

Tarrant Regional Water District  
Fort Worth, Texas

Comprehensive Annual Financial Report  
As of and for the year ended September 30, 2016





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Fort Worth, Texas  
Comprehensive Annual Financial Report  
As of and for the Year Ended  
September 30, 2016

Board of Directors

Victor W. Henderson, President

Jack R. Stevens, Vice-President

Martha V. Leonard, Secretary

James W. Lane, Secretary Pro-Tem

Mary Kelleher, Director

General Manager

James M. Oliver

Deputy General Manager

R. Alan Thomas

Assistant General Manager

Daniel L. Buhman

Director of Finance

Sandra Newby

# TARRANT REGIONAL WATER DISTRICT – FORT WORTH, TEXAS

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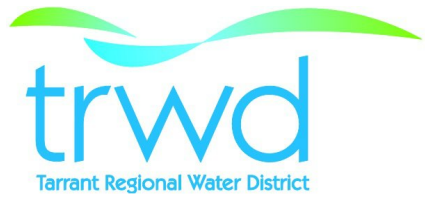
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## Introductory Section (Unaudited)



(Cedar Creek Dam)



#### Board Members

Victor W. Henderson, President  
Jack R. Stevens, Vice President  
Marty V. Leonard, Secretary  
Jim W. Lane, Secretary Pro-Tem  
Mary Kelleher, Director

James M Oliver, General Manager

January 9, 2017

To the: Board of Directors of the Tarrant Regional Water District

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Tarrant Regional Water District (the District) as of and for the fiscal year ended September 30, 2016. This report is submitted in compliance with generally accepted accounting principles in the United States of America (GAAP) and has been prepared by the District's Finance Department staff.

The CAFR consists of management's representation concerning the finances of the District. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the presented data is accurate in all material respects, and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds. The District has established a comprehensive internal control framework in order to provide a reasonable basis for making these assertions. Because the cost of internal controls should not exceed anticipated benefits, the objective of such internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's financial statements have been audited by Deloitte & Touche LLP, an independent audit firm. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion for the District's financial statements for the fiscal year ended September 30, 2016. The Independent Auditors' Report is located in the beginning of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A immediately follows the Independent Auditors' Report and should be read in conjunction with the basic financial statements.

#### **Profile of the Tarrant Regional Water District**

The District, formerly the Tarrant County Water Control and Improvement District Number One, is a water control and improvement district and political subdivision of the State of Texas created in October 1924 pursuant to Article 16, Section 59 of the Texas Constitution. The District is presently functioning under the general and special laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 268, Acts of 1957, 55<sup>th</sup> Legislature of Texas, as amended, Regular Session (the District Act), and is authorized by the District Act to issue bonds and finance public works projects.



The District has spent the last 90 years enriching communities and improving the quality of life. This vision is accomplished through our three primary missions: provide a reliable, resilient supply of water to the public at the lowest cost and highest quality possible; protect communities with dependable flood control infrastructure and operations; and enhance quality of life through recreation and education.

The District is governed by a board of five directors elected to serve four-year terms by the voters within the voting district. The Board of Directors in turn appoints the General Manager who oversees the day to day operations of the District.

The District is the primary supplier for raw water used by a total of approximately fifty municipal and non-municipal entities located both within and outside Tarrant County. Among the major municipal customers of the District are the Cities of Fort Worth, Arlington, Mansfield, and the Trinity River Authority of Texas. The total area serviced by the District through these four major municipal entities includes nearly all the populated regions within Tarrant County. The remainder of Tarrant County is supplied from ground water and reservoir sources. The District holds numerous water rights within its area of operation: Lake Bridgeport, Eagle Mountain Lake, Cedar Creek Reservoir, Richland-Chambers Reservoir, Trinity River Diversions, Benbrook Reservoir, and the West Fork of the Trinity River. The District's pipelines span 189 miles through several counties in north Texas. Additionally, the District owns land outside the boundaries of the District, in Tarrant, Wise, Jack, Henderson, Ellis, Navarro, Freestone, Anderson, Johnson, and Kauffman Counties. The District engaged in multiple water supply related construction projects including the Integrated Pipeline Project which will increase system capacity to ensure adequate water supply in the future. This year's progress is discussed on the following pages.

The District also provides and maintains over seventy-two miles of trail along the Trinity River which connects to thirty-one neighborhoods throughout the communities. The District operates and maintains a floodway system consisting of levees and river channel improvements designed by the United States Army Corps of Engineers (USACE). The current floodway system improvements were designed and constructed between 1950 and 1970 and is based on flood flows for earlier projections of urbanization levels. The rapid growth of Fort Worth has exceeded the earlier projections resulting in an increased amount of runoff which affects the carrying capacity of the floodway system and its ability to function as a flood damage reduction system. To improve the current floodway system the District has partnered with the City of Fort Worth, Tarrant County, USACE, and TxDOT to build the Trinity River Vision Project (TRV Project). For more information on the TRV project please see Notes 12-14 beginning on page 73.

As required by GAAP, the financial reporting entity includes all funds of the primary government (the District), as well as the District's component units. Component units are legally separate entities for which the primary government (the District) is financially accountable. During the 2016 fiscal year there was one discretely presented component unit; the Trinity River Vision Authority (TRVA).

The fiscal year for the District begins on the first day of October and ends on the last day of September. The District's finance department coordinates and prepares the budget on the fund and activity level.



The budgetary level of control for management is at the fund level, and management may approve and conduct transfers within funds when needed. In June, the preliminary Enterprise Fund budget is presented at the Advisory Committee workshop (the Advisory Committee consists of representatives from the four largest water customers) and then both the General Fund and Enterprise Fund budgets are presented at the Board of Directors budget workshop. After the workshops, the Advisory Committee meets to review and recommends the Enterprise Fund budget to the Board of Directors for approval and in September both the General Fund and Enterprise budgets are approved by the Board of Directors.

### **Local Economy**

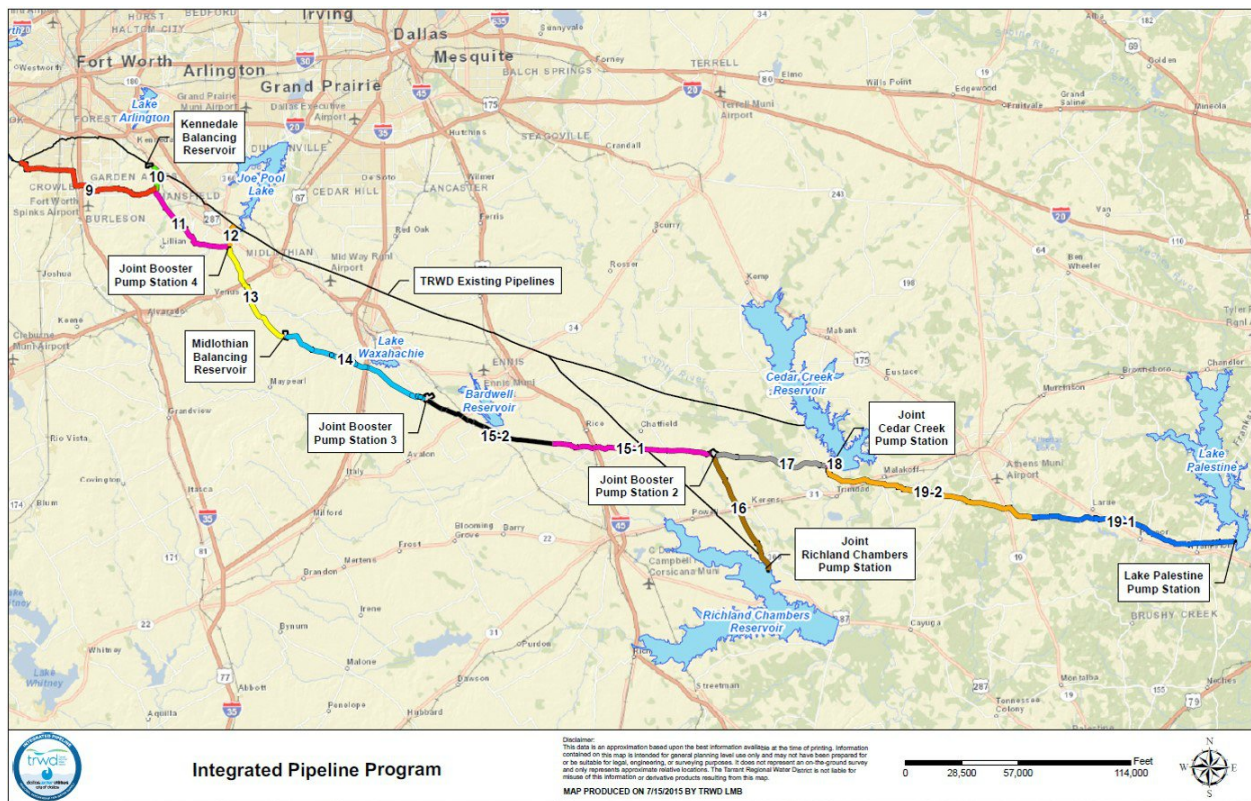
The District's taxing authority consists of a portion of Tarrant County. Tarrant County historically has seen steady, modest growth. In the past several years the economic impact of developing the Barnett Shale natural gas resources of the area has provided significant employment and other business opportunities. Beginning in fiscal year 2004, Oil and Gas revenues were a large source of revenue for the District's General Fund, however in the 2015 prices in the oil and gas industry declined significantly. The decline has led to job loss and in 2016 over 250,000 oil and gas jobs were lost nationwide of which 65,000 of those jobs were in Texas.

During the 2016 fiscal year, north Texas, along with the rest of the state, experienced a higher than average rainfall. The District's lakes and reservoirs received an average of 25.8 inches on top of the already full levels. The water levels and the rainfall affected the District's customers' demand for raw water as well as the pumping power requirements.

### **Major Initiatives**

#### **Integrated Pipeline Project—**

As part of our mission to build a reliable water supply system the District and the City of Dallas Water Utilities (DWU) partnered to finance, plan, design, construct, and operate the Integrated Pipeline Project (IPL project). The IPL project is an integrated water delivery transmission system connecting Lake Palestine to Lake Benbrook with connections to the Cedar Creek and Richland-Chambers Reservoirs integrating the District's existing pipelines and creating flexibility in delivery as well as quick response to fluctuating customer water demands. The IPL project consists of 150 miles of large diameter pipeline, three new lake pump stations to draw water from the reservoirs, and three new booster pump stations delivering up to 350 million gallons per day of raw water to north central Texas. The IPL will allow the District to continue supporting community and economic growth throughout our service area. On-going studies, additional design, and construction are being paid for with the TRWD 2009, 2010, 2012, 2014, and 2015 bond issues, and DWU 2012, 2014, and 2015 bond issues, as well as future bond issues. The estimated total cost for the core project to the District is approximately \$1.4 billion and to DWU is approximately \$936 million.



(Map of IPL Project)

During fiscal year 2016 construction continued for the IPL project, as of fiscal year end \$710.2 million in cost has been incurred for the Project, with \$198.2 million being spent in the 2016 fiscal year. As of September 30, 2016, the IPL Project has acquired 396 of the 517 required parcels.



(Photo of installation of 108 inch pipe at Midlothian Balancing Reservoir )

#### Current construction summary:

Section 15-1 construction work continued in fiscal year 2016. The construction contract of \$94.8 million is 98% complete.

The JB3 Pump Station construction contract was approved and signed in fiscal year 2015 for a contract amount of \$56.7 million. Construction began in fiscal year 2015 and continued throughout fiscal year 2016. The contract is 38% complete.

The contract for construction of pipeline sections 12 and 13 as well as the Midlothian Balancing Reservoir began in fiscal year 2015 for \$143.2 million and is now 82% complete.

Construction of section 15-2 was given notice to proceed in fiscal year 2015, the contract is for \$52.6 million and is 86% complete.

A contract for the construction of pipeline section 2/12 interconnection was approved and signed for \$10.6 million in fiscal year 2015. The construction began in fiscal year 2016 and the contract is 59% complete.



A construction contract for section 14 was approved and began in fiscal year 2016 for a total of \$48.3 million, the contract is 71% complete.

The contract for construction of sections 10 and 11 was approved for \$43.2 million in fiscal year 2016, construction is expected to begin in fiscal year 2017.



(View inside tunnel of section 14)

#### Kennedale Balancing Reservoir Expansion—

The Kennedale Balancing Reservoir Expansion is in phase two with a budget of \$32.6 million. The first phase, installing a pipeline from the Kennedale Balancing Reservoir to the Arlington Outlet, was completed in fiscal year 2015. The second phase of the project will add a third cell, new piping, and modify the existing piping at the Kennedale Balancing Reservoir. These components are necessary to handle the additional capacity that the IPL will bring. The changes will improve operations, increase reliability and add redundancy to the system. The proposed expansion will provide the District more flexibility for pipeline operations for water supply to best serve its customers. In fiscal year 2016 design work continued and construction work began on phase two, to date \$5.0 million has been spent.



(Construction progress on the Kennedale Balancing Reservoir foundation)

#### Asset Management Project—

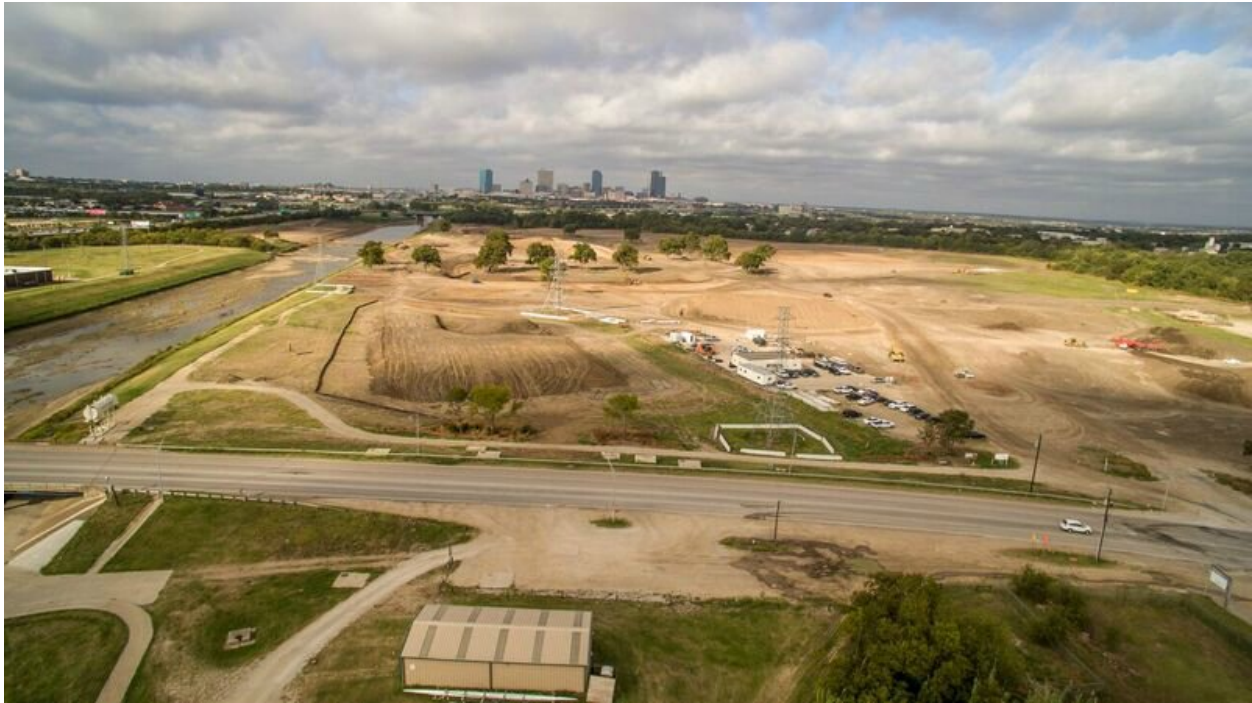
In 2014 the District began an Asset Management Project to implement a formalized asset management plan using PAS 55 and ISO 55000 as guidelines. The project will enable the District to optimize the investment in maintenance and capital expenditures by formalizing business case evaluations and looking at life-cycle costs. The project includes developing levels of service and key performance indicators that will enable the District to measure its success. Strategic asset management includes determination of likelihood and consequence of failure of assets, which will help the District to be more proactive than reactive with pipeline system maintenance activities. The project entered phase two in fiscal year 2016 and to date the project has spent \$2.0 million. This project is a District wide effort and is aligned with the overall District goals and strategy, as well as with the maintenance and capital improvement activities.

#### Trinity River Vision Project—

The Trinity River Vision project (TRV project) is a multi-agency collaboration between the District, the City of Fort Worth, TxDot, USACE, and Tarrant County, bringing flood protection and related infrastructure to an 800 acre area north of downtown Fort Worth between the Tarrant County Courthouse and Northside Drive. The key component is the construction of a bypass channel, approximately 1.5 miles long, which will divert flood flows around the segment of the Trinity River adjacent to downtown. Construction of this new bypass channel and related dam and isolation gates will allow the existing river to function as a “quiescent watercourse”—a calm, constant-level, lake-like body that can be enjoyed all year round. The public improvements of the TRV project include flood protection



and related infrastructure. The United States Army Corps of Engineers (USACE) has identified this area as “at risk” due to an aging levee system. Technology has changed substantially since the levees were erected in the 1950’s and the bypass channel is now the preferred method of urban flood control. Improved roads and bridges will provide access to the area; upgraded utilities will improve the existing infrastructure; and ecosystem enhancement will restore the balance after decades of industrial use. During fiscal year 2016, the TRV project continued work with acquisition, relocation, environmental, and demolition of properties on the north segment of the bypass channel and the remaining properties for all three bridges.



(Construction progress on Gateway Park)

Construction began on valley storage at Gateway Park Sites A & C and Riverside Park began during fiscal year 2016. Construction work for the three bridges continued in fiscal year 2016. Design work for the North Bypass channel began in fiscal year 2016 .

As of 2016 fiscal year-end, the District has spent a total of \$64.4 million on this project. The City of Fort Worth Tax Increment Reinvestment Zone Number Nine in accordance with the project cost funding agreement as described in Note 1, which accompanies the financial statements, has spent \$176.1 million on the project and has an outstanding loan of \$153.9 million with the District.



(Aerial photo of bridge construction)



## Recreation—

The District participated in recreation components throughout the fiscal year in numerous ways, including construction and planning, events, as well as river and lake cleanups:

The Twin Points Park project that began in 2010 and was complete in fiscal year 2016. The District has spent \$7.8 million for cleanup, a boat ramp, docks, paved parking areas, fence and gated park access, an aide station, and additional restrooms. In fiscal year 2016 Phase 2B of the project was completed including a swim area and beach area that are now open to the public.



(Members of the District's Board of Directors celebrating the opening of the Twin Points Park)

The Airfield Falls Conservation Park project has been ongoing since 2013. The project includes a new conservation garden and trailhead to honor the history of the Naval Air Station Joint Reserve Base (NASJRB) with an educational art piece featuring military aircraft components. Other amenities such as parking, restrooms, water fountains and picnic tables will be on site as well. To date, the District has spent \$2.3 million on this project.

The District puts on numerous events throughout the year that bring the community together; including Trash Bash and Fort Worth's Fourth. Trashbash is a biannual event that brings the community down to the river to help keep the Trinity River clean, approximately 18 tons of trash was picked up during the 2016 events. The Fort Worth's Fourth is a festival celebrating the Fourth of July. The Fort Worth's Fourth

is held at the confluence of the Clear Fork and West Fork (Panther Island Pavilion), 76,000 attended the event in fiscal year 2016.



(Fort Worth's Fourth, Panther Island Pavilion)

### **Long-term Financial Planning**

An ongoing goal of the District is to stabilize the water rate while supply the community with the needed water. The District issues debt to finance the construction of large system assets used for providing raw water. The issued debt allows the District to maintain smooth changes to the water rate. The District implemented an Extendible Commercial Paper Bonds program in fiscal year 2016, that allows the District to use short-term financing during design and construction to lessen overall debt costs to the system.

The ad valorem tax rate for the 2017 fiscal year totaled \$0.0194 per \$100 valuation to fund maintenance and improvements of the floodway.

### **Awards**

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 comprehensive annual financial report for the fiscal year ended September 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The completion of this report could not have been accomplished without the dedicated efforts of the District's staff who provided information and analysis for this report. We would like to thank the District's Board of Directors, the District's Finance Department and our independent auditors, Deloitte & Touche LLP.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. M. Oliver', with a stylized, flowing script.

James M. Oliver  
General Manager

A handwritten signature in black ink, appearing to read 'Sandra Newby', with a cursive, flowing script.

Sandra Newby  
Finance Director



Government Finance Officers Association

**Certificate of  
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Presented to

**Tarrant Regional Water District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



### Board of Directors

Victor W. Henderson, President

Jack R. Stevens, Vice-President

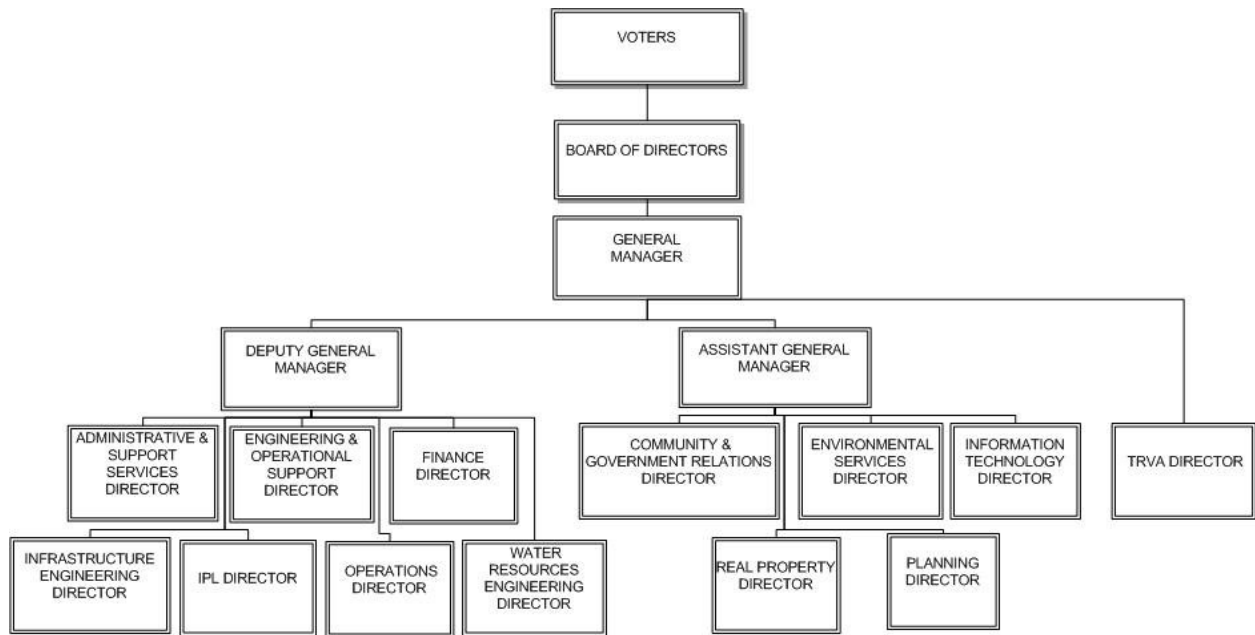
Martha V. Leonard, Secretary

James W. Lane, Secretary Pro-Tem

Mary Kelleher, Director

# Tarrant Regional Water District

## Organizational Chart





## **Financial Section (audited)**



(Richland Chambers Wetlands)





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## **INDEPENDENT AUDITORS' REPORT**

Members of the Board of Directors  
Tarrant Regional Water District  
Fort Worth, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Tarrant Regional Water District (the "District") as of September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tarrant Regional Water District as of September 30, 2016 and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, General Fund budgetary comparison information, and Other Post-Employment Benefits Schedule of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, 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.

