	\$680,300	\$0.51	\$1.12	\$125,000	\$101

Note:

(1) mgd is million gallons per day.

(2) fixed O&M charges introduced in FY2016

(3) transportation charge discontinued in FY2015

Source: UTRWD Annual Operating and Capital Budgets

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 5 - PRINCIPAL REVENUE PAYERS
CURRENT YEAR AND NINE YEARS PRIOR**

REGIONAL TREATED WATER SYSTEM

Payer	2023		2014	
	Water Revenue Received	Percentage of Total Water Revenue	Water Revenue Received	Percentage of Total Water Revenue
Town of Flower Mound	\$ 20,010,328	30.39%	Town of Flower Mound	\$ 13,900,785 40.25%
Mustang Special Utility District	7,799,952	11.85%	City of Corinth	3,719,933 10.77%
City of Celina	6,165,743	9.37%	Highland Village	1,929,733 5.59%
City of Corinth	5,262,754	7.99%	Lake Cities Municipal Authority	1,884,595 5.46%
Northlake	4,475,148	6.80%	DCFWS#7 (1)	1,638,557 4.74%
DCFWS#7 (1)	3,074,260	4.67%	DCFWS#1A (1)	1,598,667 4.63%
Lake Cities Municipal Authority	2,834,719	4.31%	Mustang Special Utility District	1,363,554 3.95%
Highland Village	2,573,063	3.91%	DCFWS#11 (1)	1,320,384 3.82%
City of Lewisville	2,862,693	4.35%	City of Celina	1,194,498 3.46%
DCFWS#11 (1)	2,353,349	3.57%	DCFWS#10 (1)	1,143,033 3.31%
Total attributable to ten largest payers:	<u>\$ 57,412,009</u>	<u>87.21%</u>	Total attributable to ten largest payers:	<u>\$ 29,693,739</u> 85.99%
Total Water Revenue	\$ 65,834,307	100.00%	Total Water Revenue	\$ 34,533,041 100.00%

LAKEVIEW REGIONAL WATER RECLAMATION SYSTEM

Payer	2023		2014	
	Lakeview Revenue Received	Percentage of Total Lakeview Revenue	Lakeview Revenue Received	Percentage of Total Lakeview Revenue
Highland Village	\$ 2,154,185	29.28%	Highland Village	\$ 1,983,420 31.17%
City of Corinth	2,097,951	28.51%	City of Corinth	1,846,383 29.02%
DCFWS#7 (1)	1,576,171	21.42%	DCFWS#7 (1)	1,298,092 20.40%
Lake Cities Municipal Authority	1,459,919	19.84%	Lake Cities Municipal Authority	1,168,001 18.36%
Town of Bartonville	43,278	0.59%	Town of Bartonville	31,079 0.49%
Town of Double Oak	19,398	0.26%	Town of Double Oak	21,556 0.34%
Total attributable to six largest payers:	<u>\$ 7,350,902</u>	<u>99.90%</u>	Total attributable to six largest payers:	<u>\$ 6,348,531</u> 99.78%
Total Lakeview Revenue	\$ 7,357,933	100.00%	Total Lakeview Revenue	\$ 6,362,259 100.00%

Note: (1) DCFWS is Denton County Fresh Water Supply District

Source: UTRWD Business Department

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 5 - PRINCIPAL REVENUE PAYERS
CURRENT YEAR AND NINE YEARS PRIOR**

NORTHEAST REGIONAL WATER RECLAMATION SYSTEM

Payer	2023			2014		
	Riverbend/ Doe Branch Revenue Received	Percentage of Total Northeast Revenue		Riverbend/ Doe Branch Revenue Received	Percentage of Total Northeast Revenue	
Mustang Special Utility District	\$ 3,405,812	29.35%		Providence Village	\$ 526,730	27.91%
Celina	3,272,464	28.20%		DCFWSD#10 (1)	384,951	20.40%
DCFWSD#11A (1)	1,338,732	11.54%		DCFWSD#8 (1)	365,587	19.37%
Prosper	1,338,450	11.54%		DCFWSD#11 (1)	335,078	17.76%
Providence Village	1,068,640	9.21%		Celina	142,169	7.53%
DCFWSD#8A (1)	770,086	6.64%		Mustang Special Utility District	79,738	4.23%
Elm Ridge	408,655	3.52%		Lincoln Park	49,308	2.61%
Total attributable to seven largest payers:	<u>\$ 11,602,839</u>	<u>100.00%</u>		Total attributable to seven largest payers:	<u>\$ 1,883,561</u>	<u>99.81%</u>
Total Northeast Revenue	11,602,839	100%		Total Northeast Revenue	\$ 1,887,092	100.00%

Note: (1) DCFWSD is Denton County Fresh Water Supply District

PENINSULA WATER RECLAMATION SYSTEM

Payer	2023			2014		
	Peninsula Revenue Received	Percentage of Total Peninsula Revenue		Peninsula Revenue Received	Percentage of Total Peninsula Revenue	
Mustang Special Utility District	\$ 1,481,198	100.00%		Mustang Special Utility District	\$ 369,312	78.07%
Total attributable to largest payer:	<u>\$ 1,481,198</u>	<u>100.00%</u>		Oak Point	103,754	21.93%
Total Peninsula Revenue	1,481,198	100%		Total attributable to two largest payers:	<u>\$ 473,066</u>	<u>100.00%</u>
				Total Peninsula Revenue	473,066	100%

