

Tarrant Regional Water District  
Fort Worth, Texas

Comprehensive Annual Financial Report  
As of and for the year ended September 30, 2017





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Fort Worth, Texas  
Comprehensive Annual Financial Report  
As of and for the Year Ended  
September 30, 2017

Board of Directors

Jack R. Stevens, President

Marty V. Leonard, Vice-President

Leah M. King, Secretary

James K. Hill, Secretary Pro-Tem

James W. Lane, 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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## Introductory Section (Unaudited)



(Twin Points Park)



#### Board Members

Jack R. Stevens, President  
Marty V. Leonard, Vice President  
Leah M. King, Secretary  
James K. Hill, Secretary Pro-Tem  
James W. Lane, Director

James M Oliver, General Manager

January 8, 2018

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, 2017. 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, 2017. 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 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.



(Airfield Falls Trailhead)



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 was 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 71.

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 2017 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 has seen steady population growth as well as a decrease in the unemployment rate.

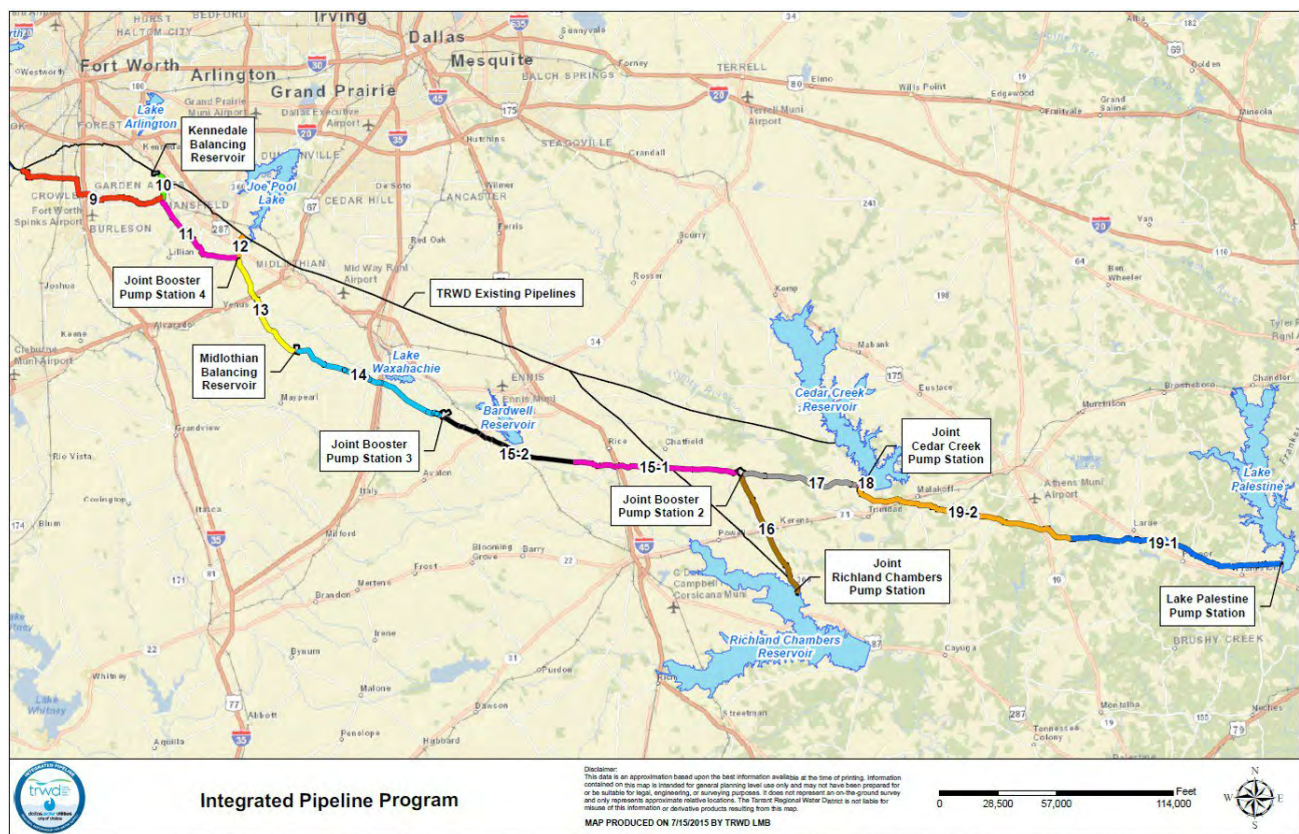
Due to unusually high rainfall this past year, lake levels remain high. The water levels and the rainfall affected the District's customers' demand for raw water as well as the pumping power requirements.

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

## 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.



(Map of IPL Project)

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.

#### Overall construction summary:

As of September 30, 2017 \$912.9 million has been spent on the IPL project, with \$202.7 million being spent in the 2017 fiscal year. Construction was completed on pipeline section 15-2 and section 14, and the section 2 by section 12 interconnect facility during fiscal year 2017. Tunnel and pipeline construction continued in fiscal year 2017 on sections 17 and 18, as well as on the joint booster pump station 3 (JB3) and the joint Cedar Creek Lake pump station (JCC1). Construction began on pipeline sections 10 and 11 in fiscal year 2017. As of September 30, 2017, the IPL Project has acquired 467 of the 516 required parcels. The core section of the project is expected to be completed in fiscal year 2020 which will allow water to be pumped from Cedar Creek Lake to the Kennedale Balancing Reservoir.



(Construction of the JCC1 project)

#### 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. Phase two of this project was completed in fiscal year 2017 and phase three began. As



of September 30, 2017 \$2.5 million has been spent on this project. It 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.

#### Kennedale Balancing Reservoir Expansion -

The Kennedale Balancing Reservoir Expansion is in phase two with a budget of \$25.7 million and at the end of fiscal year 2017, \$21.8 million has been spent on all phases of the project to date. The proposed expansion will provide the District more flexibility for pipeline operations for water supply to best serve its customers. 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 the foundation of a third cell and 1 mile of 108-inch pipeline to bypass flow around the facility as construction of the future phases takes place. The third and fourth phases include constructing a third cell, new piping, additional valves, and modify the existing piping at the Kennedale Balancing Reservoir. These components are necessary to handle the additional capacity from the IPL pipeline. The changes will improve operational flexibility, increase storage capacity, enhance reliability and add redundancy to the system. In fiscal year 2017 design work continued and construction work on the third cell foundation and bypass pipeline were completed. The purchase of the remaining isolation valves is being placed in the first quarter of fiscal year 2018.



(Construction progress on the Kennedale Balancing Reservoir foundation)

## Pump Room Cooling Project -

The Pump Room Cooling Project is a multi-year, multi-phase project with a budget of \$14.1 million. The first phase of construction was improving the cooling capacity inside the RC3L VFD room at Waxahachie. The second phase was to provide consistently cool and cleaned water to the motor bearings for the pumps at the Richland Chambers and Cedar Creek lake pump stations. The third phase was broken into two parts, HVAC improvements at the Ennis and Waxahachie booster pump stations (Phase IIIA) and HVAC improvements at the Benbrook Lake Pump Station (Phase IIIB). Phase III(A) was completed in the fiscal year 2017, while Phase III(B) is projected to conclude in fiscal year 2018. All of these phases work to enhance the reliability of our equipment under higher temperature conditions during the summer months. The improvements protect our bearing cooling water from seasonally high water temperatures that can damage bearings by providing consistent temperature cooling water year-round and free from the threat of clogging with biofilm, sediment, or zebra mussels. Prior to the completion of Phase II improvements, the Richland Chambers and Cedar Creek lake pump station were susceptible to shutting down due to cooling water lines becoming fouled with sediment, corroded from the inside out, and lake water temperatures that were too high to be used for cooling water. Phase III(B) improvements will provide similar protection and reliability for the Benbrook Lake Pump Station.

## 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 2017, 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. As of 2017 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 \$196.7 million on the project and has an outstanding loan of \$171.4 million with the District.





(Construction progress on Gateway Park)

The design of Gateway Park sites H & I was finalized and construction is expected to begin early fiscal year 2018. Construction on valley storage at Gateway Park Sites A & C and Riverside Park continued during fiscal year 2017. Construction work for the three bridges continued with the pouring of the V-piers at White Settlement. Environmental, demolition and relocation work was completed for the bridge related properties in fiscal year 2017.



(V-Piers for Panther Island Bridges under 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:



(Airfield Falls Conservation Park Ribbon Cutting Ceremony)

The Airfield Falls Conservation Park project was completed in fiscal year 2017. The park had its Grand Opening on April 22, 2017. 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 are on site as well. To date, the District has spent \$3.6 million on this project.

The District puts on numerous events throughout the year that bring the communities together; including Trash Bash and Fort Worth's Fourth. Trash Bash is a biannual event that brings the community down to the river to help keep the Trinity River clean, approximately 21 tons of trash was picked up during the 2017 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), and 75,000 attended the event in fiscal year 2017.



(Fort Worth's Fourth, Panther Island Pavilion)

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

An ongoing goal of the District is to stabilize the water rate while supplying the community with 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. In fiscal year 2017, the District issued its first extendible commercial paper bonds.

### **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, 2016. 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.

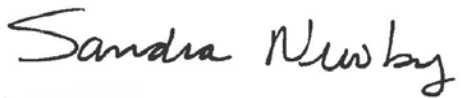
### **Acknowledgments**

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 'JMO', with a stylized flourish extending from the end.

James M. Oliver  
General Manager

A handwritten signature in black ink, reading 'Sandra Newby' in a cursive script.

Sandra Newby  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**Tarrant Regional Water District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO



## Board of Directors

Jack R. Stevens, President

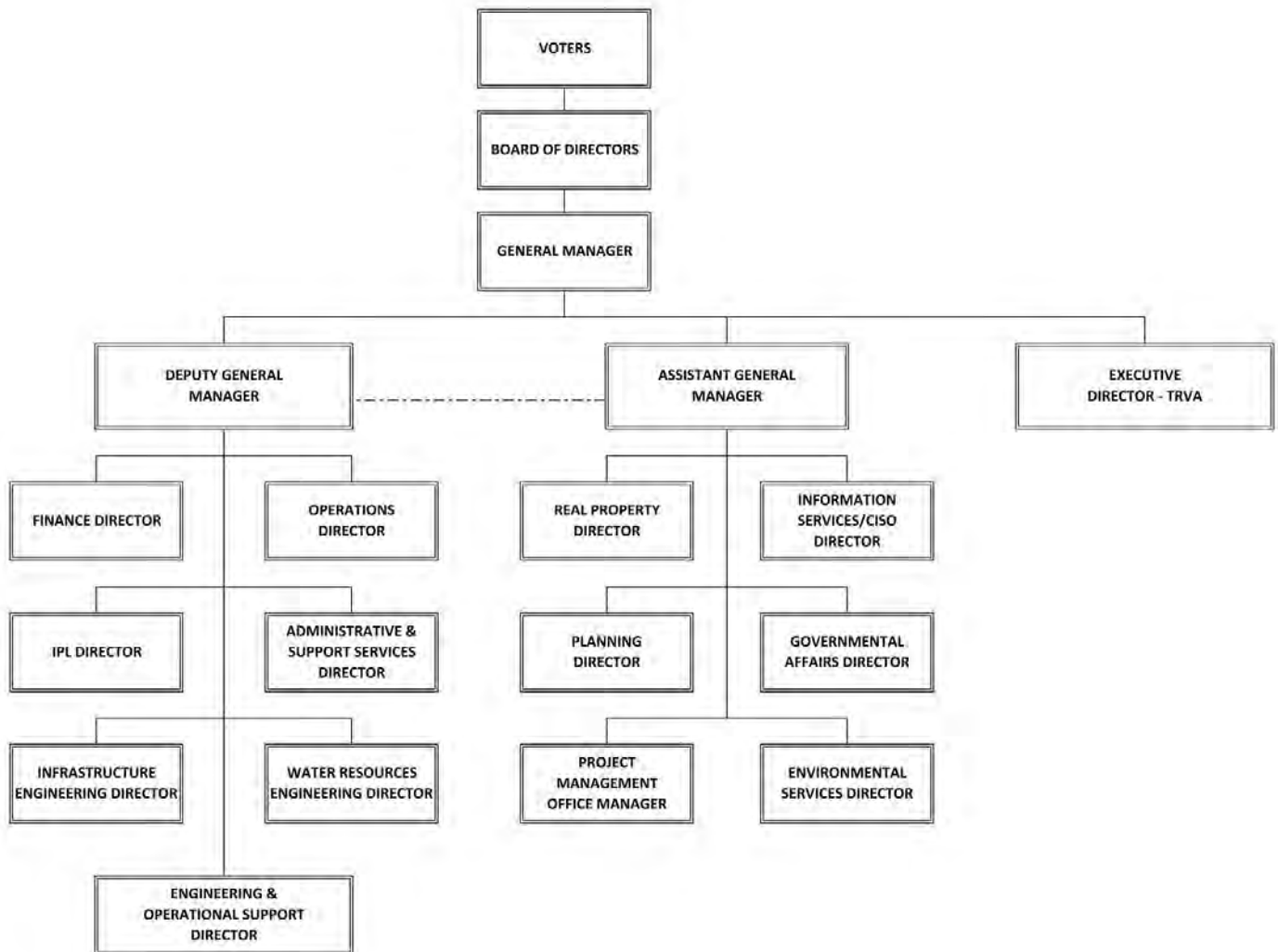
Marty V. Leonard, Vice-President

Leah M. King, Secretary

James K. Hill, Secretary Pro-Tem

James W. Lane, Director

## Tarrant Regional Water District Organizational Chart





## Financial Section (audited)



(Cedar Creek Lake)

## **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 and for the year ended September 30, 2017, 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 opinions 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 opinions.



