

Tarrant Regional Water District
Fort Worth, Texas

Comprehensive Annual Financial Report
As of and for the year ended September 30, 2018





Tarrant Regional Water District
Fort Worth, Texas
Comprehensive Annual Financial Report
As of and for the Year Ended
September 30, 2018

Board of Directors

Jack Stevens, President

Marty Leonard, Vice-President

Leah M. King, Secretary

James Hill, Secretary Pro-Tem

Jim Lane, Director

General Manager

Jim Oliver

Deputy General Manager

R. Alan Thomas

Assistant General Manager

Dan Buhman

Director of Finance

Sandra Newby

TARRANT REGIONAL WATER DISTRICT – FORT WORTH, TEXAS

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Introductory Section (Unaudited)



(Richland Chambers Wetlands)



December 21, 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, 2018. 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, 2018. 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, 55th 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 Kaufman 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 73.

As required by GAAP, the financial reporting entity includes all funds of the primary government (the District), as well as the District's component units. Component units are legally separate entities for which the primary government (the District) is financially accountable. During the 2018 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

Throughout the District's service area, population growth continues upward and unemployment rates continue to decrease, remaining below the US unemployment averages.

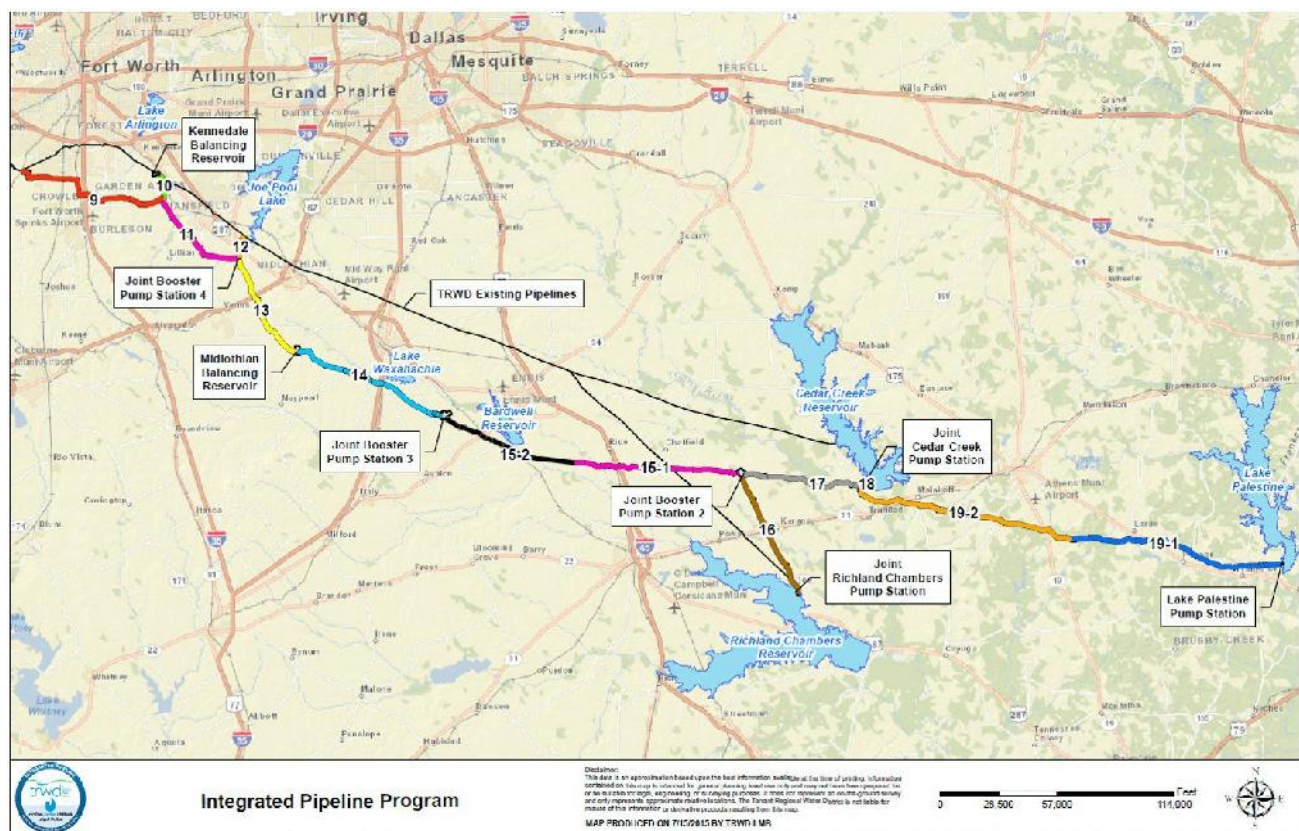
With minimal rainfall and progressing drought conditions in March through July, our customers' demand for raw water increased, which in turn increased our pumping power requirements. However, with above-average rainfall in August and record-setting rainfall in September and October, our service area ended fiscal year 2018 with more rainfall than what the area received in fiscal year 2017. The total rainfall at DFW Airport was 42.39 inches for fiscal year 2018, as compared to 34.96 inches for fiscal year 2017.