Source: UTRWD Business Department

(Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 6 - RATIO OF REVENUE BOND AND BOARD/STATE PARTICIPATION DEBT SERVICE TO TOTAL EXPENSES
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Principal	\$ 17,970,000	\$ 16,200,000	\$ 16,750,000	\$ 15,575,000	\$ 16,815,000	\$ 17,995,000	\$ 13,955,000	\$ 14,865,000	\$ 14,360,000	\$ 13,145,000
Interest	13,762,638	12,540,881	11,852,909	12,091,837	11,754,211	10,531,329	9,910,257	11,310,916	9,787,938	11,007,204
Total Debt Service	\$ 31,732,638	\$ 28,740,881	\$ 28,602,909	\$ 27,666,837	\$ 28,569,211	\$ 28,526,329	\$ 23,865,257	\$ 26,175,916	\$ 24,147,938	\$ 24,152,204
Total Expenses	\$ 70,428,361	\$ 62,305,785	\$ 55,249,422	\$ 51,507,373	\$ 56,287,289	\$ 56,244,407	\$ 43,953,410	\$ 45,663,745	\$ 40,238,416	\$ 41,200,344
Ratio of Debt Service to Total Expenses	45.06%	46.13%	51.77%	53.71%	50.76%	50.72%	54.30%	57.32%	60.01%	58.62%

Source: UTRWD Annual Comprehensive Financial Report - Operating expenses (Cash Basis) plus debt service from Statement of Cash Flows

**SCHEDULE 7 - OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount	-	-	-	-	-	(28,871)	(32,238)	(35,520)	(235,797)	(262,777)
Premium	14,389,853	16,143,245	13,181,734	9,644,956	8,989,267	7,671,209	8,867,534	10,048,594	6,947,771	3,051,226
Board /State Participation	432,660,000	313,670,000	167,665,000	47,665,000	17,665,000	17,665,000	17,665,000	17,665,000	2,100,000	2,100,000
Variable-Rate Commercial Paper	-	8,500,000	8,500,000	32,000,000	45,000,000	27,350,000	19,950,000	33,450,000	28,050,000	37,050,000
Variable-Rate Direct Purchase Notes	60,805,000	-	-	-	-	-	-	-	-	-
Long-term Water Supply Obligation	4,448,599	4,562,489	4,672,791	4,779,618	4,883,080	4,983,282	5,080,327	5,174,315	5,265,341	5,353,500
Notes Payable	9,878,422	9,930,172	9,971,122	10,063,822	10,123,222	10,965,097	11,260,297	11,794,447	12,319,147	12,710,647
	<u>\$ 850,056,874</u>	<u>\$ 698,650,906</u>	<u>\$ 536,175,647</u>	<u>\$ 396,798,396</u>	<u>\$ 359,285,569</u>	<u>\$ 335,670,717</u>	<u>\$ 347,850,920</u>	<u>\$ 335,071,836</u>	<u>\$ 287,311,462</u>	<u>\$ 289,607,596</u>

Source: UTRWD Annual Comprehensive Financial Report

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

**REVENUE BOND COVERAGE --REGIONAL TREATED WATER SYSTEM
LAST TEN FISCAL YEARS**

FY	Gross	Operating	Net Revenue	Average Annual			Coverage
	Revenues (1)	Expenses (2)	Available for Debt Service	Debt Service Requirements	Principal	Interest	
	\$	\$	\$	\$	\$	\$	
2014	34,803,716	13,050,333	21,753,383	7,889,565	2,589,484	10,479,049	2.08
2015	37,014,131	12,852,888	24,161,243	6,342,759	2,116,384	8,459,143	2.86
2016	39,953,302	15,423,550	24,529,752	6,846,552	2,351,311	9,197,863	2.67
2017	42,063,235	15,954,021	26,109,214	6,828,333	2,399,669	9,228,002	2.83
2018	46,072,217	20,020,157	26,052,060	6,597,414	2,254,739	8,852,153	2.94
2019	47,771,837	16,657,409	31,114,428	6,607,857	2,208,007	8,815,864	3.53
2020	49,996,092	17,929,134	32,066,958	7,173,103	2,445,151	9,618,254	3.33
2021	51,082,509	18,288,912	32,793,597	8,356,000	2,995,800	11,351,800	2.89
2022	60,387,201	26,441,777	33,945,424	8,562,333	3,392,549	11,954,882	2.84
2023	80,384,347	29,031,911	51,352,436	8,365,517	3,247,438	11,612,955	4.42

(1) Gross Revenues include operating revenue and interest

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

Source: UTRWD Annual Comprehensive Financial Report

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

**REVENUE BOND COVERAGE--LAKEVIEW WATER RECLAMATION SYSTEM
LAST TEN FISCAL YEARS**

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
2014	6,386,552	2,281,839	4,104,713	1,952,813	579,860	2,532,673	1.62
2015	7,225,217	2,148,242	5,076,975	1,619,750	477,721	2,097,471	2.42
2016	7,416,737	2,308,988	5,107,749	1,561,316	440,491	2,001,806	2.55
2017	7,074,234	2,327,475	4,746,759	1,535,833	403,440	1,939,273	2.45
2018	7,112,923	2,436,529	4,676,394	1,506,765	366,031	1,872,796	2.50
2019	7,543,772	2,437,156	5,106,616	1,466,250	328,415	1,794,665	2.85
2020	7,437,860	2,469,530	4,968,330	1,399,333	260,001	1,659,334	2.99
2021	7,259,584	2,581,889	4,677,695	1,333,929	227,099	1,561,028	3.00
2022	7,189,017	2,638,508	4,550,509	1,253,846	193,729	1,447,575	3.14
2023	8,051,279	2,927,497	5,123,782	1,154,583	161,114	1,315,697	3.89

(1) Gross Revenues include operating revenue and interest income.