## **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, 2017 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.

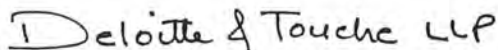
## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget to Actual—General Fund, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Investment Returns, and Schedule of 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 and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section and Statistical Section 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.

The logo for Deloitte & Touche LLP, featuring a stylized 'D' followed by the firm's name in a handwritten-style font.

January 5, 2018

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# **TARRANT REGIONAL WATER DISTRICT**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2017 (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, 2017. 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 \$1.1 billion (*net position*). Of this amount, \$234.6 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 \$76.8 million mainly due to the increase in design and construction for the Integrated Pipeline project. Governmental activities total net position increased by \$20.6 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 30 of 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 43 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 \$1.1 billion at the close of the 2017 fiscal year.

### CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 230,658,742	\$ 241,894,230	\$ 840,868,869	\$ 618,406,889	\$ 1,071,527,611	\$ 860,301,119
Capital assets	343,118,047	348,801,397	1,495,042,923	1,737,937,023	\$ 1,838,160,970	2,086,738,420
Total Assets	573,776,789	590,695,627	2,335,911,792	2,356,343,912	2,909,688,581	2,947,039,539
Deferred Outflows of Resources	—	—	10,982,585	10,177,849	10,982,585	10,177,849
Current liabilities	7,849,039	11,193,794	115,786,440	111,510,801	123,635,479	122,704,595
Long-term liabilities	23,787,233	16,660,229	1,726,115,902	1,673,353,852	1,749,903,135	1,690,014,081
Total Liabilities	31,636,272	27,854,023	1,841,902,342	1,784,864,653	1,873,538,614	1,812,718,676
Deferred Inflows of Resources	—	52,740	1,806,266	1,625,464	1,806,266	1,678,204
Net position:						
Net investment in cap. assets	343,118,047	348,801,397	409,159,039	444,563,300	(1) 752,277,086	793,364,697
Restricted for						
Capital Projects	5,531,060	5,561,868	—	—	5,531,060	5,561,868
Debt Service	—	—	110,363,100	109,317,020	110,363,100	109,317,020
Unrestricted	193,491,410	208,425,599	(16,336,370)	26,151,324	(1) 177,155,040	234,576,923
Total Net Position	\$ 542,140,517	\$ 562,788,864	\$ 503,185,769	\$ 580,031,644	\$ 1,045,326,286	\$ 1,142,820,508

(1) The District prospectively modified the calculation of Net Investment in Capital Assets in fiscal year 2017 to include construction liabilities payable from assets held for bond projects.

## Government-wide

- **Current and Other Assets**

The current and other assets decrease of \$211.2 million is mainly due to the capital expenditures of construction cash for the ongoing capital projects including IPL, TRV, and Kennedale Balancing Reservoir.

- **Capital Assets**

The capital assets increase of \$248.6 million is due to the design and construction related to projects such as the IPL, the ongoing acquisition of property for the TRV project and the Kennedale Balancing Reservoir.

- **Net Investment in Capital Assets**

The net investment in capital assets increase of \$41.1 million is due to the decrease in bonds payable from principle payments offset by an increase from payables related to capital assets. This includes 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**

The balance of \$5.6 million of the District's net position represents resources that are restricted for the environmental cleanup of property that is part of the TRV capital project.

- **Restricted for Debt Service**

The decrease of \$1.0 million in the District's restricted for debt service is due to a decrease in debt service reserve requirements.

- **Unrestricted Net Position**

The increase of \$57.4 million in the District's unrestricted net position is due to the prospectively modified calculation of net investment in capital assets in fiscal year 2017 which includes construction liabilities payable from assets held for bond projects. These liabilities were moved from unrestricted and is now in net investments in capital assets.

#### **Governmental Activities**

- **Capital Assets**

The increase of \$5.7 million was due to the TRV project and ongoing park and trail construction.

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

- **Current and Other Assets**

The decrease of \$222.5 million is mainly due to the capital expenditures of construction cash for the ongoing IPL project and the Kennedale Balancing Reservoir.

- **Capital Assets**

The capital assets increase of \$242.9 million is due to on-going bond projects, including the IPL project and the Kennedale Balancing Reservoir.

- **Long-Term Liabilities**

The decrease of \$52.8 million in long-term liabilities is due to debt service payments in fiscal year 2017.

## CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 10,929,940	\$ 13,249,135	\$ 139,387,464	\$ 155,447,588	\$ 150,317,404	\$ 168,696,723
Operating Grants and Contributions		231,200 (1)		474,769 (1)		705,969
Capital Grants and Contributions	36,155,900	20,634,389 (1)	3,584,248	57,540 (1)	39,740,148	20,691,929
Total Program Revenues	47,085,840	34,114,724	142,971,712	155,979,897	190,057,552	190,094,621
General Revenues:						
Property tax revenues	10,264,007	10,854,952			10,264,007	10,854,952
Unrestricted investment						
Income	317,333	435,789	6,776,202	5,706,516	7,093,535	6,142,305
Other revenues (expenses)	645,120	(79,924)	(695,647)	37,379	(50,527)	(42,545)
Total Revenues	58,312,300	45,325,541	149,052,267	161,723,792	207,364,567	207,049,333
Expenses:						
Flood protection	18,916,113	21,448,590			18,916,113	21,448,590
Recreation	1,561,346	2,625,628			1,561,346	2,625,628
Water supply			77,099,429	83,155,732	77,099,429	83,155,732
Total Expenses	20,477,459	24,074,218	77,099,429	83,155,732	97,576,888	107,229,950
Changes in Net Position	37,834,841	21,251,323	71,952,838	78,568,060	109,787,679	99,819,383
Net Position - Beginning of year, as previously restated	504,305,676	542,140,517	431,232,931	503,185,769	935,538,607	1,045,326,286
Change in accounting principle (See note 1)		(602,976)		(1,722,185)		(2,325,161)
Net Position - Beginning of year, as restated	504,305,676	541,537,541	431,232,931	501,463,584	935,538,607	1,043,001,125
Net Position - Ending	<u>\$ 542,140,517</u>	<u>\$ 562,788,864</u>	<u>\$ 503,185,769</u>	<u>\$ 580,031,644</u>	<u>\$ 1,045,326,286</u>	<u>\$ 1,142,820,508</u>

(1) The District prospectively modified the calculation of Program Revenues in fiscal year 2017 to split out Operating Grants and Contributions from Capital Grants and Contributions.

### Governmental Activities

- Program Revenues - Charges for Services**

The increase of \$2.3 million is due primarily to increased oil and gas revenues related to higher oil prices in the petroleum market as well as a finding from TRWD's internal audit requiring Enervest to pay the District \$431 thousand.

- Program Revenues - Capital Grants and Contributions**

The decrease of \$15.5 million is due to the decrease in TRVA project contributions.

- Expenses - Flood protection**

The increase of \$2.5 million is due to the increase of the TRV project expenses.

- **Expenses – Recreation**

The increase of \$1.1 million is related to completed recreation assets which began to be depreciated in fiscal year 2017, as well as a small increase in the maintenance of the newly built infrastructures.

## Business Type Activities

- **Program Revenues – Charges for Services**

The increase of \$16.1 million is mainly due to the increase in water sales and system capacity sales in fiscal year 2017.

- **Expenses – Water Supply**

The expenses for water supply increased \$6.1 million primarily due to an increase in pumping power due to the District's service area receiving less rain as compared to the previous year, an increase due to the purchase of a new upgraded phone system, and an increase in interest expense.

## FINANCIAL ANALYSIS: CAPITAL ASSETS

	CAPITAL ASSETS					
	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Nondepreciable:						
Land	\$ 238,954,425	\$ 243,867,157	\$ 151,231,214	\$ 159,821,318	\$ 390,185,639	\$ 403,688,475
Construction in progress	64,579,150	64,862,528	714,841,602	929,311,079	779,420,752	994,173,607
Total nondepreciable assets	303,533,575	308,729,685	866,072,816	1,089,132,397	1,169,606,391	1,397,862,082
Depreciable :						
Dams and spillways	3,070,461	3,070,461	212,929,639	212,929,639	216,000,100	216,000,100
Pipeline			546,130,707	561,535,839	546,130,707	561,535,839
Wetlands			54,226,328	54,161,878	54,226,328	54,161,878
Communications			20,787	20,787	20,787	20,787
Buildings	46,017,873	49,659,795	7,779,637	7,949,588	53,797,510	57,609,383
Machinery and equipment	9,777,138	9,749,283	11,005,114	11,419,253	20,782,252	21,168,536
Flood control and other project costs	8,095,940	8,115,517	126,843,419	150,073,326	134,939,359	158,188,843
Capital Lease-Machinery & Equip	1,447,140	1,447,140			1,447,140	1,447,140
	68,408,552	72,042,196	958,935,631	998,090,310	1,027,344,183	1,070,132,506
Less:						
Accumulated depreciation	(28,042,025)	(30,992,916)	(330,319,087)	(349,569,694)	(358,361,112)	(380,562,610)
Capital Lease-Accum. Depr.	(782,055)	(977,568)			(782,055)	(977,568)
Total depreciable assets	39,584,472	40,071,712	628,616,544	648,520,616	668,201,016	688,592,328
Water rights, net of Accum Amort.			353,563	284,010	353,563	284,010
Total	\$ 343,118,047	\$ 348,801,397	\$ 1,495,042,923	\$ 1,737,937,023	\$ 1,838,160,970	\$ 2,086,738,420

The District's capital assets for its governmental and business-type activities as of September 30, 2017 were \$2.1 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 \$7.3 million, offset by the sale of land of \$2.5 million.
- **Construction in Progress – Governmental Activities**
  - Trinity River Vision construction in progress increased by \$2.6 million.
  - Airfield Falls Park was completed and moved out of construction in progress in fiscal year 2017 for a total cost of \$3.6 million.
- **Land – Business-type Activities**
  - Integrated Pipeline land purchases of \$8.2 million.
- **Construction in Progress – Business-type Activities**
  - Integrated Pipeline increased \$194.5 million.
  - Pump Room Cooling Project increased \$2.8 million.
  - Kennedale Balancing Reservoir increased \$16.9 million.
  - Capitalized Interest on construction in progress increased \$12.2 million net of transfers to other project costs.
- **Pipeline**
  - Oklahoma Water was completed and moved out of Construction in Progress in fiscal year 2017 for a total cost of \$15.0 million.
- **Other Project Costs**
  - Capitalized Interest increased \$23.3 million.



## **FINANCIAL ANALYSIS: FUND STATEMENTS**

### **General Fund**

As of the end of the 2017 fiscal year, the District's General Fund reported an ending fund balance of \$60.7 million. This total includes non-spendable fund balance in the amount of \$4.4 million, \$5.6 million restricted for environmental cleanup on a District property that was acquired for the TRV project in fiscal year 2017, \$0.4 million assigned for a property settlement and \$50.3 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 for business type activities (found on page 30) and has an end of year net position of \$580.0 million. This includes a net investment in capital assets of \$444.6 million, restricted net position for debt service of \$109.3 million and an unrestricted of \$26.1 million. The Enterprise fund includes support and maintenance for water supply as well as conservation efforts. Enterprise Fund revenues cannot be used to support General Fund Functions.

### **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 \$4.9 million.

## **BUDGETARY HIGHLIGHTS**

### **GENERAL FUND**

The 2017 budgeted revenues for the General Fund were \$30.8 million and the year ended with actual revenues of \$30.0 million.

The 2017 budgeted expenditures for the General Fund were \$60.7 million and the year ended with actual expenditures of \$39.9 million.

The fiscal year 2018 General Fund budgeted expenditures of \$42.5 million was a decrease of \$18.2 million over the fiscal year 2017 approved budget. This decrease is due to the decrease in the TRVA project budget. The property tax rate for tax year 2017 will remain at \$0.0194/\$100 valuation.