The ad valorem tax rate for the 2018 fiscal year was \$0.0194 per \$100 valuation to fund flood protection through maintenance and improvements of the floodway.

Major Initiatives

Integrated Pipeline Project—

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 furthers our mission to build a reliable water supply system by connecting Lake Palestine to Lake Benbrook with connections to the Cedar Creek and Richland-Chambers Reservoirs; thereby integrating the District's existing pipelines and allowing for flexibility in 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 that will deliver up to 350 million gallons per day of raw water to north central Texas.



(Map of IPL Project)

Overall construction summary:

As of September 30, 2018, \$1.0 billion has been spent on the IPL Project, with \$117.6 million being spent in fiscal year 2018. During fiscal year 2018, construction was completed on the Joint Cedar Creek Lake (JCC1) Pump Station Intake Wet Well in addition to pipeline sections 12, 13 and 14.



(JCC1 Aerial of Structure)

During fiscal year 2018, Tunnel and pipeline construction continued on sections 17 and 18, along with the joint booster pump station 3 (JB3) and the joint Cedar Creek Lake high voltage substation.



(JB3 Aerial of Reservoirs)

Further construction began on Cedar Creek Lake Pump Station. As of September 30, 2018 the IPL Project has acquired 486 of the 517 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.

Fort Worth Data Center -

During the 2018 fiscal year, the District updated its existing Fort Worth Data Center, reconfiguring the infrastructure of network and computer systems that support District operations. The updates will integrate cloud storage and virtualization to improve information technology service management and reduce data security risks. As of September 2018, all major equipment had been procured and installed. The new equipment is currently being configured and substantial completion is anticipated by the end of March 2019.

Chloramine Optimization -

Biofilm growth and zebra mussels hinder the efficiency of the pipeline as they increase pipeline friction, thereby reducing the flow capacity and increasing the water pumping cost. The District has started feeding chloramines into the water at the Richland Chambers Lake pump stations to reduce the biofilm growth and prevent infestation of zebra mussels and other invasive species in the water transmission mains. This Chloramine Optimization Project is intended to bolster the existing District's chemical feed system and protect the transmission system from future potential zebra mussel infestation.

As of September 2018, the District has achieved an overall 75% completion for the Chloramine Optimization Project, including major milestone tasks. These milestone tasks include 90% completion of the Richland Chambers Lake Pump Station (RC1) chemical feed system improvement construction and 60% completion of RC1 temporary sodium hypochlorite facility design along with ongoing studies at RC1 and the Benbrook Booster Pump Stations. A pilot study exploring the use of copper ion as an alternative to chloramines for zebra mussel control was initiated at Benbrook Booster Pump Station in 2018 in coordination with TCEQ and customer cities, with final results expected prior to the end of fiscal year 2019. Anticipated completion of all construction and studies is April 2020.