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

Source: UTRWD Annual Comprehensive Financial Report

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

REVENUE BOND COVERAGE--RIVERBEND/DOE BRANCH WATER RECLAMATION PLANTS LAST TEN FISCAL YEARS

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
2014 (3)	1,963,302	1,101,220	862,082	683,750	414,117	1,097,867	0.79
2015 (3)	2,415,400	1,123,839	1,291,561	707,826	402,757	1,110,583	1.16
2016 (3)	3,561,471	1,667,402	1,894,069	955,345	561,275	1,516,620	1.25
2017 (3)	4,631,915	2,252,134	2,379,781	1,841,071	1,202,009	3,043,080	0.78
2018 (3)	5,758,288	2,628,725	3,129,563	1,820,556	1,141,773	2,962,329	1.06
2019 (3)	7,762,429	3,286,773	4,475,656	2,180,000	1,450,389	3,630,389	1.23
2020	8,672,207	3,636,892	5,035,315	2,241,250	1,411,608	3,652,858	1.38
2021	9,403,816	4,030,752	5,373,064	2,296,111	1,370,472	3,666,583	1.47
2022	10,311,883	5,067,996	5,243,887	2,765,000	1,657,493	4,422,493	1.19
2023 (3)	13,037,109	6,081,585	6,955,524	2,827,400	1,604,900	4,432,300	1.57

(1) Gross Revenues include operating revenue and interest income.

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

(3) Portions of debt service were financed via Capitalized Interest Funds during the year.

Source: UTRWD Annual Comprehensive Financial Report

(Continued)

UPPER TRINITY REGIONAL WATER DISTRICT

SCHEDULE 8 - REVENUE BOND COVERAGE BY SYSTEM

**REVENUE BOND COVERAGE--PENINSULA WATER RECLAMATION PLANT
LAST SIX FISCAL YEARS
(No Revenue Bonds Issued For This Plant Prior to 2016)**

FY	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
2016	808,281	527,159	281,122	55,526	16,004	71,530	3.93
2017	813,135	466,156	346,979	56,389	15,463	71,852	4.83
2018	876,230	625,746	250,484	57,059	14,905	71,964	3.48
2019	1,031,709	661,513	370,196	57,813	14,334	72,147	5.13
2020	1,140,225	708,357	431,868	58,667	13,747	72,414	5.96
2021	1,208,336	850,253	358,083	59,643	13,140	72,783	4.92
2022	1,382,266	932,690	449,576	60,385	12,509	72,894	6.17
2023	1,771,745	996,320	775,425	61,250	11,856	73,106	10.61

(1) Gross Revenues include operating revenue and interest income

(2) Operating Expenses are exclusive of depreciation/amortization and interest expense.

Source: UTRWD Annual Comprehensive Financial Report

(Concluded)

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 9 - TOP TEN PRINCIPAL EMPLOYERS IN COUNTY SERVED
CURRENT YEAR AND NINE YEARS PRIOR**

Employer	2023		Employer	2014	
	No. of Employees	Rank		No. of Employees	Rank
University of North Texas	8,891	1	University of North Texas (UNT)	8,887	1
Lewisville ISD	7,500	2	JP Morgan Chase	4,350	2
Schwab	7,000	3	Walmart	3,900	3
Nebraska Furniture Mart	5,006	4	Denton ISD	3,300	4
Denton ISD	4,331	5	Peterbilt Motors Co.	2,100	5
Andretti Indoor Carting & Games	3,000	6	Lewisville ISD	2,061	6
Peterbilt Motors	2,000	7	Northwest ISD	1,895	7
Denton County	1,822	8	Texas Women's University (TWU)	1,787	8
Wal-Mart	1,734	9	Denton County	1,582	9
AdventHealth	1,633	10	Denton State School	1,500	10

Source: Denton County, Texas

Source: Denton County Budget in Brief

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 10 - MEMBER / CUSTOMER POPULATION
LAST TEN FISCAL YEARS**

	Notes	Fiscal Year									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Argyle WSC	(2)	11,211	10,239	8,430	8,130	7,695	7,113	6,968	6,831	6,675	6,724
Argyle		5,747	4,780	4,430	4,310	4,170	4,040	3,920	3,820	3,690	3,510
Aubrey		8,550	7,580	6,210	5,380	4,530	3,200	3,110	3,100	2,780	2,670
Bartonville		1,777	1,770	1,750	1,740	1,710	1,680	1,670	1,650	1,640	1,630
Blackrock WSC	(2)			1,490	1,350	1,350	1,350	1,310	1,287	1,287	1,287
Celina		35,028	31,598	26,409	20,397	18,860	14,364	10,310	8,650	7,320	6,660
Copper Canyon		1,835	1,780	1,460	1,450	1,430	1,430	1,390	1,380	1,370	1,350
Corinth		24,199	24,199	22,655	22,160	21,260	21,030	20,800	20,900	20,900	20,520
Cross Timbers WSC	(2)	8,060	8,060	7,756	7,614	7,456	7,266	7,255	7,254	6,845	6,733
Denton		149,509	146,750	141,000	138,250	134,460	130,990	128,160	125,980	123,200	120,820
Denton County	(3)	33,318	39,803	38,045	46,248	50,441	53,751	52,164	30,931	29,677	30,324
DCFWSW #1A	(1)			15,606	14,720	13,042	12,977	12,106	10,881	10,881	9,973
DCFWSW #7	(1)	13,325	13,191	12,300	12,000	12,000	12,000	11,324	10,673	10,000	9,710
DCFWSW #8A	(1)	5,853	3,050	5,865	6,197	6,219	5,794	5,264	4,650	3,918	4,070
DCFWSW #10 (Elm Ridge)	(1)	5,524	5,348	5,064	5,282	4,290	3,729	11,783	6,634	7,142	5,160
DCFWSW #11	(1)	10,083	10,509	9,492	9,660	9,272	8,739	7,831	6,684	5,757	4,288
Double Oak		3,081	3,080	2,990	2,990	2,970	2,960	2,970	2,950	2,920	2,920
Flower Mound		80,268	80,268	79,390	78,080	76,030	73,130	71,850	70,180	66,820	66,130
Highland Village		17,679	17,679	16,500	17,000	17,000	17,000	17,000	17,000	17,000	16,500
Irving		263,720	261,350	245,410	242,410	240,420	237,490	234,710	231,040	228,610	227,030
Justin		7,952	7,952	6,271	5,292	4,455	4,455	4,320	4,320	3,260	3,250
Krum		6,764	6,764	5,943	5,760	5,760	5,760	5,760	5,760	4,790	4,750
Lake Cities MUA		16,994	16,994	16,582	15,767	15,512	15,426	15,500	15,150	14,917	14,697
Lewisville		134,242	132,620	109,270	107,120	105,640	104,780	103,640	100,400	99,480	98,330
Lincoln Park										487	487
Mustang SUD	(4)	74,019	65,987	56,088	44,718	38,075	32,441	21,846	20,022	19,737	15,603
Northlake		16,830	16,830	15,336	8,898	4,500	4,500				
Oak Point		5,492	5,000	4,110	3,930	3,680	3,440	3,210	3,180	3,040	3,040
Pilot Point		5,218	4,830	4,500	4,300	4,260	4,120	4,130	4,050	3,890	3,880
Ponder		2,711	2,450	2,400	2,400	2,390	2,330	1,780	1,560	1,520	1,460
Prosper		38,840	35,410	31,090	28,380	25,630	22,650	20,160	17,790	15,970	14,710
Providence Village		9,298	8,260	6,910	6,700	6,630	6,550	6,310	6,170	5,750	5,400
Sanger		10,463	10,463	9,640	9,080	8,800	7,991	8,000	7,800	7,415	7,490