### **ENTERPRISE FUND**

The fiscal year 2018 Enterprise Fund Budget, prepared in accordance with the Tarrant Regional Water Supply Facilities Amendatory Contract, totals \$152.7 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, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 47,453,597	\$ 38,128,993	\$ 85,582,590	\$ 4,046,317
Investments	9,974,520	9,034,834	19,009,354	
Receivables				
Accounts, oil and gas royalties, and other	2,841,193	1,412,263	4,253,456	193,708
Taxes-net of allowance	107,913		107,913	
Accrued interest	53,056	22,077	75,133	
Long-term receivable	171,392,291		171,392,291	
Internal balances	549,988	(549,988)	0	
Prepaid items	3,901,482	6,230,796	10,132,278	28,465
Inventory of supplies-at cost	58,322		58,322	
Cash and cash equivalents for bond projects		286,075,041	286,075,041	
Investments held for bond projects		163,016,325	163,016,325	
Accrued interest receivable for bond projects		307,283	307,283	
Cash and cash equivalents restricted		205,208	205,208	
Investments restricted		894,792	894,792	
Cash and cash equivalents for debt service		8,471,743	8,471,743	
Investments for debt service		104,590,209	104,590,209	
Accrued interest receivable for debt service		567,313	567,313	
Deposits held by others	5,561,868		5,561,868	
Land	243,867,157	159,821,318	403,688,475	
Construction in progress	64,862,528	929,311,079	994,173,607	
Depreciable capital assets, net of accumulated depreciation	40,071,712	648,520,616	688,592,328	
Water rights, net of amortization		284,010	284,010	
Total Assets	590,695,627	2,356,343,912	2,947,039,539	4,268,490
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred bond refunding -loss		10,177,849	10,177,849	
<b>LIABILITIES</b>				
Accounts payable	7,668,451	16,541,111	24,209,562	1,160,676
Accounts payable for bond projects		19,184,455	19,184,455	
Accrued acquisition - due within one year	1,625,000		1,625,000	
Accrued vacation - due within one year	327,857	936,404	1,264,261	
Other liabilities	1,572,486	359,231	1,931,717	2,991,638
Other liabilities for bond projects		25,927,355	25,927,355	
Payable from restricted assets - accrued bond interest payable		5,412,245	5,412,245	
Revenue bonds payable, net of discount				
Due within one year		43,150,000	43,150,000	
Due in more than one year		1,663,213,581	1,663,213,581	
Long-term Payables				
Accrued acquisition - due in more than one year	1,625,000		1,625,000	
Pollution remediation obligations	10,352,500		10,352,500	
Post employment benefits payable	4,107,403	8,497,060	12,604,463	
Accrued Vacation - due in more than one year	575,326	1,643,211	2,218,537	
Total Liabilities	27,854,023	1,784,864,653	1,812,718,676	4,152,314
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred bond refunding-gain		1,474,830	1,474,830	
Deferred OPEB	52,740	150,634	203,374	
Total Deferred Inflows of Resources	52,740	1,625,464	1,678,204	
<b>NET POSITION</b>				
Net investment in capital assets	348,801,397	444,563,300	793,364,697	
Restricted for:				
Capital projects	5,561,868		5,561,868	
Debt service		109,317,020	109,317,020	
Unrestricted	208,425,599	26,151,324	234,576,923	116,176
Total Net Position	\$ 562,788,864	\$ 580,031,644	\$ 1,142,820,508	\$ 116,176

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

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
Flood protection	\$ 21,448,590	\$ 10,308,977	\$ 100,000	\$ 20,634,389	\$ 9,594,776		\$ 9,594,776	
Recreation	2,625,628	2,940,158	131,200	—	445,730		445,730	
Total governmental activities	24,074,218	13,249,135	231,200	20,634,389	10,040,506		10,040,506	
Business type activities-water supply	83,155,732	155,447,588	474,769	57,540		\$ 72,824,165	72,824,165	
	<u>\$ 107,229,950</u>	<u>\$ 168,696,723</u>	<u>\$ 705,969</u>	<u>\$ 20,691,929</u>		<u>72,824,165</u>	<u>82,864,671</u>	
COMPONENT UNIT								
Trinity River Vision Authority								
Project development	15,438,293	—	—	15,438,293				\$ —
Recreation programs	654,249	588,591	107,100	—				41,442
Total component unit	<u>\$ 16,092,542</u>	<u>\$ 588,591</u>	<u>\$ 107,100</u>	<u>\$ 15,438,293</u>				<u>\$ 41,442</u>
GENERAL REVENUES (EXPENSES):								
Property taxes					10,854,952	—	10,854,952	—
Investment income					435,789	5,706,516	6,142,305	\$ 20,312
Miscellaneous					29,379	37,379	66,758	5,100
Loss on disposal of assets					(109,303)	—	(109,303)	—
Total general revenues (expenses)					11,210,817	5,743,895	16,954,712	25,412
CHANGES IN NET POSITION								
					21,251,323	78,568,060	99,819,383	66,854
NET POSITION - Beginning of year, as previously stated								
					542,140,517	503,185,769	1,045,326,286	49,322
Change in accounting principle (See Note 1)					(602,976)	(1,722,185)	(2,325,161)	—
NET POSITION - Beginning of year, as restated								
					541,537,541	501,463,584	1,043,001,125	
NET POSITION-----End of year								
					\$ 562,788,864	\$ 580,031,644	\$ 1,142,820,508	\$ 116,176

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

**TARRANT REGIONAL WATER DISTRICT**

**BALANCE SHEET—GENERAL FUND  
SEPTEMBER 30, 2017**

<b>ASSETS:</b>	
Cash and cash equivalents	\$ 47,453,597
Investments	9,974,520
Receivables:	
Accounts, oil and gas royalties and other	2,841,193
Taxes—net of allowance	107,913
Accrued interest	53,056
Due from Enterprise Fund	37,752
Notes and interest due from enterprise fund	512,236
Prepaid items	3,901,482
Inventory of supplies—at cost	58,322
Deposits held by others	5,561,868
Long-term receivable	171,392,291
Total assets	<u>241,894,230</u>
<b>LIABILITIES:</b>	
Accounts payable	7,668,451
Other liabilities	1,549,636
Total liabilities	<u>9,218,087</u>
<b>DEFERRED INFLOWS:</b>	
Unavailable revenue	171,936,885
Total deferred inflows	<u>171,936,885</u>
<b>FUND BALANCES:</b>	
Nonspendable:	
Long-term interfund notes and interest	512,236
Prepaid items	3,901,482
Inventory of supplies - At cost	58,322
Assigned	364,461
Restricted	5,561,868
Unassigned	50,340,889
Total fund balances	<u>60,739,258</u>
<b>TOTAL</b>	<u><u>\$ 241,894,230</u></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, 2017**

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TOTAL FUND BALANCES—General Fund	\$ 60,739,258
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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 project revenues	171,392,291
Property tax revenues	80,083
Oil and gas revenues	441,661

Certain liabilities are not payable from current resources and are therefore not accrued at the fund level

Accrued Acquisition	(3,250,000)
Accrued Vacation	(903,183)
Post Employment Benefits Payable	(4,107,403)
Pollution Remediation Obligations	(10,352,500)
Deferred Inflows-OPEB	(52,740)

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

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348,801,397

TOTAL NET POSITION—Governmental activities	<u><u>\$ 562,788,864</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, 2017**

REVENUES:

Property taxes	\$ 10,799,762
Lease rentals	1,389,533
Oil and gas royalties	11,048,761
Investment income	435,789
Contributions	3,368,695
Other	612,796
	<hr/>
Total revenues	27,655,336

EXPENDITURES:

Current:

General and administrative	9,097,411
Personnel services	7,650,611
Pension plan contribution	637,903
Contribution	3,076,384
Capital expenditures	19,440,358
Total expenditures	39,902,667

DEFICIENCY OF REVENUES UNDER EXPENDITURES

(12,247,331)

OTHER FINANCING SOURCES

Proceeds from Sale of Land	2,354,215
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CHANGE IN FUND BALANCE

(9,893,116)

FUND BALANCE—Beginning of year

70,632,374

FUND BALANCE—End of year

\$ 60,739,258

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, 2017**

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CHANGE IN FUND BALANCE—General Fund	\$ (9,893,116)
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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	17,496,894
Change in unavailable property taxes	55,190
Change in unavailable oil and gas revenue	250,491
Change in gain/loss on disposal of assets	(2,486,585)

Certain liabilities are not payable from current resources and are therefore not accrued in the fund

Change in paid leave	(81,661)
Change in post employment benefits	(6,827)

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 (\$19,440,358) exceeded Depreciation (\$3,523,421).

15,916,937
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CHANGE IN NET POSITION—Governmental activities	<u>\$ 21,251,323</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  
SEPTEMBER 30, 2017****ASSETS:**

## Current:

Cash and cash equivalents	\$	38,128,993
Investments		9,034,834
Receivables:		
Accounts and other		1,412,263
Accrued interest		22,077
Prepaid items		6,230,796
		<hr/>
Total current assets		54,828,963

## Noncurrent:

Cash and cash equivalents for bond projects		286,075,041
Investments held for bond projects		163,016,325
Accrued interest receivable for bond projects		307,283
Cash and cash equivalents restricted		205,208
Investments restricted		894,792
Cash and cash equivalents for debt service		8,471,743
Investments for debt service		104,590,209
Accrued interest receivable for debt service		567,313
Capital Assets:		
Land		159,821,318
Construction in progress		929,311,079
Depreciable capital assets—net		648,520,616
Water rights—net of amortization		284,010
		<hr/>
Total noncurrent assets		2,302,064,937
		<hr/>
Total assets		2,356,893,900

**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred bond refunding-loss		10,177,849
		<hr/>
Total deferred outflows of resources		10,177,849

(Continued)

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

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF NET POSITION—ENTERPRISE FUND**

**SEPTEMBER 30, 2017**

**LIABILITIES:**

Current Liabilities:

Accounts payable	\$ 16,541,111
Accounts payable for bond projects	19,184,455
Due to General Fund	37,752
Accrued vacation	936,404
Other liabilities	359,231
Other liabilities for bond projects	25,927,355
Payable from restricted assets—accrued bond interest payable	5,412,245
Revenue bonds payable-current position	43,150,000
Notes and interest payable to General Fund-current position	66,850

Total current liabilities	111,615,403
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Noncurrent Liabilities:

Accrued vacation	1,643,211
Long-term post employment benefits	8,497,060
Revenue bonds payable-net of discount	1,663,213,581
Notes and interest payable to General Fund	445,386

Total noncurrent liabilities	1,673,799,238
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Total liabilities	1,785,414,641
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**DEFERRED INFLOWS OF RESOURCES:**

Deferred bond refunding-gain	1,474,830
Deferred OPEB	150,634

Total deferred inflows of resources	1,625,464
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**NET POSITION:**

Net investment in capital assets	444,563,300
Restricted for debt service	109,317,020
Unrestricted	26,151,324

<b>TOTAL NET POSITION</b>	<b>\$ 580,031,644</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, 2017**

OPERATING REVENUES:	
Sale of water	\$ 127,130,021
Land lease rentals	157,262
Contributions	532,309
Other	242,906
Total operating revenues	128,062,498
OPERATING EXPENSES:	
General and administrative	18,700,265
Personnel services	13,854,491
Utilities	10,218,243
Depreciation and amortization	19,574,133
Pension plan contribution	1,199,465
Total operating expenses	63,546,597
OPERATING INCOME	64,515,901
NONOPERATING INCOME (EXPENSE):	
Sale of system capacity restricted for debt service	27,954,778
Investment income	5,706,516
Interest expense	(19,609,135)
Total nonoperating income (expense)	14,052,159
NET INCOME	78,568,060
NET POSITION - October 1, as previously stated	503,185,769
Change in accounting principle (See Note 1)	(1,722,185)
NET POSITION - October 1, as restated	501,463,584
NET POSITION - End of year	\$ 580,031,644

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, 2017**

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CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from water customers	\$ 127,303,404
Contributions	532,309
Miscellaneous receipts	242,906
Payments to suppliers and contractors	(26,188,251)
Payments to employees for services	(15,088,955)
Payments to General Fund	(8,748,712)
	<hr/>
Net cash provided by operating activities	78,052,701

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from the sale of extendible commercial paper bonds	3,800,000
Principal paid on revenue bonds payable and extendible commercial paper bonds	(53,435,000)
Interest paid on revenue bonds and contract payable	(65,837,304)
Receipts from system capacity customer restricted for debt service	27,954,778
Acquisition and construction of capital assets	(227,061,505)
Cost paid for bond related items	(120,401)
Proceeds from disposal of capital assets	46,669
	<hr/>
Net cash used in capital and related financing activities	(314,652,763)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(145,190,000)
Proceeds from sale and maturity of investments	282,750,000
Interest received on investments	7,709,171
	<hr/>
Net cash provided by investing activities	145,269,171

NET DECREASE IN CASH AND CASH EQUIVALENTS (91,330,891)

CASH AND CASH EQUIVALENTS—Beginning of year 424,211,876

CASH AND CASH EQUIVALENTS—End of year \$ 332,880,985

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(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, 2017**

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RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 64,515,901
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation & amortization expense	19,574,133
Bond issuance cost & amortization expense	120,401
Loss on sale of assets	702
Change in assets and liabilities:	
Accounts and other receivables	16,121
Prepaid expenses	301,025
Accounts payable	(519,298)
Due to (from) other funds—net	(8,683,809)
Interfund note payable	(64,903)
Vacation accrual	179,887
OPEB liability	(214,886)
Other liabilities	2,827,427
	<hr/>
Net cash provided by operating activities	<u><u>\$ 78,052,701</u></u>

NONCASH ACTIVITIES:

Disposal of \$301,348 of capital assets, net of \$253,977 accumulated depreciation.

Capitalization of \$35,454,099 of interest on construction projects.

Record increase in fair value of investments and change in premium/discounts on investments to interest income of \$1,835,924 and \$6,563 respectively.

Record deferred inflow of resources-OPEB of \$150,634.