(12" Flash mix line and chemical lines across the bridge to the Richland Chambers Lake Pump Station intake structure)

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 has evolved into an on-going District program integrating maintenance activities to annually assess the condition of all of the District's water transmission system critical assets. The program reviews the frequency of preventative maintenance practices based upon the condition of the asset and the consequences of its failure and monitors the District's computerized maintenance management software in an effort to streamline maintenance practices. Phase two of this project was completed in fiscal year 2017, and the project is currently in phase three. Phase three is expected to be completed in January 2019. The scope of phase four has not been finalized, but it is anticipated to start upon completion of phase three. As of September 30, 2018, \$3.4 million has been spent on this project. It is a District-wide effort and is aligned with the overall District missions to deliver a reliable resilient supply of water to the public at the lowest cost and highest quality possible, reduce the risk of flooding in our communities with dependable flood damage reduction infrastructure and operations, and enhance the quality of life in North Texas communities by creating recreation opportunities around the District's infrastructure to enable active lifestyles.

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 2018, the TRV Project continued work with acquisition, relocation, demolition and environmental clean-up of properties on the north segment of the bypass channel. As of 2018 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 \$215.8 million on the TRV Project and has an outstanding loan payable of \$186.7 million to the District.

On May 5, 2018, a special bond election was held and approved by the voters to issue \$250 million in bonds to finance the remaining outstanding local share of the TRV Project. This \$250 million will be repaid by The City of Fort Worth Tax Increment Reimbursement Zone Number Nine in accordance with the project cost funding agreement.



(Construction progress from Gateway Park)



(Construction progress from Riverside Park)

The design of Gateway Park sites H & I was finalized and construction is expected to begin early fiscal year 2019. Construction on valley storage at Gateway Park Sites A & C and Riverside Park achieved substantial completion during fiscal year 2018.

Construction work for the three bridges continued with the pouring of the V-piers at White Settlement and Main Street.



(White Settlement V-Piers for 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.



(Twin Points Park at Eagle Mountain Lake)

Twin Points Park at Eagle Mountain Lake is one of the District's properties that offers something for the whole family. Twin Points Park has a boat ramp that is open 24/7 all year round and a swim beach with family friendly events hosted by the District throughout the summer. Other amenities such as pavilions with picnic tables, restrooms and drinking fountains are on site as well. In fiscal year 2018 an estimated 64,000 people enjoyed the park, which generated revenue of over \$300 thousand.

The District puts on several 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 18.2 tons of trash and 127 tires were picked up during the 2018 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 78,000 attended the event in 2018.



(Fort Worth's Fourth, Panther Island Pavilion)

Long-term Financial Planning

For the Enterprise Fund, the District's long-term financial goal is to stabilize the water rate while ensuring the community it serves is supplied with adequate water. As part of this goal, during fiscal year 2018 the District proposed and obtained approval from its Advisory Committee on a Pumping Power Contingency Policy. As pumping power is directly impacted by uncontrollable weather, the District and its customers were looking for a new way to manage this uncontrollable budget. The new contingency policy would allow significant excess funds, created from pumping power expenses coming in under budget, to be set aside and used in future years if pumping power expenses significantly exceed the budgeted expenses. This new policy will help to stabilize the water rate as there will be fewer swings in the rate due to pumping power expenses, the largest variable cost of the system. This new policy will be implemented beginning with the fiscal year 2018 Settle Up.

The District's Governmental Fund mission relates to Flood Protection and Recreation. In order to ensure the goal of long-term financial stability to support that mission, in July 2018 the District's Board of Directors approved a General Fund Reserve Policy. This policy requires the District to hold in reserves 25% of the General Fund's

budgeted operating expenses, \$10 million for variable revenue reserves, and \$10 million for debt service reserves. This new policy reduces the long-term financial risk to the flood control and recreation system.

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, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

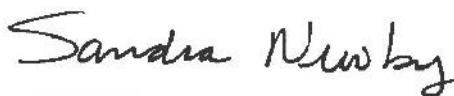
Acknowledgments

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

Sincerely,

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

James M. Oliver
General Manager

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

Sandra Newby
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**Tarrant Regional Water District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