#### ***Other 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 accompanying Introductory Section, Required Texas Commission on Environmental Quality Schedules and Statistical Section Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section, required Texas Commission on Environmental Quality Schedules and Statistical Section Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Deloitte & Touche LLP*

January 6, 2017

## **TARRANT REGIONAL WATER DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

This section of the District's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2016. Please read this analysis in conjunction with the District's audited financial statements, which follow this discussion.

### **FINANCIAL HIGHLIGHTS**

#### **NET POSITION**

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$1.0 billion (*net position*). Of this amount, \$177.2 million (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year: Business-Type Activities total net position increased by \$72.0 million mainly due to the increase in design and construction related expenditures for the Integrated Pipeline project. Governmental activities total net position increased by \$37.8 million mainly due to the continuation of the Trinity River Vision Project.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements contain three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, presented in a manner similar to that of a private-sector business.

#### **Statement of Net Position**

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows. The difference between those assets, liabilities, and deferred inflows are reported as net position.

Over time, increases and decreases in net position could provide a useful indicator of whether the financial position of the District is improving or deteriorating.

### **Statement of Activities**

The Statement of Activities presents information showing how the District's net position has 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.

Both the Statement of Net Position and the Statement of Activities distinguish between the two functions of the District. Property taxes, oil and gas royalties, and inter-governmental revenues support the governmental activities. These activities include flood control, floodway maintenance, and improvements, recreation, and general government administration. The business-type activities of the District are intended to recover all or a significant portion of their costs through user fees and charges. The District's business-type activity is supplying raw water to municipalities. The government-wide financial statements can be found beginning on page 31 and 32 this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the District can be divided into three categories: governmental, proprietary, and fiduciary.

### **Governmental Funds**

Governmental funds are used to account for the same functions shown in the governmental activities on the Statement of Activities mentioned above. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows and the expending of available resources, as well as on balances of resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities. The District maintains only one governmental fund: the General Fund.

## **Proprietary Funds**

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District's proprietary funds account for the raw water system, its repairs, and its improvements.

## **Fiduciary Funds**

Fiduciary Funds account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Fiduciary Funds meet the following criteria: 1) Fiduciary funds are properly used only for resources over which the government maintains some meaningful degree of ongoing responsibility, 2) Fiduciary funds are properly used only for resources that do not belong to the government, and 3) Fiduciary funds are properly used only for resources that government cannot use to further its own objectives. The District's only Fiduciary Fund is the Other Post Employee Benefits Trust Fund which holds assets to be used for the future payments of benefits offered through the District's post-employment healthcare benefit plan.

## **Component Unit**

Component units are organizations that are legally separate, tax exempt entities that have the following characteristics: 1) the economic resources received or held are almost entirely for the direct benefit of the primary government, 2) the primary government has the ability to access a majority of the economic resources held by the separate organization and 3) the assets held by the separate entity are significant to the primary government. The District has one discretely-presented component unit: the Trinity River Vision Authority.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 44 of this report.

## FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceed liabilities and deferred inflows by \$1.0 billion at the close of the 2016 fiscal year.

### CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 219,853,073	\$ 230,658,742	\$ 556,927,637	\$ 840,868,869	\$ 776,780,710	\$ 1,071,527,611
Capital assets	311,416,677	343,118,047	1,267,478,984	1,495,042,923	1,578,895,661	1,838,160,970
Total Assets	531,269,750	573,776,789	1,824,406,621	2,335,911,792	2,355,676,371	2,909,688,581
Deferred Outflows of Resources	—	—	5,636,221	10,982,585	5,636,221	10,982,585
Current liabilities	4,888,653	7,849,039	85,268,956	115,786,440	90,157,609	123,635,479
Long-term liabilities	22,075,421	23,787,233	1,311,403,253	1,726,115,902	1,333,478,674	1,749,903,135
Total Liabilities	26,964,074	31,636,272	1,396,672,209	1,841,902,342	1,423,636,283	1,873,538,614
Deferred Inflows of Resources	—	—	2,137,702	1,806,266	2,137,702	1,806,266
Net position:						
Net investment in cap. assets	311,416,677	343,118,047	357,632,834	409,159,039	669,049,511	752,277,086
Restricted for						
Capital Projects		5,531,060				5,531,060
Debt Service			89,822,147	110,363,100	89,822,147	110,363,100
Unrestricted	192,888,999	193,491,410	(16,222,050)	(16,336,370)	176,666,949	177,155,040
Total Net Position	\$ 504,305,676	\$ 542,140,517	\$ 431,232,931	\$ 503,185,769	\$ 935,538,607	\$ 1,045,326,286

### Government-wide

- **Current and Other Assets**

The current and other assets increase of \$294.7 million is mainly due to the unspent proceeds related to the issuance of the 2015A, Dallas 2015, and 2016 bond series.

- **Capital Assets**

The capital assets increase of \$259.3 million is due to the design and construction related to projects such as the Kennedale Balancing Reservoir and the IPL project and the ongoing acquisition of property for the TRV project.

- **Net Investment in Capital Assets**

The District has \$752.3 million (72%) of its net position in Capital Assets (e.g. dams, spillways and water transmission facilities as well as land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses the majority of these capital assets to provide services to its water customers; consequently, those assets are not available for future spending.



Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- **Restricted for Capital Projects**

An additional \$5.5 million (1%) of the District's net position represents resources that are subject to restrictions for capital projects.

- **Restricted for Debt Service**

An additional \$110.4 million (11%) of the District's net position represents resources that are subject to restrictions for debt service.

- **Unrestricted Net Position**

The remaining balance of \$177.2 million (16%) is considered unrestricted net position and may be used to meet the District's ongoing liabilities.

#### **Governmental Activities**

- **Capital Assets**

The increase of \$31.7 million was due to the TRV Project and ongoing park and trail construction.

#### **Business-Type Activities**

- **Current and Other Assets**

The increase of \$283.9 million in current and other assets is largely due to the unspent proceeds related to the issuance of the 2015A, Dallas 2015, and 2016 bond series.

- **Capital Assets**

The capital assets increase of \$227.6 million is due to on-going bond projects, including the Kennedale Balancing Reservoir and the IPL project.

- **Long-Term Liabilities**

The increase of \$414.7 million in long-term liabilities is due to the bond issues for 2015A, Dallas 2015, and 2016 bond series. The 2015A and Dallas 2015 bonds will be spent on the IPL project and the 2016 bond series will be used for the Kennedale Balancing Reservoir and future construction projects. The increase due to additional bond issues is offset due to a partial refunding of the 2009 and 2010 bonds with 2016A bonds. More information on long-term liabilities can be found in footnote 6 in the Footnotes to the Financial Statements.

## CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 16,595,055	\$ 10,929,940	\$ 142,578,670	\$ 139,387,464	\$ 159,173,725	\$ 150,317,404
Capital Contributions	36,043,940	36,155,900	680,633	3,584,248	36,724,573	39,740,148
Total Program Revenues	52,638,995	47,085,840	143,259,303	142,971,712	195,898,298	190,057,552
General Revenues:						
Property tax revenues	9,757,583	10,264,007			9,757,583	10,264,007
Unrestricted investment						
Income	403,723	317,333	3,748,796	6,776,202	4,152,519	7,093,535
Other revenues	137,097	645,120	357,551	(695,647)	494,648	(50,527)
Total Revenues	62,937,398	58,312,300	147,365,650	149,052,267	210,303,048	207,364,567
Expenses:						
General government	12,766,315				12,766,315	
Flood control	4,963,320				4,963,320	
Flood protection		18,916,113				18,916,113
Recreation		1,561,346				1,561,346
Water supply			87,999,935	77,099,429	87,999,935	77,099,429
Total Expenses	17,729,635	20,477,459	87,999,935	77,099,429	105,729,570	97,576,888
Changes in Net Position	45,207,763	37,834,841	59,365,715	71,952,838	104,573,478	109,787,679
Net Position - Beginning	459,097,913	504,305,676	371,867,216	431,232,931	830,965,129	935,538,607
Net Position - Ending	\$ 504,305,676	\$ 542,140,517	\$ 431,232,931	\$ 503,185,769	\$ 935,538,607	\$ 1,045,326,286

### Governmental Activities

- Program Revenues – Charges for Services**

The decrease of \$5.7 million is due primarily to decreased oil and gas revenues related to the decline in the petroleum market.

- Expenses – Flood protection**

The balance of \$18.9 million is related to operating and maintenance expenses incurred for the flood protection function of the General Fund as well as monitoring flood levels during high rainfall conditions. Previously this function split between flood control and general government. The new classification is intended to be a better description of the activities as well as a better reflection of the expenses incurred related to the District's second primary mission to provide flood protection to its communities.

- Expenses – Recreation**

The balance of \$1.6 million is related to expenses incurred for the recreation function of the General Fund. The Recreation function includes expenses related to the construction, operation, and

maintenance of the District's parks and programmed events. Previously this function's expenses were split between flood control and general government. The new classification is intended to be a better description of the activities and reflects expenses related to the District's third primary mission, enhancing the quality of life through recreation and education.

## Business Type Activities

- **Program Revenues – Charges for Services**

The decrease of \$3.2 million is mainly due to the actual pumping power expenses being lower than previous year and therefore reducing the water rate charged to customers.

- **Expenses – Water Supply**

The expenses for water supply decreased \$10.9 million primarily due to the District's service area receiving a large amount of rain on top of already full lakes, which resulted in a large decrease of pumping power used.

## FINANCIAL ANALYSIS: CAPITAL ASSETS

	CAPITAL ASSETS					
	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Nondepreciable:						
Land	\$ 213,885,734	\$ 238,954,425	\$ 141,029,945	\$ 151,231,214	\$ 354,915,679	\$ 390,185,639
Construction in progress	66,501,734	64,579,150	516,384,610	714,841,602	582,886,344	779,420,752
Total nondepreciable assets	280,387,468	303,533,575	657,414,555	866,072,816	937,802,023	1,169,606,391
Depreciable :						
Dams and spillways	3,378,736	3,070,461	212,929,639	212,929,639	216,308,375	216,000,100
Pipeline			545,107,106	546,130,707	545,107,106	546,130,707
Wetlands			54,202,563	54,226,328	54,202,563	54,226,328
Communications			1,087,448	20,787	1,087,448	20,787
Buildings	34,937,726	46,017,873	7,008,523	7,779,637	41,946,249	53,797,510
Machinery and equipment	11,426,609	9,777,138	12,892,630	11,005,114	24,319,239	20,782,252
Flood control and other project costs	8,095,940	8,095,940	90,893,378	126,843,419	98,989,318	134,939,359
Capital Lease-Machinery & Equip	1,447,140	1,447,140			1,447,140	1,447,140
	59,286,151	68,408,552	924,121,287	958,935,631	983,407,438	1,027,344,183
Less:						
Accumulated depreciation	(27,206,664)	(28,042,025)	(314,479,974)	(330,319,087)	(341,686,638)	(358,361,112)
Capital Lease-Accum. Depr.	(1,050,278)	(782,055)			(1,050,278)	(782,055)
Total depreciable assets	31,029,209	39,584,472	609,641,313	628,616,544	640,670,522	668,201,016
Water rights, net of Accum Depr.			423,116	353,563	423,116	353,563
Total	\$ 311,416,677	\$ 343,118,047	\$ 1,267,478,984	\$ 1,495,042,923	\$ 1,578,895,661	\$ 1,838,160,970

The District's capital assets for its governmental and business-type activities as of September 30, 2016 were \$1.8 billion. Capital assets include: dams, spillways and water transmission facilities as well as land, roads, buildings, machinery, equipment, construction costs, and surplus water rights. More information on capital assets can be found in footnote 4 in the Footnotes to the Financial Statements.

Major asset events during the current year included the following:

- **Land – Governmental Activities**
  - Trinity River Vision project land, relocation, demolition, and environmental costs including pollution remediation increased the land balance by \$23.2 million.
- **Construction in Progress – Governmental Activities**
  - Trinity River Vision construction in progress increased by \$7.8 million.
  - Twin Points Park was completed and moved out of Construction in Progress in fiscal year 2016 for a total cost of \$7.8 million
- **Land – Business-type Activities**
  - Integrated Pipeline land purchases of \$9.8 million.
- **Construction in Progress – Business-type Activities**
  - Integrated Pipeline increased \$188.4 million.
  - Cedar Creek Dam Stability Analysis increased \$657 thousand.
  - Pump Room Cooling Project increased \$290 thousand.
  - Capitalized Interest on construction in progress increased \$12.7 million net of transfers to other project costs.
- **Pipeline**
  - Kennedale Balancing Reservoir phase 2 began in late fiscal year 2015, to date \$5.0 million has been spent of which \$4.6 million was spent in fiscal year 2016.
- **Other Project Costs**
  - Capitalized Interest increased \$36.0 million of which \$24.3 million was cost in the current year.

## **FINANCIAL ANALYSIS: FUND STATEMENTS**

### **General Fund**

As of the end of the 2016 fiscal year, the District's General Fund reported an ending fund balance of \$70.6 million, a decrease of \$20.2 million in comparison to the prior year. This total includes non-spendable fund balance in the amount of \$1.6 million, \$5.5 million restricted for environmental cleanup on a District property that was acquired for the TRV project in fiscal year 2016, and \$63.5 million in an unassigned fund balance, which is available for spending at the District's discretion.

The General Fund includes floodway support and maintenance, flood control efforts, recreation, and general administrative costs. Tax revenues, oil and gas royalties, and investment income are the major sources of revenue. General Fund revenues cannot be used to support Enterprise Fund functions.

### **Enterprise Fund**

The District's Enterprise Fund provides the same type of information found in the government-wide financial statements (found on page 31) and has an end of year net position of \$503.2 million; an net investment in capital assets of \$409.1 million including bond proceeds in the amount of \$672.1 million which are restricted for use on capital assets, restricted for debt service of \$110.4 million including \$114.8 million restricted for debt service, and an unrestricted net deficit of \$16.3 million. Enterprise fund includes support and maintenance for water conservation and supply efforts. Enterprise Fund revenues cannot be used to support General Fund Functions.

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### **Fiduciary Fund**

The District's Fiduciary Fund is the Other Post Employee Benefit Trust Fund which holds assets to be used for the future payments of benefits offered through the District's post-employment healthcare benefit plan. The Fiduciary fund is not included in the government-wide financial statements, and has an end of year net position of \$3.3 million.

## **BUDGETARY HIGHLIGHTS**

### **GENERAL FUND**

The 2016 budgeted revenues for the General Fund were \$35.4 million and the year ended with actual revenues of \$27.3 million.

The 2016 budgeted expenditures for the General Fund were \$65.5 million and the year ended with actual expenditures of \$47.5 million.

The fiscal year 2017 General Fund budgeted expenditures of \$60.8 million was a decrease of \$4.7 million over the fiscal year 2016 approved budget of \$65.5 million. This decrease is due to the decrease in ongoing construction within the General Fund. The property tax rate for tax year 2016 will decrease to \$0.0194/\$100 valuation.

### **ENTERPRISE FUND**

The fiscal year 2017 Enterprise Fund Budget, prepared in accordance with the Tarrant Regional Water Supply Facilities Amending Contract, totals \$152.8 million. This reflects an increase of \$10.2 million from the fiscal year 2016 approved budget of \$142.6 million. The increase is mainly due to an increase in debt repayments of \$7.6 million. The total budget includes administrative expenses, operating and maintenance expenses, capital expenditures, and Debt Service that provides for principal and interest payments to retire outstanding bonds.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Tarrant Regional Water District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Sandra Newby  
Director of Finance  
800 East Northside Drive  
Fort Worth, Texas 76102

**TARRANT REGIONAL WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Total		
ASSETS:					
Cash and cash equivalents	\$ 30,967,073	\$ 44,229,039	\$ 75,196,112	\$ 807,401	
Investments	28,013,972	9,995,155	38,009,127		
Receivables					
Accounts, oil and gas royalties, and other	1,807,404	1,428,384	3,235,788	835,307	
Taxes-net of allowance	81,466		81,466		
Accrued interest	41,433	22,077	63,510		
Long-term receivable	153,895,397		153,895,397		
Internal balances	9,298,700	(9,298,700)			
Prepaid items	970,308	6,531,821	7,502,129	17,676	
Inventory of supplies-at cost	51,929		51,929		
Cash and cash equivalents for bond projects		377,833,788	377,833,788		
Investments held for bond projects		293,861,119	293,861,119		
Accrued interest receivable for bond projects		358,657	358,657		
Cash and cash equivalents restricted		1,100,000	1,100,000		
Cash and cash equivalents for debt service		1,049,049	1,049,049		
Investments restricted for debt service		113,082,373	113,082,373		
Accrued interest receivable restricted for debt service		676,107	676,107		
Deposits held by others	5,531,060		5,531,060		
Land	238,954,425	151,231,214	390,185,639		
Construction in progress	64,579,150	714,841,602	779,420,752		
Depreciable capital assets, net of accumulated depreciation	39,584,472	628,616,544	668,201,016		
Water rights, net of amortization		353,563	353,563		
Total Assets	573,776,789	2,335,911,792	2,909,688,581	1,660,384	
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred bond refunding -loss		10,982,585	10,982,585		
LIABILITIES					
Accounts payable	4,330,468	36,244,864	40,575,332	1,284,267	
Accrued acquisition - due within one year	1,625,000		1,625,000		
Accrued vacation - due within one year	309,128	902,988	1,212,116		
Other liabilities	1,584,443	23,459,159	25,043,602	326,795	
Payable from restricted assets - accrued bond interest payable		5,544,429	5,544,429		
Revenue bonds payable, net of discount					
Due within one year		49,635,000	49,635,000		
Due in more than one year		1,717,478,767	1,717,478,767		
Long-term Payables					
Accrued acquisition - due in more than one year	3,250,000		3,250,000		
Pollution remediation obligations	16,474,500		16,474,500		
Post employment benefits payable	3,550,340	7,140,395	10,690,735		
Accrued Vacation - due in more than one year	512,393	1,496,740	2,009,133		
Total Liabilities	31,636,272	1,841,902,342	1,873,538,614	1,611,062	
DEFERRED INFLOWS OF RESOURCES:					
Deferred bond refunding-gain		1,806,266	1,806,266		
NET POSITION					
Net investment in capital assets	343,118,047	409,159,039	752,277,086		
Restricted for:					
Capital projects	5,531,060		5,531,060		
Debt service		110,363,100	110,363,100		
Unrestricted	193,491,410	(16,336,370)	177,155,040	49,322	
Total Net Position	\$ 542,140,517	\$ 503,185,769	\$ 1,045,326,286	\$ 49,322	

The accompanying notes are an integral part of these financial statements.



**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for services	Capital Grants and Contributions	Primary Government			
				Governmental Activities	Business Type Activities	Total	
PRIMARY GOVERNMENT							
Governmental activities:							
Flood protection	\$ 18,916,113	\$ 9,862,928	\$ 36,029,150	\$ 26,975,965		\$ 26,975,965	
Recreation	1,561,346	1,067,012	126,750	(367,584)		(367,584)	
Total governmental activities	20,477,459	10,929,940	36,155,900	26,608,381		26,608,381	
Business type activities-water supply	77,099,429	139,387,464	3,584,248		\$ 65,872,283	65,872,283	
	\$ 97,576,888	\$ 150,317,404	\$ 39,740,148		65,872,283	92,480,664	
COMPONENT UNIT							
Trinity River Vision Authority							
Project development	16,227,967	—	16,227,967				\$ —
Recreation programs	612,799	475,644	137,155				—
Total component unit	\$ 16,840,766	\$ 475,644	\$ 16,365,122				\$ —
GENERAL REVENUES (EXPENSES):							
Property taxes				10,264,007	—	10,264,007	—
Investment income				317,333	6,776,202	7,093,535	\$ 8,755
Miscellaneous				79,170	50,800	129,970	10,500
Gain/loss on disposal of assets				565,950	(746,447)	(180,497)	—
Total general revenues and transfers				11,226,460	6,080,555	17,307,015	19,255
CHANGES IN NET POSITION				37,834,841	71,952,838	109,787,679	19,255
NET POSITION----Beginning of year				504,305,676	431,232,931	935,538,607	30,067
NET POSITION-----End of year				\$ 542,140,517	\$ 503,185,769	\$ 1,045,326,286	\$ 49,322

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT****BALANCE SHEET—GENERAL FUND  
SEPTEMBER 30, 2016**

<b>ASSETS:</b>	
Cash and cash equivalents	\$ 30,967,073
Investments	28,013,972
Receivables:	
Accounts, oil and gas royalties and other	1,807,404
Taxes—net of allowance	81,466
Accrued interest	41,433
Due from Enterprise Fund	8,721,561
Notes and interest due from enterprise fund	577,139
Prepaid items	970,308
Inventory of supplies—at cost	51,929
Deposits held by others	5,531,060
Long-term receivable	153,895,397
Total assets	<u>230,658,742</u>
<b>LIABILITIES:</b>	
Accounts payable	4,330,468
Other liabilities	1,571,443
Total liabilities	<u>5,901,911</u>
<b>DEFERRED INFLOWS:</b>	
Unavailable revenue	154,124,457
Total deferred inflows	<u>154,124,457</u>
<b>FUND BALANCES:</b>	
Nonspendable:	
Long-term interfund notes and interest	577,139
Prepaid items	970,308
Inventory of supplies - At cost	51,929
Restricted	5,531,060
Unassigned	63,501,938
Total fund balances	<u>70,632,374</u>
<b>TOTAL</b>	<u>\$ 230,658,742</u>

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**RECONCILIATION OF BALANCE SHEET-  
GENERAL FUND TO GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

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TOTAL FUND BALANCES—General Fund	\$ 70,632,374
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Amounts reported for governmental activities in the statement of net assets are different because:

Certain revenues do not provide current financial resources and therefore are unavailable at the fund level

TIF Loan Long-Term Receivable	153,895,397
Property Taxes	24,891
Oil and Gas Revenues known but not paid within 60 days of year end	191,169

Certain liabilities are not payable from current resources and are therefore not accrued at the fund level	(25,721,361)
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	<u>343,118,047</u>
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TOTAL NET POSITION—Governmental activities	<u><u>\$ 542,140,517</u></u>
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The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**

**BALANCE—GENERAL FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

REVENUES:

Property taxes	\$ 10,271,392
Lease rentals	1,598,047
Oil and gas royalties	8,781,804
Investment income	317,333
Contributions	5,299,235
Other	1,038,859
	<hr/>
Total revenues	27,306,670

EXPENDITURES:

Current:

General and administrative	8,336,650
Personnel services	7,015,739
Pension plan contribution	588,530
Contribution	1,230,230
Capital expenditures	30,101,222
Capital lease payment	259,450
	<hr/>
Total expenditures	47,531,821

DEFICIENCY OF REVENUES UNDER EXPENDITURES (20,225,151)

CHANGE IN FUND BALANCE 

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(20,225,151)

FUND BALANCE—Beginning of year 

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90,857,525

FUND BALANCE—End of year 

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\$ 70,632,374

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE—GENERAL FUND—TO GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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CHANGE IN FUND BALANCE—General Fund	\$ (20,225,151)
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Amounts reported for governmental activities in the statement of net position are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues at the fund level.