(Concluded)

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

**TARRANT REGIONAL WATER DISTRICT**

**STATEMENT OF NET POSITION - FIDUCIARY FUND**

**SEPTEMBER 30, 2017**

	<u>Other Post-Employment Benefits Trust Fund</u>
ASSETS	
Investment in trust at fair value	<u>\$ 4,881,714</u>
Total Assets	<u>4,881,714</u>
NET POSITION	
Held in trust for other post employment benefits	<u>4,881,714</u>
Total Net Position	<u><u>\$ 4,881,714</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, 2017**

	<b>Other Post-Employment Benefits Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 1,545,551
Total Contributions	<u>1,545,551</u>
Investment Income	
Net Appreciation in Fair Value of Investments	<u>417,971</u>
Net Investment Income	<u>417,971</u>
Other	
<b>Total Additions</b>	<u><u>1,963,522</u></u>
<b>Deductions</b>	
Benefit Payments	335,551
OPEB Plan Administrative Expense	<u>25,922</u>
<b>Total Deductions</b>	<u>361,473</u>
<b>Net Increase in Net Position</b>	1,602,049
<b>Net Position Restricted for OPEB</b>	
Beginning of Year	<u>3,279,665</u>
End of Year	<u><u>\$ 4,881,714</u></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, 2017

#### 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, Trinity River Vision Authority, 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 cause the reporting entity's financial statements to be misleading or incomplete. 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. The TRVA board is made up of two members each from Tarrant Regional Water District, City of Fort Worth, Tarrant County and one representative from Streams and Valleys. 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. 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 revenues and expenditures related to flood control operations and activities or improvements and recreation activities.

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). Major revenue sources which are susceptible to accrual include property taxes, lease rentals and oil & gas royalties. "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 which provide funding for large infrastructure type projects. The District also has a \$150 million Extendable Commercial Paper Bond program that provides efficient flexibility for those large 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, the majority of operating revenues are from the sale of water. 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. Benefit payments in this fund are made by the employer as they come due. 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 two 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 2017 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 2017, the District expended an additional \$20.6 million under the agreement bringing the total amount expended to \$196.7 million; \$25.3 million of that amount has been paid in cash by the TIF, with a remaining outstanding long-term receivable of \$171.4 million as of September 30, 2017. Of the total cash payments from the TIF, \$3.1 million was paid in 2017.

**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 2017, the District's ad valorem tax rate was \$0.0194 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, 2017 was \$81 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'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, 2017 was \$35.5 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 and spillways	50 years
Pipeline	50 years
Wetlands	50 years
Communications	50 years
Other project costs	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 which is 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 interfund 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 \$3.3 million represents the amount still outstanding.

	Balance at			Balance at	Due Within
	October 1, 2016	Additions	Deletions	September 30, 2017	One Year
Accrued Acquisition	\$ 4,875,000		\$(1,625,000)	\$ 3,250,000	\$ 1,625,000

**Pollution Remediation Obligations** — The District has an environmental financial obligation for property purchased through September 30, 2017. Properties purchased during fiscal year 2017 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, five 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, three properties still require remediation—all are classified as high or moderate risk. As of September 30, 2017, the pollution remediation obligation amounted to \$10.4 million. During the year four properties were fully remediated; the District incurred \$6.1 million in pollution remediation expenses for all properties.

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:

	Balance at October 1, 2016	Additions	Deletions	Balance at September 30, 2017	Due Within One Year
Governmental Activities	\$ 821,521	\$ 432,576	\$ 350,914	\$ 903,183	\$ 327,857
Business-type Activities	2,399,728	1,182,147	1,002,260	2,579,615	936,404
Total	<u>\$ 3,221,249</u>	<u>\$ 1,614,723</u>	<u>\$ 1,353,174</u>	<u>\$ 3,482,798</u>	<u>\$ 1,264,261</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 2017 resulted in an estimated \$13.5 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 - Operating Contributions** — During 2017, the District received contributions of \$0.7 million for the Pollution campaign, Water Conservation campaign as well as sponsorship for events. The TRWD Pollution campaign is an anti-litter awareness and education program centered around protecting North Texas waterways from trash and debris. The Water Conservation campaign focuses on increasing the public's awareness of water efficient practices.

**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, 2017, the District had non-spendable fund balances in the amount of \$4.4 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, 2017. At September 30, 2017, the District had a restricted fund balance in the amount of \$5.6 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, 2017, 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, 2017, the District had an assigned fund balance in the amount of \$0.4 million.

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 \$50.3 million.

Spending Prioritization in Using Available Resources — When both restricted and unrestricted (i.e. restricted, 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 restricted 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 —**

During the fiscal year, GASB 77, Tax Abatement Disclosures; GASB 80, Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14; GASB 82, Pension Issues; were implemented with no effect on the District's financial statements.

GASB 74, Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans; GASB 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions and GASB 85, Omnibus 2017; were implemented in fiscal year 2017. These statements relate to governments that provide Other Post Employment Benefits (OPEB) through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement 74 and 75 required the liability for defined benefit OPEB to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past period service less the amount of the OPEB plan's fiduciary net position. These Statements also enhance accountability and transparency through revised and new note disclosures and required supplementary information.

The adoption of these Statements required a change in accounting principle that reduced beginning net position by a total of \$2.3 million. See chart below:

	Governmental Activities	Enterprise Fund (Business-type Activities)	Total
OPEB Liability as previously stated 9/30/16	\$ 3,550,340	\$ 7,140,395	\$ 10,690,735
OPEB Liability as restated 9/30/16	4,153,316	8,862,580	13,015,896
Restatement amount for GASB 75	<u>\$ 602,976</u>	<u>\$ 1,722,185</u>	<u>\$ 2,325,161</u>

As a result of implementing Statement 75, TRWD also recognized deferred inflows of resources of \$0.1 million for the difference between expected and actual earnings on OPEB investments as well as \$0.1 million for the difference between expected and actual experience in the measurement of the total OPEB liability as of September 30, 2017.

## 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 91% of the District's water sales for the year ended September 30, 2017. 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, 2017 was \$5.5 million and was entirely covered by FDIC insurance or collateral. The carrying value of cash for the District was \$5.3 million. At September 30, 2017, 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) and the Local Government Investment Cooperative (LOGIC). 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 is also a public fund investment pool with the same authority as Texpool. It has 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 this agency. 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 86.1% 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 13.9% 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 safekeeping on the District's behalf.

**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, 2017, the District's bank balance of \$5.5 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. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The District invests in two local government investment pools, Logic and Texpool. Logic has elected to continue to measure its investments at fair value even though they meet all criteria under GASB 79 to report at amortized cost. 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**

	9/30/2017	Weighted Avg. Maturity (Years)	S & P Rating	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<b>Investments</b>				
Federal Farm Credit Bank	\$ 63,130,423	3.22	AA+	\$ 63,130,423
Federal Home Loan Bank	85,654,918	2.02	AA+	85,654,918
Federal Home Loan Mortgage Corp	56,823,371	2.92	AA+	56,823,371
Federal National Mortgage Association	41,935,253	1.53	AA+	41,935,253
U.S. Treasury Notes	39,966,715	0.38	AA+	39,966,715
Total investments	<u>287,510,680</u>			<u>287,510,680</u>
<b>Investment pools</b>				
LOGIC (net asset value)	164,143,184	N/A	AAA-m	N/A
TexPool (valued at amortized cost)	<u>210,859,637</u>	N/A	AAA-m	N/A
Total investment pools by fair value	<u>375,002,821</u>			
Total investments and cash equivalents	<u>\$ 662,513,501</u>			<u>\$ 287,510,680</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 the LOGIC 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 Logic and Texpool and may redeem investments at any time.

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, 2017, 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 \$4.9 million as of September 30, 2017. The Trust's funds are invested in equities, fixed income investments, and cash based on the desired asset allocation. 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 mutual fund.

Investment Type	9/30/2017	Fair Value Measurements Using Significant Other Observable Inputs Level 2	
Highmark Moderate Trust	\$ 4,881,714	\$	4,881,714
Total Investment	4,881,714		4,881,714
Total Portfolio	\$ 4,881,714	\$	4,881,714

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 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, 2016	Additions	Disposals	Transfers	September 30, 2017
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>NONDEPRECIABLE ASSETS</b>					
Land	\$ 238,954,425	\$ 7,399,316	(2,486,584)		\$ 243,867,157
Construction in progress	64,579,150	3,925,300		(3,641,922)	64,862,528
<b>TOTAL NONDEPRECIABLE ASSETS</b>	<b>303,533,575</b>	<b>11,324,616</b>	<b>(2,486,584)</b>	<b>(3,641,922)</b>	<b>308,729,685</b>
<b>DEPRECIABLE ASSETS</b>					
Dams and spillways	3,070,461				3,070,461
Flood control projects	8,095,940	19,577			8,115,517
Buildings	46,017,873			3,641,922	49,659,795
Machinery and equipment	9,777,138	349,162	(377,017)		9,749,283
	66,961,412	368,739	(377,017)	3,641,922	70,595,056
<b>Less accumulated depreciation for:</b>					
Dams and spillways	(567,108)	(276,874)			(843,982)
Flood control projects	(8,095,940)	(1,305)			(8,097,245)
Buildings	(10,685,274)	(2,412,973)			(13,098,247)
Machinery and equipment	(8,693,703)	(636,756)	377,017		(8,953,442)
	(28,042,025)	(3,327,908)	377,017		(30,992,916)
<b>TOTAL DEPRECIABLE ASSETS, NET</b>	<b>38,919,387</b>	<b>(2,959,169)</b>		<b>3,641,922</b>	<b>39,602,140</b>
<b>CAPITAL LEASE DEPRECIABLE ASSETS</b>					
Machinery and equipment	1,447,140				1,447,140
<b>Less accumulated depreciation for:</b>					
Machinery and equipment	(782,055)	(195,513)			(977,568)
	665,085	(195,513)			469,572
<b>TOTAL GOVERNMENTAL ACTIVITIES, NET</b>	<b>\$ 343,118,047</b>	<b>\$ 8,169,934</b>	<b>(2,486,584)</b>		<b>\$ 348,801,397</b>

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

Governmental activities:

Flood protection	\$ 2,646,499
Recreation	876,922

Total depreciation expense - governmental activities \$ 3,523,421

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

	October 1, 2016	Additions	Disposals	Transfers	September 30, 2017
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>NONDEPRECIABLE ASSETS</b>					
Land	\$ 151,231,214	\$ 8,622,363	(32,259)		\$ 159,821,318
Construction in progress	714,841,602	229,924,695		(15,455,218)	929,311,079
<b>TOTAL NONDEPRECIABLE ASSETS</b>	<b>866,072,816</b>	<b>238,547,058</b>	<b>(32,259)</b>	<b>(15,455,218)</b>	<b>1,089,132,397</b>
<b>DEPRECIABLE ASSETS</b>					
Dams and spillways	212,929,639				212,929,639
Pipeline	546,130,707	(50,086)		15,455,218	561,535,839
Wetlands	54,226,328		(64,450)		54,161,878
Communications	20,787				20,787
Buildings	7,779,637	185,077	(15,126)		7,949,588
Machinery and equipment	11,005,114	635,911	(221,772)		11,419,253
Other project costs	126,843,419	23,229,907			150,073,326
	<u>958,935,631</u>	<u>24,000,809</u>	<u>(301,348)</u>	<u>15,455,218</u>	<u>998,090,310</u>
Less accumulated depreciation for:					
Dams and spillways	(116,619,066)	(4,057,373)			(120,676,439)
Pipeline	(185,070,466)	(10,905,784)			(195,976,250)
Wetlands	(4,080,745)	(1,087,856)	17,079		(5,151,522)
Communications	(4,845)	(417)			(5,262)
Buildings	(4,433,518)	(312,546)	15,126		(4,730,938)
Machinery and equipment	(8,993,337)	(647,840)	221,768		(9,419,409)
Other project costs	(11,117,110)	(2,492,764)			(13,609,874)
Total accumulated depreciation	<u>(330,319,087)</u>	<u>(19,504,580)</u>	<u>253,973</u>		<u>(349,569,694)</u>
<b>TOTAL DEPRECIABLE ASSETS, NET</b>	<b>628,616,544</b>	<b>4,496,229</b>	<b>(47,375)</b>	<b>15,455,218</b>	<b>648,520,616</b>
<b>INTANGIBLE ASSETS</b>					
Water Rights	2,086,598				2,086,598
Less accumulated amortization for:					
Water Rights	(1,733,035)	(69,553)			(1,802,588)
	<u>353,563</u>	<u>(69,553)</u>			<u>284,010</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES, NET</b>	<b>\$ 1,495,042,923</b>	<b>\$ 242,973,734</b>	<b>(79,634)</b>		<b>\$ 1,737,937,023</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 and production bonus (if applicable) 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 2017 the District made contributions of \$2.5 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, 2017 is show below.