Sources:

North Central Texas Council of Governments (NCTCOG)
UTRWD Annual Survey

Notes:

1. DCFWSW - Denton County Fresh Water Supply District
2. WSC - Water Supply Corporation
3. Includes only unincorporated areas within the County
4. SUD - Special Utility District

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 11 - FUNDED DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	2023	2022	2021	2020	Fiscal Year		2017	2016	2015	2014
					2019	2018				
Administration	20	15	15	14	14	15	15	16	9	9
Business/Finance	10	14	15	14	14	13	13	13	19	17
Operations	55	53	55	54	49	47	48	43	34	37
Maintenance	26	25	21	19	18	17	17	16	14	14
Engineering/Construction	25	23	19	16	15	13	12	11	19	14
Contract Positions			2	5	5	2				
Total	136	130	127	122	115	107	105	99	95	91

Source: UTRWD Business Department

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 12 - OPERATING INDICATORS BY SYSTEM
LAST TEN FISCAL YEARS**

SYSTEM	2023	2022	2021	2020	Fiscal Year		2017	2016	2015	2014
					2019	2018				
Regional Treated Water System										
Wholesale Customers Contracted (See Note)	19	19	19	19	19	19	19	20	20	20
Total Town, Cities and Others Served (See Note)	29	29	29	29	29	29	29	30	30	30
Total Customer Delivery Points	27	27	27	27	27	27	31	28	28	25
Total Yearly Billed Flows (millions of gallons)	16,343	15,399	12,391	12,042	10,419	11,241	9,960	9,485	8,956	8,146
Lakeview Regional Water Reclamation System										
Wholesale Customers Contracted (See Note)	6	6	6	6	6	6	6	6	6	6
Total Town, Cities and Others Served (See Note)	9	9	9	9	9	9	9	9	9	9
Customer Points of Entry	10	10	10	10	10	10	10	10	10	10
Total Yearly Billed Flows (millions of gallons)	1,582	1,458	1,645	1,705	1,748	1,440	1,434	1,703	1,664	1,333
Northeast Regional Water Reclamation System										
Wholesale Customers Contracted (See Note)	7	9	9	9	9	9	9	9	8	8
Total Town, Cities and Others Served (See Note)	11	10	10	10	10	9	9	9	9	9
Customer Points of Entry	15	15	15	15	15	15	15	14	12	12
Total Yearly Billed Flows (millions of gallons)	2,437	1,948	1,812	1,757	1,484	1,123	899	768	655	511
Peninsula Water Reclamation Plant										
Wholesale Customers Contracted (See Note)	1	1	1	1	1	1	1	1	2	2
Total Town, Cities and Others Served (See Note)	2	2	2	2	2	2	2	2	2	2
Customer Points of Entry	2	2	2	2	2	2	2	2	2	2
Total Yearly Billed Flows (millions of gallons)	406	342	321	271	230	178	140	139	124	103

Note: Some contracting parties provide service to more than one town or city

Source: UTRWD Operations & Engineering Department

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 13 - CAPITAL ASSET (IN SERVICE) STATISTICS BY SYSTEM
LAST TEN FISCAL YEARS**

SYSTEM	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Regional Treated Water System</u>										
<u>Regional Treated Water System</u>										
Raw Water Intake Capacity	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd	200mgd
Water Treatment Plant Capacity	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd	70mgd
Treated Water Pumping Capacity (est)	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd	130mgd
Transmission Pipelines (miles):										
12" to 20"	31.68	36.81	36.81	37.07	37.07	37.10	45.93	45.29	30.18	30.18
24" to 36"	48.02	47.55	45.18	43.77	43.77	43.34	43.34	42.95	40.27	40.27
48" to 60"	26.42	24.94	24.94	22.65	22.65	22.74	22.74	20.34	18.88	18.88
Treated Water Storage Tanks:										
Treatment Plant	4	4	4	4	4	4	4	4	4	4
Other	6	6	6	6	6	6	6	6	6	6
<u>Tom Harpool Water Treatment Plant</u>										
Raw Water Intake Capacity	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd	45mgd
Water Treatment Plant Capacity	30mgd	25mgd	25mgd	24.5mgd	20mgd	20mgd	20mgd	20mgd	20mgd	20mgd
Treated Water Pumping Capacity (est)	28mgd	28mgd	28mgd	28mgd	16mgd	16mgd	16mgd	16mgd	16mgd	16mgd
<u>Lakeview Regional Water Reclamation System</u>										
Water Reclamation Plant Capacity	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd	5.5mgd
Interceptor Pipeline (miles):										
8" to 10"	1.25	1.25	1.25	1.82	1.82	1.82	1.82	1.82	1.82	1.82
14"	1.11	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
18" & 20"	7.60	7.60	7.60	7.60	7.60	7.60	7.60	7.55	7.55	7.55
24" & 27"	4.78	4.76	4.76	4.76	4.76	4.76	4.76	4.72	4.72	4.72
Wastewater Lift Stations	5	5	5	5	5	5	5	5	5	5
<u>Northeast Regional Water Reclamation System</u>										
Riverbend Water Reclamation Plant Capacity	4.0mgd	4.0mgd	4.0mgd	4.0mgd	4.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd
Doe Branch Water Reclamation Plant Capacity	4.0mgd	4.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd	2.0mgd
Interceptor Pipeline (miles):										
8" to 21"	6.04	6.54	6.54	6.54	6.54	6.09	6.09	4.63	4.63	4.63
24" to 36"	6.48	6.65	6.54	6.54	6.54	6.30	6.30	6.30	6.30	6.30
Wastewater Lift Stations	1	1	1	1	1	1	1	1	1	1
<u>Peninsula Water Reclamation Plant</u>										
Water Reclamation Plant Capacity	2.00mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd	0.94mgd
Interceptor Pipeline (miles):										
24" to 36"	0.16	0.16	0.16	0.16	0.16	0.01	0.01	0.01	0.01	0.01