Change in unavailable revenue-TIF	29,546,665
Change in unavailable property taxes	(7,385)
Change in unavailable oil and gas revenue	(69,836)
Change in gain/loss on disposal of assets	226,186

Certain liabilities are not payable from current resources and are therefore not accrued in the fund	556,219
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This is the amount by which the contributed revenue (\$1,310,000) for land exceeded the contributed expenses related to land (\$973,409)	336,591
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The general fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which Capital Outlays (\$30,101,222) exceeded Depreciation (\$2,629,670).

27,471,552
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CHANGE IN NET POSITION—Governmental activities	<u>\$ 37,834,841</u>
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The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF NET POSITION—ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**ASSETS:**

Current:

Cash and cash equivalents	\$	44,229,039
Investments		9,995,155
Receivables:		
Accounts and other		1,428,384
Accrued interest		22,077
Prepaid items		<u>6,531,821</u>
Total current assets		<u>62,206,476</u>

Noncurrent:

Cash and cash equivalents-Bond projects		377,833,788
Investments-Bond projects		293,861,119
Cash held for accrued interest receivable-Bond projects		358,657
Cash and cash equivalents-Contingency		1,100,000
Cash and cash equivalents-Restricted for non-current debt service		1,049,049
Investments-Restricted for non-current debt service		113,082,373
Cash held for accrued interest receivable-Restricted for non-current debt service		676,107
Capital Assets:		
Land		151,231,214
Construction in progress		714,841,602
Depreciable capital assets—net		628,616,544
Water rights—net of amortization		<u>353,563</u>
Total noncurrent assets		<u>2,283,004,016</u>
Total assets	\$	<u>2,345,210,492</u>

**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred bond refunding-loss	<u>10,982,585</u>
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(Continued)

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF NET POSITION—ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**LIABILITIES:**

Current Liabilities:

Accounts payable	\$	36,244,864
Due to General Fund		8,721,561
Accrued vacation		902,988
Other liabilities		23,459,159
Payable from restricted assets—accrued bond interest payable		5,544,429
Revenue bonds payable-current position		49,635,000
Notes and interest payable to General Fund-current position		64,903

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Total current liabilities		124,572,904
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Noncurrent Liabilities:

Accrued vacation		1,496,740
Long-term post employment benefits		7,140,395
Revenue bonds payable-net of discount		1,717,478,767
Notes and interest payable to General Fund		512,236

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Total noncurrent liabilities		1,726,628,138
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Total liabilities		1,851,201,042
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**DEFERRED INFLOWS OF RESOURCES:**

Deferred bond refunding-gain		1,806,266
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**NET POSITION:**

Net investment in capital assets		409,159,039
Restricted for debt service		110,363,100
Unrestricted		(16,336,370)

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<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>503,185,769</b>
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(Concluded)

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION—ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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OPERATING REVENUES:

Sale of water	\$ 115,849,316
Sale of system capacity	23,057,320
Land lease rentals	172,361
Contributions	3,584,248
Sale of power	22,784
Other	336,483

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Total operating revenues	143,022,512
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OPERATING EXPENSES:

General and administrative	16,528,899
Bond issuance cost	2,983,906
Personnel services	12,955,212
Utilities	8,055,490
Depreciation and amortization	19,013,491
Pension plan contribution	1,122,242

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Total operating expenses	60,659,240
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OPERATING INCOME	82,363,272
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NONOPERATING INCOME (EXPENSE):

Investment income	6,776,202
Interest expense	(16,440,189)
Gain on disposal of capital assets	(746,447)

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Total nonoperating income (expense)	(10,410,434)
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NET INCOME	71,952,838
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NET POSITION----Beginning of year	431,232,931
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NET POSITION—End of year	\$ 503,185,769
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The accompanying notes are an integral part of these financial statements.



**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF CASH FLOWS—ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from customers	\$ 138,637,580
Contributions	3,584,248
Miscellaneous receipts	359,267
Payments to suppliers and contractors	(9,959,409)
Payments to employees for services	(13,808,104)
Payments to General Fund	(28,684)
	<hr/>
Net cash provided by operating activities	118,784,898
	<hr/>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Proceeds from the sale of revenue bonds	546,844,043
Principal paid on revenue bonds payable	(105,780,000)
Interest paid on revenue bonds and contract payable	(72,130,150)
Acquisition and construction of capital assets	(210,434,910)
Cost paid for bond related items	(2,983,906)
Proceeds from disposal of capital assets	158,115
	<hr/>
Net cash provided for capital and related financing activities	155,673,192
	<hr/>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of investments	(406,500,000)
Proceeds from sale and maturity of investments	293,750,000
Interest received on investments	5,900,730
	<hr/>
Net cash used by investing activities	(106,849,270)
	<hr/>

NET INCREASE IN CASH AND CASH EQUIVALENTS 167,608,820

CASH AND CASH EQUIVALENTS—Beginning of year 256,603,056

CASH AND CASH EQUIVALENTS—End of year \$ 424,211,876

(Continued)

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF CASH FLOWS—ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 82,363,272
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation & amortization expense	19,013,491
Bond issuance cost & amortization expense	2,983,906
Change in assets and liabilities:	
Accounts and other receivables	(441,417)
Prepaid expenses	(2,236,839)
Accounts payable	8,623,201
Due to (from) other funds—net	165,116
Interfund note payable	(193,800)
Vacation accrual	208,018
OPEB liability	(100,868)
Other liabilities	8,400,818
	<hr/>
Net cash provided by operating activities	\$ 118,784,898

NONCASH ACTIVITIES:

Disposal of \$4,009,382 of capital assets, net of \$3,104,820 accumulated depreciation.

Capitalization of \$37,047,082 of interest on construction projects.

Record increase in fair value of investments and change in premium/discounts on investments to interest income of (\$402,982) and \$21,577 respectively.

Record write off of unamortized premium of \$2,520,594 due to partial refunding of 2009 and 2010 Bonds.

(Concluded)

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF NET POSITION - FIDUCIARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Other Post-Employment Benefits Trust Fund</u>
ASSETS	
Investments	<u>\$ 3,279,665</u>
Total Assets	<u>3,279,665</u>
NET POSITION	
Held in trust for other post employment benefits	<u>3,279,665</u>
Total Net Position	<u><u>\$ 3,279,665</u></u>

The accompanying notes are an integral part of these financial statements.

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Other Post-Employment Benefits Trust Fund</u>
ADDITIONS	
Employer Contributions	\$ 1,100,000
Net gain (loss) in fair value of investments	253,253
Total Additions	<u>1,353,253</u>
DEDUCTIONS	
Administrative expenses	<u>16,508</u>
Total Deductions	<u>16,508</u>
CHANGE IN NET POSITION	1,336,745
NET POSITION-Beginning of year	<u>1,942,920</u>
NET POSITION-End of Year	<u>\$ 3,279,665</u>

The accompanying notes are an integral part of these financial statements.

## TARRANT REGIONAL WATER DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Reporting Entity** — The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units and promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the more significant policies.

In evaluating the District’s financial reporting entity, management has considered all potential component units. The following legally separate entity, TRVA, is included as a discrete component unit of the District in a separate column in the government-wide financial statements to emphasize that it is legally separated from the primary government. This component unit has a financial benefit/burden to the District and their relationship with the District is such that exclusion would be misleading. Separately issued financial statements are available for this component unit. Additional financial information regarding the TRVA should be addressed to the Director of Finance, 800 East Northside Drive, Fort Worth, Texas 76102.

**Trinity River Vision Authority (TRVA)** — House Bill 2639 of the 79<sup>th</sup> Texas Legislature authorized the Board of Directors of the District to create one or more nonprofit corporations to act on behalf of the District as the District’s authority and instrumentality. By resolution dated July 18, 2006, the Board of Directors of the District authorized the incorporation of Trinity River Vision Authority. Subsequently, TRVA was incorporated by the Texas Secretary of State on July 21, 2006 and is governed in part by the Texas Development Corporation Act of 1979 (the “Act”). The TRVA is authorized to act on behalf of the District as the District’s authority and instrumentality for the public purposes of educating the general public regarding the Trinity River Vision Project in Fort Worth, Texas. TRVA is a discretely presented component unit. As such, it is reported in a separate column of the government-wide financial statements to emphasize that it is legally separate from the primary government and is governed by a separate board. Separately issued audited financial statements for TRVA can be obtained by contacting the District’s offices located at 800 East Northside Drive, Fort Worth, Texas 76102.

**Measurement Focus and Basis of Accounting** — The District’s accounts are organized on the basis of funds, each of which are considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise each fund’s assets, liabilities, fund equity, revenues and expenditures, or expenses. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund, government-wide, and fiduciary fund financial statements are reported using the economic resources measurement focus. The governmental fund financial statements are reported using the current financial resources measurement focus.

**Government-wide Financial Statements** — Government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the activities of the District. Eliminations have been made to these statements to prevent double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Previously the expenses were split between the functions of flood control and general government. The new classifications of flood protection and recreation are intended to be a better description of the activities as well as a better reflection of the expenses incurred related to the District's primary missions. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund-level Financial Statements** — The fund financial statements provide information about the District's individual funds, which are used to account for the District's various activities. Separate financial statements are provided for the General Fund (a governmental fund) and the Enterprise Fund (a proprietary fund) which are each classified as major funds. The Fiduciary fund (a fiduciary fund) is provided as a separate financial statement and it is classified as a nonmajor fund.

**Governmental Fund** — The General Fund, the only governmental fund reported by the District, is used to account for all financial resources of the District, not specifically levied or collected for other District funds and for revenues and expenditures related to flood control operations and activities or improvements and recreation.

The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds

also record unearned revenue in connection with resources that have been received, but not yet earned.

The General Fund is reported using the current financial resources measurement focus. The reported fund balance is considered a measure of “available spending resources”. The General Fund operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of “available spendable resources” during a period.

**Proprietary Fund** — The Enterprise Fund, the only proprietary fund reported by the District, is used to account for revenues and expenses relating to maintenance and operation of the water supply system. Currently, the District has outstanding Construction and Improvement Water Revenue Bonds - Series 2008A-RC, Water Revenue Bonds - Series 2008B-CC, Water Revenue Refunding and Improvement Bond - Series 2009, Water Revenue Bonds - Series 2010, Water Revenue Bonds - Series 2010A, Water Revenue Bonds - Series 2010B, Water Revenue Refunding and Improvement Bond - Series 2012, Contract Revenue Bonds (City of Dallas Project) - Series 2012, Water Revenue Refunding Bonds - Series 2012A, Water Revenue Bonds - Series 2014, Contract Revenue Bonds (City of Dallas Project) - Series 2014, Water Revenue Refunding Bonds - Series 2015, Waterworks Revenue Bonds - Series 2015A, Contract Revenue Bonds (City of Dallas Project) - Series 2015, Water Systems Revenue Bonds - Series 2016, Water Revenue Refunding Bonds - Series 2016A, and Extendable Commercial Paper Bonds. These bond issues provided funding for large infrastructure-type projects.

Proprietary funds report operations (a) 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, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses.

The Enterprise Fund is reported using an economic resources measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included in the Fund’s Statement of Net Position.

Revenues and expenses for the District’s Enterprise Fund are categorized as either operating or non-operating. For the District, operating revenues include sale of water and land lease rentals. Operating expenses include general and administrative, personnel services, utilities, depreciation and amortization, and pension plan contributions.

**Fiduciary Fund** — The Fiduciary Fund accounts for assets held by the District in a trustee capacity for others or other Funds. The District’s only Fiduciary Fund is the Other Post Employee Benefits Trust Fund which holds assets to be used for the future payments of benefits offered through the

District's post-employment healthcare benefit plan. The Fiduciary fund is not included in the government-wide financial statements.

The Fiduciary Fund is reported using an economic resources measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included in the Fund's Statement of Net Position.

**Cash, Cash Equivalents, and Investments** — Cash and cash equivalents consist of deposits (principally interest-bearing accounts) with one financial institution and investments in three public funds investment pools. Investments consist of U.S. Government and government agency obligations recorded at fair value. For accounting purposes, fair value is defined as the price at which two willing parties would complete an exchange.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid (i.e. maturity date of three months or less from the date of purchase) deposits and investments (including restricted assets and the investments in public funds investment pools) to be cash equivalents.

**Long Term Receivables** — During the fiscal year 2016 the District made expenditures on behalf of the City of Fort Worth Tax Increment Reinvestment Zone #9 (TIF) a project partner in the Trinity River Vision (TRV) Project under a Project Cost Funding Agreement between TRWD and the TIF. Under the agreement TRWD is advancing funds for the TRV Project that would normally be paid by the TIF for costs related to the Project Plan. The TIF currently does not have, and is not projected to have, timely funds to implement the Project Plan as contemplated by the current schedule approved by the USACE. The TIF Board has authorized an agreement with TRWD dedicating revenue from the TIF Fund to cover the advances made by TRWD. The advances must be annually approved by the TIF board and are repayable without interest from future tax revenues of the TIF. During fiscal year 2016, the District expended an additional \$32.0 million under the agreement bringing the total amount expended to \$175.1 million; \$21.2 million of that amount has been paid in cash by the TIF, with a remaining outstanding long-term receivable of \$153.9 million as of September 30, 2016. Of the total cash payments from the TIF, \$2.4 million was paid in 2016.

**Property Taxes** — Property subject to taxation is certain real and personal property served by the District in the County. Certain properties of religious, educational, and charitable organizations are exempt from taxation.

On October 1<sup>st</sup> the District's ad valorem taxes are levied on 100% of assessed valuation at a rate approved by the District's Board per \$100 valuation as of the preceding January 1, and are due and payable from October 1 of the year in which levied, until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

In fiscal year 2016, the District's ad valorem tax rate was \$0.02 per \$100 valuation. Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.



Generally, property taxes, net of amounts estimated to be uncollectible, are recorded as a receivable on the assessment date and recognized as revenue when they become available (collected within 60 days of year-end). The allowance for uncollectible taxes as of September 30, 2016 was \$76 thousand. Under GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, property taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has enforceable legal claim to the asset, or when the District receives resources, whichever comes first. The assessment date has been designated at a date subsequent to fiscal year-end. The District has not recorded a receivable for accrual of future taxes at year-end because the assessment date had not yet occurred as of fiscal year-end.

The District's taxes on real property are a lien (as of the date of levy) against such property until paid. The District may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes became delinquent.

**Oil and Gas Royalties** — The District receives royalties related to various oil and gas leases for which the District acts as lessor. The royalties are generally payable to the District when production begins at the lease site, and revenue is recognized as revenue at the time the royalty is earned and considered measurable and available if received within 60 days after year-end.

**Prepaid Items** — Certain payments to vendors reflect services that will occur throughout future accounting periods. These payments are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** — Capital assets, which include property, plant, equipment, construction in progress, and infrastructure assets, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and in the fund financial statements for the Enterprise Fund. The District capitalizes all Machinery and Equipment capital purchases greater than or equal to \$10,000 and all other assets purchased which cost \$20,000 or greater.

Major outlays for capital assets and improvements are capitalized in the Enterprise Fund as projects are constructed. These costs primarily include construction costs, engineering fees, and legal fees and settlements related to acquisition, condemnation, and mineral rights. Net interest incurred during the construction phase on Enterprise Fund capital assets is capitalized. Total interest capitalized during the year ended September 30, 2016 was \$37.0 million.

The costs of repairs and maintenance that do not extend the lives of or improve the value of related capital assets are expensed as incurred.

**Depreciation** — Depreciation of capital assets is charged as an expense against operations in the applicable governmental and business-type activities columns in the government-wide financial statements and in the fund financial statements for the Enterprise Fund. Capital assets are reported net of accumulated depreciation on the statements of net position. Depreciation is recorded utilizing the straight-line method. Estimated useful lives are as follows:

Dams, spillways, and related costs	50 years
Pipeline and pipeline right-of-way	50 years
Wetlands	50 years
Communications	50 years
Other	50 years
Buildings	20 years
Machinery and equipment	5 years

**Deferred Compensation Plan** — The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The assets of this plan are excluded from the District's financial statements.

**Water Rights** — Water rights represent rights to surplus water in Benbrook Lake purchased in 1992 through a long term contract with the federal government. The rights are recorded at cost and amortized over the 30-year life of the contract using the straight-line method.

**Interfund Transactions** — Interfund balance consists of allocation of expenses to Enterprise Fund as well as loan payments from General Fund to Enterprise Fund. Certain General Fund expenditures are allocated to the Enterprise Fund. The allocation is based on time and effort for the benefit of the Enterprise Fund by General Fund employees. The Enterprise Fund has an outstanding loan from the General Fund for the construction of the administration building. These expenditures are reflected in the appropriate areas in the accompanying basic financial statements rather than as an inter-fund transaction. Refer to Note 8 for further detail about inter-fund transactions.

**Accrued Acquisition** — Final settlement agreement for a property purchase was executed in August 2016 for \$6.5 million to be paid in \$1.6 million installments over four years. The \$4.9 million represents the amount still outstanding.

	Balance at			Balance at	Due Within
	October 1, 2015	Additions	Deletions	September 30, 2016	One Year
Accrued Acquisition	\$ —	\$ 6,500,000	\$(1,625,000)	\$ 4,875,000	\$ 1,625,000

**Pollution Remediation Obligations** — The District has an environmental financial obligation for property purchased through September 30, 2016. Properties purchased during fiscal year 2016 were screened for potential environmental concerns based upon available records, assessments and other actions.

The assessments completed to date have found that some of these properties have a low to moderate risk. Currently, four properties, classified as low to moderate risk, have not been fully assessed to determine whether any remediation is required.

Based upon the Phase I, Phase II, or other site investigations completed to date, seven properties require remediation – all are classified as high or moderate risk. In fiscal year 2016, an additional \$3.9 million was capitalized bringing the anticipated payment for Pollution Remediation to a total of \$16.5 million. Pollution remediation continued on 4 properties during Fiscal Year 2016. Total Pollution Remediation expenses during the year were \$5.4 million.

Based upon the limited data available regarding any possible additional identification of environmental pollution, any potential for a liability of the remediation of the remaining other properties cannot be reasonably estimated at this time.

Pollution remediation obligations are estimates and are subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

**Vacation and Sick Leave** — The District's employees are granted paid leave in specified amounts. In the event of termination, an employee is reimbursed for all accumulated unused paid leave. Accrued paid leave is reflected in other liabilities in the accompanying basic financial statements. The change in accrued paid leave during the year is shown below:

	<u>Balance at October 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities	\$ 743,159	\$ 376,764	\$ 298,402	\$ 821,521	\$ 309,128
Business-type Activities	2,191,710	1,079,819	871,801	2,399,728	902,988
Total	<u>\$ 2,934,869</u>	<u>\$ 1,456,583</u>	<u>\$ 1,170,203</u>	<u>\$ 3,221,249</u>	<u>\$ 1,212,116</u>

**Water Revenues** — Water rates charged to customers during each year are based on budgeted operating expenses, revenue bond debt service requirements, and estimated customer water usage. Subsequent to year-end, calculations of adjusted water rates based on actual usage and costs are made and either billed or credited to customer accounts as of year-end. While the actual results could differ from the estimate calculated, management normally does not expect the difference to be material to the financial statements. The calculated year-end adjustments for 2016 resulted in an estimated \$13.3 million due to the customers, which is reflected in the accounts payable balance in the Enterprise Fund. The District has not experienced any credit losses resulting from its sale of water.

**Restricted Assets** — Certain assets are classified as restricted assets, because their use is limited by applicable bond terms. These assets include amounts restricted for reserve and interest and sinking funds, as required by bond covenants. It also reflects unspent proceeds of revenue bonds.

**Program Revenue-Contributions** — During 2016, the District received a buy in premium of \$2.9 million from Rockett Special Utility District.

**Restricted Net Position** — Restricted net position is the restricted assets less the related liabilities.

**Budgets and Budgetary Accounting** — Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget by function is adopted for the General Fund.

#### **Governmental Fund Balances —**

**Fund Balance Classification** — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Non-Spendable fund balance** — Assets that will never convert to cash, such as inventory and prepaid items. At September 30, 2016, the District had non-spendable fund balances in the amount of \$1.6 million.

**Restricted fund balance** — The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District at September 30, 2016. At September 30, 2016, the District had a restricted fund balance in the amount of \$5.5 million.

**Committed fund balance** — The portion of fund balance that reflects resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. At September 30, 2016, the District had no committed fund balance.

**Assigned fund balance** — The portion of fund balance that reflects resources intended for a specific purpose. Intent is expressed or authorized by Board of Directors. At September 30, 2016, the District had no assigned fund balance.

**Unassigned fund balance** — The portion of fund balances in excess of non-spendable, restricted, committed, and assigned. This classification includes the residual fund balance for the General Fund of \$63.5 million.

**Spending Prioritization in Using Available Resources** — When both restricted and unrestricted (i.e. committed, assigned, and unassigned) resources are available to be used for the same purpose, the District considers the restricted resources to be expended first. When all categories of

unrestricted fund balance are available, the flow assumption is as follows: the committed resources get expended first, the assigned resources get expended second, and the unassigned resources get expended last.

#### **Governmental Accounting Standards Board Statements Implemented in Current Fiscal Year —**

GASB 72, Fair Value Measurement and Application; GASB 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 except those provisions that address employers and governmental nonemployer contributing entities; GASB 76, the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; and GASB 78 Pensions provided through certain multiple employer defined benefit pension plans were implemented with negligible effect on the District's financial statements.

## **2. REVENUES FROM THE SALE OF WATER**

All revenues from the sale of water from Eagle Mountain Lake, Lake Bridgeport, Cedar Creek Lake, and Richland-Chambers Reservoir and related expenses are recorded in the Enterprise Fund.