	Balance at Oct. 1, 2016	Additions	Deletions	Balance at Sept. 30, 2017	Due Within One Year
Business-type Activities---					
Tarrant Regional Water District Projects	\$ 1,197,235,000	\$ —	\$ 39,790,000	\$ 1,157,445,000	\$ 33,055,000
TRWD Contract Revenue Bonds (City of Dallas Project)	456,640,000	—	9,845,000	446,795,000	10,095,000
Total-Construction and Improvement Bonds	<u>\$ 1,653,875,000</u>	<u>\$ —</u>	<u>\$ 49,635,000</u>	<u>\$ 1,604,240,000</u>	<u>\$ 43,150,000</u>

<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%	2,200,000
\$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	5.0%	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%	59,970,000
\$150,375,000 Series 2012 Water Revenue Refunding & Improvement Bonds	Serially through 2052	2.0 - 5.0%	127,280,000
\$98,960,000 Series 2012A Water Revenue Refunding Bonds	Serially through 2022	2.0 - 5.0%	17,840,000
\$318,750,000 Series 2014 Water Revenue Bonds	Serially through 2049	4.0 - 5.0%	316,260,000
\$156,470,000,000 Series 2015 Water Revenue Refunding Bonds	Serially through 2029	2.0 - 5.0%	154,935,000
\$300,000,000 Series 2015A Waterworks Revenue Bonds	Serially through Serially through 2045	0.5 - 3.2%	292,525,000
\$28,530,000 Series 2016 Water Systems Revenue Bonds	Serially through Serially through 2046	3.0 - 4.0%	27,965,000
\$61,910,000 Series 2016A Water Revenue Refunding Bonds	Serially through Serially through 2032	2.0 - 5.0%	61,910,000
			<u>1,157,445,000</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%	117,790,000
\$202,130,000 Series 2014 Dallas Contract Revenue Bonds	Serially through 2044	4.0 - 6.0%	192,540,000
\$140,000,000 Series 2015 Dallas Contract Revenue Bonds	Serially through Serially through 2045	0.5 - 3.2%	136,465,000
			<u>446,795,000</u>
Total-Construction and Improvement Bonds			1,604,240,000
Add premium (net of accumulated amortization)			<u>102,123,581</u>
			<u>1,706,363,581</u>
Less current portion			(43,150,000)
			<u>\$ 1,663,213,581</u>

In fiscal year 2016, \$47.0 million of series 2009 Water Revenue Bonds and \$21.8 million of Series 2010 Water Revenue Bonds were advanced refunded and considered defeased. The refunded portion of both Series 2009 and Series 2010 become available in fiscal year 2019 to be redeemed and will be fully refunded at that time.

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, 2017 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>			
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	38,775	41,919	80,694
2023-2027	186,140	188,792	374,932
2028-2032	204,770	150,513	355,283
2033-2037	198,565	105,778	304,343
2038-2042	159,290	69,515	228,805
2043-2047	155,970	34,441	190,411
2048-2052	72,455	6,452	78,907
	<u>1,157,445</u>	<u>777,598</u>	<u>1,935,043</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>			
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	11,285	16,205	27,490
2023-2027	62,755	73,850	136,605
2028-2032	76,045	61,874	137,919
2033-2037	93,655	45,499	139,154
2038-2042	116,000	24,071	140,071
2043-2045	44,975	2,994	47,969
	<u>446,795</u>	<u>293,589</u>	<u>740,384</u>
Total	<u>\$ 1,604,240</u>	<u>\$ 1,071,187</u>	<u>\$ 2,675,427</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, revenues (net of operating expenses) 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, 2017, pledged revenues for the enterprise fund were \$119.4 million which offsets debt service requirements for the year of \$73.0 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, the City of Dallas has requested and authorized the District to issue contract revenue bonds (the Dallas Contract Revenue Bonds) secured solely by payments from the City of 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 the City of Dallas to finance the City of Dallas's share of the design and construction of the IPL project. All such payments by the City of 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 the City of 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 the City of 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 the City of Dallas fails to take certain actions. No payments from the City of Dallas to the District under the IPL Project Contract are pledged to the payment of the District's System Revenue Bonds.

#### Extendible Commercial Paper Bonds:

	Balance at Oct. 1, 2016	Additions	Deletions	Balance at Sept. 30, 2017
Extendible Commercial Paper Bonds	\$ —	\$ 3,800,000	\$ 3,800,000	\$ —
Total-Extendible Commercial Paper Bonds	\$ —	\$ 3,800,000	\$ 3,800,000	\$ —

In fiscal year 2016 the District implemented an Extendible Commercial Paper Bonds Program. In fiscal year 2017 the District issued \$3.8 million of commercial paper bonds to fund various construction projects. The total amount issued was paid down in July of the fiscal year.



## 7. INTERFUND TRANSACTIONS

At September 30, 2017, 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	\$ 512,236	\$ —	\$ 37,752	\$ —
Enterprise Fund	—	512,236	—	37,752
Total	<u>\$ 512,236</u>	<u>\$ 512,236</u>	<u>\$ 37,752</u>	<u>\$ 37,752</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 2017, the Enterprise Fund repaid \$65 thousand, plus interest of \$17 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 presented as internal balances.

## 8. POST EMPLOYMENT HEALTH CARE BENEFITS

### Plan Descriptions

The District provides other post-employment benefits (OPEB) through the Post-Employment Health Care Benefit Plan as established and administered by the District (a single-employer plan) under its Retiree Health Benefits Policy effective January 1, 2006 to employees who retire from the District and meet the Rule of 80 or Rule of 90 (see following paragraphs for specifics). Plan participation is restricted to employees hired on or before September 30, 2016.

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 and 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 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.

The Plan does not issue separate financial statements; however, the Trust’s financials are included in this financial report as a Fiduciary Fund of the District starting on page 41. The OPEB Plan is governed by the District's Board of Directors, and changes to the plan must be approved by the Board.

### **Plan Membership Information**

Inactive Plan Members or Beneficiaries currently receiving benefits	45
Inactive Plan Members entitled to but not receiving benefits	0
Active Plan Members (active employees hired on or before 9/30/16)	249
<b>Total Plan Members</b>	<b><u>294</u></b>

### **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 2017, \$1.2 million was contributed to the trust and in fiscal year 2018 \$1.3 million is budgeted to be contributed 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 Total OPEB Liability.

The District does not require any member contributions for the post-employment health care benefits plan.

## OPEB Trust Investment Policy

The goal of the Trust's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The Plan has a Moderate Risk Tolerance with a Strategic Asset Allocation of the following:

<i>Strategic Asset Allocation Ranges</i>			
Asset Class	Cash	Fixed Income	Equity
Allocation Range	0-20%	40%-60%	40%-60%
Target Allocation	Policy: 5%	Policy: 45%	Policy: 50%
Long-term Expected Real Rate of Return	0.2%	2.0%	4.1%

The long-term expected real rate of return, presented as geometric means, is the combination of the asset return rates taken from the Horizon Actuarial Service Survey of Capital Market Assumptions 2016 and the target allocation of the Plan.

### Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate of 3.5% based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

A Single Discount Rate of 6.30% was used to measure the total OPEB liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 6.30%. The funding policy of TRWD is to pay the recommended actuarially determined contribution, which is based on a closed amortization period. As a result, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The annual money-weighted rate of return for the OPEB Trust was 9.5% for fiscal year 2017. A money-weighted return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

### Changes in the Net OPEB Liability

The total OPEB liability shown below is based on an actuarial valuation performed as of December 31, 2015 and a measurement date of September 30, 2017.

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
<b>Balance at 9/30/16 (as restated-See Note 1)</b>	<b>\$ 16,295,561</b>	<b>\$ 3,279,665</b>	<b>\$ 13,015,896</b>
<b>Changes for the year:</b>			
Service Cost	565,239		565,239
Interest	1,033,856		1,033,856
Difference between expected and actual experience	(72,928)		(72,928)
Benefit Payments	(335,551)	(335,551)	
Contributions - employer		1,545,551	(1,545,551)
Net Investment Income		417,971	(417,971)
Administrative Expense		(25,922)	25,922
<b>Net Changes</b>	<b>1,190,616</b>	<b>1,602,049</b>	<b>(411,433)</b>
<b>Balance at 9/30/17</b>	<b>\$ 17,486,177</b>	<b>\$ 4,881,714</b>	<b>\$ 12,604,463</b>
<b>Plan Fiduciary Net Position as a percentage of the total OPEB liability</b>		<b>28%</b>	

### Sensitivity of Net OPEB Liability

Regarding the sensitivity of the net OPEB liability to changes in the Single Discount Rate, the following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 6.30%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

1% Decrease 5.3%	Current Single Discount Rate Assumption 6.3%	1% Increase 7.3%
\$15,299,785	\$12,604,463	\$10,386,407

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$9,902,354	\$12,604,463	\$16,023,100

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2017, the District recognized a decrease in OPEB expenses of \$43,608. At September 30, 2017, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 64,131
Assumption changes		
Net difference between projected and actual earnings on OPEB plan investments		139,243
<b>Total</b>		<b>\$ 203,374</b>

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

Year Ending September 30	Net Deferred Inflows of Resources
2018	(43,608)
2019	(43,608)
2020	(43,608)
2021	(43,608)
2022	(8,797)
Thereafter	(20,145)
<b>Total</b>	<b>(203,374)</b>

## Actuarial Methods and Assumptions

Actuarial cost method	Individual entry age normal cost method
Amortization method	Level dollar, Closed
Remaining Amortization Period	29 years as of September 30, 2016
Asset Valuation Method	Market Value
Inflation rate	2.50%
Salary Increases	3.5% to 12.00%, including inflation
Single Discount Rate	6.30% per annum, net of expenses
Mortality	<p><b>Post Retirement:</b> For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. The mortality rates for disabled retirees are the same as for healthy retirees, except with a 3 year set-forward. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.</p> <p><b>Pre Retirement:</b> The gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 54.5% and female rates multiplied by 51.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.</p>
Demographic Assumptions	TRWD employees participate in a defined contribution retirement plan. The assumed rates of retirement were developed by reviewing the ages at retirement for the current retirees. The other demographic assumptions are based on assumptions that were developed for a large state-wide defined benefit plan in Texas.
Healthcare Trend Rates	<p>Pre-65 Trend: Initial rate of 7.30% decreasing to an ultimate rate of 5.25% over 10 years</p> <p>Post-65 Trend: Initial rate of 5.60% decreasing to an ultimate rate of 4.25% over 14 years</p>
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Benefit Changes	None

## 9. COMMITMENTS AND CONTINGENCIES

**Commitments**-the General and Enterprise Funds had remaining commitments estimated at \$217.6 million (\$2.2 million and \$215.4 million respectively) due to on-going construction contracts as of September 30, 2017.

**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. 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 Sutton James. 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 – The District carries 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. 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.

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. 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 2017 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 \$100,000 and/or \$4,692,815 in aggregate for the plan year to date (October 2016 – September 2017).

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 - 2016	\$ —	\$ 110,041	\$ 96,573	\$ (110,041)	\$ 96,573	\$ 96,573
IPL Project ROCIP - 2017	96,573	190,994	(88,525)	(190,994)	8,048	8,048
Group Health - 2016	347,485	3,670,256	5,641	(3,670,256)	353,126	353,126
Group Health - 2017	353,126	3,922,407	31,206	(3,922,407)	384,332	384,332

## 10. RECENTLY ISSUED GASB STATEMENTS

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

**No. 81, *Irrevocable Split-Interest Agreements*** - was issued in March 2016 and defines Split-interest agreements as 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. 83, *Certain Asset Retirement Obligations*** - was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for AROs. The Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and should be adjusted for the effects of general inflation or deflation at least annually. The Statement requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This standard becomes effective for the District in fiscal year 2019.

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

**GASB Statement No. 84, *Fiduciary Activities*** - was issued in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This standard becomes effective for the District in fiscal year 2020.

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

**GASB Statement No. 86, *Certain Debt Extinguishment Issues*** - was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources--resources other than the proceeds of refunding debt--are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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.

**GASB Statement No. 87, *Leases*** - was issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. This standard becomes effective for the District in fiscal year 2021.

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

## **11. SUBSEQUENT EVENT**

On October 3, 2017, the District issued Water Revenue Refunding Bonds Series 2017 for the amount of \$52,765,000 to refund \$63,765,000 of the Water Revenue Bond Series 2010.

## **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 2017 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 Fort Worth upon completion.

**Other Liabilities**— Generally consist 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, 2017, was \$0.4 million and was entirely covered by FDIC insurance or collateral. The carrying value for TRVA was \$0.2 million as of September 30, 2017.

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, 2017, 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 Texpool. 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, 2017 was \$3.9 million.

**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, 2017 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	\$ 3,854,827	N/A	AAA-m	N/A
Total cash equivalents	<u>\$ 3,854,827</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, 2017 TRVA's investment pool, Texpool, is valued at amortized cost and is therefore exempt from the level of fair value disclosure.

### 14. COMMITMENTS AND CONTINGENCIES FOR TRVA

**Insurance**—TRVA has employee blanket bond insurance. TRVA also participates in a public entity risk pool for its general liability, automotive liability, and errors and omissions liability coverage. 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").

## Required Supplementary Information (Unaudited)



(Cedar Creek Lake 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, 2017**

	Original and Final Budget	Actual	Variance (Budget - Actual)
REVENUES:			
Property taxes	\$ 9,800,000	\$ 10,799,762	\$ (999,762)
Lease rentals	1,414,142	1,389,533	24,609
Oil and gas royalties	12,000,000	11,048,761	951,239
Investment income	97,100	435,789	(338,689)
Contributions	4,165,000	3,368,695	796,305
Other	827,317	612,796	214,521
Total revenues	28,303,559	27,655,336	648,223
EXPENDITURES:			
Current:			
General and administrative	9,964,255	9,097,411	866,844
Personnel services	8,442,583	7,650,611	791,972
Pension plan contribution	671,418	637,903	33,515
Contribution	1,000,000	3,076,384	(2,076,384)
Capital expenditures	40,630,000	19,440,358	21,189,642
Total expenditures	60,708,256	39,902,667	20,805,589
Deficiency of Revenues Under Expenditures	(32,404,697)	(12,247,331)	(20,157,366)
Other Financing Sources			
Proceeds from Sale of Land	2,500,000	2,354,215	145,785
CHANGE IN FUND BALANCE	(29,904,697)	(9,893,116)	(20,011,581)
FUND BALANCE—Beginning of year	70,632,374	70,632,374	—
FUND BALANCE—End of year	\$ 40,727,677	\$ 60,739,258	\$ (20,011,581)

## NOTES TO RSI

**Excess of Property Taxes Revenues over Budget** - The District received \$1.0 million more in taxes than budgeted due to an increase in property values.