Note: mgd is million gallons per day

Source: UTRWD Operations & Engineering Department

UPPER TRINITY REGIONAL WATER DISTRICT

**SCHEDULE 14 - BUDGETED SUBSCRIPTIONS BY PARTICIPANTS
FISCAL YEAR 2023**

Participant	Treated Water		Lakeview Wastewater Treatment		Northeast (Riverbend/Doe Branch) Wastewater Treatment		Peninsula Wastewater Treatment		Non-Potable Water	
	MGD	%	MGD	%	MGD	%	MGD	%	MGD	%
Argyle Water Supply Corp.	2.00	2.26								
Aubrey	0.10	0.11								
Bartonville			0.0378	0.71						
Celina	7.20	8.12			1.3850	19.49				
Corinth	7.50	8.46	1.6080	30.18						
Cross Timbers Water Supply Corp.	2.50	2.82								
Denton	(1)									
Denton County Fresh Water Supply Dist. #1A									All	100.00
Denton County Fresh Water Supply Dist. #7	4.00	4.51	0.8440	15.84						
Denton County Fresh Water Supply Dist. #8A	1.87	2.11			0.4538	6.38				
Denton County Fresh Water Supply Dist. #10										
Denton County Fresh Water Supply Dist. #11A	3.30	3.72			0.7158	10.07				
Elm Ridge (Formerly DCFWSD #10)	1.02	1.15			0.3860	5.43				
Double Oak			0.0080	0.15						
Flower Mound	30.00	33.84								
Highland Village	3.00	3.38	1.6500	30.96						
Justin	1.45	1.64								
Krum	0.40	0.45								
Lake Cities Municipal Utility Authority	3.80	4.29	1.1810	22.16						
Lewisville (Acquired DCFWSD #1A)	4.00	4.51								
Mustang Special Utility District	7.80	8.80			2.6165	36.82	1.2050	100.00		
Northlake	5.80	6.54								
Prosper					1.0000	14.07				
Providence Village	2.40	2.71			0.5500	7.74				
Sanger	0.50	0.56								
Total Subscriptions	88.64	100.00	5.3288	100.00	7.1070	100.00	1.2050	100.00	All	100.00

(1) Service is provided via emergency according to need - no specific capacity

Source: UTRWD Adopted Budget Fiscal Year 2023

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTAL SECTION TCEQ

**SUPPLEMENTAL SCHEDULES
REQUIRED BY THE
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

UPPER TRINITY REGIONAL WATER DISTRICT

SERVICES AND RATES YEAR ENDED SEPTEMBER 30, 2023

1. Services Provided by the District:

- | | | |
|---|--|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input checked="" type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other (specify): <u>Household Hazardous Waste Disposal, Non-Potable Water</u> | | |

2. Retail Rates Based on 5/8" Meter: Retail Rates Not Applicable

Most prevalent type of meter (if not a 5/8"): _____

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
WASTEWATER:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
SURCHARGE:	\$ _____	_____	_____	\$ _____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total water and wastewater charges per 10,000 gallons usage (including surcharges). \$ _____

3. Retail Service Providers: Number of retail water and/or wastewater* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

	Active Connections	Active ESFC	Inactive Connections (ESFC)**
Single Family	_____	_____	_____
Multi-Family	_____	_____	_____
Commercial	_____	_____	_____
Other - recreational centers government & VFD	_____	_____	_____
TOTAL	=====	=====	=====

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

** "Inactive" means that water and wastewater connections were made, but service is not being provided.

4. **Total Water Consumption (In Thousands) During The Fiscal Year:**

Gallons pumped into system: 17,075,826

Gallons billed to customers: 16,342,692

5. **Standby Fees:** Does the District assess standby fees? Yes No

For the most recent full fiscal year, FYE _____, :

Debt Service:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Operation & Maintenance:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property?
 Yes No

6. **Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:**

- | | | |
|----|--------------------------------------|---------------------------------|
| a. | Debt Service Tax Receipts | \$ _____ |
| b. | Surplus Construction Funds | \$ _____ |
| c. | Water and/or Wastewater Revenue | <u>\$32,414,516</u>
\$ _____ |
| d. | Standby Fees | \$ _____ |
| e. | Debt Service Fund Balance To Be Used | \$ _____ |
| f. | Interest Revenues | \$ _____ |
| g. | Other (Describe) | |
| | _____ | \$ _____ |
| | _____ | \$ _____ |
| | _____ | \$ _____ |

TOTAL ANTICIPATED FUNDS TO BE USED* \$32,414,516

* This total should equal the district's total annual debt service for the fiscal year following the fiscal year reported or in the audited financial statements.