Sales of water to four government entities (Cities of Fort Worth, Mansfield, and Arlington, and the Trinity River Authority of Texas) accounted for approximately 89% of the District's water sales for the year ended September 30, 2016. Charges to such entities are in amounts primarily equivalent to each entity's share (based on quantities of raw water received) of operating and maintenance costs and the debt service requirements of the District's revenue bonds.

## **3. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Cash** —The balance per bank of cash on deposit for the District at September 30, 2016 was \$5.7 million and was entirely covered by FDIC insurance or collateral. The carrying value of cash for the District was \$4.8 million. At September 30, 2016, the District also held petty cash of \$901.

**Credit Risk** — Legal provisions of the Texas Public Funds Investment Act generally permit the District to invest in direct and indirect obligations of the United States or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools, and money market mutual funds.

The District invests in the Texas Local Government Investment Pool (Texpool), the Local Government Investment Cooperative (LOGIC) and Texas Short Term Asset Reserve (TexSTAR). Texpool, a public funds investment pool created by the Treasurer of the State of Texas acting by 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.

LOGIC and TexSTAR are also public funds investment pools with the same authority as Texpool. They have been organized and established pursuant to an Interlocal Agreement between participating government entities. The District has an undivided beneficial interest in the pool of assets held by these agencies. These investments and deposits are fully insured by the federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Trust

Company. Authorized investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposits, and repurchase agreements.

**Interest Rate Risk** — As a means of limiting its exposure to fair value losses arising from interest rate fluctuations, the District's investment policy limits maturities based on the objectives of each fund. Investment maturities are limited as follows:

**General Fund** — one to three years

**Enterprise Fund:**

Revenue sub-fund—six months to one year

Construction sub-fund—determined on a project-by-project basis

Interest and Redemption sub-fund—six months

Reserve sub-fund—not to exceed the date of the District's last maturing revenue bond

Contingency sub-fund—one to three years

**Concentration of Credit Risk** — The District places no limit on the amount it may invest in one issuer. Approximately 58.3% of the District's investments are held in Federal securities including: Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. The remaining 41.7% of the District's investments are held in U.S. Treasury Notes.

**Custodial Credit Risk** — The District's policy requires that all securities be held in the District's name.

**Public Funds Investment Act** — Audit procedures related to the Public Funds Investment Act are conducted as part of the audit of the basic financial statements. In the areas of investment practices, management reports and establishment of appropriate policies, the District adheres to the requirements of the Act.

**Public Funds Collateral Act** — Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District has a policy of maintaining contact with the trust department of its depository agency to eliminate all custodial credit risk. As of September 30, 2016, the District's bank balance of \$5.7 million was not exposed to custodial credit risk and was over-insured and over-collateralized.



**Fair Value of Investments** — Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. GASB 79 created an election option for external investment pools and pool participants to continue to utilize amortized cost accounting, rather than fair value, for certain investment pools and eliminated the reference to SEC 2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The District's investment pools (Texpool, Logic, and Texstar) are all in compliance with GASB 79. The District's investment pools Logic and Texstar have elected to continue to measure its investments at fair value even though they meet all criteria under GASB 79 to report at amortized cost. The District's investment pool TexPool has elected to continue reporting assets at amortized cost. The District has mirrored these valuations.

**SUMMARY OF INVESTMENTS AND CASH EQUIVALENTS, RELATED WEIGHTED AVG. MATURITY, AND FAIR VALUE MEASUREMENTS**

	9/30/2016	Weighted Avg. Maturity (Years)	S & P Rating	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<b>Investments</b>				
Federal Farm Credit Bank	\$ 73,540,761	4.02	AA+	\$ 73,540,761
Federal Home Loan Bank	75,025,341	2.41	AA+	75,025,341
Federal Home Loan Mortgage Corp	61,565,073	2.99	AA+	61,565,073
Federal National Mortgage Association	49,300,083	1.19	AA+	49,300,083
U.S. Treasury Notes	185,521,361	1.11	AA+	185,521,361
Total investments	<u>444,952,619</u>			<u>444,952,619</u>
<b>Investment pools</b>				
LOGIC (net asset value)	200,808,853	N/A	AAA-m	N/A
TexStar (net asset value)	160,376	N/A	AAA-m	N/A
TexPool (valued at amortized cost)	<u>249,437,072</u>	N/A	AAA-m	N/A
Total investment pools by fair value	<u>450,406,301</u>			
Total investments and cash equivalents	<u><u>\$ 895,358,920</u></u>			<u><u>\$ 444,952,619</u></u>

The District is required to disclose the fair value level of its investments within the fair value hierarchy established by GASB 72. In the fair value hierarchy there are three levels:

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

Federal Securities classified as level two of the fair value hierarchy are valued using an evaluation model maintained by surveying the dealer community, obtaining relevant trade dates and spreads, and incorporating information into the evaluation process.

U.S. Treasury Notes classified as level two of the fair value hierarchy are valued using an evaluation model with continuous feeds from live data sources including active market makers and inter-dealer brokers.

The District invests in both the LOGIC and the TexStar investment pool which maintain a stable net asset value (NAV) of \$1 per share using the fair value method. The District has no unfunded commitments to these pools and may redeem investments at any time.

As of September 30, 2016 the District's investments all were classified as level two according to GASB Statement No. 72, except for the pools which are exempt from the level of fair value disclosure because they are valued either at NAV or amortized cost.

Sandra Newby, Director of Finance, is a member of the LOGIC Board of Directors.

**OPEB Trust Fund Investments** — The District has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. As of September 30, 2016, all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$3.3 million as of September 30, 2016. The Trust's funds are invested in a mutual fund that is invested in money market, fixed income mutual funds, and equity. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

Investment Type	9/30/2016	Fair Value Measurements Using Significant Other Observable Inputs
Highmark Moderate Trust	\$ 3,279,665	\$ 3,279,665
Total Investment	3,279,665	3,279,665
Total Portfolio	\$ 3,279,665	\$ 3,279,665

The District's OPEB Trust Fund is classified as level two of the fair value hierarchy and is valued based on the District's percentage ownership of the Trust. The Trust uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The Trust is valued using net asset value (NAV) of \$1 per share using the fair value method. The Trust has no unfunded commitments and may redeem investments at any time

#### 4. CAPITAL ASSETS

A summary of changes in capital assets governmental activities:

	October 1, 2015	Additions	Disposals	Transfers	September 30, 2016
GOVERNMENTAL ACTIVITIES					
NONDEPRECIABLE ASSETS					
Land	\$ 213,885,734	\$ 24,760,416		\$ 308,275	\$ 238,954,425
Construction in progress	66,501,734	9,336,595		(11,259,179)	64,579,150
TOTAL NONDEPRECIABLE ASSETS	280,387,468	34,097,011	—	(10,950,904)	303,533,575
DEPRECIABLE ASSETS					
Dams, spillways, and related costs	3,378,736			(308,275)	3,070,461
Flood control projects	8,095,940				8,095,940
Buildings	34,937,726		(179,032)	11,259,179	46,017,873
Machinery and equipment	11,426,609	7,842	(1,657,313)		9,777,138
	57,839,011	7,842	(1,836,345)	10,950,904	66,961,412
Less accumulated depreciation for:					
Dams, spillways, and related costs	(762,423)	(63,124)	258,439		(567,108)
Flood control projects	(8,095,940)				(8,095,940)
Buildings	(9,218,077)	(1,619,812)	152,615		(10,685,274)
Machinery and equipment	(9,130,224)	(751,221)	1,187,742		(8,693,703)
	(27,206,664)	(2,434,157)	1,598,796	—	(28,042,025)
TOTAL DEPRECIABLE ASSETS, NET	30,632,347	(2,426,315)	(237,549)	10,950,904	38,919,387
CAPITAL LEASE DEPRECIABLE ASSETS					
Machinery and equipment	1,447,140				1,447,140
Less accumulated depreciation for:					
Machinery and equipment	(1,050,278)	(195,513)	463,736	—	(782,055)
	396,862	(195,513)	463,736	—	665,085
TOTAL GOVERNMENTAL ACTIVITIES, NET	\$ 311,416,677	\$ 31,475,183	226,187	—	\$ 343,118,047

Depreciation expense was charged to functions of the District as follows:

Governmental activities:

Flood protection	\$ 2,401,466
Recreation	228,204
Total depreciation expense - governmental activities	\$ 2,629,670

A summary of changes in capital assets business-type activities:

	October 1, 2015	Additions	Disposals	Transfers	September 30, 2016
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>NONDEPRECIABLE ASSETS</b>					
Land	\$ 141,029,945	\$ 10,201,269			\$ 151,231,214
Construction in progress	516,384,610	218,781,308		(20,324,316)	714,841,602
<b>TOTAL NONDEPRECIABLE ASSETS</b>	<b>657,414,555</b>	<b>228,982,577</b>	<b>—</b>	<b>(20,324,316)</b>	<b>866,072,816</b>
<b>DEPRECIABLE ASSETS</b>					
Dams, spillways, and related costs	212,929,639				212,929,639
Pipeline and pipeline right of way	545,107,106	134,244		889,357	546,130,707
Wetlands	54,202,563	23,765			54,226,328
Communications	1,087,448		(1,066,661)		20,787
Buildings	7,008,523	95,257	(110,355)	786,212	7,779,637
Machinery and equipment	12,892,630	944,849	(2,832,365)		11,005,114
Other project costs	90,893,378	17,301,294		18,648,747	126,843,419
	<u>924,121,287</u>	<u>18,499,409</u>	<u>(4,009,381)</u>	<u>20,324,316</u>	<u>958,935,631</u>
Less accumulated depreciation for:					
Dams, spillways, and related costs	(112,561,693)	(4,057,373)			(116,619,066)
Pipeline and pipeline right of way	(174,181,983)	(10,888,483)			(185,070,466)
Wetlands	(2,993,858)	(1,086,887)			(4,080,745)
Communications	(264,226)	(415)	259,796		(4,845)
Buildings	(4,216,133)	(255,678)	38,293		(4,433,518)
Machinery and equipment	(11,234,731)	(565,337)	2,806,731		(8,993,337)
Other project costs	(9,027,350)	(2,089,760)			(11,117,110)
Total accumulated depreciation	<u>(314,479,974)</u>	<u>(18,943,933)</u>	<u>3,104,820</u>	<u>—</u>	<u>(330,319,087)</u>
<b>TOTAL DEPRECIABLE ASSETS, NET</b>	<b>609,641,313</b>	<b>(444,524)</b>	<b>(904,561)</b>	<b>20,324,316</b>	<b>628,616,544</b>
<b>INTANGIBLE ASSETS</b>					
Water Rights	2,086,598				2,086,598
Less accumulated depreciation for:					
Water Rights	(1,663,482)	(69,553)			(1,733,035)
	<u>423,116</u>	<u>(69,553)</u>	<u>—</u>	<u>—</u>	<u>353,563</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES, NET</b>	<b>\$ 1,267,478,984</b>	<b>\$ 228,468,500</b>	<b>(904,561)</b>	<b>—</b>	<b>\$ 1,495,042,923</b>

## 5. PENSION PLAN

**Plan Description and Provisions** — In 1997, the District adopted a defined contribution benefit plan, the benefits of which depend solely on amounts contributed to the plan plus investment earnings. All full-time employees over the age of 18 are eligible to participate in the plan from the date of employment, and benefits are fully vested at five years of service. Benefit provisions and all other requirements are established by state statute and the District's Board of Directors. The District contributes 13% of each eligible employee's base salary on a monthly basis to the plan's Administrator, ICMA Retirement Trust. Employees may make additional voluntary after tax contributions; however, no employees have contributed to date. District contributions for, and interest forfeited by, employees who leave employment before five years of service are allocated to the other employee accounts. The plan's normal retirement age is 60 years with early retirement eligibility at 55 years of age with five years of service. During fiscal year 2016 the District made contributions of \$2.4 million under this plan.

## 6. BONDS PAYABLE

A summary of long-term debt transactions (excluding original issue premiums) of the District for the year ended September 30, 2016 is show below. Bond issuance costs of \$3.0 million were expensed this year.

	Balance at Oct. 1, 2015	Additions	Deletions	Balance at Sept. 30, 2016	Due Within One Year
Business-type Activities---					
Tarrant Regional Water District Projects	\$ 906,485,000	\$ 390,440,000	\$ 99,690,000	\$ 1,197,235,000	\$ 39,790,000
TRWD Contract Revenue Bonds (City of Dallas Project)	322,730,000	140,000,000	6,090,000	456,640,000	9,845,000
Total-Construction and Improvement Bonds	<u>\$ 1,229,215,000</u>	<u>\$ 530,440,000</u>	<u>\$ 105,780,000</u>	<u>\$ 1,653,875,000</u>	<u>\$ 49,635,000</u>

In fiscal year 2016, the district issued \$328.5 million of Water Revenue Bonds, \$140 million of Contract Revenue Bonds with Dallas Water Utilities, and \$61.9 million of Water Revenue Refunding Bonds in an advanced refunding of \$47.0 million in 2009 Water Revenue Bonds and \$21.8 million in 2010 Water Revenue Bonds. The refunding resulted in principal and interest payment savings \$10.5 million over the life of the bonds, and an economic gain of \$8.2 million (the difference between the present value of the old and new debt service payments).

<u>Bond Type</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
<u>Tarrant Regional Water District Projects</u>			
\$3,135,000 Series 2008A-RC Water Revenue Bonds	Serially through 2027	1.3 - 2.8%	2,395,000
\$6,755,000 Series 2008B-CC Water Revenue Bonds	Serially through 2027	2.0 - 2.8%	4,375,000
\$69,535,000 Series 2009 Water Revenue Refunding and Improvement Bonds	Serially through 2029	5%	6,890,000
\$89,250,000 Series 2010 Water Revenue Bonds	Serially through 2040	4.0 - 5.0%	67,460,000
\$17,835,000 Series 2010A Water Revenue Bonds	Serially through 2030	1.2 - 2.6%	17,835,000
\$83,785,000 Series 2010B Water Revenue Bonds	Serially through 2030	1.0 - 2.5%	63,685,000
\$150,375,000 Series 2012 Water Revenue Bonds	Serially through 2052	2.0 - 5.0%	133,380,000
\$98,960,000 Series 2012A Water Revenue Refunding Bonds	Serially through 2022	2.0 - 5.0%	38,805,000
\$318,750,000 Series 2014 Water Revenue Bonds	Serially through 2049	4.0 - 5.0%	316,260,000
\$156,470,000 Series 2015 Water Revenue Bonds	Serially through 2029	2.0 - 5.0%	155,710,000
\$300,000,000 Series 2015A Waterworks Revenue Bonds	Serially through Serially through 2045	0.5 - 3.2%	300,000,000
\$28,530,000 Series 2016 Water Systems Revenue Bonds	Serially through Serially through 2046	3.0 - 4.0%	28,530,000
\$61,910,000 Series 2016A Water Revenue Refunding Bonds	Serially through Serially through 2032	2.0 - 5.0%	61,910,000
			<u>1,197,235,000</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>			
\$131,935,000 Series 2012 Dallas Contract Revenue Bonds	Serially through 2042	2.0 - 5.0%	120,745,000
\$202,130,000 Series 2014 Dallas Contract Revenue Bonds	Serially through 2044	4.0 - 6.0%	195,895,000
\$140,000,000 Series 2015 Dallas Contract Revenue Bonds	Serially through Serially through 2045	0.5 - 3.2%	140,000,000
			<u>456,640,000</u>
Total-Construction and Improvement Bonds			1,653,875,000
Less current portion			(49,635,000)
Add premium (net of accumulated amortization)			113,238,767
			<u>\$ 1,717,478,767</u>

In the current year the District defeased certain revenue and refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At September 30, 2016, portions of two bond

series (Series 2009 and 2010 Water Revenue Bonds) were considered defeased; the Series 2009 has \$6.9 million outstanding and the Series 2010 has \$67.5 million outstanding.

The District amortizes deferred amounts on refundings, including gains and losses, using the straight-line method over the shorter of the remaining life of the old debt or the life of new debt. Premiums on bonds are amortized using the effective interest rate method over the life of the bonds.

The annual requirements to amortize all bonds outstanding as of September 30, 2016 including interest payments are approximately as follows:

<b>Years ending September 30th (in thousands)</b>	<b>Principal</b>	<b>Interest</b>	<b>Requirements</b>
<u>Tarrant Regional Water District Projects</u>			
2017	39,790	47,570	87,360
2018	33,055	46,672	79,727
2019	34,995	45,688	80,683
2020	36,375	44,537	80,912
2021	37,055	43,291	80,346
2022-2026	186,330	195,749	382,079
2027-2031	200,965	158,832	359,797
2032-2036	203,725	114,501	318,226
2037-2041	163,225	76,205	239,430
2042-2046	165,910	41,464	207,374
2047-2051	88,075	10,466	98,541
2052	7,735	193	7,928
	<u>1,197,235</u>	<u>825,168</u>	<u>2,022,403</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>			
2017	9,845	18,239	28,084
2018	10,095	17,873	27,968
2019	10,370	17,488	27,858
2020	10,660	17,082	27,742
2021	10,955	16,653	27,608
2022-2026	60,540	76,224	136,764
2027-2031	73,095	64,456	137,551
2032-2036	89,690	49,202	138,892
2037-2041	111,265	28,761	140,026
2042-2045	70,125	5,850	75,975
	<u>456,640</u>	<u>311,828</u>	<u>768,468</u>
Total	<u>\$ 1,653,875</u>	<u>\$ 1,136,996</u>	<u>\$ 2,790,871</u>

Bonded debt of the District consists of water revenue refunding bonds and revenue bonds, which are secured by and payable from net revenues of the District. Certain revenue bond issues contain provisions that allow the District to prepay or call the bonds.

Specifically, net revenues of the District's water operations have been pledged for repayment of the District's revenue bonds. The amount of the pledge is equal to the remaining outstanding debt

service requirements for those bonds, which were all originally issued to provide funding for construction of the water system. The pledge continues for the life of the bonds. For the year ended September 30, 2016, pledged revenues for the enterprise fund were \$53.5 million.

The various revenue bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. None of the revenue bond indentures contain bond coverage requirement provisions.

The TRWD Contract Revenue Bonds (City of Dallas Project) are Dallas Water Utilities' share of the Integrated Pipeline (IPL) Project, which is currently estimated at \$936 million. Under the IPL Project Contract, Dallas has requested and authorized the District to issue contract revenue bonds (the Dallas Contract Revenue Bonds) secured solely by payments from Dallas to the District under the IPL Project Contract. Such Dallas Contract Revenue Bonds shall be in such amounts and issued at such times as determined by the District, in consultation with Dallas to finance Dallas's share of the design and construction of the IPL project. All such payments by Dallas to the District will constitute operating expenses of the Dallas Water Utilities System. The District has issued and will continue to issue Dallas Contract Revenue Bonds over a 10 to 15 year period to pay Dallas's share of the total capital cost of the IPL project. Future Dallas Contract Revenue Bonds will be issued as determined by the District in consultation with Dallas. However, the IPL Project Contract gives the District specific authority to issue Dallas Contract Revenue Bonds without any additional City approval in the event Dallas fails to take certain actions. Dallas's interest in the IPL is not part of the District's System and none of the payments from Dallas to the District under the IPL Project Contract are pledged to the payment of the District's System Revenue Bonds.

## 7. CAPITAL LEASES

Obligations under a capital lease represent the remaining principal amounts under lease purchase agreements for the acquisition of various computer equipment. These leases are recorded as capital leases in the government-wide reporting. Amortization of the leased assets is included in depreciation expenditures in the government-wide reporting. The leased equipment had an original cost totaling \$1.4 million in the governmental fund.

The following is a summary of capital lease transactions of the District for the year ended September 30, 2016:

	General Fund
Capital lease obligations, October 1, 2015	\$ 249,141
Less: Principal payments	(249,141)
Add: New Leases	—
Capital lease obligations, September 30, 2016	<u>\$ —</u>

The following schedule provides an analysis of the District's investment in capital assets under lease arrangements as of September 30, 2016:



	Governmental
Capital Lease	\$ 1,447,140
Less: Accumulated depreciation	(782,055)
Total net book value of lease assets	<u>\$ 665,085</u>

## 8. INTERFUND TRANSACTIONS

At September 30, 2016, inter-fund balances consisted of the following:

	Notes & Interest Due From Other Funds	Notes & Interest Due To Other Funds	Due From Other Funds	Due to Other Funds
General Fund	\$ 577,139	\$ —	8,721,561	\$ —
Enterprise Fund	\$ —	\$ 577,139	\$ —	\$ 8,721,561
Total	<u>\$ 577,139</u>	<u>\$ 577,139</u>	<u>\$ 8,721,561</u>	<u>\$ 8,721,561</u>

The District has one note between the Enterprise Fund and the General Fund for the reimbursement of a portion of the cost of constructing the administrative building. The administrative building note was set up in 2003 with 3% interest. During fiscal year 2016, the Enterprise Fund repaid \$194 thousand, plus interest of \$22 thousand. In the fund financial statements, interfund balances (shown as due to/from other funds) are the results of normal expenditure transactions between funds and will be liquidated in the subsequent fiscal year.

All interfund receivables and payables are combined in the government-wide financial statement of net position and shown as internal balances.

## **9. POST EMPLOYMENT HEALTH CARE BENEFITS**

### **Plan Descriptions**

The District provides post-employment health care benefits, as established under its Retiree Health Benefits Policy effective January 1, 2006 to all employees hired prior to September 30, 2016 who retire from the District at age 55 or after and meet the Rule of 80 or Rule of 90 (see following paragraph for specifics). The cost of these benefits is recognized as expenditures when the underlying claims or premiums are incurred. During the year ended September 30, 2016, payments of \$1,561,035 were recognized for post-retirement health care.

Rule of 80—the rule of 80 is reached when age and years of service total eighty (80).

If at the time of retirement, the employee meets the “Rule of 80” and elects to continue group health insurance coverage, the District will pay 100% for the premiums for the employee/retiree, their eligible spouse at the date of retirement. The District will provide a monthly allowance of \$150 to offset the cost of Medicare Part B and Part D. After the initial election, coverage for individuals may be dropped at the time designated by the plan, but no one may be added. Upon reaching age 65, the employee/retiree and their eligible spouse will be transferred from group health insurance to a Medicare Supplement Plan F. Upon the death of the employee/retiree, the spouse will be covered for an additional five (5) years or until their death, whichever occurs first.

Rule of 90—the rule of 90 is reached when age and years of service total ninety (90).

If at the time of retirement, the employee meets the “Rule of 90” and elects to continue group health insurance coverage the District will pay 100% of the premiums for the employee/retiree, the spouse and their eligible spouse at the date of retirement. Upon reaching age 65, the employee/retiree and their eligible spouse will be transferred from group health insurance to a Medicare Supplement Plan F. The employee/retiree will be covered until his/her death and the spouse until his/her death. The District will provide a monthly allowance of \$150 to offset the cost of Medicare Part B and Part D.

While the District does offer this plan to all eligible employees, some retirees elect not to continue the health coverage during their retirement. During Fiscal Year 2016, twenty-seven retirees and beneficiaries meet those eligibility requirements, all continued coverage.