Board of Directors

Jack Stevens, President

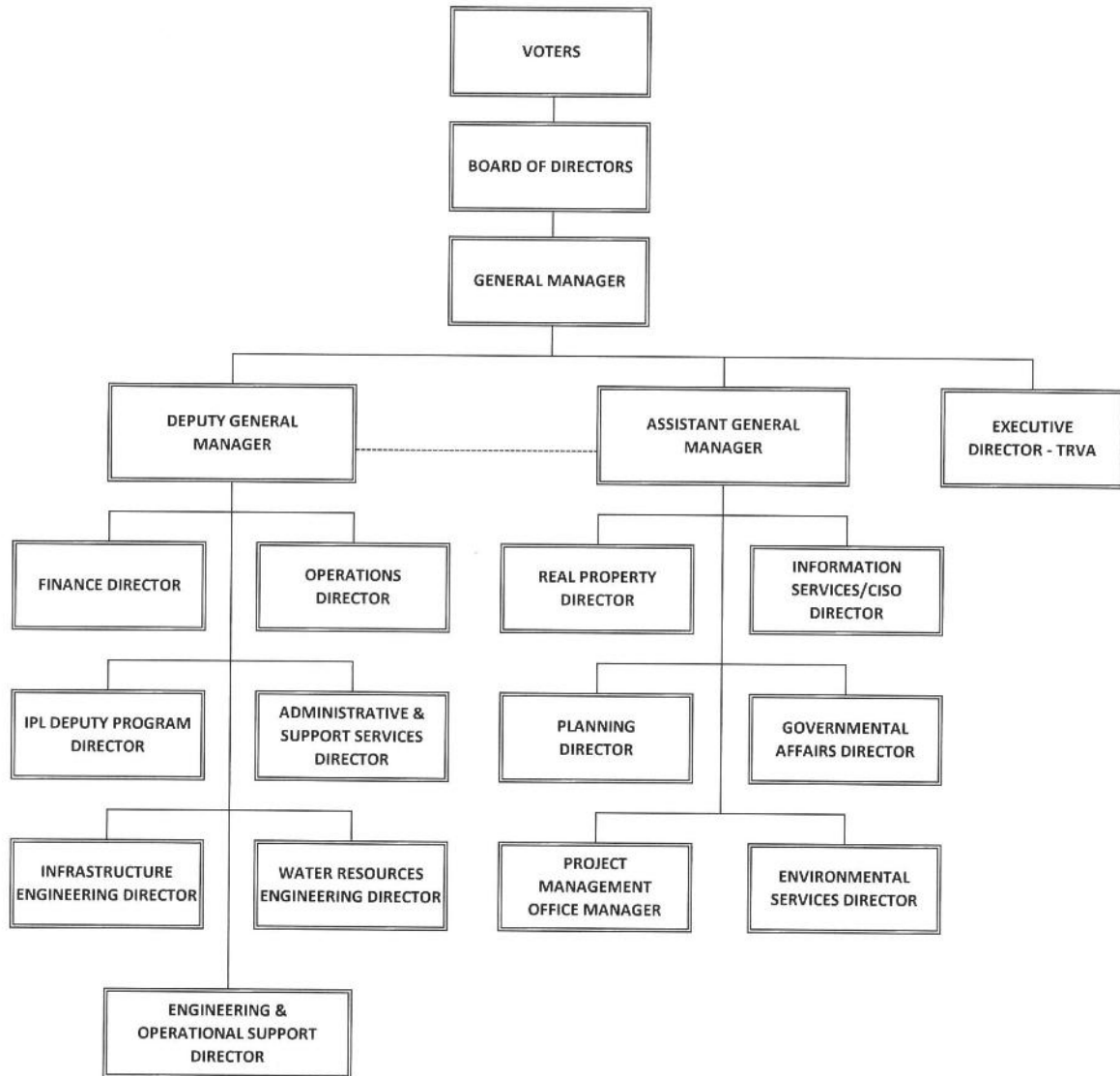
Marty Leonard, Vice-President

Leah M. King, Secretary

James Hill, Secretary Pro-Tem

Jim 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, 2018, 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.

Auditors' 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 auditors' 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, 2018 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.

Emphasis of Matter

As discussed in Note A to the financial statements, the District prospectively implemented Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before end of a Construction Period* effective October 1, 2017. Our opinions are not modified with respect to these changes.

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 Other Post Employment Benefits 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.

Deloitte & Touche LLP

December 21, 2018

TARRANT REGIONAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018. 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 exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$1.2 billion (net position). Of this amount, \$244.9 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 \$39.7 million due to operating income net of operating expenses. Governmental activities total net position increased by \$26.3 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. Both the Statement of Net Position and the Statement of Activities distinguish between the two functions of the District. The government-wide financial statements can be found beginning on page 30 of this report.

