



*Regional. Reliable. Everyday.*

March 13, 2023

Mr. Eric Ellwanger  
City Manager  
City of Allen  
305 Century Parkway  
Allen, Texas 75013

RE: Regional Water Supply Facilities Amendatory Contract – FY22 Surplus Budgeted Funds

Dear Mr. Ellwanger:

This letter provides an update on the FY22 calculation of surplus budgeted funds in the Regional Water System required by the Regional Water Supply Facilities Amendatory Contract. At the end of FY21, we established a process to review our ending fund balances in compliance with the Contract. We compared the Regional Water System's ending balances to the District's Fund Balance Policy to determine if a distribution should be made to the Member Cities.

We have applied the same methodology to the review of the FY22 ending balances. On January 11, 2023, NTMWD's Finance Committee reviewed the fiscal year 2021-22 Regional Water System ending fund balances reflected in the table below.

**Operating & Contingency Funds 9/30/22 Combined Balances**

Operating Fund Balance	\$50.2M	91.3 days
Contingency Fund Balance	<u>\$27.1M</u>	<u>49.4 days</u>
<b>Total</b>	<b>\$77.4M</b>	<b>140.7 days</b>
<b>Policy Target Balance</b>	<b>\$82.5M</b>	<b>150 Days</b>


In compliance with the contract, there will not be a distribution of funds due to the RWS Fund Balance being below the Policy's Target Balance.

The applicable contract language is included here for your reference. *Any surplus budgeted funds remaining on hand at the end of any Annual Payment Period in excess of amounts necessary to pay the Annual Requirement, including, to the extent reasonable, any operation and maintenance fund balances and other reserves established by the District, shall be distributed no later than May 1 of the following Annual Payment Period to the Contracting Parties proportionately based upon the respective amounts of treated water actually delivered to the Contracting Parties for the preceding Water Year.*

Mr. Eric Ellwanger  
March 13, 2023  
Page 2

Should you have any questions or need additional information, please contact Jeanne Chipperfield, Deputy Director – Administrative Services at [jchipperfield@ntmwd.com](mailto:jchipperfield@ntmwd.com).

Sincerely,

DocuSigned by:  
  
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JENNAFER P. COVINGTON  
Executive Director / General Manager

JPC/JC/EAF/DTF/kar

cc: Joe Farmer, Director, NTMWD  
James Kerr, Director, NTMWD  
Pete Phillis, Chief Financial Officer  
Donna Kliewer, Waste Services Manager  
Steve Massey, Director of Community Services