### **Funding Policies**

For other postemployment benefits, contractual requirements for the District are established by the Board of Directors. In Fiscal Year 2014, the District established a trust to fund OPEB costs through the Public Agency Retirement Fund (PARS). The District funded the trust with an initial \$1 million transfer. In Fiscal Year 2016, \$1.1 million was contributed to the trust and in Fiscal Year 2017 \$1.2 million is budgeted to contribute to the trust. The District’s Trust Funding Policy is to contribute an additional 10% more than the prior year to the trust each year in an effort to ultimately fund 75% of the actuarial accrued liability (AAL). The District continues to pay for the total health claims and insurance premiums for retirees through the yearly operating costs; the District does

not intend to use the trust funds to fund current retiree health claims or premiums until the 75% goal is reached.

### **Full Funding Scenario**

The District has established an irrevocable trust and has adopted a funding policy so that the annual employer contributions are equal to the ARC. Under this funding policy, GASB 45 allows the use of a discount rate consistent with the investment return earned on the plan's assets. Dependent on the asset allocation of the investment pool, this rate should be based on longer term investments. In this valuation, the discount rate is 6.5%.

### **Annual OPEB Costs**

The District's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The decrease in the ARC from 2015 to 2016 is due to plan changes made to benefits for Medicare retirees which reduced the actuarial liability. The annual OPEB cost for the fiscal year ended September 30, 2016, is as follows:

	<u><b>2015</b></u>	<u><b>2016</b></u>
Annual required contribution	\$ 2,378,342	\$ 1,524,244
Interest on OPEB obligation	605,983	703,758
Adjustment to ARC	(505,228)	(803,275)
Annual OPEB cost (expense)	2,479,097	1,424,727
Contributions made	(1,425,968)	(1,561,035)
Increase/(Decrease) in net OPEB obligation	1,053,129	(136,308)
Net OPEB obligation - as of beginning of the year	9,773,914	10,827,043
Net OPEB obligation - as of end of year	<u>\$ 10,827,043</u>	<u>\$ 10,690,735</u>
Percentage of annual OPEB cost contributed	57.5%	109.6%

At September 30, 2016, the total liability of \$10.7 million for Net OPEB obligation was \$3.6 million for governmental activities and \$7.1 million for business-type activities.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 2,324,961	\$ 1,348,750	58.0%	\$ 9,773,914
9/30/2015	2,479,097	1,425,968	57.5%	\$ 10,827,044
9/30/2016	1,424,727	1,561,035	109.6%	\$ 10,690,735

### Funding Status and Funding Progress

The funded status of the District's retiree health care plan, under GASB Statement No. 45 as of December 31, 2015 is as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Ratio of UAA Annual Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(d)	(b-a)/d
12/31/2015	\$ 3,076,009	\$ 16,647,179	\$ 13,571,170	18.5%	\$ 17,642,123	76.9%

Under the reporting parameters, as of December 31, 2015 the District's retiree health care plan was 18.5% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$13.6 million. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 76.9%.

### Actuarial Methods and Assumptions

The Entry Age Normal actuarial cost method is used to calculate the GASB ARC for the District's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age normal method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the District and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

#### Actuarial Methods and Assumptions

Inflation rate	2.50% per annum
Investment rate	6.50% per annum, net of expenses
Actuarial cost method	Individual entry age normal cost method
Amortization method	Level dollar
Amortization growth period	30-year closed amortization
Payroll growth	N/A
Medical trend post-65	
-Medical Supplement	Initial rate of 5.70%, declining to an ultimate rate of 4.25% after 15 years
-RHRA Contributions	2.50% per annum

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the District's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### 10. COMMITMENTS AND CONTINGENCIES

**Commitments**-the General and Enterprise Funds have remaining commitments estimated at \$325.3 million (\$2.9 million and \$322.4 million respectively) due to on-going construction contracts as of September 30, 2016.

**Contingent Liabilities** - The District is involved in lawsuits arising in the ordinary course of business, including claims involving water and mineral rights, contract disputes, and alleged property damages. Certain amounts have been accrued for potential losses. It is management's opinion that outstanding claims would not have a material effect on the District's operations.

**Insurance** - The District has employee blanket bond insurance. The District also participates in a public entity risk pool for its fleet policy, property insurance, workers' compensation, general liability, and errors and omissions liability. The District purchases crime, directors' liability, and law enforcement bonds from York, an insurance brokerage firm that also manages the risk pool. The District's Aviation insurance coverage is administered by a third party insurance company. For the IPL project the District, along with the City of Dallas, is utilizing a Rolling Owner Controlled Insurance Program (ROCIP). Also, the District has opted to retain claims risk related to Health Insurance.

Texas Water Conservation Association Risk Management Fund – This is a risk pool which provides auto, property insurance, workers’ compensation, general liability, and errors and omissions coverage for the District. The District shall cooperate with the Trust and give any information as may be reasonably required, and upon the Trust’s request, assist in making settlement, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the District because of injury or damage with respect to which insurance is afforded under the agreement. The District shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The District shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense that could increase the liability, exposure of, or jeopardize the Trust in any way.

The Trust will pay on behalf of the District all sums that the District shall become legally obligated to pay arising out of an occurrence that takes place during the Trust year and within the agreement. The Trust reserves the right to deny any and all claims that are not reported. The Trust shall have the right and the duty to defend any suit against the District, even if the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit it deems expedient, but the Trust shall not be obliged to pay any claim or judgment, or to defend a suit, after the applicable limit of the Trust’s liability has been exhausted.

Any settlement amounts paid within the past three years have not exceeded the District’s insurance coverage.

York – York is the third-party administrator for the Risk Management Fund. They secure and manage the District’s crime policy and director bonds. The District shall cooperate with the Trust and give any information as may be reasonably required, and upon the Trust’s request, assist in making settlement, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the District because of injury or damage with respect to which insurance is afforded under the agreement. The District shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The District shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense that could increase the liability, exposure of, or jeopardize the Trust in any way.

The Trust will pay on behalf of the District all sums that the District shall become legally obligated to pay arising out of an occurrence that takes place during the Trust year and within the agreement. The Trust reserves the right to deny any and all claims that are not reported. The Trust shall have the right and the duty to defend any suit against the District, even if the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit it deems expedient, but the Trust shall not be obliged to pay any claim or judgment, or to defend a suit, after the applicable limit of the Trust’s liability has been exhausted.

Any settlement amounts paid within the past three years have not exceeded the District's insurance coverage.

Aviation Insurance – Aviation insurance covers a wide variety of issues including: physical damage to the aircraft, bodily injury to passengers and others, and physical damage to property other than the aircraft. All claims should be made to the claims administrator. Aviation insurance is held at U.S. Specialty Insurance Company and the District does not retain the claims risk.

Rolling Owner Controlled Insurance Program – The IPL Rolling Owner Controlled Insurance Program (ROCIP) program is a master insurance, safety, and claims management program that provides specific coverages for Workers' Compensation, Employers Liability, Commercial General Liability, and Excess Liability for the Owner and all Enrolled Participants on the IPL.

In the event of an occurrence, wrongful act, or personal injury, all participants in the ROCIP program must promptly provide written notice to Willis of Texas, the ROCIP Administrator, per contract agreement. The ROCIP Administrator will check the information for accuracy and promptly report the claim to the Insurance Provider. The Insurance Provider will coordinate the investigation of commercial general liability claims. Contractor's team members are required to cooperate with the Insurance Provider's investigations. A per occurrence deductible of \$5,000 will be paid by the enrolled participant.

Notifications of a lawsuit or litigation are made to the PCM and ROCIP Administrator and shall be by email or telephone immediately when served with notice of any lawsuits or citations filed against either Enrolled Participants or Excluded Participants. Failure to respond to a lawsuit within the prescribed time may result in a default judgment. The entity served with the lawsuit will pay judgments and expenses associated with a default judgment. Enrolled participants must initially report all workers' compensation claims to the ROCIP Administrator. Claims must be reported no later than the end of the shift during which the accident occurred except in cases of serious injuries which shall be reported immediately. The Insurance Provider will coordinate the investigations of all workers' compensation claims.

The ROCIP provides builders risk coverage for all enrolled participants. The coverage includes all materials and equipment that will be permanently incorporated into the project including property in-transit and stored at pre-approved locations. Enrolled participants are responsible for the first \$25,000 of any loss.

Health Insurance – As of January 1, 2015, the District has opted to retain their own risk for their employees' health insurance claims, sometimes referred to as "self-insurance". Blue Cross Blue Shield of Texas is the claims administrator selected by the District for their health insurance. Included in "health insurance" are medical costs including dental and vision, as well as prescription claims for current employees and eligible retirees.

Liabilities arising from self-insurance are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These claims are referred to as "incurred but not reported" (IBNR). The IBNR liabilities include an amount for health, dental, and prescription claims. The District's excess coverage medical insurance policy covers individual claims in excess of \$75,000 from October 1, 2015 to December 31, 2015. Beginning January 1, 2016 the District's excess coverage medical insurance policy covers individual claims in excess of \$100,000.

The claims liabilities for claims were developed using the completion factor method for both an unsmoothed and smoothed methodology. For both methodologies, the completion factor method analyzes a matrix that displays the claims paid each month by the month in which the claim was incurred on a cumulative basis over the available experience period. The completion factors are applied to the claims that were paid for each incurred month to estimate the ultimate incurred claims for the month. For the smoothed methodology, the incurred claims for August and September 2016 were calculated using a weighted average of the completion factor method. The estimated ultimate liability for those months was calculated using the most recent 10 months of claims experience, trended forward at an annual rate of 9% for both medical and pharmacy. The claims liability is calculated as the sum, for all incurred months, of the estimated ultimate incurred claims less paid claims.

Claims, stop loss premiums, and administrative costs are paid by the District as costs of the self-insured medical program. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for medical and Rx claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards. An excess coverage medical insurance policy covers individual claims in excess of \$75,000 and/or \$3,134,508 in aggregate for (October 2015 – December 2015) and \$100,000 and/or \$5,015,423 in aggregate for the plan year to date (January 2016 – September 2016).



Charges to the two types of insurance that the District retained risk on over the past two fiscal years were as follows:

	Beginning of Fiscal year Liability	Current Year Claims	Changes in Estimates	Claims Payments	Balance at Fiscal Year End	Current Portion
IPL Project ROCIP - 2015	\$ —	\$ 30,091		\$ (30,091)	\$ —	\$ —
IPL Project ROCIP - 2016	—	110,041	96,573	(110,041)	96,573	96,573
Group Health - 2015	—	2,808,762	347,485	(2,808,762)	347,485	347,485
Group Health - 2016	347,485	3,670,256	5,641	(3,670,256)	353,126	353,126

## 11. RECENTLY ISSUED GASB STATEMENTS

The GASB has issued a number of standards that will become effective for the District in future years.

**Statement No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68** - was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This standard becomes effective for the District in fiscal year 2016 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for the District in fiscal year 2017. This standard is not applicable to the District practices.

**No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans** - was issued in June 2015 and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This standard becomes effective for the District in fiscal year 2017.

Management is currently in the process of evaluating the impact of this Statement on the District's financial statements.

**No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

- was issued in June 2015 and replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This standard becomes effective for the District in fiscal year 2018.

Management is currently in the process of evaluating the impact of this Statement on the District's financial statements.

**No. 77, *Tax Abatement Disclosures*** - was issued in August 2015 and is meant to provide financial statement users about certain limitations on governments' revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This standard becomes effective for the District in fiscal year 2017.

Management is currently in the process of evaluating the impact of this Statement on the District's financial statements.

**No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB***

**Statement No. 14** - was issued in January 2016 and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This standard becomes effective for the District in fiscal year 2017.

Management is currently in the process of evaluating the impact of this Statement on the District's financial statements.

**No. 81, *Irrevocable Split-Interest Agreements*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*** - was issued in March 2016 and defines Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split interest agreements can be created through trusts-or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements-in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This standard becomes effective for the District in fiscal year 2018, however this standard is not applicable to the District's practices.

**GASB Statement No. 82, *Pension Issues*** - was issued in March 2016 with the objective of addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard becomes effective for the District in fiscal year 2017, however this standard is not applicable to the District's practices.

## **COMPONENT UNIT**

**The following notes are for the District's component unit, Trinity River Vision Authority (TRVA), which are not duplicated by the notes of the District.**

### **12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR TRVA**

**Reporting Entity**—The accounting policies of the TRVA conform to accounting principles generally accepted in the United States of America as applicable to governmental units and promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

**Financial Reporting Entity**—TRVA is included as a discrete component unit in the financial statements of the District. The information presented consist of governmental and business type activities.

**Cash and Cash Equivalents**— Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less. Cash and cash equivalents for fiscal year 2016 consist of deposits (principally interest-bearing accounts) with one financial institution and in a public funds investment pool.

**Capital Assets**— Capital assets of TRVA are transferred to the District or the City of Forth Worth upon completion.

**Other Liabilities**— Generally consists of project contributions received in advance from the District. These amounts are recorded as contribution revenue when the funds have been spent on the project.

**Budgets and Budgetary Accounting**— Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the General Fund and the Enterprise Fund.

### **13. CASH AND CASH EQUIVALENTS FOR TRVA**

The balance per bank of cash on deposit at September 30, 2016, was \$364 thousand and was entirely covered by FDIC insurance or collateral. The carrying value for TRVA was \$247 thousand as of September 30, 2016.

Legal provisions generally permit TRVA to invest in direct and indirect obligations of the United States or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools, and mutual funds. During the year ended September 30, 2016, TRVA did not own any types of securities other than those permitted by statute. The TRVA invests in the Texas Local Government Investment Pool ("TexPool"). TexPool is a public fund investment pool created by the Treasurer of the State of Texas acting by 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. It has been organized and established pursuant to an Interlocal Agreement between participating government entities. TRVA has an undivided beneficial interest in the pool of assets held by this agency. These investments and deposits are fully insured by federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Company, the entity that created TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies (TexPool only), certificates of deposit, and repurchase agreements. TRVA's balance in TexPool as of September 30, 2016 was \$560 thousand.

**Interest Rate Risk**—As a means of limiting its exposure to fair value losses arising from interest rate fluctuations, TRVA's investment policy limits maturities to a maximum of three years.

**Concentration of Credit Risk**—TRVA places no limit on the amount the TRVA may invest in one issuer. All investments at September 30, 2016 were in TexPool.

**Custodial Credit Risk**—TRVA policy requires that all securities be held in TRVA's name.

#### SUMMARY OF INVESTMENTS AND RELATED WEIGHTED AVG. MATURITY

	Fair Value **	Weighted Avg. Maturity (Years)	S & P Rating	Level of Fair Value***
Investment Pools*				
TexPool	\$ 559,621	N/A	AAA-m	N/A
Total cash equivalents	<u>\$ 559,621</u>			

\*Local government pools operate as a money market fund under the Public Funds Investment Act, which requires that it maintain an AAA, AAA-m or equivalent rating from a nationally recognized rating service. Pools are rated AAA-m and operate in full compliance with the PFIA and rating agency requirements. The pools are exempted from SEC registration pertaining to registered money market funds; however, they seek to maintain a stable net position value of \$1 per unit.

\*\*Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. All investments are recorded at fair value.

\*\*\*As of September 30, 2016 TRVA's investment pool, Texpool, is valued at amortized cost and is therefore exempt from the level of fair value disclosure. GASB 79 created an election option for external investment pools and pool participants to continue to utilize amortized cost accounting, rather than fair value, for certain investment pools and eliminated the reference to SEC 2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. TRVA's investment pool TexPool is fully compliant with GASB 79 and is continuing to report assets at amortized cost and TRVA has mirrored these valuations.

#### 14. COMMITMENTS AND CONTINGENCIES FOR TRVA

**Insurance**—The TRVA has employee blanket bond insurance. The TRVA also participates in a public entity risk pool for its general liability, automotive reliability, and errors and omissions liability coverage. The TRVA has such insurance coverage as an additional insured on a policy issued to the Tarrant Regional Water District through the Texas Water Conservation Association Risk Management Fund (the “Trust”). The general policy conditions provide as follows:

In the event of an occurrence, wrongful act, or personal injury, written notice containing particulars of the incident or injury shall be promptly provided to the Trust. If a claim is made or a suit is brought against the TRVA, the TRVA shall immediately forward to the Trust every demand, notice, summons, or other processes received. TRVA shall cooperate with the Trust and give any information as may be reasonably required, and upon the Trust’s request, assist in making settlement, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the TRVA because of injury or damage with respect to which insurance is afforded under the agreement. The TRVA shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The TRVA shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense that could increase the liability exposure of, or jeopardize the Trust in any way.

The Trust will pay on behalf of the TRVA all sums that TRVA shall become legally obligated to pay arising out of an occurrence that takes place during the Trust year and within the agreement. The Trust reserves the right to deny any and all claims that are not reported. The Trust shall have the right and the duty to defend any suit against the TRVA, even if the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit it deems expedient, but the Trust shall not be obligated to pay any claim or judgment, or to defend a suit, after the applicable limit of the Trust’s liability has been exhausted.

As of September 30, 2016, there were no settlements paid from the insurance coverage on behalf of the TRVA.

## Required Supplementary Information (Unaudited)



(Trinity River Low Water Dam)

**TARRANT REGIONAL WATER DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**

**BALANCE—BUDGET TO ACTUAL—GAAP BASIS—GENERAL FUND (UNAUDITED)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance (Budget - Actual)</b>
REVENUES:			
Property taxes	\$ 9,000,000	\$ 10,271,392	\$ (1,271,392)
Lease rentals	1,370,000	1,598,047	(228,047)
Oil and gas royalties	20,400,000	8,781,804	11,618,196
Investment income	230,000	317,333	(87,333)
Contributions	3,500,000	5,299,235	(1,799,235)
Other	898,500	1,038,859	(140,359)
Total revenues	35,398,500	27,306,670	8,091,830
EXPENDITURES:			
Current:			
General and administrative	10,900,351	8,336,650	2,563,701
Personnel services	7,707,794	7,015,739	692,055
Pension plan contribution	629,188	588,530	40,658
Contribution	1,030,230	1,230,230	(200,000)
Capital expenditures	44,925,320	30,101,222	14,824,098
Capital lease payment	259,450	259,450	—
Total expenditures	65,452,333	47,531,821	17,920,512
CHANGE IN FUND BALANCE	(30,053,833)	(20,225,151)	(9,828,682)
FUND BALANCE—Beginning of year	90,857,525	90,857,525	—
FUND BALANCE—End of year	\$ 60,803,692	\$ 70,632,374	\$ (9,828,682)



## **Notes to RSI**

**Deficiency of Oil and Gas Royalties Revenues under Budget**—The District budgeted fiscal year 2016 oil and gas royalties on the previous years' revenues, however, in fiscal year 2016 the oil and gas prices significantly decreased.

**Excess of Contributions Revenues over Budget**—The District received \$2.4 million for TIF reimbursements in fiscal year 2016, this is \$1.0 million less than expected due to a parcel within the TIF district becoming tax exempt for tax year 2015. The District also received an unbudgeted \$2.8 million contribution to be used for environmental cleanup, the money is held by TCEQ.

**Deficiency of Capital Expenditures under Budget**—The District's budget of \$44.9 million included \$44.5 million to be spent on the TRVA project during the 2016 fiscal year of which \$28.1 million was spent. The variance is largely due to the budgeted land and relocation that came in \$13.5 million under budget.

**TARRANT REGIONAL WATER DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFITS (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2011	—	39,215,923	39,215,923	0%	13,624,301	287.8%
12/31/2011	—	28,791,154	28,791,154	0%	13,624,301	211.3% *
12/31/2013	—	29,524,437	29,524,437	0%	16,834,015	175.4%
12/31/2015	3,076,009	16,647,179	13,571,170	18.5%	17,642,123	76.9%

\* The restated 12/31/2011 AAL reflects a change in the discount rate from 4.50% to 6.20% after OPEB Trust initial contribution in September 2014.

## Other Supplementary Information (Unaudited)



(Eagle Mountain Lake)

**TARRANT REGIONAL WATER DISTRICT**

**SCHEDULE OF BONDS AUTHORIZED, ISSUED, AND OUTSTANDING BY PURPOSE OF ISSUE  
AS OF SEPTEMBER 30, 2016 (UNAUDITED)**

	<u>Year Authorized</u>	<u>Issued Amount</u>	<u>Outstanding</u>
Construction and improvement bonds:			
<u>Tarrant Regional Water District Projects</u>			
Water Revenue Bonds - Series 2008A-RC	2008A	\$ 3,135,000	\$ 2,395,000
Water Revenue Bonds - Series 2008B-CC	2008B	6,755,000	4,375,000
Water Revenue Refunding and Improvement Bond - Series 2009	2009	69,535,000	6,890,000
Water Revenue Bonds - Series 2010	2010	89,250,000	67,460,000
Water Revenue Bonds - Series 2010A	2010	17,835,000	17,835,000
Water Revenue Bonds - Series 2010B	2010	83,785,000	63,685,000
Water Revenue Refunding and Improvement Bond - Series 2012	2012	150,375,000	133,380,000
Water Revenue Refunding Bonds - Series 2012A	2013	98,960,000	38,805,000
Water Revenue Bonds - Series 2014	2014	318,750,000	316,260,000
Water Revenue Refunding Bonds - Series 2015	2015	156,470,000	155,710,000
Water Revenue Bonds Series 2015A	2016	300,000,000	300,000,000
Water Revenue Bonds Series 2016	2016	28,530,000	28,530,000
Water Revenue Refunding Bonds Series 2016A	2016	61,910,000	61,910,000
		<u>1,385,290,000</u>	<u>1,197,235,000</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>			
Contract Revenue Bonds (City of Dallas Project) - Series 2012	2012	131,935,000	120,745,000
Contract Revenue Bonds (City of Dallas Project) - Series 2014	2014	202,130,000	195,895,000
Contract Revenue Bond Series 2015	2016	140,000,000	140,000,000
		<u>474,065,000</u>	<u>456,640,000</u>
Total - Construction and improvement bonds		<u>\$ 1,859,355,000</u>	<u>\$ 1,653,875,000</u>

Note: Above amounts exclude unamortized original issue premiums.