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.

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.

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, which accounts for the flood control and recreation activities.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District has only one proprietary fund which accounts 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 \$1.2 billion at the close of fiscal year 2018.

CONDENSED SCHEDULE OF NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Current and other assets | \$ 241,894,230 | \$ 249,758,611 | \$ 618,406,889 | \$ 484,075,981 | \$ 860,301,119 | \$ 733,834,592 |
| Capital assets | 348,801,397 | 360,586,932 | 1,737,937,023 | 1,846,193,340 | \$ 2,086,738,420 | 2,206,780,272 |
| Total Assets | 590,695,627 | 610,345,543 | 2,356,343,912 | 2,330,269,321 | 2,947,039,539 | 2,940,614,864 |
| Deferred Outflows of Resources | — | 159,972 | 10,177,849 | 11,425,403 | 10,177,849 | 11,585,375 |
| Current liabilities | 11,193,794 | 6,211,981 | 111,510,801 | 108,369,270 | 122,704,595 | 114,581,251 |
| Long-term liabilities | 16,660,229 | 15,176,515 | 1,673,353,852 | 1,612,361,881 | 1,690,014,081 | 1,627,538,396 |
| Total Liabilities | 27,854,023 | 21,388,496 | 1,784,864,653 | 1,720,731,151 | 1,812,718,676 | 1,742,119,647 |
| Deferred Inflows of Resources | 52,740 | 31,843 | 1,625,464 | 1,229,856 | 1,678,204 | 1,261,699 |
| Net position: | | | | | | |
| Net investment in cap. assets | 348,801,397 | 360,586,932 | 444,563,300 | 493,835,963 | 793,364,697 | 854,422,895 |
| Restricted for | | | | | | |
| Capital Projects | 5,561,868 | 5,640,493 | — | — | 5,561,868 | 5,640,493 |
| Customer Contingency | — | — | — | 5,000,000 | — | 5,000,000 |
| Debt Service | — | — | 109,317,020 | 98,822,079 | 109,317,020 | 98,822,079 |
| Unrestricted | 208,425,599 | 222,857,751 | 26,151,324 | 22,075,675 | 234,576,923 | 244,933,426 |
| Total Net Position | \$ 562,788,864 | \$ 589,085,176 | \$ 580,031,644 | \$ 619,733,717 | \$ 1,142,820,508 | \$ 1,208,818,893 |

Government-wide

- Current and Other Assets**

The decrease in current and other assets of \$126.5 million is mainly due to the capital expenditures of construction cash for the ongoing capital projects including IPL and TRV.

- Capital Assets**

The increase in capital assets of \$120.0 million is due to the design and construction related to the IPL Project and the ongoing acquisition of property for the TRV Project.

- Net Investment in Capital Assets**

The increase in net investment in capital assets of \$61.1 million is due to the decrease in bonds payable from principal payments. 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 \$5.6 million represents resources that are restricted for the environmental clean-up of property that is part of the TRV Project.

- **Restricted for Customer Contingency**

The District established a Pumping Power Contingency Fund Policy to be funded through savings from pumping power (actuals being lower than budget) only if the variance from the budget is greater than \$500 thousand with a maximum amount of \$5.0 million. In fiscal year 2018 pumping power savings were \$10.2 million and the Pumping Power Contingency Fund was fully accrued.

The Pumping Power Contingency Fund will only be used when actuals are higher than budget by more than \$500 thousand and only to the extent there are funds available.

- **Restricted for Debt Service**

The decrease of \$10.5 million in the District's net position restricted for debt service is due to a decrease in debt service reserve requirements.

- **Unrestricted Net Position**

The increase of \$10.4 million in the District's unrestricted net position is mainly due to the increase in contribution revenue earned which includes continued spending on the TRV Project that is over the \$64.4 million contribution.

Governmental Activities

- **Capital Assets**

The increase of \$11.8 million was due to the TRV Project as well as ongoing park and trail construction.

Business-Type Activities

- **Current and Other Assets**

The decrease of \$134.3 million is mainly due to the capital expenditures of construction cash for the ongoing IPL Project.