7. Location of District:

County(ies) in which district is located. Denton, Collin, Dallas, Fannin

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City(ies) in which district is located. _____ *See List of Board Members and Entity Represented

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely Partly Not at all

ETJ's in which district is located. _____ *See List of Board Members and Entity Represented

Is the general membership of the Board appointed by an office outside the district?
Yes No

If Yes, by whom? Governing Body of Member Entities, plus Denton County Commissioners Court

UPPER TRINITY REGIONAL WATER DISTRICT
FY 23 INSURANCE COVERAGE

<u>Type of Coverage</u>		<u>Amount of Coverage</u>	<u>Insurer Name</u>
FIDELITY:			
Public Official Bonds	\$	10,000 Per Director	The Travelers Company
Public Employee Dishonesty	\$	100,000 Per Employee	Texas Municipal League
Forgery & Alterations	\$	40,000 Per Loss	Texas Municipal League
Theft, Disappearance, & Destruction	\$	40,000 Per Loss	Texas Municipal League
Computer Fraud	\$	40,000 Per Loss	Texas Municipal League
Cyber Liability & Data Breach	\$	1,000,000 Annual Aggregate	Texas Municipal League
Privacy Breach Response Services	\$	25,000 Per Incident & Aggregate	Texas Municipal League
Cyber Extortion, First Party Data/Network Business Interruption Protection	\$	50,000 Annual Aggregate	Texas Municipal League
Crime Coverages - Insuring Agreement Fidelity, Forgery or Alteration, On Premises, In Transit, Money Orders & Counterfeit Money, Computer Crime, & Funds Transfer Fraud	\$	1,000,000 Per Loss	The Travelers Company
Personal Accounts Identity Fraud Expense	\$	25,000 Per Loss	The Travelers Company
CyberRisk - Third Party Liability Network & Information Security, Communications and Media, and Regulatory Defense	\$	2,000,000 Each Claim	The Travelers Company
Cyber Coverage - First Party Liability			The Travelers Company
Cyber Coverage - Liability Privacy & Security, Payment Card Costs, Media and Regulatory Proceedings	\$	2,000,000 Annual Aggregate	
Cyber Coverage - Breach Response - Notification, Computer and Legal Experts	\$	2,000,000 Annual Aggregate	
Computer Program and Electronic Data Restoration and Public Relations	\$	2,000,000 Annual Aggregate	
Cyber Crime - Computer Fraud	\$	250,000 Annual Aggregate	
Funds Transfer Fraud	\$	250,000 Annual Aggregate	
Cyber Extortion	\$	2,000,000 Annual Aggregate	
Business Interruption and Additional Expenses	\$	2,000,000 Annual Aggregate	
LIABILITY:			
General/	\$	10,000,000 Each Occurrence	Texas Municipal League
Includes Sudden Events Pollution	\$	2,000,000 Each Occurrence	
	\$	10,000,000 Annual Aggregate	
Errors & Omissions	\$	5,000,000 Each Wrongful Act	Texas Municipal League
	\$	10,000,000 Annual Aggregate	
Automobile	\$	5,000,000 Each Occurrence	Texas Municipal League
	\$	2,000,000 Uninsured/Underinsured Motorists/ (Each Accident)	
	\$	25,000 Auto Medical Payments/(Each Person)	
PROPERTY:			
Buildings & Contents	\$	454,321,676 Special Form (Replacement Cost)/ Includes Earthquake & Flood Coverage	Texas Municipal League
	\$	10,000,000 Acts of Terrorism Coverage/ (Each Occurrence)	
	\$	62,000,000 Boiler & Machinery Coverage/ (Per Accident Limit)	
Mobile Equipment	\$	1,217,557 As Scheduled (Replacement Cost) Includes Rented and Leased Equipment	Texas Municipal League
Automobile**		As Scheduled Collision & Comprehensive Coverage/ (Actual Cash Value)	Texas Municipal League
ACCIDENT/INJURY:			
Workers' Compensation		Statutory Limits	Texas Municipal League

** Automobile Property Costs included in Liability Costs.

UPPER TRINITY REGIONAL WATER DISTRICT

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES TWO YEARS ENDED SEPTEMBER 30, 2023

	Amount		% of Fund Total Revenues	
	2023	2022	2023	2022
REVENUES:				
Charges for services	\$ 86,653,720	\$ 77,365,744	99.7%	99.6%
Miscellaneous income	283,689	335,322	0.3%	0.4%
Total revenues	86,937,409	77,701,066	100.0%	100.0%
EXPENSES:				
Operation and maintenance:				
Salaries and benefits	6,485,705	5,878,189	7.5%	7.6%
Water and wastewater treatment	14,652,803	13,784,213	16.9%	17.7%
Lab chemicals and supplies	3,980,066	3,324,378	4.6%	4.3%
Maintenance materials service	3,064,706	2,169,231	3.5%	2.8%
Utilities	4,374,006	4,383,870	5.0%	5.6%
Equipment and tools	104,885	29,413	0.1%	0.0%
Sludge removal	1,361,588	1,200,639	1.6%	1.5%
Disposal service	13,574	15,934	0.0%	0.0%
Miscellaneous	495,145	341,525	0.6%	0.4%
Depreciation and amortization	15,177,776	14,139,856	17.5%	18.2%
Administrative other	4,957,204	4,353,271	5.7%	5.6%
Total expenses	54,667,458	49,620,519	63.0%	63.7%
EXCESS REVENUES OVER EXPENSES	\$ 32,269,951	\$ 28,080,547	37.1%	36.1%

UPPER TRINITY REGIONAL WATER DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

Complete District Mailing Address: P. O. Box 305, 900 N. Kealy, Lewisville, TX 75067