**TARRANT REGIONAL WATER DISTRICT**

**SCHEDULE OF CHANGES IN BONDED DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

	Balance October 1, 2015	Total Issued	Total Retired	Balance September 30, 2016
<u>Tarrant Regional Water District Projects</u>				
Water Revenue Bonds Series 2008A-RC	\$ 2,585,000	\$ —	\$ 190,000	\$ 2,395,000
Water Revenue Bonds Series 2008B-CC	4,375,000			4,375,000
Water Revenue Refunding and Improvement Series 2009	53,845,000		46,955,000	6,890,000
Water Revenue Bonds Series 2010	89,250,000		21,790,000	67,460,000
Water Revenue Bonds Series 2010A	17,835,000			17,835,000
Water Revenue Bonds Series 2010B	67,290,000		3,605,000	63,685,000
Water Revenue Bonds Series 2012	139,330,000		5,950,000	133,380,000
Water Revenue Refunding Bonds Series 2012A	59,245,000		20,440,000	38,805,000
Water Revenue Bonds Series 2014	316,260,000			316,260,000
Water Revenue Refunding Bonds Series 2015	156,470,000		760,000	155,710,000
Water Revenue Bonds Series 2015A		300,000,000		300,000,000
Water Revenue Bonds Series 2016		28,530,000		28,530,000
Water Revenue Refunding Bonds Series 2016A		61,910,000		61,910,000
	<u>906,485,000</u>	<u>390,440,000</u>	<u>99,690,000</u>	<u>1,197,235,000</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>				
Contract Revenue Bond Series 2012	123,640,000		2,895,000	120,745,000
Contract Revenue Bond Series 2014	199,090,000		3,195,000	195,895,000
Contract Revenue Bond Series 2015		140,000,000		140,000,000
	<u>322,730,000</u>	<u>140,000,000</u>	<u>6,090,000</u>	<u>456,640,000</u>
Total	<u>\$1,229,215,00</u>	<u>\$ 530,440,000</u>	<u>\$ 105,780,000</u>	<u>\$ 1,653,875,000</u>

Note: Above amounts exclude unamortized original issue premiums.

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2016 (UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECT**

	2008A WIF			2008B WIF			2009 - Water Revenue			2010 - Water System			2010 A - Series 2010A			2010 B - Series 2010B								
YR	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total						
2017	195	58	253					345	345			3,064	3,064				3,715	1,220	4,935					
2018	195	54	249	605	100	705	3,360	261	3,621	2,120	3,016	5,136	1,305	243	1,548	3,830	1,186	5,016						
2019	200	50	250	620	87	707	3,530	88	3,618	2,230	2,918	5,148	1,160	352	1,512	3,945	1,144	5,089						
2020	205	46	251	630	73	703				2,345	2,810	5,155	1,200	335	1,535	4,065	1,091	5,156						
2021	210	40	250	645	58	703				2,465	2,689	5,154	1,235	314	1,549	4,190	1,026	5,216						
2022	215	35	250	665	41	706				2,590	2,563	5,153	1,270	291	1,561	4,315	951	5,266						
2023	220	30	250	680	23	703				2,720	2,430	5,150	1,310	264	1,574	4,450	868	5,318						
2024	225	23	248	530	7	537				2,860	2,305	5,165	1,350	236	1,586	4,585	776	5,361						
2025	235	17	252							3,010	2,188	5,198	1,390	207	1,597	4,725	676	5,401						
2026	240	11	251								2,127	2,127	1,435	174	1,609	4,865	569	5,434						
2027	255	4	259								2,127	2,127	1,475	139	1,614	5,015	454	5,469						
2028											2,127	2,127	1,520	102	1,622	5,170	331	5,501						
2029											2,127	2,127	1,570	62	1,632	5,325	202	5,527						
2030											2,127	2,127	1,615	21	1,636	5,490	68	5,558						
2031										4,060	2,041	6,101												
2032											1,955	1,955												
2033										4,490	1,857	6,347												
2034										4,720	1,652	6,372												
2035										4,960	1,434	6,394												
2036										5,215	1,205	6,420												
2037										5,480	965	6,445												
2038										5,765	708	6,473												
2039										6,060	435	6,495												
2040										6,370	147	6,517												
2041																								
2042																								
2043																								
2044																								
2045																								
2046																								
2047																								
2048																								
2049																								
2050																								
2051																								
2052																								
	\$	2,395	368	2,763	\$	4,375	389	4,764	\$	6,890	694	7,584	\$	67,460	47,017	114,477	\$	17,835	2,740	20,575	\$	63,685	10,562	74,247

(Continued)

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2016 (UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECT**

YR	2012 - Refunding and Water			2012A - Refunding Bonds			2014 - Revenue Bonds			2015 - Revenue Bonds			2015A - Revenue Bonds			2016 - Revenue Bonds		
	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total
2017	6,100	6,407	12,507	20,965	1,333	22,298		15,802	15,802	775	7,755	8,530	7,475	7,551	15,026	565	1,039	1,604
2018	735	6,247	6,982	3,255	728	3,983		15,802	15,802	9,535	7,508	17,043	7,535	7,509	15,044	580	1,022	1,602
2019	750	6,228	6,978	3,410	572	3,982	895	15,779	16,674	10,030	7,019	17,049	7,610	7,451	15,061	615	1,004	1,619
2020	770	6,209	6,979	3,555	427	3,982	1,405	15,722	17,127	10,540	6,505	17,045	7,700	7,378	15,078	630	979	1,609
2021	790	6,190	6,980	3,720	263	3,983	805	15,667	16,472	11,085	5,964	17,049	7,810	7,290	15,100	650	947	1,597
2022	815	6,166	6,981	3,900	85	3,985	1,125	15,624	16,749	11,650	5,396	17,046	7,935	7,187	15,122	670	914	1,584
2023		6,154	6,154					15,602	15,602	15,985	4,705	20,690	8,075	7,069	15,144	690	880	1,570
2024		6,153	6,153					15,602	15,602	14,400	3,946	18,346	8,230	6,936	15,166	710	845	1,555
2025		6,154	6,154					15,602	15,602	12,945	3,262	16,207	8,390	6,793	15,183	730	809	1,539
2026		6,153	6,153					15,602	15,602	13,610	2,598	16,208	8,575	6,635	15,210	755	772	1,527
2027		6,154	6,154					15,602	15,602	14,305	1,900	16,205	8,780	6,454	15,234	775	734	1,509
2028		6,153	6,153					15,602	15,602	15,040	1,167	16,207	9,000	6,252	15,252	800	698	1,498
2029		6,154	6,154					15,602	15,602	15,810	395	16,205	9,245	6,028	15,273	825	666	1,491
2030		6,153	6,153				18,735	15,133	33,868				9,500	5,785	15,285	850	632	1,482
2031	6,450	5,992	12,442				20,355	14,156	34,511				9,775	5,525	15,300	875	598	1,473
2032	6,750	5,671	12,421				21,145	13,118	34,263				10,065	5,249	15,314	905	562	1,467
2033	7,065	5,334	12,399				21,980	12,040	34,020				10,370	4,960	15,330	935	530	1,465
2034	7,375	4,973	12,348				22,880	10,919	33,799				10,685	4,658	15,343	965	502	1,467
2035	7,725	4,596	12,321				9,495	10,109	19,604				11,020	4,344	15,364	995	472	1,467
2036	8,070	4,201	12,271				9,980	9,623	19,603				11,375	4,007	15,382	1,035	442	1,477
2037	8,445	3,788	12,233				10,490	9,111	19,601				11,740	3,647	15,387	1,075	409	1,484
2038		3,577	3,577				11,030	8,573	19,603				12,120	3,276	15,396	1,120	375	1,495
2039		3,577	3,577				11,595	8,007	19,602				12,520	2,892	15,412	1,165	339	1,504
2040		3,577	3,577				12,190	7,413	19,603				12,935	2,495	15,430	1,215	301	1,516
2041	4,460	3,466	7,926				12,815	6,787	19,602				13,370	2,080	15,450	1,265	260	1,525
2042	4,690	3,237	7,927				13,470	6,130	19,600				13,820	1,645	15,465	1,315	218	1,533
2043	4,930	2,996	7,926				14,160	5,440	19,600				14,290	1,194	15,484	1,370	173	1,543
2044	5,185	2,743	7,928				14,890	4,713	19,603				14,775	728	15,503	1,425	126	1,551
2045	5,450	2,478	7,928				15,650	3,950	19,600				15,280	245	15,525	1,480	77	1,557
2046	5,730	2,198	7,928				16,455	3,147	19,602							1,545	26	1,571
2047	6,025	1,904	7,929				17,330	2,303	19,633									
2048	6,330	1,595	7,925				18,220	1,414	19,634									
2049	6,655	1,271	7,926				19,165	479	19,644									
2050	6,995	929	7,924															
2051	7,355	571	7,926															
2052	7,735	193	7,928															
	\$ 133,380	155,542	288,922	\$ 38,805	3,408	42,213	\$ 316,260	356,175	672,435	\$ 155,710	58,120	213,830	\$ 300,000	143,263	443,263	\$ 28,530	17,351	45,881

(Continued)

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2016  
(UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECT**

YR	2016A - Refunding			Total Enterprise Funds		
	Princ.	Int.	Total	Princ.	Int.	Total
2017		2,996	2,996	39,790	47,570	87,360
2018		2,996	2,996	33,055	46,672	79,727
2019		2,996	2,996	34,995	45,688	80,683
2020	3,330	2,962	6,292	36,375	44,537	80,912
2021	3,450	2,843	6,293	37,055	43,291	80,346
2022	3,625	2,666	6,291	38,775	41,919	80,694
2023	3,815	2,480	6,295	37,945	40,505	78,450
2024	4,010	2,284	6,294	36,900	39,113	76,013
2025	4,215	2,079	6,294	35,640	37,787	73,427
2026	7,590	1,784	9,374	37,070	36,425	73,495
2027	7,980	1,394	9,374	38,585	34,962	73,547
2028	8,390	985	9,375	39,920	33,417	73,337
2029	8,820	555	9,375	41,595	31,791	73,386
2030	3,160	255	3,415	39,350	30,174	69,524
2031		176	176	41,515	28,488	70,003
2032	3,525	88	3,613	42,390	26,643	69,033
2033				44,840	24,721	69,561
2034				46,625	22,704	69,329
2035				34,195	20,955	55,150
2036				35,675	19,478	55,153
2037				37,230	17,920	55,150
2038				30,035	16,509	46,544
2039				31,340	15,250	46,590
2040				32,710	13,933	46,643
2041				31,910	12,593	44,503
2042				33,295	11,230	44,525
2043				34,750	9,803	44,553
2044				36,275	8,310	44,585
2045				37,860	6,750	44,610
2046				23,730	5,371	29,101
2047				23,355	4,207	27,562
2048				24,550	3,009	27,559
2049				25,820	1,750	27,570
2050				6,995	929	7,924
2051				7,355	571	7,926
2052				7,735	193	7,928
	\$ 61,910	29,539	91,449	\$ 1,197,235	825,168	2,022,403

(Concluded)



**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2016  
(UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECT (CITY OF DALLAS PROJECT)**

YR	Dallas 2012 - Series 2012			Dallas 2014 - Series 2014			Dallas 2015 - Series			Total Contract Revenue Bonds		
	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total
2017	\$ 2,955	4,808	7,763	\$ 3,355	9,907	13,262	\$ 3,535	3,524	7,059	\$ 9,845	18,239	28,084
2018	3,015	4,660	7,675	3,520	9,705	13,225	3,560	3,508	7,068	10,095	17,873	27,968
2019	3,075	4,509	7,584	3,700	9,494	13,194	3,595	3,485	7,080	10,370	17,488	27,858
2020	3,140	4,356	7,496	3,885	9,272	13,157	3,635	3,454	7,089	10,660	17,082	27,742
2021	3,200	4,199	7,399	4,075	9,039	13,114	3,680	3,415	7,095	10,955	16,653	27,608
2022	3,270	4,039	7,309	4,280	8,795	13,075	3,735	3,371	7,106	11,285	16,205	27,490
2023	3,345	3,875	7,220	4,495	8,538	13,033	3,800	3,319	7,119	11,640	15,732	27,372
2024	3,515	3,708	7,223	4,720	8,268	12,988	3,870	3,259	7,129	12,105	15,235	27,340
2025	3,620	3,602	7,222	4,955	7,985	12,940	3,945	3,194	7,139	12,520	14,781	27,301
2026	3,765	3,458	7,223	5,205	7,688	12,893	4,020	3,125	7,145	12,990	14,271	27,261
2027	3,920	3,307	7,227	5,465	7,479	12,944	4,115	3,045	7,160	13,500	13,831	27,331
2028	4,075	3,189	7,264	5,735	7,261	12,996	4,215	2,955	7,170	14,025	13,405	27,430
2029	4,240	3,067	7,307	6,025	7,031	13,056	4,325	2,856	7,181	14,590	12,954	27,544
2030	4,415	2,940	7,355	6,325	6,730	13,055	4,440	2,746	7,186	15,180	12,416	27,596
2031	4,595	2,808	7,403	6,640	6,414	13,054	4,565	2,628	7,193	15,800	11,850	27,650
2032	4,780	2,664	7,444	6,975	6,082	13,057	4,695	2,503	7,198	16,450	11,249	27,699
2033	4,970	2,473	7,443	7,320	5,733	13,053	4,835	2,371	7,206	17,125	10,577	27,702
2034	5,225	2,274	7,499	7,690	5,367	13,057	4,980	2,233	7,213	17,895	9,874	27,769
2035	5,485	2,065	7,550	8,075	4,982	13,057	5,130	2,090	7,220	18,690	9,137	27,827
2036	5,765	1,846	7,611	8,475	4,579	13,054	5,290	1,940	7,230	19,530	8,365	27,895
2037	6,055	1,615	7,670	8,900	4,155	13,055	5,460	1,776	7,236	20,415	7,546	27,961
2038	6,360	1,373	7,733	9,345	3,710	13,055	5,630	1,606	7,236	21,335	6,689	28,024
2039	6,605	1,118	7,723	9,810	3,243	13,053	5,815	1,431	7,246	22,230	5,792	28,022
2040	6,855	854	7,709	10,300	2,752	13,052	6,000	1,249	7,249	23,155	4,855	28,010
2041	7,115	580	7,695	10,815	2,237	13,052	6,200	1,062	7,262	24,130	3,879	28,009
2042	7,385	295	7,680	11,360	1,697	13,057	6,405	864	7,269	25,150	2,856	28,006
2043				11,925	1,129	13,054	6,615	659	7,274	18,540	1,788	20,328
2044				12,525	532	13,057	6,840	447	7,287	19,365	979	20,344
2045							7,070	227	7,297	7,070	227	7,297
	\$ 120,745	73,682	194,427	\$ 195,895	169,804	365,699	\$ 140,000	68,342	208,342	\$ 456,640	311,828	768,468

**TARRANT REGIONAL WATER DISTRICT**  
**SCHEDULE OF INSURANCE**  
**As of September 30, 2016 (UNAUDITED)**

Insurer		Policy Period	Type of Coverage	Limits
Hartford Insurance Co.	<sup>1</sup>	01/15/13-until canceled	Director Bond	\$10,000—per director
		3/29/00 - until canceled	Theft	\$500,000—liability
TWCA Risk Management Fund	<sup>2,3</sup>	07/01/15-07/01/16	Crime	\$5,000 - 10,000—liability <sup>4</sup>
		07/01/16–07/01/17		
TWCA Risk Management Fund	<sup>3</sup>	07/01/15–07/01/16	Fleet Policy	\$10,000,000—liability
		07/01/16–07/01/17		
		07/01/15–07/01/16	Property Insurance	\$287,580,288—blanket limit
		07/01/16–07/01/17		\$340,338,702 - blanket limit
		07/01/15–07/01/16	Workers' Compensation	Statutory limits
		07/01/16–07/01/17		
		07/01/15–07/01/16	General Liability	\$10,000,000—limit
		07/01/16–07/01/17		
		07/01/15–07/01/16	Errors and Omissions	\$10,000,000—limit
		07/01/16–07/01/17	Liability	
Blue Cross Blue Shield of Texas	<sup>5</sup>	01/01/15–12/31/15	Health Insurance-Self	Unlimited per employee or dependent
		01/01/16–12/31/16	Insured with Stop Loss Coverage	
Sutton James Insurance Broker	<sup>7</sup>	12/16/14-12/16/15	Aviation Coverage - Old	\$370,000—Physical Damage
		12/16/15 - 12/16/16	<sup>6</sup> Helicopter	\$5,000,000—Liability
		8/9/16 - 12/16/16	Aviation Coverage - New	\$506,295—Physical Damage
			Helicopter	\$5,000,000—Liability
Willis of Texas, Inc.		04/04/14 - end of project	Rolling Owner Controlled	\$2,000,000 —Commercial General Liability
			Insurance Program - IPL	Statutory —Worker's Compensation

<sup>1</sup> This is a pool administered by J. I. Specialty Services. Both policies within this pool are valid until canceled.

<sup>2</sup> The District's Crime insurance switched from Hartford Insurance Co. to Texas Water Conservation Association Risk Management Fund as of 7/1/15

<sup>3</sup> This is a pool through the Texas Water Conservation Association Risk Management Fund administered by J. I. Specialty Services.

<sup>4</sup> The District's crime insurance liability varies depending upon the type of crime.

<sup>5</sup> The District is self-insured in relation to Health Insurance.

<sup>6</sup> Although the original insurance contract was valid through 12/16/16, the District's Aviation Coverage Policy was changed mid-policy year due to the purchase of a new helicopter.

<sup>7</sup> Willis of Texas is the broker/administrator who supports the self-insurance held on the IPL project

The District has paid all premiums due prior to September 30, 2016.

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## STATISTICAL SECTION (UNAUDITED)



(Flood in May 1949, overlooking the Lancaster Bridge)

**TARRANT REGIONAL WATER DISTRICT****NET POSITION****LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities				
Net investment in capital assets	\$ 44,518,627	\$ 57,351,855	\$ 81,197,788	\$ 126,850,508
Restricted				
Unrestricted	100,230,068	158,691,607	168,738,962	155,138,624
Total governmental net position	144,748,695	216,043,462	249,936,750	281,989,132
Business-type Activities				
Net investment in capital assets	173,881,197	183,076,259	182,599,106	202,799,524
Restricted	40,394,624	41,498,079	44,768,510	53,627,614
Unrestricted	21,714,436	26,211,720	33,609,336	18,944,869
Total business-type net position	235,990,257	250,786,058	260,976,952	275,372,007
Total Primary Government:				
Net investment in capital assets	218,399,824	240,428,114	263,796,894	329,650,032
Restricted	40,394,624	41,498,079	44,768,510	53,627,614
Unrestricted	121,944,504	184,903,327	202,348,298	174,083,493
Total primary government net position	\$ 380,738,952	\$ 466,829,520	\$ 510,913,702	\$ 557,361,139

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**NET POSITION**

**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net investment in capital assets	\$ 147,836,049	\$ 178,140,564	\$ 221,301,902	\$ 279,586,633
Restricted				
Unrestricted	172,954,968	175,256,153	188,026,740	179,511,280
Total governmental net position	<u>320,791,017</u>	<u>353,396,717</u>	<u>409,328,642</u>	<u>459,097,913</u>
Business-type Activities				
Net investment in capital assets	223,542,977	234,408,625	275,649,460	308,579,683
Restricted	53,338,190	65,749,659	63,522,458	90,811,279
Unrestricted	15,604,988	12,062,496	(859,394)	(27,523,746)
Total business-type net position	<u>292,486,155</u>	<u>312,220,780</u>	<u>338,312,524</u>	<u>371,867,216</u>
Total Primary Government:				
Net investment in capital assets	371,379,026	412,549,189	496,951,362	588,166,316
Restricted	53,338,190	65,749,659	63,522,458	90,811,279
Unrestricted	188,559,956	187,318,649	187,167,346	151,987,534
Total primary government net position	<u>\$ 613,277,172</u>	<u>\$ 665,617,497</u>	<u>\$ 747,641,166</u>	<u>\$ 830,965,129</u>

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT****NET POSITION****LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2015</u>	<u>2016</u>
Governmental Activities		
Net investment in capital assets	\$ 311,416,677	\$ 343,118,047
Restricted		5,531,060
Unrestricted	192,888,999	193,491,410
	<hr/>	<hr/>
Total governmental net position	504,305,676	542,140,517
	<hr/>	<hr/>
Business-Type Activities		
Net investment in capital assets	357,632,834	409,159,039
Restricted	89,822,147	110,363,100
Unrestricted	(16,222,050)	(16,336,370)
	<hr/>	<hr/>
Total business-type net position	431,232,931	503,185,769
	<hr/>	<hr/>
Total Primary Government:		
Net investment in capital assets	669,049,511	752,277,086
Restricted	89,822,147	115,894,160
Unrestricted	176,666,949	177,155,040
	<hr/>	<hr/>
Total primary government net position	\$ 935,538,607	\$ 1,045,326,286
	<hr/>	<hr/>

(Concluded)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:				
Governmental Activities				
General Government	7,973,914	9,202,619	12,412,197	7,595,520
Flood Control	4,578,539	4,833,627	4,718,631	5,605,584
Trinity River Vision Project	5,250,000	3,000,000	10,000	3,000,000
Total Governmental Activities	17,802,453	17,036,246	17,140,828	16,201,104
Business-type Activities	57,748,055	55,729,711	72,165,314	69,126,434
Total Primary Government Expenses	75,550,508	72,765,957	89,306,142	85,327,538
Program Revenues:				
Governmental Activities				
Charges for Services	34,938,888	68,608,713	34,919,651	35,147,114
Capital Grants and Contributions	5,593,766	4,999,204	2,207,436	2,499,268
Total Governmental Activities	40,532,654	73,607,917	37,127,087	37,646,382
Business-type Activities				
Charges for Services	74,085,944	66,786,702	80,686,233	79,718,947
Capital Grants and Contributions	493,823	1,141,588	—	717,421
Total Business-type Activities	74,579,767	67,928,290	80,686,233	80,436,368
Total Primary Government Revenues	115,112,421	141,536,207	117,813,320	118,082,750
Net (Expense) Revenue				
Governmental Activities	22,730,201	56,571,671	19,986,259	21,445,278
Business-type Activities	16,831,712	12,198,579	8,520,919	11,309,934
Total-Primary Government	39,561,913	68,770,250	28,507,178	32,755,212
General Revenues:				
Governmental Activities				
Property Taxes	7,322,427	8,069,617	8,693,898	9,051,507
Investment Income	4,455,483	4,100,005	3,137,581	1,468,495
Miscellaneous	77,009	158,820	69,190	63,182
Gain/Loss on Disposal of Assets	61,976	137,366	21,064	23,920
Transfers	1,952,959	2,257,288	1,985,296	—
Total Governmental Activities	13,869,854	14,723,096	13,907,029	10,607,104
Business-type Activities				
Investment Income	10,613,665	4,550,301	3,486,297	2,969,407
Miscellaneous	36,377	61,744	109,676	47,756
Gain/Loss on Disposal of Assets	200,001	242,465	59,298	67,958
Transfers	(1,952,959)	(2,257,288)	(1,985,296)	—
Total Business-type Activities	8,897,084	2,597,222	1,669,975	3,085,121
Total Primary Government	22,766,938	17,320,318	15,577,004	13,692,225
Changes in Net Position				
Governmental Activities	36,600,055	71,294,767	33,893,288	32,052,382
Business-type Activities	25,728,796	14,795,801	10,190,894	14,395,055
Total Primary Government	62,328,851	86,090,568	44,084,182	46,447,437

(Continued)

Source: From the District's Annual Financial Report for the respective years.