- **Capital Assets**

The capital assets increase of \$108.3 million is due to on-going bond projects, including the IPL Project.

- **Long-Term Liabilities**

The decrease of \$61.0 million in long-term liabilities is mainly due to annual principal debt service payments as well as the refunding of the 2010 bond.

CONDENSED SCHEDULE OF ACTIVITIES

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 13,249,135 | \$ 12,157,936 | \$ 155,447,588 | \$ 151,036,899 | \$ 168,696,723 | \$ 163,194,835 |
| Operating Grants and Contributions | 231,200 | 266,315 | 474,769 | 1,423,460 | 705,969 | 1,689,775 |
| Capital Grants and Contributions | 20,634,389 | 19,188,427 | 57,540 | — | 20,691,929 | 19,188,427 |
| Total Program Revenues | 34,114,724 | 31,612,678 | 155,979,897 | 152,460,359 | 190,094,621 | 184,073,037 |
| General Revenues: | | | | | | |
| Property tax revenues | 10,854,952 | 11,960,148 | | | 10,854,952 | 11,960,148 |
| Investment income | 435,789 | 731,769 | 5,706,516 | 5,511,784 | 6,142,305 | 6,243,553 |
| Other revenues (expenses) | (79,924) | 2,214,062 | 37,379 | 98,036 | (42,545) | 2,312,098 |
| Total Revenues | 45,325,541 | 46,518,657 | 161,723,792 | 158,070,179 | 207,049,333 | 204,588,836 |
| Expenses: | | | | | | |
| Flood protection | 21,448,590 | 17,637,243 | | | 21,448,590 | 17,637,243 |
| Recreation | 2,625,628 | 2,585,102 | | | 2,625,628 | 2,585,102 |
| Water supply | | | 83,155,732 | 118,368,106 | 83,155,732 | 118,368,106 |
| Total Expenses | 24,074,218 | 20,222,345 | 83,155,732 | 118,368,106 | 107,229,950 | 138,590,451 |
| Changes in Net Position | 21,251,323 | 26,296,312 | 78,568,060 | 39,702,073 | 99,819,383 | 65,998,385 |
| Net Position - Beginning of year, as previously stated | 542,140,517 | 562,788,864 | 503,185,769 | 580,031,644 | 1,045,326,286 | 1,142,820,508 |
| Change in accounting principle | (602,976) | — | (1,722,185) | — | (2,325,161) | — |
| Net Position - Beginning of year, as restated | 541,537,541 | 562,788,864 | 501,463,584 | 580,031,644 | 1,043,001,125 | 1,142,820,508 |
| Net Position - Ending | \$ 562,788,864 | \$ 589,085,176 | \$ 580,031,644 | \$ 619,733,717 | \$ 1,142,820,508 | \$ 1,208,818,893 |

Governmental Activities

- Program Revenues - Charges for Services**

The decrease of \$1.1 million is due primarily to decreased oil and gas revenues related to lower oil prices in the petroleum market.

- Program Revenues - Capital Grants and Contributions**

Lower TRV Project contributions account for the majority of the \$1.4 million decrease in Capital Grants and Contributions.

- General Revenues - Other revenues**

Other revenues increased \$2.3 million mainly due to gain on sale of land to Oncor.

- Expenses - Flood protection**

There was a decrease of \$3.8 million which is due to the decrease in contribution expenses for the TRV Project.

Business Type Activities

- **Program Revenues – Charges for Services**

The decrease of \$4.4 million is mainly due to the decrease in water sales and system capacity sales in fiscal year 2018.

- **Program Revenues - Operating Grants and Contributions**

The increase of \$949 thousand is mainly due to the Sardis-Lone Elm buy-in premium.