**Deficiency of Oil & Gas Royalties** - The District's oil & gas royalty income was \$1.0 million less than budget due to the price of oil & gas being lower than expected during fiscal year 2017.

**Excess of Contribution Expenditures over Budget** - The District's contribution expenditure of \$3.1 million was over budget by \$2.1 million due to unbudgeted sanitary/sewer/water expenditures made by the City of Fort Worth for the Central City Project.

**Deficiency of Capital Expenditures under Budget**—The District's budget of \$40.6 million included \$39.0 million to be spent on the TRVA project during the 2017 fiscal year of which \$17.6 million was spent. The variance is largely due to the budgeted land and environmental costs that came in \$13.5 million under budget as well as a couple of budgeted items that did not occur during the fiscal year. The design for the North Bypass was budgeted at \$2.6 million as a local cost but was performed by USACE and a \$3.8 million local cash match was budgeted but did not occur.



**TARRANT REGIONAL WATER DISTRICT**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS**

	<b>Total OPEB Liability (A)</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 565,239
Interest	1,033,856
Difference between expected and actual experience of the total OPEB liability	(72,928)
Benefit Payments	(335,551)
<b>Net Change in total OPEB liability</b>	<u>1,190,616</u>
<b>Total OPEB liability - beginning</b>	<u>16,295,561</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 17,486,177</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,545,551
Net Investment Income	417,971
Benefit Payments	(335,551)
Administrative Expense	(25,922)
<b>Net Changes</b>	<u>1,602,049</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,279,665</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 4,881,714</u></u>
<b>Net OPEB Liability</b>	<u><u>\$ 12,604,463</u></u>
Plan fiduciary net position as percentage of total OPEB liability	28%
Covered-employee payroll	\$ 19,291,600
Net OPEB liability as percentage of covered-employee payroll	65%

Note: Due to implementation of GASB 75 this schedule is newly created and the 10-year requirement will be built prospectively.

**TARRANT REGIONAL WATER DISTRICT**

**SCHEDULE OF INVESTMENTS RETURNS**

**LAST 10 FISCAL YEARS**

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	<b><u>2017</u></b>
Annual money-weighted rate of return, net of investment expense	9.5%

Note: Due to implementation of GASB 74 this schedule is newly created and the 10-year requirement will be built prospectively.

# TARRANT REGIONAL WATER DISTRICT

## SCHEDULE OF CONTRIBUTIONS

### LAST 10 FISCAL YEARS

	<u>2017</u>
Actuarially Determined Contribution	\$ 1,524,244
Actual Contribution	1,545,551
Contribution Deficiency (Excess)	<u>\$ (21,307)</u>
Covered-Employee Payroll	\$ 19,291,600
Contributions as % of covered-employee payroll	8%

#### Methods and Assumptions used to Determine Contribution Rates:

Actuarial cost method Individual entry age normal cost method

Amortization method Level dollar, Closed

Remaining Amortization Period 29 years as of September 30, 2016

Asset Valuation Method Market Value

Inflation rate 2.5%

Salary Increases 3.5% to 12.00%, including inflation

Investment rate of return 6.50% per annum, net of expenses

Mortality **Post Retirement:** For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. The mortality rates for disabled retirees are the same as for healthy retirees, except with a 3 year set-forward. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.

**Pre Retirement:** The gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 54.5% and female rates multiplied by 51.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Demographic Assumptions TRWD employees participate in a defined contribution retirement plan. The assumed rates of retirement were developed by reviewing the ages at retirement for the current retirees. The other demographic assumptions are based on assumptions that were developed for a large state-wide defined benefit plan in Texas.

Healthcare Trend Rates **Pre-65 Trend:** Initial rate of 7.30% decreasing to an ultimate rate of 5.25% over 10 years

**Post-65 Trend:** Initial rate of 5.60% decreasing to an ultimate rate of 4.25% over 14 years

Aging Factors Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

Benefit Changes None

Note: Due to implementation of GASB 75 this schedule is newly created and the 10-year requirement will be built prospectively.

## STATISTICAL SECTION (UNAUDITED)



(Flood in May 1949, overlooking the Lancaster Bridge)

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities				
Net investment in capital assets	\$ 57,351,855	\$ 81,197,788	\$ 126,850,508	\$ 147,836,049
Restricted				
Unrestricted	158,691,607	168,738,962	155,138,624	172,954,968
Total governmental net position	216,043,462	249,936,750	281,989,132	320,791,017
Business-type Activities				
Net investment in capital assets	183,076,259	182,599,106	202,799,524	223,542,977
Restricted	41,498,079	44,768,510	53,627,614	53,338,190
Unrestricted	26,211,720	33,609,336	18,944,869	15,604,988
Total business-type net position	250,786,058	260,976,952	275,372,007	292,486,155
Total Primary Government:				
Net investment in capital assets	240,428,114	263,796,894	329,650,032	371,379,026
Restricted	41,498,079	44,768,510	53,627,614	53,338,190
Unrestricted	184,903,327	202,348,298	174,083,493	188,559,956
Total primary government net position	\$ 466,829,520	\$ 510,913,702	\$ 557,361,139	\$ 613,277,172

(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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities				
Net investment in capital assets	\$ 178,140,564	\$ 221,301,902	\$ 279,586,633	\$ 311,416,677
Restricted				
Unrestricted	175,256,153	188,026,740	179,511,280	192,888,999
Total governmental net position	<u>353,396,717</u>	<u>409,328,642</u>	<u>459,097,913</u>	<u>504,305,676</u>
Business-type Activities				
Net investment in capital assets	234,408,625	275,649,460	308,579,683	357,632,834
Restricted	65,749,659	63,522,458	90,811,279	89,822,147
Unrestricted	12,062,496	(859,394)	(27,523,746)	(16,222,050)
Total business-type net position	<u>312,220,780</u>	<u>338,312,524</u>	<u>371,867,216</u>	<u>431,232,931</u>
Total Primary Government:				
Net investment in capital assets	412,549,189	496,951,362	588,166,316	669,049,511
Restricted	65,749,659	63,522,458	90,811,279	89,822,147
Unrestricted	187,318,649	187,167,346	151,987,534	176,666,949
Total primary government net position	<u>\$ 665,617,497</u>	<u>\$ 747,641,166</u>	<u>\$ 830,965,129</u>	<u>\$ 935,538,607</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>2016</u>	<u>2017</u>
Governmental Activities		
Net investment in capital assets	\$ 343,118,047	\$ 348,801,397
Restricted	5,531,060	5,561,868
Unrestricted	193,491,410	208,425,599
	<hr/>	<hr/>
Total governmental net position	<u>542,140,517</u>	<u>562,788,864</u>
Business-Type Activities		
Net investment in capital assets	409,159,039	444,563,300
Restricted	110,363,100	109,317,020
Unrestricted	(16,336,370)	26,151,324
	<hr/>	<hr/>
Total business-type net position	<u>503,185,769</u>	<u>580,031,644</u>
Total Primary Government:		
Net investment in capital assets	752,277,086	793,364,697 (1)
Restricted	115,894,160	114,878,888
Unrestricted	177,155,040	234,576,923
	<hr/>	<hr/>
Total primary government net position	<u>\$ 1,045,326,286</u>	<u>\$ 1,142,820,508</u>

(1) The District prospectively modified the calculation of Net Investment in Capital Assets in fiscal year 2017 to include construction liabilities payable from restricted assets.

(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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses:				
Governmental Activities				
General Government	\$ 9,202,619	\$ 12,412,197	\$ 7,595,520	\$ 7,494,646
Flood Control	4,833,627	4,718,631	5,605,584	6,291,116
Trinity River Vision Project	3,000,000	10,000	3,000,000	—
Total Governmental Activities	17,036,246	17,140,828	16,201,104	13,785,762
Business-type Activities	55,729,711	72,165,314	69,126,434	76,756,369
Total Primary Government Expenses	72,765,957	89,306,142	85,327,538	90,542,131
Program Revenues:				
Governmental Activities				
Charges for Services	68,608,713	34,919,651	35,147,114	28,830,916
Capital Grants and Contributions	4,999,204	2,207,436	2,499,268	13,944,124
Total Governmental Activities	73,607,917	37,127,087	37,646,382	42,775,040
Business-type Activities				
Charges for Services	66,786,702	80,686,233	79,718,947	90,564,705
Capital Grants and Contributions	1,141,588	—	717,421	95,078
Total Business-type Activities	67,928,290	80,686,233	80,436,368	90,659,783
Total Primary Government Revenues	141,536,207	117,813,320	118,082,750	133,434,823
Net (Expense) Revenue				
Governmental Activities	56,571,671	19,986,259	21,445,278	28,989,278
Business-type Activities	12,198,579	8,520,919	11,309,934	13,903,414
Total-Primary Government	68,770,250	28,507,178	32,755,212	42,892,692
General Revenues:				
Governmental Activities				
Property Taxes	8,069,617	8,693,898	9,051,507	8,580,069
Investment Income	4,100,005	3,137,581	1,468,495	1,045,664
Miscellaneous	158,820	69,190	63,182	124,894
Gain/Loss on Disposal of Assets	137,366	21,064	23,920	61,980
Transfers	2,257,288	1,985,296	—	—
Total Governmental Activities	14,723,096	13,907,029	10,607,104	9,812,607
Business-type Activities				
Investment Income	4,550,301	3,486,297	2,969,407	1,873,044
Miscellaneous	61,744	109,676	47,756	1,265,394
Gain/Loss on Disposal of Assets	242,465	59,298	67,958	72,296
Transfers	(2,257,288)	(1,985,296)	—	—
Total Business-type Activities	2,597,222	1,669,975	3,085,121	3,210,734
Total Primary Government	17,320,318	15,577,004	13,692,225	13,023,341
Changes in Net Position				
Governmental Activities	71,294,767	33,893,288	32,052,382	38,801,885
Business-type Activities	14,795,801	10,190,894	14,395,055	17,114,148
Total Primary Government	\$ 86,090,568	\$ 44,084,182	\$ 46,447,437	\$ 55,916,033

(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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:				
Governmental Activities				
General Government	\$ 11,310,981	\$ 11,521,503	\$ 13,462,903	\$ 12,766,315
Flood Control	6,418,353	6,313,528	3,241,255	4,963,320
Trinity River Vision Project	619,066	1,041,910	18,369,944	—
Total Governmental Activities	18,348,400	18,876,941	35,074,102	17,729,635
Business-type Activities	82,021,320	87,165,497	104,901,544	87,999,935
Total Primary Government Expenses	100,369,720	106,042,438	139,975,646	105,729,570
Program Revenues:				
Governmental Activities				
Charges for Services	21,636,600	33,255,675	26,048,278	16,595,055
Capital Grants and Contributions	19,708,589	31,910,810	49,101,393	36,043,940
Total Governmental Activities	41,345,189	65,166,485	75,149,671	52,638,995
Business-type Activities				
Charges for Services	99,244,447	120,270,336	136,041,137	142,578,670
Capital Grants and Contributions	—	—	—	680,633
Total Business-type Activities	99,244,447	120,270,336	136,041,137	143,259,303
Total Primary Government Revenues	140,589,636	185,436,821	211,190,808	195,898,298
Net (Expense) Revenue				
Governmental Activities	22,996,789	46,289,544	40,075,569	34,909,360
Business-type Activities	17,223,127	33,104,839	31,139,593	55,259,368
Total-Primary Government	40,219,916	79,394,383	71,215,162	90,168,728
General Revenues:				
Governmental Activities				
Property Taxes	8,835,672	9,013,033	9,231,193	9,757,583
Investment Income	708,010	300,771	367,655	403,723
Miscellaneous	60,073	234,068	48,081	37,951
Gain/Loss on Disposal of Assets	5,156	94,509	46,773	99,146
Total Governmental Activities	9,608,911	9,642,381	9,693,702	10,298,403
Business-type Activities				
Investment Income	2,183,834	262,520	1,598,019	3,748,796
Miscellaneous	271,321	939,978	773,572	288,461
Gain/Loss on Disposal of Assets	56,343	48,310	43,508	69,090
Total Business-type Activities	2,511,498	1,250,808	2,415,099	4,106,347
Total Primary Government	12,120,409	10,893,189	12,108,801	14,404,750
Changes in Net Position				
Governmental Activities	32,605,700	55,931,925	49,769,271	45,207,763
Business-type Activities	19,734,625	34,355,647	33,554,692	59,365,715
Total Primary Government	\$ 52,340,325	\$ 90,287,572	\$ 83,323,963	\$ 104,573,478

(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>2016</u>	<u>2017</u>
Expenses:		
Governmental Activities		
General Government	\$ —	\$ —
Flood Control		
Flood Protection	18,916,113	21,448,590
Recreation	1,561,346	2,625,628
Trinity River Vision Project		
Total Governmental Activities	20,477,459	24,074,218
Business-type Activities	77,099,429	83,155,732
Total Primary Government Expenses	97,576,888	107,229,950
Program Revenues:		
Governmental Activities		
Charges for Services		
Flood Protection	9,862,928	10,308,977
Recreation	1,067,012	2,940,158
Operating Grants and Contributions		
Flood Protection	—	100,000
Recreation	—	131,200
Capital Grants and Contributions		
Flood Protection	36,029,150	20,634,389
Recreation	126,750	—
Total Governmental Activities	47,085,840	34,114,724
Business-type Activities		
Charges for Services	139,387,464	155,447,588
Operating Grants and Contributions	—	474,769
Capital Grants and Contributions	3,584,248	57,540
Total Business-type Activities	142,971,712	155,979,897
Total Primary Government Revenues	190,057,552	190,094,621
Net (Expense) Revenue		
Governmental Activities	26,608,381	10,040,506
Business-type Activities	65,872,283	72,824,165
Total-Primary Government	92,480,664	82,864,671
General Revenues:		
Governmental Activities		
Property Taxes	10,264,007	10,854,952
Investment Income	317,333	435,789
Miscellaneous	79,170	29,379
Gain/Loss on Disposal of Assets	565,950	(109,303)
Total Governmental Activities	11,226,460	11,210,817
Business-type Activities		
Investment Income	6,776,202	5,706,516
Miscellaneous	50,800	37,379
Gain/Loss on Disposal of Assets	(746,447)	—
Total Business-type Activities	6,080,555	5,743,895
Total Primary Government	17,307,015	16,954,712
Changes in Net Position		
Governmental Activities	37,834,841	21,251,323
Business-type Activities	71,952,838	78,568,060
Total Primary Government	\$ 109,787,679	\$ 99,819,383

(Concluded)

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

In fiscal year 2016, new categories were created for governmental activities for expenses and program revenues: Flood protection for the General fund and Recreation for the Recreation Fund.