**TARRANT REGIONAL WATER DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses:				
Governmental Activities				
General Government	7,494,646	11,310,981	11,521,503	13,462,903
Flood Control	6,291,116	6,418,353	6,313,528	3,241,255
Trinity River Vision Project	—	619,066	1,041,910	18,369,944
Total Governmental Activities	13,785,762	18,348,400	18,876,941	35,074,102
Business-type Activities	76,756,369	82,021,320	87,165,497	104,901,544
Total Primary Government Expenses	90,542,131	100,369,720	106,042,438	139,975,646
Program Revenues:				
Governmental Activities				
Charges for Services	28,830,916	21,636,600	33,255,675	26,048,278
Capital Grants and Contributions	13,944,124	19,708,589	31,910,810	49,101,393
Total Governmental Activities	42,775,040	41,345,189	65,166,485	75,149,671
Business-type Activities				
Charges for Services	90,564,705	99,244,447	120,270,336	136,041,137
Capital Grants and Contributions	95,078	—	—	—
Total Business-type Activities	90,659,783	99,244,447	120,270,336	136,041,137
Total Primary Government Revenues	133,434,823	140,589,636	185,436,821	211,190,808
Net (Expense) Revenue				
Governmental Activities	28,989,278	22,996,789	46,289,544	40,075,569
Business-type Activities	13,903,414	17,223,127	33,104,839	31,139,593
Total-Primary Government	42,892,692	40,219,916	79,394,383	71,215,162
General Revenues:				
Governmental Activities				
Property Taxes	8,580,069	8,835,672	9,013,033	9,231,193
Investment Income	1,045,664	708,010	300,771	367,655
Miscellaneous	124,894	60,073	234,068	48,081
Gain/Loss on Disposal of Assets	61,980	5,156	94,509	46,773
Total Governmental Activities	9,812,607	9,608,911	9,642,381	9,693,702
Business-type Activities				
Investment Income	1,873,044	2,183,834	262,520	1,598,019
Miscellaneous	1,265,394	271,321	939,978	773,572
Gain/Loss on Disposal of Assets	72,296	56,343	48,310	43,508
Total Business-type Activities	3,210,734	2,511,498	1,250,808	2,415,099
Total Primary Government	13,023,341	12,120,409	10,893,189	12,108,801
Changes in Net Position				
Governmental Activities	38,801,885	32,605,700	55,931,925	49,769,271
Business-type Activities	17,114,148	19,734,625	34,355,647	33,554,692
Total Primary Government	55,916,033	52,340,325	90,287,572	83,323,963

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2015</u>	<u>2016</u>
Expenses:		
Governmental Activities		
General Government	12,766,315	
Flood Control	4,963,320	
Flood Protection		18,916,113
Recreation		1,561,346
Trinity River Vision Project		
Total Governmental Activities	<u>17,729,635</u>	<u>20,477,459</u>
Business-type Activities	<u>87,999,935</u>	<u>77,099,429</u>
Total Primary Government Expenses	<u>105,729,570</u>	<u>97,576,888</u>
Program Revenues:		
Governmental Activities		
Charges for Services	16,595,055	9,862,928
Flood Protection		1,067,012
Recreation		
Capital Grants and Contributions	36,043,940	
Flood Protection		36,029,150
Recreation		126,750
Total Governmental Activities	<u>52,638,995</u>	<u>47,085,840</u>
Business-type Activities		
Charges for Services	142,578,670	139,387,464
Capital Grants and Contributions	680,633	3,584,248
Total Business-type Activities	<u>143,259,303</u>	<u>142,971,712</u>
Total Primary Government Revenues	<u>195,898,298</u>	<u>190,057,552</u>
Net (Expense) Revenue		
Governmental Activities	34,909,360	26,608,381
Business-type Activities	55,259,368	65,872,283
Total-Primary Government	<u>90,168,728</u>	<u>92,480,664</u>
General Revenues:		
Governmental Activities		
Property Taxes	9,757,583	10,264,007
Investment Income	403,723	317,333
Miscellaneous	37,951	79,170
Gain/Loss on Disposal of Assets	99,146	565,950
Total Governmental Activities	<u>10,298,403</u>	<u>11,226,460</u>
Business-type Activities		
Investment Income	3,748,796	6,776,202
Miscellaneous	288,461	50,800
Gain/Loss on Disposal of Assets	69,090	(746,447)
Total Business-type Activities	<u>4,106,347</u>	<u>6,080,555</u>
Total Primary Government	<u>14,404,750</u>	<u>17,307,015</u>
Changes in Net Position		
Governmental Activities	45,207,763	37,834,841
Business-type Activities	59,365,715	71,952,838
Total Primary Government	<u>104,573,478</u>	<u>109,787,679</u>

(Concluded)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**FUND BALANCE**

**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Fund				
Nonspendable:				
Long-term receivable	\$ —	\$ —	\$ —	\$ —
Long-term interfund notes and interest	1,398,836	1,195,754	1,351,670	1,260,949
Prepaid items	109,060	63,153	63,695	549,374
Inventory of supplies-at-cost	34,191	34,525	34,987	40,994
Committed				
Assigned				
Unassigned	99,432,281	158,257,072	169,032,343	156,337,101
Total	<u>\$ 100,974,368</u>	<u>\$ 159,550,504</u>	<u>\$ 170,482,695</u>	<u>\$ 158,188,418</u>

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**FUND BALANCE**

**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Fund				
Nonspendable:				
Long-term receivable	\$ 11,919,659	\$ —	\$ —	\$ —
Long-term interfund notes and interest	1,167,888	1,072,421	974,485	874,014
Prepaid items	910,245	879,706	2,534,623	2,808,611
Inventory of supplies-at-cost	46,364	46,630	51,908	53,705
Committed		100,000		
Assigned		8,274,737	1,240,858	
Unassigned	149,862,054	152,417,730	144,151,950	111,936,626
Total	<u>\$ 163,906,210</u>	<u>\$ 162,791,224</u>	<u>\$ 148,953,824</u>	<u>\$ 115,672,956</u>

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**FUND BALANCE**

**LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2015</u>	<u>2016</u>
Governmental Fund		
Nonspendable:		
Long-term receivable	\$ —	\$ —
Long-term interfund notes and interest	770,939	577,139
Prepaid items	1,353,935	970,308
Inventory of supplies-at-cost	57,196	51,929
Restricted		5,531,060
Committed		
Assigned		
Unassigned	88,675,455	63,501,938
Total	<u>\$ 90,857,525</u>	<u>\$ 70,632,374</u>

(Concluded)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**CHANGES IN FUND BALANCE  
LAST TEN FISCAL YEARS (UNAUDITED)**

GOVERNMENTAL FUND:	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues			
Property Taxes	\$ 7,352,426	\$ 8,056,037	\$ 8,735,179
Lease Rental	370,305	348,619	327,741
Oil and Gas Royalties	34,007,763	68,057,516	34,397,855
Sale of Rock and Gravel	210,753	75,929	57,382
Investment Income	4,455,483	4,100,005	3,137,581
Contributions	4,917,356	2,557,050	200,000
Other	473,500	438,386	226,927
Total Revenue	<u>51,787,586</u>	<u>83,633,542</u>	<u>47,082,665</u>
Expenditures			
Current:			
General and Administrative	6,215,230	6,967,022	8,120,925
Personnel Services	4,234,004	5,470,843	6,360,919
Pension Plan Contribution	525,416	664,609	689,517
Contribution to Component Unit	5,250,000	3,000,000	10,000
Capital Expenditures	16,338,400	11,212,220	22,954,409
Capital Lease Payment	—	—	—
Debt Service	—	—	—
Total Expenditures	<u>32,563,050</u>	<u>27,314,694</u>	<u>38,135,770</u>
Deficiency of Revenues Under Expenditures	<u>19,224,536</u>	<u>56,318,848</u>	<u>8,946,895</u>
Other Financing Resources			
Proceeds from Capital Lease	—	—	—
Transfers In	1,952,959	2,257,288	1,985,296
Change in Fund Balance	<u>\$ 21,177,495</u>	<u>\$ 58,576,136</u>	<u>\$ 10,932,191</u>

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**CHANGES IN FUND BALANCE  
LAST TEN FISCAL YEARS (UNAUDITED)**

GOVERNMENTAL FUND:	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues			
Property Taxes	\$ 9,002,136	\$ 8,600,104	\$ 8,857,981
Lease Rental	656,328	662,857	875,426
Oil and Gas Royalties	34,354,862	27,777,427	20,738,333
Sale of Rock and Gravel	25,000	25,000	—
Investment Income	1,468,495	1,045,664	708,010
Contributions	—	889,000	8,954,382
Other	198,026	463,647	88,069
Total Revenue	<u>45,704,847</u>	<u>39,463,699</u>	<u>40,222,201</u>
Expenditures			
Current:			
General and Administrative	7,202,349	7,579,916	8,410,677
Personnel Services	2,320,404	4,177,093	4,198,150
Pension Plan Contribution	905,237	369,932	425,689
Contribution to Component Unit	3,000,000	—	619,066
Capital Expenditures	44,844,209	21,707,824	27,683,605
Capital Lease Payment	—	—	—
Debt Service	107,639	—	—
Total Expenditures	<u>58,379,838</u>	<u>33,834,765</u>	<u>41,337,187</u>
Deficiency of Revenues Under Expenditures	<u>(12,674,991)</u>	<u>5,628,934</u>	<u>(1,114,986)</u>
Other Financing Resources			
Proceeds from Capital Lease	380,714	88,858	—
Transfers In	—	—	—
Change in Fund Balance	<u>\$ (12,294,277)</u>	<u>\$ 5,717,792</u>	<u>\$ (1,114,986)</u>

(Continued)

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**CHANGES IN FUND BALANCE  
LAST TEN FISCAL YEARS (UNAUDITED)**

GOVERNMENTAL FUND:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues				
Property Taxes	\$ 8,993,946	\$ 9,263,039	\$ 9,737,304	\$ 10,271,392
Lease Rental	1,385,702	1,314,725	1,601,445	1,598,047
Oil and Gas Royalties	31,367,889	24,518,478	14,875,262	8,781,804
Sale of Rock and Gravel	12,525	12,500	19,937	—
Investment Income	300,771	367,655	403,723	317,333
Contributions	2,963,174	3,386,255	3,503,256	5,299,235
Other	391,767	311,573	390,221	1,038,859
Total Revenue	<u>45,415,774</u>	<u>39,174,225</u>	<u>30,531,148</u>	<u>27,306,670</u>
Expenditures				
Current:				
General and Administrative	8,476,960	9,043,006	10,797,697	8,336,650
Personnel Services	4,753,202	4,821,935	5,007,562	7,015,739
Pension Plan Contribution	497,578	512,818	535,436	588,530
Contribution to Component Unit	1,041,910	18,434,944	77,913	1,230,230
Capital Expenditures	45,075,378	39,365,013	38,668,521	30,101,222
Capital Lease Payment	385,715	277,377	259,450	259,450
Debt Service	—	—	—	—
Total Expenditures	<u>60,230,743</u>	<u>72,455,093</u>	<u>55,346,579</u>	<u>47,531,821</u>
Deficiency of Revenues Under Expenditures	<u>(14,814,969)</u>	<u>(33,280,868)</u>	<u>(24,815,431)</u>	<u>(20,225,151)</u>
Other Financing Resources				
Proceeds from Capital Lease	977,569	—	—	—
Transfers In	—	—	—	—
Change in Fund Balance	<u>\$ (13,837,400)</u>	<u>\$ (33,280,868)</u>	<u>\$ (24,815,431)</u>	<u>\$ (20,225,151)</u>

(Concluded)

Source: From the District's Annual Financial Report for the respective years.



**TARRANT REGIONAL WATER DISTRICT****RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Total Construction and Improvement Bonds	Percentage of Revenue (1)	Percentage of Personal Income (2)	Debt per Population (2)
2007	\$ 471,159,804	636%	N/A	N/A
2008	459,255,941	687%	N/A	N/A
2009	493,527,369	611%	N/A	N/A
2010	664,625,975	833%	N/A	N/A
2011	636,901,248	694%	N/A	N/A
2012	885,911,105	890%	N/A	N/A
2013	843,529,856	696%	N/A	N/A
2014	1,380,885,004	1,009%	N/A	N/A
2015	1,339,848,678	933%	N/A	N/A
2016	1,767,113,767	1,236%	N/A	N/A

(1) Based on operating revenues.

(2) TRWD water customers are municipalities and industrial as well as irrigation, therefore relating the District's debt to personal income or population is not applicable

**TARRANT REGIONAL WATER DISTRICT**  
**PRINCIPAL WATER CUSTOMERS AND WATER RATE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Customer	Rate	Amount Due	Amount Received	Percent of Operating Revenue
2007	Arlington	\$0.60799	\$ 11,396,524	\$ 11,396,524	15.38%
	Fort Worth -In	0.58549	24,829,918	24,829,918	33.50%
	Fort Worth -Out	0.62449	11,019,380	11,019,380	14.87%
	Mansfield	0.62449	1,954,525	1,954,525	2.64%
	Trinity River Authority	0.62449	6,801,823	6,801,823	9.18%
			56,002,170	56,002,170	75.57%
2008	Arlington	0.58333	12,591,904	12,591,904	18.29%
	Fort Worth -In	0.56258	27,696,162	27,696,162	40.23%
	Fort Worth -Out	0.59858	12,665,758	12,665,758	18.40%
	Mansfield	0.59858	2,263,514	2,263,514	3.29%
	Trinity River Authority	0.59858	7,495,390	7,495,390	10.89%
			62,712,728	62,712,728	91.10%
2009	Arlington	0.64791	14,055,515	14,055,515	17.40%
	Fort Worth -In	0.62891	29,789,214	29,789,214	36.87%
	Fort Worth -Out	0.66191	14,256,947	14,256,947	17.65%
	Mansfield	0.66191	2,584,289	2,584,289	3.20%
	Trinity River Authority	0.66191	7,522,739	7,522,739	9.31%
			68,208,704	68,208,704	84.43%
2010	Arlington	0.66450	13,819,430	13,819,430	17.32%
	Fort Worth -In	0.64725	29,043,580	29,043,580	36.41%
	Fort Worth -Out	0.64725	13,911,958	13,911,958	17.44%
	Mansfield	0.64725	2,299,071	2,299,071	2.88%
	Trinity River Authority	0.64725	7,481,393	7,481,393	9.38%
			66,555,432	66,555,432	83.43%
2011	Arlington	0.65903	15,789,517	15,789,517	17.19%
	Fort Worth -In	0.64353	33,764,764	33,764,764	36.77%
	Fort Worth -Out	0.67053	16,751,939	16,751,939	18.24%
	Mansfield	0.67053	3,049,664	3,049,664	3.32%
	Trinity River Authority	0.67053	9,395,208	9,395,208	10.23%
			78,751,092	78,751,092	85.75%
2012	Arlington	0.82717	17,679,757	17,679,757	17.77%
	Fort Worth -In	0.81342	38,070,820	38,070,820	38.26%
	Fort Worth -Out	0.83742	19,335,136	19,335,136	19.43%
	Mansfield	0.83742	3,361,174	3,361,174	3.38%
	Trinity River Authority	0.83742	10,167,515	10,167,515	10.22%
			88,614,402	88,614,402	89.06%
2013	Arlington	0.95186	19,589,663	19,589,663	16.16%
	Fort Worth -In	0.93986	42,778,409	42,778,409	35.29%
	Fort Worth -Out	0.96086	21,322,315	21,322,315	17.59%
	Mansfield	0.96086	3,649,000	3,649,000	3.01%
	Trinity River Authority	0.96086	11,294,855	11,294,855	9.32%
			98,634,242	98,634,242	81.37%

(continued)

Source: From the District's Settle-up for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**PRINCIPAL WATER CUSTOMERS AND WATER RATE**

**LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Customer	Rate	Amount Due	Amount Received	Percent of Operating Revenue
2014	Arlington	\$1.08267	\$ 21,319,088	\$ 21,319,088	15.58%
	Fort Worth -In	1.07242	49,326,728	49,326,728	36.05%
	Fort Worth -Out	1.09042	22,895,485	22,895,485	16.73%
	Mansfield	1.09042	4,255,381	4,255,381	3.11%
	Trinity River Authority	1.09042	12,137,378	12,137,378	8.87%
			109,934,060	109,934,060	80.34%
2015	Arlington	1.06935	20,811,958	20,811,958	16.00%
	Fort Worth -In	1.06085	49,611,117	49,611,117	36.80%
	Fort Worth -Out	1.07585	22,213,484	22,213,484	16.00%
	Mansfield	1.07585	4,368,827	4,368,827	3.29%
	Trinity River Authority	1.07585	11,118,401	11,118,401	9.83%
			108,123,787	108,123,787	81.92%
2016	Arlington	1.18965	* 20,070,208	20,070,208	14.03%
	Fort Worth -In	1.18290	* 47,847,739	47,847,739	33.45%
	Fort Worth -Out	1.19219	* 20,207,353	20,207,353	14.13%
	Mansfield	1.19490	* 4,352,257	4,352,257	3.04%
	Trinity River Authority	1.19490	* 10,735,161	10,735,161	7.51%
			103,212,718	103,212,718	72.16%

\*Rate based on 2016 approved budget

(concluded)

Source: From the District's Settle-up for the respective years.

**TARRANT REGIONAL WATER DISTRICT  
SALE OF SYSTEM CAPACITY  
LAST FOUR FISCAL YEARS (UNAUDITED)**

<u>Fiscal Year</u>	<u>Customer</u>	<u>Amount Due</u>	<u>Amount Received</u>	<u>Percentage of Operating Revenues</u>
2013	Dallas Utilities	\$ 7,903,394	\$ 7,903,394	6.52%
2014	Dallas Utilities	14,072,987	14,072,987	10.29%
2015	Dallas Utilities	21,453,659	21,453,659	14.95%
2016	Dallas Utilities	23,057,320	23,057,320	16.12%

Source: From the District's annual sale of system capacity settle-up for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**PROPERTY TAX VALUATION AND TAX RATE  
LAST 10 FISCAL YEARS (UNAUDITED)**

Fiscal Year	Assessed Valuation	Estimated Actual Valuation	Tax Rate (per \$100 valuation)
2007	\$ 36,055,574,973	\$ 36,506,443,351	0.02
2008	40,031,703,354	39,887,627,798	0.02
2009	43,463,173,474	41,425,734,107	0.02
2010	44,802,386,393	42,709,872,649	0.02
2011	42,636,798,867	42,925,679,331	0.02
2012	43,715,648,106	43,892,079,947	0.02
2013	44,476,657,492	44,674,429,572	0.02
2014	45,346,218,693	45,962,219,088	0.02
2015	48,490,176,973	48,436,832,646	0.02
2016	46,917,552,904	50,803,383,613	0.02

Source: From the Tarrant County Tax Office.

**TARRANT REGIONAL WATER DISTRICT**

**ASSESSED AND ACTUAL ESTIMATED VALUE OF PROPERTY  
LAST 10 FISCAL YEARS (UNAUDITED)**

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<b>Fiscal Year</b>	<b>Assessed Valuation</b>		<b>Estimated Actual Valuation</b>		<b>Ratio of Assessed Valuation to Estimated Actual Valuation</b>
2007	\$	36,055,574,973	\$	36,506,443,351	98.8%
2008		40,031,703,354		39,887,627,798	100.4%
2009		43,463,173,474		41,425,734,107	104.9%
2010		44,802,386,393		42,709,872,649	104.9%
2011		42,636,798,867		42,925,679,331	99.3%
2012		43,715,648,106		43,892,079,947	99.6%
2013		44,476,657,492		44,674,429,572	99.6%
2014		45,346,218,693		45,962,219,088	98.7%
2015		48,490,176,973		48,436,832,646	100.1%
2016		46,917,552,904		50,803,383,613	92.4%

Note: All taxes are recorded in the General Fund.

Source: From the Tarrant County Tax Office.

**TARRANT REGIONAL WATER DISTRICT**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST 10 FISCAL YEARS (UNAUDITED)**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Ratio of Current Tax Collections to Total Tax Levy</b>	<b>Delinquent Tax Collections</b>	<b>Ratio of Delinquent Tax Collections to Total Tax Levy</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2007	\$7,301,143	\$7,226,033	99.0%	\$96,394	1.32%	\$7,322,427	100.3%
2008	8,006,321	7,972,642	99.6%	96,975	1.21%	8,069,617	100.8%
2009	8,692,629	8,576,152	98.7%	62,858	0.72%	8,639,010	99.4%
2010	8,961,076	8,836,802	98.6%	112,749	1.26%	8,949,551	99.9%
2011	8,585,136	8,461,681	98.6%	71,226	0.83%	8,532,907	99.4%
2012	8,778,407	8,664,270	98.7%	112,467	1.28%	8,776,737	100.0%
2013	8,934,929	8,820,523	98.7%	111,025	1.24%	8,931,548	100.0%
2014	9,192,432	9,083,100	98.8%	94,414	1.03%	9,177,514	99.8%
2015	9,687,422	9,543,963	98.5%	92,231	0.95%	9,636,194	99.5%
2016	10,158,047	10,039,402	98.8%	124,865	1.23%	10,164,267	100.1%

Source: From the Tarrant County Tax Office.

**TARRANT REGIONAL WATER DISTRICT**  
**PRINCIPAL TAXPAYERS**  
**LAST TEN FISCAL YEAR (UNAUDITED)**

2007

Tarrant County	Taxable Value	Rank	Percent of total taxable value
TXU Electric Delivery Co	\$ 363,436,447	1	1.0%
DDR/DTC City Investments LP Etal	238,241,510	2	0.7%
Southwestern Bell	211,512,335	3	0.6%
Walmart Stores	188,195,591	4	0.5%
Bell Helicopter Inc	176,551,573	5	0.5%
Alcon Laboratories Inc	172,260,048	6	0.5%
American Airlines Inc	165,096,099	7	0.5%
Kan Am Riverfront Campus LP	157,164,580	8	0.4%
Behring Harvard Burnett Plz	156,266,935	9	0.4%
XTO Energy Inc	146,601,535	10	0.4%

2008

Tarrant County	Taxable Value	Rank	Percent of total taxable value
OnCor Electric Delivery Co	418,390,964	1	1.0%
Bell Helicopter Inc	281,347,003	2	0.7%
DDR/DTC City Investments LP Etal	271,364,765	3	0.7%
Southwestern Bell	224,956,246	4	0.6%
American Airlines Inc.	217,669,528	5	0.5%
XTO Energy Inc	193,458,750	6	0.5%
Wal-Mart Real Estate Bus Trust	191,773,316	7	0.5%
Alcon Laboratories Inc	170,849,924	8	0.4%
Behringer Harvard Burnett Plz	159,505,080	9	0.4%
Ms Crescent One Spv LLC	141,283,280	10	0.4%

2009

Tarrant County	Taxable Value	Rank	Percent of total taxable value
Bell Helicopter Inc	371,197,543	1	0.9%
OnCor Electric Delivery Co	356,174,931	2	0.9%
XTO Energy Inc	306,712,860	3	0.7%
Chesabeake Operating (Wi)	240,834,720	4	0.6%
DDR/DTC City Investments LP Etal	236,952,000	5	0.6%
American Airlines Inc	173,940,135	6	0.4%
Southwestern Bell	170,707,290	7	0.4%
Alcon Laboratories Inc	168,515,683	8	0.4%
Mercantile Partners	163,552,317	9	0.4%
Omni Fort Worth Partnership LP	156,102,987	10	0.4%

(Continued)

Source: From the District's Annual Financial Report for the respective years.