District Business Telephone Number: (972) 219-1228 | Fax: (972) 221-9896

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2023	Title	Resident of District
Board Officers					
Clay M. Riggs Director, Public Works Town of Flower Mound 2121 Cross Timbers Road Flower Mound, TX 75028	Appointed June 1, 2023 05/18 – 05/25	Flower Mound	\$0.00	President Board of Directors	Yes
Lyle Dresher 5909 Tawakoni Dr. Argyle, TX 76226	Appointed June 1, 2023 05/18 – 05/27	Denton County At Large	\$0.00	Vice President Board of Directors	Yes
Greg Scott 136 Daisy Lane Justin, TX 76247	Appointed June 1, 2023 5/18 - 05/25	Justin	\$0.00	Treasurer Board of Directors	Yes
Allen L. McCracken, II P. O. Box 1200 Pilot Point, TX 76258	Appointed: June 1, 2023 09/19 - 05/27	Pilot Point	\$0.00	Secretary Board of Directors	Yes
Board Members					
Troy Norton 7200 Hawk Rd. Flower Mound, TX 75022	Appointed 02/15 - 05/25	Argyle	\$0.00	Director	Yes
Brian Roberson 1745 FM 2931 Providence Village, TX 76227	Appointed 04/16 - 05/25	Aubrey	\$0.00	Director	Yes
Del Knowler 739 Seals Rd. Bartonville, TX 76226	Appointed 08/13 - 05/25	Bartonville	\$0.00	Director	Yes
Kimberly Brawner Assistant City Manager Public Service 142 N. Ohio Street Celina, TX 75009	Appointed 03/23 – 05/25	Celina	\$0.00	Director	Yes
Mark Pape 12050 Meadow Lake Ln. Argyle, TX 76226-4501	Appointed 08/18 - 05/25	Copper Canyon	\$0.00	Director	Yes
Glenn Barker Director of Public Works City of Corinth 3300 Corinth Parkway Corinth, TX 76208	Appointed 08/23 - 05/25	Corinth	\$0.00	Director	Yes
Stephen Gay Director of Water Utilities City of Denton 901-A Texas Street Denton, TX 76209	Appointed 03/23 – 05/25	City of Denton	\$0.00	Director	Yes
Vacant	Appointed	Denton County	\$0.00	Director	Yes
Kevin Mercer General Manager DCFWS #7 2652 FM 407 East, Suite 215 Bartonville, TX 76226	Appointed: 11/02 – 05/27	Denton County FWSD #7	\$0.00	Director	Yes

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2023	Title	Resident of District
Dave Nelson 345 Oak Trail Dr. Double Oak, TX 75077	Appointed 09/21 – 05/25	Double Oak	\$0.00	Director	Yes
Richard A. Lubke 2700 Gentle Dr. Flower Mound, TX 75022	Appointed: 04/00 - 05/25	Highland Village	\$0.00	Director	Yes
Orlando Sanchez Assistant City Manager City of Irving 825 W. Irving Blvd. Irving, TX 75015-2288	Appointed: 07/20 - 05/25	Irving	\$0.00	Director	Yes
Nate Winchester Water & WW Superintendent City of Krum PO Box 217 Krum, TX 76249	Appointed 07/20 - 05/25	Krum	\$0.00	Director	Yes
Mike Fairfield General Manager Lake Cities MUA 501 N. Shady Shores Dr. Lake Dallas, TX 75065-2409	Appointed: 12/09 – 05/27	Lake Cities MUA	\$0.00	Director	Yes
Kelly Rouse Assistant Director of Public Services City of Lewisville P.O. Box 299002 Lewisville, TX 75029-9002	Appointed 02/23 – 05/25	Lewisville	\$0.00	Director	Yes
Chris Boyd General Manager Mustang Special Utility District 7985 F.M. 2931 Aubrey, TX 76227	Appointed: 03/07 - 05/27	Mustang SUD	\$0.00	Director	Yes
Drew Corn Town Manager Town of Northlake 1500 Commons Circle, Ste. 300 Northlake, TX 76226	Appointed: 08/22 - 05/25	Northlake	\$0.00	Director	Yes
Mike Anderson 833 Lochmoor Lane Highland Village, TX 75077	Appointed 07/16 - 5/27	Ponder	\$0.00	Director	Yes
Frank Jaromin Director of Public Works Town of Prosper 601 W. 5 th St. P.O. Box 307 Prosper, TX 75078-0307	Appointed 07/15 - 05/27	Prosper	\$0.00	Director	Yes
Alina Ciocan Assistant City Manager City of Sanger P. O. Box 1729 Sanger, TX 76266	Appointed 03/22 – 05/27	Sanger	\$0.00	Director	Yes
Key Administrative Personnel					
Larry N. Patterson, P.E. 900 N. Kealy Avenue Lewisville, TX 75067	Hired 08/12/02 - Present	UTRWD	\$11,166.76	Executive Director	Yes
Lester T. Harris, Jr., C.P.A 900 N. Kealy Avenue Lewisville, TX 75067	Hired 05/05/03 - Present	UTRWD	\$2,878.49	Chief Financial Officer	Yes
Kurt Staller, P.E. 900 N. Kealy Avenue Lewisville, TX 75067	Hired 09/05/00 - Present	UTRWD	\$4,434.29	Director – Construction and Engineering	Yes