**TARRANT REGIONAL WATER DISTRICT**

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Fund				
Nonspendable:				
Long-term receivable	\$ 0	\$ 0	\$ 0	11,919,659
Long-term interfund notes and interest	1,195,754	1,351,670	1,260,949	1,167,888
Prepaid items	63,153	63,695	549,374	910,245
Inventory of supplies-at-cost	34,525	34,987	40,994	46,364
Committed				
Assigned				
Unassigned	158,257,072	169,032,343	156,337,101	149,862,054
Total	<u>\$ 159,550,504</u>	<u>\$ 170,482,695</u>	<u>\$ 158,188,418</u>	<u>\$ 163,906,210</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Fund				
Nonspendable:				
Long-term interfund notes and interest	1,072,421	974,485	874,014	770,939
Prepaid items	879,706	2,534,623	2,808,611	1,353,935
Inventory of supplies-at-cost	46,630	51,908	53,705	57,196
Committed	100,000			
Assigned	8,274,737	1,240,858		
Unassigned	152,417,730	144,151,950	111,936,626	88,675,455
Total	<u>\$ 162,791,224</u>	<u>\$ 148,953,824</u>	<u>\$ 115,672,956</u>	<u>\$ 90,857,525</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>2016</u>	<u>2017</u>
Governmental Fund		
Nonspendable:		
Long-term interfund notes and interest	577,139	512,236
Prepaid items	970,308	3,901,482
Inventory of supplies-at-cost	51,929	58,322
Assigned		364,461
Restricted	5,531,060	5,561,868
Unassigned	63,501,938	50,340,889
Total	<u>\$ 70,632,374</u>	<u>\$ 60,739,258</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>2008</u>	<u>2009</u>	<u>2010</u>
Revenues			
Property Taxes	\$ 8,056,037	\$ 8,735,179	\$ 9,002,136
Lease Rental	348,619	327,741	656,328
Oil and Gas Royalties	68,057,516	34,397,855	34,354,862
Sale of Rock and Gravel	75,929	57,382	25,000
Sale of Land	—	—	—
Investment Income	4,100,005	3,137,581	1,468,495
Contributions	2,557,050	200,000	—
Other	438,386	226,927	198,026
Total Revenue	<u>83,633,542</u>	<u>47,082,665</u>	<u>45,704,847</u>
Expenditures			
Current:			
General and Administrative	6,967,022	8,120,925	7,202,349
Personnel Services	5,470,843	6,360,919	2,320,404
Pension Plan Contribution	664,609	689,517	905,237
Contribution to Component Unit	3,000,000	10,000	3,000,000
Capital Expenditures	11,212,220	22,954,409	44,844,209
Capital Lease Payment	—	—	—
Debt Service	—	—	107,639
Total Expenditures	<u>27,314,694</u>	<u>38,135,770</u>	<u>58,379,838</u>
Deficiency of Revenues Under Expenditures	<u>56,318,848</u>	<u>8,946,895</u>	<u>(12,674,991)</u>
Other Financing Sources			
Proceeds from Capital Lease	—	—	380,714
Transfers In	2,257,288	1,985,296	—
Change in Fund Balance	<u>\$ 58,576,136</u>	<u>\$ 10,932,191</u>	<u>\$ (12,294,277)</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>2011</u>	<u>2012</u>	<u>2013</u>
Revenues			
Property Taxes	\$ 8,600,104	\$ 8,857,981	\$ 8,993,946
Lease Rental	662,857	875,426	1,385,702
Oil and Gas Royalties	27,777,427	20,738,333	31,367,889
Sale of Rock and Gravel	25,000	—	12,525
Sale of Land	—	—	—
Investment Income	1,045,664	708,010	300,771
Contributions	889,000	8,954,382	2,963,174
Other	463,647	88,069	391,767
Total Revenue	<u>39,463,699</u>	<u>40,222,201</u>	<u>45,415,774</u>
Expenditures			
Current:			
General and Administrative	7,579,916	8,410,677	8,476,960
Personnel Services	4,177,093	4,198,150	4,753,202
Pension Plan Contribution	369,932	425,689	497,578
Contribution to Component Unit	—	619,066	1,041,910
Capital Expenditures	21,707,824	27,683,605	45,075,378
Capital Lease Payment	—	—	385,715
Debt Service	—	—	—
Total Expenditures	<u>33,834,765</u>	<u>41,337,187</u>	<u>60,230,743</u>
Deficiency of Revenues Under Expenditures	<u>5,628,934</u>	<u>(1,114,986)</u>	<u>(14,814,969)</u>
Other Financing Sources			
Proceeds from Capital Lease	88,858	—	977,569
Transfers In	—	—	—
Change in Fund Balance	<u>\$ 5,717,792</u>	<u>\$ (1,114,986)</u>	<u>\$ (13,837,400)</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Property Taxes	\$ 9,263,039	\$ 9,737,304	\$ 10,271,392	\$ 10,799,762
Lease Rental	1,314,725	1,601,445	1,598,047	1,389,533
Oil and Gas Royalties	24,518,478	14,875,262	8,781,804	11,048,761
Sale of Rock and Gravel	12,500	19,937	—	—
Investment Income	367,655	403,723	317,333	435,789
Contributions	3,386,255	3,503,256	5,299,235	3,368,695
Other	311,573	390,221	1,038,859	612,796
Total Revenue	<u>39,174,225</u>	<u>30,531,148</u>	<u>27,306,670</u>	<u>27,655,336</u>
Expenditures				
Current:				
General and Administrative	9,043,006	10,797,697	8,336,650	9,097,411
Personnel Services	4,821,935	5,007,562	7,015,739	7,650,611
Pension Plan Contribution	512,818	535,436	588,530	637,903
Contribution to Component Unit	18,434,944	77,913	1,230,230	3,076,384
Capital Expenditures	39,365,013	38,668,521	30,101,222	19,440,358
Capital Lease Payment	277,377	259,450	259,450	—
Debt Service	—	—	—	—
Total Expenditures	<u>72,455,093</u>	<u>55,346,579</u>	<u>47,531,821</u>	<u>39,902,667</u>
Deficiency of Revenues Under Expenditures	<u>(33,280,868)</u>	<u>(24,815,431)</u>	<u>(20,225,151)</u>	<u>(12,247,331)</u>
Other Financing Sources				
Proceeds from Sale of Land	—	—	—	2,354,215
Change in Fund Balance	<u>\$ (33,280,868)</u>	<u>\$ (24,815,431)</u>	<u>\$ (20,225,151)</u>	<u>\$ (9,893,116)</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 (3)	Percentage of Revenue (1)	Percentage of Personal Income (2)	Debt per Population (2)
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
2017	1,706,363,581	1,055%	N/A	N/A

(1) Based on total 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

(3) Includes premium (net of accumulated amortization)

**TARRANT REGIONAL WATER DISTRICT**

**PLEDGED REVENUE COVERAGE**

**LAST 10 FISCAL YEARS (UNAUDITED)**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Available Revenues (3)	Bond Payable Debt Service		Coverage Ratio
				Principal	Interest Expense	
2008	76,107,512	33,107,306	43,000,206	19,605,000	21,840,000	1.04
2009	88,091,504	37,456,752	50,634,752	20,485,000	22,248,430	1.18
2010	82,980,883	33,748,148	49,232,735	20,440,000	25,300,323	1.08
2011	93,775,439	41,441,508	52,333,931	25,520,000	26,813,931	1.00
2012	95,903,543	46,127,011	49,776,532	26,990,000	19,032,705	1.08
2013	121,882,172	55,653,489	66,228,683	45,800,000	14,872,479	1.09
2014	138,456,236	69,552,995	68,903,241	30,310,000	18,871,265	1.40
2015	142,235,425	52,841,262	89,394,163	37,155,000	17,754,619	1.63
2016	141,385,132	41,645,749	99,739,383	37,035,000	16,418,369	1.87
2017	163,378,065	43,972,464	119,405,601	53,435,000	19,591,821	1.64

(1) Gross revenue includes all operating and non-operating revenues.

(2) Operating expenses exclude depreciation and amortization expense.

(3) Net available revenue represents gross revenues less operating expenses.

**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 Total Revenue
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%
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%

(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 Total Revenue
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	1.00637	20,294,552	20,294,552	14.19%
	Fort Worth -In	0.99962	47,396,879	47,396,879	33.14%
	Fort Worth -Out	1.01162	19,960,539	19,960,539	13.96%
	Mansfield	1.01162	4,299,098	4,299,098	3.01%
	Trinity River Authority	1.01162	11,304,561	11,304,561	7.90%
			103,255,629	103,255,629	72.20%
2017	Arlington	1.27276	* 22,314,900	22,314,900	13.80%
	Fort Worth -In	1.26776	* 53,219,241	53,219,241	32.91%
	Fort Worth -Out	1.27676	* 23,425,301	23,425,301	14.48%
	Mansfield	1.27676	* 5,122,132	5,122,132	3.17%
	Trinity River Authority	1.27676	* 12,374,119	12,374,119	7.65%
			116,455,693	116,455,693	72.01%

\*Rate based on 2017 approved budget

(concluded)

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

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

<u>Fiscal Year</u>	<u>Customer</u>	<u>Amount Due</u>	<u>Amount Received</u>	<u>Percentage of Total Revenues</u>
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%
2017	Dallas Utilities	27,954,778	27,954,778	17.29%

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

**TARRANT REGIONAL WATER DISTRICT**

**ASSESSED AND ACTUAL ESTIMATED VALUE OF PROPERTY AND TAX RATE  
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>	<b>Tax Rate (per \$100 valuation)</b>
2008	\$40,031,703,354	\$39,887,627,798	100.4%	0.0200
2009	43,463,173,474	41,425,734,107	104.9%	0.0200
2010	44,802,386,393	42,709,872,649	104.9%	0.0200
2011	42,636,798,867	42,925,679,331	99.3%	0.0200
2012	43,715,648,106	43,892,079,947	99.6%	0.0200
2013	44,476,657,492	44,674,429,572	99.6%	0.0200
2014	45,346,218,693	45,962,219,088	98.7%	0.0200
2015	48,490,176,973	48,436,832,646	100.1%	0.0200
2016	46,917,552,904	50,803,383,613	92.4%	0.0194
2017	52,935,293,713	55,434,998,202	95.5%	0.0194

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>
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%
2017	10,754,248	10,622,254	98.8%	114,227	1.06%	10,736,481	99.8%

Source: From the Tarrant County Tax Office.

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

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%
Chesapeake 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%

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%
Chesapeake 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%

(Continued)

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



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

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%
Chesapeake 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%
Chesapeake 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%

2013

Tarrant County	Taxable Value	Rank	Percent of total 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%
Chesapeake 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%

(Continued)

Source: From the Tarrant Appraisal District

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

2014

Tarrant County	Taxable Value	Rank	Percent of total 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%
Chesapeake 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%

2015

Tarrant County	Taxable Value	Rank	Percent of total 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%
Chesapeake 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%

2016

Tarrant County	Taxable Value	Rank	Percent of total 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%

2017

Tarrant County	Taxable Value	Rank	Percent of total taxable value
Alcon Laboratories Inc/Manufacturing/Research	603,342,438	1	1.1%
Bell Helicopter Textron Inc/Bell Helicopter Inc.	491,469,232	2	0.9%
American Airlines Inc/Envoy Air Inc	411,776,747	3	0.7%
OnCor Electric Delivery Co LLC	405,513,513	4	0.7%
Winner LLC	368,973,812	5	0.7%
DDR/DTC City Investments LP Etal	253,960,899	6	0.5%
Wal-Mart Stores Texas	229,512,348	7	0.4%
Millercoors/Millercoors LLC	174,471,635	8	0.3%
Behringer Harvard Burnett PLZ/Centerpoint	169,320,197	9	0.3%
Carlyle/Cypress West 7th LP/Carlyle/Cypress West 7	156,567,607	10	0.3%

(Concluded)

Source: From the Tarrant Appraisal District

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND EXPENSES**

**LAST 10 FISCAL YEARS (UNAUDITED)**

Fiscal Year	Operating Maintenance and Administrative	Interest Expense	Depreciation and Amortization
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
2017	43,972,464	19,609,135 (4)	19,574,133

(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.