**TARRANT REGIONAL WATER DISTRICT**  
**PRINCIPAL TAXPAYERS**  
**LAST TEN FISCAL YEAR (UNAUDITED)**

2010

Tarrant County	Taxable Value	Rank	Percent of total taxable value
Bell Helicopter Inc	\$ 354,031,746	1	0.8%
OnCor Electric Delivery Co	348,155,853	2	0.8%
XTO Energy Inc	328,850,687	3	0.8%
Chesabeake Operating (Wi)	219,280,700	4	0.5%
DDR/DTC City Investments LP Etal	197,509,897	5	0.5%
Alcon Laboratories Inc	181,227,461	6	0.4%
American Airlines Inc	173,419,823	7	0.4%
Southwestern Bell	151,350,049	8	0.4%
Quicksilver Resources Inc	142,984,207	9	0.3%
Wal-Mart Real Estate Bus Trust	137,601,175	10	0.3%

2011

Tarrant County	Taxable Value	Rank	Percent of total taxable value
XTO Energy Inc	367,136,008	1	0.9%
OnCor Electric Delivery Co	340,760,263	2	0.8%
Bell Helicopter Inc	291,587,561	3	0.7%
Chesabeake Operating (Wi)	223,158,230	4	0.5%
DDR/DTC City Investments LP Etal	204,626,401	5	0.5%
Wal-Mart Real Estate Bus Trust	185,108,774	6	0.4%
Alcon Laboratories Inc	184,162,282	7	0.4%
Quicksilver Resources Inc	179,063,980	8	0.4%
American Airlines Inc	165,526,523	9	0.4%
Devon Energy Prod Co *Wi*	159,423,830	10	0.4%

2012

Tarrant County	Taxable Value	Rank	Percent of total taxable value
OnCor Electric Delivery Co	348,276,563	1	0.8%
XTO Energy Inc	267,126,366	2	0.6%
Chesabeake Operating (Wi)	259,700,540	3	0.6%
Bell Helicopter Textron Inc	257,875,667	4	0.6%
DDR/DTC City Investments LP Etal	207,500,670	5	0.5%
Alcon Laboratories Inc	185,781,347	6	0.4%
American Airlines Inc	165,278,094	7	0.4%
Wal-Mart Real Estate Bus Trust	151,488,081	8	0.3%
Devon Energy Prod Co *Wi*	140,258,480	9	0.3%
Behringer Harvard Burnett Plz	129,212,689	10	0.3%

(Continued)

Source: From the Tarrant Appraisal District

**TARRANT REGIONAL WATER DISTRICT**  
**PRINCIPAL TAXPAYERS**  
**LAST TEN FISCAL YEAR (UNAUDITED)**

<u>2013</u>				Percent of total
	Tarrant County	Taxable Value	Rank	taxable value
	OnCor Electric Delivery Co	\$ 365,495,737	1	0.8%
	Bell Helicopter Textron Inc	245,483,674	2	0.5%
	DDR/DTC City Investments LP Etal	217,491,442	3	0.5%
	XTO Energy Inc	211,643,372	4	0.5%
	Chesabeake Operating (Wi)	400,332,120	5	0.4%
	Alcon Laboratories Inc	175,992,590	6	0.4%
	Wal-Mart Real Estate Bus Trust	174,053,778	7	0.4%
	American Airlines Inc	172,481,483	8	0.4%
	Behringer Harvard Burnett Plz	137,904,098	9	0.3%
	MS Crescent One SPV LLC	122,194,105	10	0.3%

<u>2014</u>				Percent of total
	Tarrant County	Taxable Value	Rank	taxable value
	OnCor Electric Delivery Co	391,937,884	1	0.9%
	Bell Helicopter Textron Inc	254,856,529	2	0.6%
	XTO Energy Inc	241,851,072	3	0.5%
	DDR/DTC City Investments LP Etal	230,817,598	4	0.5%
	American Airlines Inc	184,970,551	5	0.4%
	Wal-Mart Real Estate Bus Trust	175,889,309	6	0.4%
	Alcon Laboratories Inc	172,548,795	7	0.4%
	Chesabeake Operating (Wi)	152,786,670	8	0.3%
	Behringer Harvard Burnett Plz	140,475,909	9	0.3%
	Cousins 777 Main Street LLC	133,905,387	10	0.3%

<u>2015</u>				Percent of total
	Tarrant County	Taxable Value	Rank	taxable value
	Bell Helicopter Textron Inc	503,393,212	1	1.0%
	OnCor Electric Delivery Co	391,540,705	2	0.8%
	DDR/DTC City Investments LP Etal	257,099,070	3	0.5%
	XTO Energy Inc	250,463,899	4	0.5%
	American Airlines Inc	182,284,867	5	0.4%
	Chesabeake Operating (Wi)	180,849,480	6	0.4%
	Wal-Mart Real Estate Bus Trust	179,544,956	7	0.4%
	Alcon Laboratories Inc	175,384,451	8	0.4%
	F7SSSM LLC	148,283,280	9	0.3%
	Miller Coors	147,079,496	10	0.3%

<u>2016</u>				Percent of total
	Tarrant County	Taxable Value	Rank	taxable value
	Alcon Laboratories Inc	397,076,716	1	0.8%
	OnCor Electric Delivery Co	373,253,116	2	0.7%
	Bell Helicopter Textron Inc	367,368,343	3	0.7%
	DDR/DTC City Investments LP Etal	253,611,929	4	0.5%
	American Airlines Inc	233,238,096	5	0.5%
	A T and T Mobility LLC	172,493,429	6	0.3%
	Behringer Harvard Burnett PLZ	147,757,362	7	0.3%
	Wal-Mart Real Estate Bus Trust	146,355,480	8	0.3%
	F7 SSSM LLC	144,858,480	9	0.3%
	Carlyle/Cypress West 7th II LP	135,660,000	10	0.3%

(Concluded)

Source: From the Tarrant Appraisal District

**TARRANT REGIONAL WATER DISTRICT**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST 10 FISCAL YEARS (UNAUDITED)**

Fiscal Year	Administrative	Maintenance	Tax Assessing and Collecting
2007	\$ 11,468,757	\$ 4,638,174	\$ 177,719
2008	10,761,691	5,152,642	188,141
2009	9,916,759	5,041,273	223,329
2010	7,464,592	5,802,893	268,144
2011	5,870,935	5,993,362	262,644
2012	7,395,829	5,998,138	259,615
2013	8,227,077	6,551,189	377,099
2014	25,429,379 (2)	6,901,056	482,268
2015	9,975,670	5,841,750	601,188
2016	10,224,158	6,346,033	600,958

(1) Includes General Fund expenditures but excludes capital expenditures and depreciation expense.

(2) Increase is related to an increase in contributions to the Trinity River Vision Project, largely due to the \$18.4 million contribution to the Texas Department of Transportation for the bridges.

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND EXPENSES**

**LAST 10 FISCAL YEARS (UNAUDITED)**

Fiscal Year	Operating Maintenance and Administrative	Interest Expense	Depreciation and Amortization
2007	\$ 31,468,193	\$ 16,072,941	\$ 10,206,921
2008	33,107,306	10,823,849	11,798,556
2009	37,456,752	19,423,791	15,284,771
2010	33,748,148	19,714,313	15,663,973
2011	41,441,508	19,140,654	16,174,207
2012	46,127,011	19,238,227	16,656,082
2013	55,653,489	14,938,583 (2)	16,573,425
2014	69,552,995	18,920,099 (3)	16,428,450
2015	52,841,262 (1)	17,779,112	17,379,561
2016	42,392,196 (1)	16,440,189	19,013,491

(1) Decrease due to a decrease in pumping power costs due to the flood conditions.

(2) Decrease in interest expense due to refunding of the 2002 Bond Issuance.

(3) Increase in interest expense due to the issuance of the 2014 Bonds.

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST 10 FISCAL YEARS (UNAUDITED)**

Fiscal Year	Oil and Gas Royalties	Land Lease Rentals	Interest Income	Transfer/ Other	Property Taxes
2007	\$ 34,007,763	\$ 370,305	\$ 4,455,483	\$ 6,278,019	\$ 7,322,427
2008	68,057,516 (2)	348,619	4,100,005	5,328,653	8,056,037
2009	34,397,855	327,741	3,137,581	2,469,605	8,735,179
2010	34,354,862	656,328	1,468,495	603,740	9,002,136
2011	27,777,427	662,857	1,045,664	1,466,505	8,600,104
2012	20,738,333	875,426	708,010	9,042,451 (1)	8,857,981
2013	31,367,889	1,385,702	300,771	4,345,035	8,993,946
2014	24,518,478	1,314,725	367,655	3,710,328	9,263,039
2015	15,875,262 (3)	1,601,445	403,723	3,913,415	9,737,304
2016	8,781,804 (3)	1,598,047	317,333	6,338,094	10,271,392

(1) Beginning in fiscal year 2012 this balance includes monies received from the TIF under the project cost fund agreement between the District and TIF. Reimbursements began in fiscal year 2012.

(2) The District entered into new oil and gas leases which included significant bonus payments and operating royalties.

(3) Oil and gas royalties are reflective of a down market.

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND REVENUES BY SOURCE**

**LAST 10 FISCAL YEARS (UNAUDITED)**

<u>Fiscal Year</u>	<u>Sale of Water</u>	<u>Sale of System Capacity</u>	<u>Investment Income</u>	<u>Land Lease Rentals</u>	<u>Other (1)</u>
2007	\$ 73,740,294	\$ —	\$ 10,613,665	\$ 99,728	\$ 976,123
2008	66,486,843	—	4,550,301	77,933	1,667,723
2009	80,469,426	—	3,486,297	67,692	318,089
2010	79,465,525	—	2,969,407	78,480	290,656
2011	90,310,650	—	1,873,044	79,586	1,512,159
2012	95,758,347	3,086,592	2,183,834	76,624	650,548
2013	112,139,871	7,903,394	262,520	85,681	1,129,678
2014	121,710,988	14,072,987	1,598,019	88,640	985,602
2015	120,844,075	21,453,659	3,748,796 (2)	74,378	1,244,742 (3)
2016	115,849,316 (5)	23,057,320	6,776,202 (2)	172,361	3,943,515 (4)

(1) Other revenues include contributions, gains on sale of investments and property, plant and equipment, and buy-in premiums.

(2) Increase due to market improvement as well as new bond funds being available to invest for the full fiscal year.

(3) Increase due to Pollution Campaign and public awareness contributions from Dallas Water Utilities.

(4) Increase due to buy-in premium received from Rockett Special Utility District.

(5) Decrease due to actual pumping power expenses being lower than previous year and therefore reducing the water rate charged to customers.

Source: From the District's Annual Financial Report for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**EMPLOYEE HEAD COUNT**

**LAST TEN FISCAL YEARS (UNAUDITED)**

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<u>Fiscal year</u>	<u>Administrative</u>	<u>Maintenance</u>	<u>Total</u>
2007	71	95	166
2008	87	92	179
2009	91	100	191
2010	106	114	220
2011	113	117	230
2012	117	115	232
2013	137	104	241
2014	139	105	244
2015	144	119	263
2016	150	122	272

Source: From the District's Annual Financial Report for the rest of the year

## TARRANT REGIONAL WATER DISTRICT

### MISCELLANEOUS STATISTICAL FACTS FOR THE YEAR ENDED SEPTEMBER 30, 2016 (UNAUDITED)

Date of organization October 7, 1924

Area covered by District 345 square miles

Facilities:

Number of water supply reservoirs 4

	Conservation Pool	Actual in Storage
Acre feet of water storage:		
Bridgeport Lake	361,785	364,244
Eagle Mountain Lake	179,880	178,503
Cedar Creek Lake	644,785	601,005
Richland Chambers	1,112,763	1,094,000
Total	2,299,213	2,237,752

Miles of levees 23

Miles of floodway river channel 28

Area to be maintained by District 1,997 acres

Annual rainfall in inches—last 10 calendar years:

Year	DFW Weather Service	Lake Worth	Eagle Mountain Lake	Bridgeport Lake	Cedar Creek Lake	Richland/ Chambers
2007	50.05	40.88	45.06	36.80	51.94	53.56
2008	27.10	27.09	27.39	25.58	26.30	30.09
2009	40.89	31.48	27.86	33.20	43.23	54.54
2010	37.55	32.46	34.93	36.01	24.83	38.68
2011	25.88	17.94	20.67	25.13	22.56	30.79
2012	31.26	25.18	24.32	23.32	30.06	30.83
2013	29.40	24.28	25.18	24.70	24.82	34.82
2014	21.32	15.92	19.52	19.30	26.40	21.12
2015	62.61	43.55	47.59	48.90	68.35	73.18
2016	33.00	25.26	25.54	29.06	23.10	25.91

Source: From the District's Annual Financial Report and the National Weather Service for the respective years.



**TARRANT REGIONAL WATER DISTRICT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS (UNAUDITED)**

**ELLIS COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	142,627	\$ 2,882,776,924	\$ 20,212	33.2	2,955	4.3%
2008	147,543	2,982,139,116	20,212	33.2	3,486	5.0%
2009	151,352	3,059,126,624	20,212	33.2	5,641	8.0%
2010	149,160	3,839,291,820	25,662	35.0	6,063	8.0%
2011	153,134	3,929,724,708	25,662	35.0	5,972	7.8%
2012	154,522	3,965,343,564	25,662	35.0	5,201	6.8%
2013	163,445	4,194,325,590	25,662	35.0	4,779	6.1%
2014	168,296	4,318,811,952	25,662	35.0	3,877	4.9%
2015	173,277	4,446,634,374	25,662	35.0	3,114	3.8%
2016	178,372	4,624,115,728	25,924	35.5	3,186	4.0%

Note: The Demographic and Economic Statistics report on Ellis County as a whole, the District's service area includes only part of Ellis County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS (UNAUDITED)**

**FREESTONE COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	19,572	\$ 319,767,336	\$ 16,338	37.8	357	3.6%
2008	19,759	322,822,542	16,338	37.8	404	4.0%
2009	19,910	325,289,580	16,338	37.8	640	6.3%
2010	19,816	453,310,816	22,876	40.9	671	8.2%
2011	20,022	458,023,272	22,876	40.9	622	7.7%
2012	20,173	461,477,548	22,876	40.9	530	6.6%
2013	20,500	468,958,000	22,876	40.9	535	6.8%
2014	20,725	474,105,100	22,876	40.9	441	5.7%
2015	20,931	478,817,556	22,876	40.9	423	5.8%
2016	21,133	486,228,064	23,008	40.9	407	5.4%

Note: The Demographic and Economic Statistics report on Freestone County as a whole, the District's service area includes only part of Freestone County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS (UNAUDITED)**

**HENDERSON COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	79,162	\$ 1,406,867,064	\$ 17,772	40.2	1,501	4.4%
2008	79,006	1,404,094,632	17,772	40.2	1,806	5.2%
2009	79,155	1,406,742,660	17,772	40.2	2,833	8.1%
2010	78,532	1,727,311,340	21,995	42.8	3,061	8.8%
2011	79,194	1,741,872,030	21,995	42.8	2,969	8.5%
2012	79,475	1,748,052,625	21,995	42.8	2,600	7.5%
2013	80,237	1,764,812,815	21,995	42.8	2,431	7.0%
2014	80,820	1,777,635,900	21,995	42.8	1,942	5.5%
2015	81,372	1,789,777,140	21,995	42.8	1,669	4.9%
2016	81,959	1,791,377,863	21,857	43.2	1,685	4.9%

Note: The Demographic and Economic Statistics report on Henderson County as a whole, the District's service area includes only part of Henderson County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS (UNAUDITED)**

**JACK COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	8,839	\$ 134,441,190	\$ 15,210	37.0	150	3.0%
2008	8,821	134,167,410	15,210	37.0	170	3.1%
2009	8,872	134,943,120	15,210	37.0	329	6.2%
2010	9,044	219,995,300	24,325	39.2	287	7.8%
2011	9,105	221,479,125	24,325	39.2	255	6.9%
2012	9,129	222,062,925	24,325	39.2	216	5.7%
2013	9,255	225,127,975	24,325	39.2	211	5.2%
2014	9,313	226,538,725	24,325	39.2	165	3.8%
2015	9,382	228,217,150	24,325	39.2	182	4.2%
2016	9,435	218,193,810	23,126	40.5	174	4.3%

Note: The Demographic and Economic Statistics report on Jack County as a whole, the District's service area includes only part of Jack County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS (UNAUDITED)**

**JOHNSON COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	154,349	\$ 2,840,021,600	\$ 18,400	34.3	2,948	4.1%
2008	155,199	2,855,661,600	18,400	34.3	3,337	4.6%
2009	156,982	2,888,468,800	18,400	34.3	6,125	8.2%
2010	150,934	3,745,578,144	24,816	36.3	6,237	8.7%
2011	153,383	3,806,352,528	24,816	36.3	5,627	7.7%
2012	155,690	3,863,603,040	24,816	36.3	4,842	6.6%
2013	160,819	3,990,884,304	24,816	36.3	4,476	6.1%
2014	164,246	4,075,928,736	24,816	36.3	3,729	5.0%
2015	167,760	4,163,132,160	24,816	36.3	3,293	4.4%
2016	171,358	4,247,450,746	24,787	36.4	3,278	4.4%

Note: The Demographic and Economic Statistics report on Johnson County as a whole, the District's service area includes only part of Johnson County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS (UNAUDITED)****KAUFMAN COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	96,498	\$ 1,816,767,846	\$ 18,827	34.9	2,098	4.6%
2008	100,248	1,887,369,096	18,827	34.9	2,425	5.2%
2009	102,865	1,936,639,355	18,827	34.9	3,865	8.2%
2010	103,350	2,578,995,900	24,954	35.4	4,311	8.5%
2011	105,343	2,628,729,222	24,954	35.4	4,137	8.0%
2012	106,914	2,667,931,956	24,954	35.4	3,587	6.9%
2013	115,436	2,880,589,944	24,954	35.4	3,312	6.3%
2014	119,752	2,988,291,408	24,954	35.4	2,745	5.1%
2015	124,238	3,100,235,052	24,954	35.4	2,191	4.0%
2016	128,865	3,216,341,535	24,959	35.6	2,232	4.1%

Note: The Demographic and Economic Statistics report on Kaufman County as a whole, the District's service area includes only part of Kaufman County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS (UNAUDITED)****NAVARRO COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	49,037	\$ 748,598,842	\$ 15,266	35.2	1,003	4.9%
2008	49,261	752,018,426	15,266	35.2	1,136	5.4%
2009	49,625	757,575,250	15,266	35.2	1,673	7.8%
2010	47,735	970,309,345	20,327	37.1	1,898	8.3%
2011	48,304	981,875,408	20,327	37.1	1,873	8.1%
2012	48,510	986,062,770	20,327	37.1	1,696	7.3%
2013	49,942	1,015,171,034	20,327	37.1	1,536	6.5%
2014	50,702	1,030,619,554	20,327	37.1	1,228	5.2%
2015	51,464	1,046,108,728	20,327	37.1	926	4.0%
2016	52,236	1,070,367,876	20,491	37.8	977	4.3%

Note: The Demographic and Economic Statistics report on Navarro County as a whole, the District's service area includes only part of Navarro County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS (UNAUDITED)****PARKER COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	109,022	\$ 2,213,691,710	\$ 20,305	36.5	2,074	4.0%
2008	111,610	2,266,241,050	20,305	36.5	2,328	4.4%
2009	115,359	2,342,364,495	20,305	36.5	4,145	7.6%
2010	116,927	3,588,723,484	30,692	38.9	4,295	7.6%
2011	119,530	3,668,614,760	30,692	38.9	3,944	6.9%
2012	121,234	3,720,913,928	30,692	38.9	3,442	5.9%
2013	128,308	3,938,029,136	30,692	38.9	3,227	5.5%
2014	132,345	4,061,932,740	30,692	38.9	2,708	4.5%
2015	136,501	4,189,488,692	30,692	38.9	2,492	4.2%
2016	140,735	4,353,496,490	30,934	39.6	2,475	4.2%

Note: The Demographic and Economic Statistics report on Parker County as a whole, the District's service area includes only part of Parker County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.



**TARRANT REGIONAL WATER DISTRICT****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS (UNAUDITED)****TARRANT COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	1,699,919	\$ 38,329,773,612	\$ 22,548	32.3	36,823	4.2%
2008	1,740,964	39,255,256,272	22,548	32.3	42,048	4.8%
2009	1,779,396	40,121,821,008	22,548	32.3	68,936	7.7%
2010	1,809,034	51,134,155,044	28,266	33.4	75,375	8.1%
2011	1,848,382	52,246,365,612	28,266	33.4	71,812	7.6%
2012	1,876,624	53,044,653,984	28,266	33.4	62,867	6.5%
2013	1,897,086	53,623,032,876	28,266	33.4	58,967	6.0%
2014	1,928,056	54,498,430,896	28,266	33.4	49,734	5.0%
2015	1,959,449	55,385,785,434	28,266	33.4	40,590	4.1%
2016	1,991,639	56,843,368,699	28,541	33.8	41,251	4.2%

Note: The Demographic and Economic Statistics report on Tarrant County as a whole, the District's service area includes only part of Tarrant County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

**TARRANT REGIONAL WATER DISTRICT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS (UNAUDITED)**

**WISE COUNTY, TX**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
2007	57,641	\$ 1,021,917,289	\$ 17,729	35.5	1,129	4.1%
2008	58,548	1,037,997,492	17,729	35.5	1,185	4.3%
2009	59,346	1,052,145,234	17,729	35.5	2,454	8.7%
2010	59,127	1,517,376,201	25,663	38.4	2,399	8.7%
2011	60,379	1,549,506,277	25,663	38.4	2,119	7.5%
2012	60,848	1,561,542,224	25,663	38.4	1,816	6.4%
2013	63,343	1,625,571,409	25,663	38.4	1,689	5.9%
2014	64,795	1,662,834,085	25,663	38.4	1,387	4.8%
2015	66,321	1,701,995,823	25,663	38.4	1,401	4.9%
2016	67,865	1,838,259,255	27,087	39.1	1,331	4.6%

Note: The Demographic and Economic Statistics report on Wise County as a whole, the District's service area includes only part of Wise County

Source: From the US Census Bureau, Texas Department of State Health Services, and the Bureau of Labor Statistics for the respective years.

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