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2023	Title	Resident of District
Jody Zabolio, P.E. 900 N. Kealy Lewisville, TX 75067	Hired 12/13/04 - Present	UTRWD	\$11,078.37	Director - Operations	No
Consultants					
Nick Bulaich Managing Director Hilltop Securities Inc. 777 Main St., Suite 1200 Fort Worth, TX 76102	Contracts 09/07/89 - Present	UTRWD	N/A	Financial Advisor	N/A
Matthew Boyle Boyle & Lowry LLP Attorneys and Counselors 4201 Wingren, Suite 108 Irving, TX 75062-2763	Contracts 02/02/95 - Present	UTRWD	N/A	General Counsel	N/A
Rob Collins, III - Partner Bracewell LLP 1445 Ross Avenue Suite 3800 Dallas, TX 75202-2711	Contracts 04/07/95 - Present	UTRWD	N/A	Bond Counsel	N/A
Sheila Hambrick Jones Gotcher 3800 First Place Tower 15 East Fifth St Tulsa, OK 74103-4309	Contracts 09/28/16 - Present	UTRWD	N/A	General Counsel	N/A
Richard H. Kelsey, P. C. Kelsey, Kelsey, and Hickey Attorneys At Law 2225 East McKinney Denton, TX 76209	Contracts 11/12/92 - Present	UTRWD	N/A	Real Estate Counsel	N/A
Lauren Kalisek Lloyd Gosselink 816 Congress Ave. Suite 1900 Austin, TX 78701	Contracts 05/06/99 - Present	UTRWD	N/A	General Counsel	N/A
Myles Porter Myles Porter, P.C. 411 N. Main St. Bonham, TX 75418	Contracts 09/10/15 - Present	UTRWD	N/A	Real Estate Counsel	N/A
S. Alan Skinner, PhD AR Consultants, Inc. 805 Business Parkway Richardson, TX 75081	Contracts 01/26/16 - Present	UTRWD	N/A	Engineering	N/A
Robert Brandes, P. E. Robert J. Brandes Consulting 6000 Mavrys Trail Austin, TX 78730	Contracts 03/17/17 - Present	UTRWD	N/A	Engineering	N/A
Ignacio Cadena Black & Veatch Corporation 5400 LBJ Freeway, Suite 975 Dallas, TX 75240	Contracts 09/30/16 - Present	UTRWD	N/A	Engineering	N/A
Samir S. Mathur, P. E. CDM Smith Inc. 12400 Coit Rd, Ste.400 Dallas, TX 75251	Contracts 08/03/06 - Present	UTRWD	N/A	Engineering	N/A
Scott Hoff, P. E. – Senior VP Carollo Engineers Inc. 14755 Preston Rd., Suite 950 Dallas, TX 75254	Contracts 10/06/00 - Present	UTRWD	N/A	Engineering	N/A
Christopher Schmid CP&Y Inc. 1820 Regal Row, Ste. #200 Dallas, TX 75235	Contracts 09/16/93 - Present	UTRWD	N/A	Engineering	N/A

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2023	Title	Resident of District
Ken Roberts Huitt-Zollars, Inc. 5430 LBJ Freeway, Suite 1500 Dallas, TX 75240	Contracts 05/05/11 - Present	UTRWD	N/A	Engineering	N/A
Ben Stephens, P.E. Half Associates, Inc. 12225 Greenville Ave., Suite 200 Dallas, TX 75243	Contracts 02/02/11 - Present	UTRWD	N/A	Engineering	N/A
Raj Mehta P. E. Jacobs 1999 Bryan St., Suite 1200 Dallas, TX 75201	Contracts 09/16/93 - Present	UTRWD	N/A	Engineering	N/A
Chris Story, P.E. JQ Infrastructure 2015 Commerce Street, Suite 200 Dallas, TX 75201	Contracts 02/10/16 - Present	UTRWD	N/A	Engineering	N/A
Anthony Samarripas, P.E. Kimley-Horn Associates 13455 Noel Rd. Two Galleria Office Tower Suite 700 Dallas, TX 75240	Contracts 11/05/20 - Present	UTRWD	N/A	Engineering	N/A
David R. Boes, VP, Area Manager Kleinfelder, Inc. 7805 Mesquite Bend Drive, Suite #100 Irving, TX 75063	Contracts 02/04/21 - Present	UTRWD	N/A	Engineering	N/A
Bryan Hunt, P.E. Lamb-Star Engineering, LLC 5700 W Plano Parkway, Suite 1000 Plano, TX 75093	Contracts 05/06/21 - Present	UTRWD	N/A	Engineering	N/A
Justin Reeves, P.E. Lockwood, Andrews & Newman Inc. 1320 S. University Dr. University Center II, Ste. 450 Fort Worth, TX 76107	Contracts 02/06/20 - Present	UTRWD	N/A	Engineering	N/A
Chris Young President Alan Plummer Associates, Inc. 1320 S. University Dr., Ste.300 Fort Worth, TX 76107	Contracts 02/20/91 - Present	UTRWD	N/A	Engineering	N/A
Terrace Stewart, P.E. RJN Group 14755 Preston Road, Suite 710 Dallas, TX 75254	Contracts 12/06/18 - Present	UTRWD	N/A	Engineering	N/A
Heather Harward Texas Water Supply Partners 3305 Silverleaf Drive Austin, TX 78757	Contracts 03/29/17 - Present	UTRWD	N/A	Engineering	N/A
Stephen W. McCullough 213 Jill Ln Sulphur Springs, TX 75482	Contracts 01/27/16 - Present	UTRWD	N/A	Engineering	N/A
Harvey Economics 469 South Cherry St, Suite 100 Denver, CO 80246	Contracts 01/08/18 - Present	UTRWD	N/A	Engineering	N/A
Jeff Sober Vice President Garver, LLC 3010 Gaylord Parkway, Ste. 190 Frisco, TX 75034	Contracts 03/03/16 - Present	UTRWD	N/A	Engineering	N/A

Names and Addresses	Term of Office (Elected or Appointed) or Date Hired	Appointing Entity	Expense Reimbursements Year Ended September 30, 2023	Title	Resident of District
Mike Weeks Project Manager Michael Baker Jr., Inc 810 Hester's Crossing., Suite 163 Round Rock, TX 78681	Contracts 10/02/08 - Present	UTRWD	N/A	Engineering	N/A
Independent Auditor					
Blake Rodgers Deloitte & Touche LLP Chase Tower, Ste. #1600 2200 Ross Avenue Dallas, TX 75201-6778	Contracts 11/12/93 - Present	UTRWD	N/A	Auditor	N/A
Investment Officers					
Larry N. Patterson, P.E. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Contract 3/1/18 Hired 8/12/02 – Present	UTRWD	N/A	Executive Director	Yes
Lester T. Harris Jr., C.P.A., C.M.A., C.F.M. 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 05/05/03 – Present	UTRWD	N/A	Chief Financial Officer	No
Mary Dockery 900 N. Kealy P.O. Box 305 Lewisville, TX 75067	Hired 10/1/01 - Present	UTRWD	N/A	Controller	

THIS PAGE INTENTIONALLY LEFT BLANK