(4) Increase in interest expense due to the issuance of the 2015A, 2016 and 2016A 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	Other (5)	Property Taxes
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
2017	11,048,761 (4)	1,389,533	435,789	6,335,706	10,799,762

(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.

(4) Oil and gas royalties are reflective of an increasing market.

(5) Includes transfer, sale of land, contribution and other

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)**

Fiscal Year	Sale of Water	Sale of System Capacity Restricted for Debt Service	Investment Income	Land Lease Rentals	Other (1)
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)
2017	127,130,021	27,954,778	5,706,516	157,262	775,215

(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>Flood Control</u>	<u>Water Supply</u>	<u>Operational Support</u>	<u>Administrative</u>	<u>Total</u>
2008	15	74	37	53	179
2009	16	78	38	59	191
2010	26	80	38	76	220
2011	29	81	36	84	230
2012	26	81	37	88	232
2013	37	83	38	83	241
2014	37	85	37	85	244
2015	42	94	60	67	263
2016	49	91	63	69	272
2017	49	92	62	67	270

Note: The categories within the above Employee Head Count chart have been modified from previous years to more accurately represent the employees involved in the various functions of the Water District. The total employee headcount is consistent for each year, but the breakout is more detailed than what has been presented previously.

Source: From the District's internal payroll records

## TARRANT REGIONAL WATER DISTRICT

### MISCELLANEOUS STATISTICAL FACTS FOR THE YEAR ENDED SEPTEMBER 30, 2017 (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	365,488
Eagle Mountain Lake	179,880	166,234
Cedar Creek Lake	644,785	602,571
Richland Chambers	1,112,763	1,042,730
Total	2,299,213	2,177,023

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 fiscal years:

Year	DFW Weather Service	Lake Worth	Eagle Mountain Lake	Bridgeport Lake	Cedar Creek Lake	Richland/ Chambers
2008	27.10	25.66	25.64	27.18	28.86	30.96
2009	36.32	27.19	24.37	25.28	32.09	44.37
2010	38.65	40.16	38.96	43.72	37.00	50.04
2011	22.26	12.94	15.94	15.70	14.72	25.64
2012	36.57	31.76	30.67	36.87	38.79	39.07
2013	24.41	19.69	21.89	19.68	12.72	22.10
2014	23.98	16.27	19.57	20.44	32.09	26.31
2015	44.45	33.67	39.26	39.99	39.38	42.17
2016	53.16	41.25	45.23	43.67	58.85	63.91
2017	34.96	34.80	27.47	32.93	40.17	41.97

Source: The National Weather Service and the U.S. Geological Survey 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
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	25,739	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%
2017	183,618	4,839,619,626	26,357	35.7	3,142	3.8%

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
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%
2017	21,356	514,401,972	24,087	41.4	471	6.9%

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
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%
2017	82,521	1,866,047,373	22,613	43.4	1,659	4.7%

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
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%
2017	9,502	223,990,646	23,573	40.5	191	4.9%

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
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	25,310	36.3	3,293	4.4%
2016	171,358	4,247,450,746	24,787	36.4	3,278	4.4%
2017	175,030	4,430,009,300	25,310	36.7	3,285	4.3%

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
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%
2017	133,652	3,333,815,488	24,944	35.8	2,155	3.8%

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
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%
2017	53,020	1,097,354,940	20,697	38.2	958	4.2%

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
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%
2017	145,104	4,632,154,992	31,923	39.6	2,479	4.1%

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
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%
2017	2,023,985	58,812,956,130	29,058	34.0	39,774	3.9%

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
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%
2017	69,449	1,889,568,392	27,208	39.3	1,386	4.8%

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.

**TARRANT REGIONAL WATER DISTRICT**

**SCHEDULE OF BONDS AUTHORIZED, ISSUED, AND OUTSTANDING BY PURPOSE OF ISSUE  
AS OF SEPTEMBER 30, 2017 (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	\$ 2,200,000
Water Revenue Bonds - Series 2008B-CC	2008B	6,755,000	4,375,000
Water Revenue Refunding and Improvement Bond - Series	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	59,970,000
Water Revenue Refunding and Improvement Bond - Series	2012	150,375,000	127,280,000
Water Revenue Refunding Bonds - Series 2012A	2013	98,960,000	17,840,000
Water Revenue Bonds - Series 2014	2014	318,750,000	316,260,000
Water Revenue Refunding Bonds - Series 2015	2015	156,470,000	154,935,000
Water Revenue Bonds Series 2015A	2016	300,000,000	292,525,000
Water Revenue Bonds Series 2016	2016	28,530,000	27,965,000
Water Revenue Refunding Bonds Series 2016A	2016	<u>61,910,000</u>	<u>61,910,000</u>
		1,385,290,000	1,157,445,000
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>			
Contract Revenue Bonds (City of Dallas Project) - Series 2012	2012	131,935,000	117,790,000
Contract Revenue Bonds (City of Dallas Project) - Series 2014	2014	202,130,000	192,540,000
Contract Revenue Bond Series 2015	2016	<u>140,000,000</u>	<u>136,465,000</u>
		474,065,000	446,795,000
Total - Construction and improvement bonds		<u><u>\$1,859,355,000</u></u>	<u><u>\$1,604,240,000</u></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, 2017 (UNAUDITED)**

	Balance October 1, 2016	Total Issued	Total Retired	Balance September 30, 2017
<u>Tarrant Regional Water District Projects</u>				
Water Revenue Bonds Series 2008A-RC	\$ 2,395,000	\$ —	\$ 195,000	\$ 2,200,000
Water Revenue Bonds Series 2008B-CC	4,375,000	—	—	4,375,000
Water Revenue Refunding and Improvement Series 2009	6,890,000	—	—	6,890,000
Water Revenue Bonds Series 2010	67,460,000	—	—	67,460,000
Water Revenue Bonds Series 2010A	17,835,000	—	—	17,835,000
Water Revenue Bonds Series 2010B	63,685,000	—	3,715,000	59,970,000
Water Revenue Bonds Series 2012	133,380,000	—	6,100,000	127,280,000
Water Revenue Refunding Bonds Series 2012A	38,805,000	—	20,965,000	17,840,000
Water Revenue Bonds Series 2014	316,260,000	—	—	316,260,000
Water Revenue Refunding Bonds Series 2015	155,710,000	—	775,000	154,935,000
Water Revenue Bonds Series 2015A	300,000,000	—	7,475,000	292,525,000
Water Revenue Bonds Series 2016	28,530,000	—	565,000	27,965,000
Water Revenue Refunding Bonds Series 2016A	61,910,000	—	—	61,910,000
	<u>1,197,235,000</u>	<u>—</u>	<u>39,790,000</u>	<u>1,157,445,000</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>				
Contract Revenue Bond Series 2012	120,745,000	—	2,955,000	117,790,000
Contract Revenue Bond Series 2014	195,895,000	—	3,355,000	192,540,000
Contract Revenue Bond Series 2015	140,000,000	—	3,535,000	136,465,000
	<u>456,640,000</u>	<u>—</u>	<u>9,845,000</u>	<u>446,795,000</u>
Total	<u>\$ 1,653,875,000</u>	<u>\$ —</u>	<u>\$ 49,635,000</u>	<u>\$ 1,604,240,000</u>

Note: Above amounts exclude unamortized original issue premiums.

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2017 (UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECTS**

**AS OF SEPTEMBER 30, 2017**

YR	2008A WIF			2008B WIF			2009 - Water Revenue			2010 - Water System			2010 A - Series 2010A			2010 B - Series 2010B		
	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total
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							0	2,127	2,127	1,435	174	1,609	4,865	569	5,434
2027	255	4	259							0	2,127	2,127	1,475	139	1,614	5,015	454	5,469
2028										0	2,127	2,127	1,520	102	1,622	5,170	331	5,501
2029										0	2,127	2,127	1,570	62	1,632	5,325	202	5,527
2030										0	2,127	2,127	1,615	21	1,636	5,490	68	5,558
2031										4,060	2,041	6,101						
2032										0	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																		
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<div> <div>\$ 2,200</div> <div>\$ 310</div> <div>\$ 2,510</div> <div>\$ 4,375</div> <div>\$ 389</div> <div>\$ 4,764</div> <div>\$ 6,890</div> <div>\$ 349</div> <div>\$ 7,239</div> <div>\$ 67,460</div> <div>\$ 43,953</div> <div>\$ 111,413</div> <div>\$ 17,835</div> <div>\$ 2,740</div> <div>\$ 20,575</div> <div>\$ 59,970</div> <div>\$ 9,342</div> <div>\$ 69,312</div> </div>																		

(Continued)

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2017 (UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECT**

**AS OF SEPTEMBER 30, 2017**

	2012 - Refunding and Water			2012A - Refunding Bonds			2014 - Revenue Bonds			2015 - Refunding Bonds			2015A - Revenue Bonds			2016 - Revenue Bonds		
YR	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total
2018	\$ 735	\$ 6,247	\$ 6,982	\$ 3,255	\$ 728	\$ 3,983	\$ 0	\$ 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	0	6,154	6,154				0	15,602	15,602	15,985	4,705	20,690	8,075	7,069	15,144	690	880	1,570
2024	0	6,153	6,153				0	15,602	15,602	14,400	3,946	18,346	8,230	6,936	15,166	710	845	1,555
2025	0	6,154	6,154				0	15,602	15,602	12,945	3,262	16,207	8,390	6,793	15,183	730	809	1,539
2026	0	6,153	6,153				0	15,602	15,602	13,610	2,598	16,208	8,575	6,635	15,210	755	772	1,527
2027	0	6,154	6,154				0	15,602	15,602	14,305	1,900	16,205	8,780	6,454	15,234	775	734	1,509
2028	0	6,153	6,153				0	15,602	15,602	15,040	1,167	16,207	9,000	6,252	15,252	800	698	1,498
2029	0	6,154	6,154				0	15,602	15,602	15,810	395	16,205	9,245	6,028	15,273	825	666	1,491
2030	0	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	0	3,577	3,577				11,030	8,573	19,603				12,120	3,276	15,396	1,120	375	1,495
2039	0	3,577	3,577				11,595	8,007	19,602				12,520	2,892	15,412	1,165	339	1,504
2040	0	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															
2053																		
	\$127,280	\$149,135	\$276,415	\$17,840	\$2,075	\$19,915	\$316,260	\$340,373	\$656,633	\$154,935	\$50,365	\$205,300	\$292,525	\$135,712	\$428,237	\$27,965	\$16,312	\$44,277

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2017  
(UNAUDITED)**

**TARRANT REGIONAL WATER DISTRICT PROJECT**

**AS OF SEPTEMBER 30, 2017**

YR	2016A - Refunding			Total Enterprise Funds		
	Princ.	Int.	Total	Princ.	Int.	Total
2018	\$ 0	\$ 2,996	\$ 2,996	\$ 33,055	\$ 46,672	\$ 79,727
2019	0	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	0	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
2053						
	\$ 61,910	\$ 26,543	\$ 88,453	\$ 1,157,445	\$ 777,598	\$ 1,935,043

(Concluded)

**TARRANT REGIONAL WATER DISTRICT**

**ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2017  
(UNAUDITED)**

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

**AS OF SEPTEMBER 30, 2017**

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
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
2046												
	\$117,790	\$ 68,874	\$186,664	\$192,540	\$159,897	\$352,437	\$136,465	\$ 64,818	\$201,283	\$446,795	\$293,589	\$740,384

**TARRANT REGIONAL WATER DISTRICT**  
**SCHEDULE OF INSURANCE**  
**As of September 30, 2017 (UNAUDITED)**

Insurer		Policy Period	Type of Coverage	Limits
Hartford Insurance Co.	(1)	01/15/13-until canceled 3/29/00 - until canceled	Director Bond Theft	\$10,000—per director \$500,000—liability
TWCA Risk Management Fund	(2), (3)	07/01/17–07/01/18	Crime	\$5,000 - 10,000—liability (4)
TWCA Risk Management Fund	(3)	07/01/17–07/01/18	Fleet Policy	\$10,000,000—liability
		07/01/17–07/01/18	Property Insurance	\$340,338,702 - blanket limit \$354,958,089-blanket limit
		07/01/17–07/01/18	Workers' Compensation	Statutory limits
		07/01/17–07/01/18	General Liability	\$10,000,000—limit
		07/01/17–07/01/18	Errors and Omissions Liability	\$10,000,000—limit
Blue Cross Blue Shield of Texas	(5)	01/01/17–12/31/17	Insured with Stop Loss Coverage	Unlimited per employee or dependent
Sutton James Insurance Broker		12/16/16 - 12/16/17	Aviation/Helicopter	\$506,295—Physical Damage \$5,000,000-Liability
Global Aerospace, Inc.		12/5/17 - 12/5/18	Aviation/Drone	\$1,300-Physical Damage \$1,000,000-Liability
Willis of Texas, Inc.		04/04/14 - end of project	Rolling Owner Controlled Insurance Program - IPL Builders Risk	\$100,000,000 —General Liability Statutory —Worker's Compensation Replacement Value

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

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

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

4 The District's crime insurance liability varies depending upon the type of crime.

5 The District is self-insured in relation to Health Insurance.



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