- **Expenses – Water Supply**

The expenses for water supply increased \$35.2 million primarily due to an increase in interest expense as interest is no longer capitalized due to prospective implementation of GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

FINANCIAL ANALYSIS: CAPITAL ASSETS

| | CAPITAL ASSETS | | | | | |
|---------------------------------------|-------------------------|----------------|--------------------------|------------------|------------------|------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Nondepreciable: | | | | | | |
| Land | \$ 243,867,157 | \$ 256,389,068 | \$ 159,821,318 | \$ 167,891,943 | \$ 403,688,475 | \$ 424,281,011 |
| Construction in progress | 64,862,528 | 67,684,470 | 929,311,079 | 1,044,896,081 | 994,173,607 | 1,112,580,551 |
| Total nondepreciable assets | 308,729,685 | 324,073,538 | 1,089,132,397 | 1,212,788,024 | 1,397,862,082 | 1,536,861,562 |
| Depreciable : | | | | | | |
| Dams and spillways | 3,070,461 | 3,070,461 | 212,929,639 | 212,929,639 | 216,000,100 | 216,000,100 |
| Pipeline | | | 561,535,839 | 564,682,383 | 561,535,839 | 564,682,383 |
| Wetlands | | | 54,161,878 | 54,161,878 | 54,161,878 | 54,161,878 |
| Communications | | | 20,787 | 20,787 | 20,787 | 20,787 |
| Buildings | 49,659,795 | 49,387,105 | 7,949,588 | 7,979,031 | 57,609,383 | 57,366,136 |
| Machinery and equipment | 9,749,283 | 9,863,633 | 11,419,253 | 12,025,530 | 21,168,536 | 21,889,163 |
| Flood control and other project costs | 8,115,517 | 8,115,517 | 150,073,326 | 151,114,301 | 158,188,843 | 159,229,818 |
| Capital Lease-Machinery & Equip | 1,447,140 | 977,569 | | | 1,447,140 | 977,569 |
| | 72,042,196 | 71,414,285 | 998,090,310 | 1,002,913,549 | 1,070,132,506 | 1,074,327,834 |
| Less: | | | | | | |
| Accumulated depreciation | (30,992,916) | (33,923,323) | (349,569,694) | (369,722,689) | (380,562,610) | (403,646,012) |
| Capital Lease-Accum. Depr. | (977,568) | (977,568) | | | (977,568) | (977,568) |
| Total depreciable assets | 40,071,712 | 36,513,394 | 648,520,616 | 633,190,860 | 688,592,328 | 669,704,254 |
| Water rights, net of Accum Amort. | | | 284,010 | 214,456 | 284,010 | 214,456 |
| Total | \$ 348,801,397 | \$ 360,586,932 | \$ 1,737,937,023 | \$ 1,846,193,340 | \$ 2,086,738,420 | \$ 2,206,780,272 |

The District's capital assets for its governmental and business-type activities as of September 30, 2018 were \$2.2 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 Note 4 in the Notes to the Financial Statements.

Major capital asset events during the current year included the following:

- **Land – Governmental Activities**
 - TRV Project land, relocation, demolition, environmental costs and Oncor land exchange increased the land balance by \$12.5 million.
- **Construction in Progress – Governmental Activities**
 - TRV Project construction in progress increased by \$2.6 million.
- **Land – Business-type Activities**
 - Integrated Pipeline land purchases of \$7.8 million.
- **Construction in Progress – Business-type Activities**
 - Integrated Pipeline increased \$109.7 million.
 - Fort Worth Data Center increased \$3.2 million.
 - Chloramine Optimization increased \$3.2 million.
- **Pipeline**
 - SH360 TXDOT Project was completed and moved out of Construction in Progress in fiscal year 2018 for a total cost of \$1.6 million of which \$235 thousand was cost in the current fiscal year.
 - Variable Frequency Drives was completed and moved out of Construction in Progress in fiscal year 2018 for a total cost of \$1.4 million of which \$483 thousand was cost in the current fiscal year.

FINANCIAL ANALYSIS: FUND STATEMENTS

General Fund

As of the end of the 2018 fiscal year, the District's General Fund reported an ending fund balance of \$58.4 million. This total includes nonspendable fund balance in the amount of \$3.8 million (which includes long-term interfund notes and interest, prepaid items and inventory of supplies), \$5.6 million restricted for environmental cleanup on a District property that was acquired for the TRV Project in fiscal year 2017, \$26.6 million assigned for the new General Fund Reserve Policy and \$22.4 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 \$619.7 million. This includes a net investment in capital assets of \$493.8 million, a restricted net position for customer contingency of \$5.0 million, restricted net position for debt service of \$98.8 million, and an unrestricted net position of \$22.1 million. The Enterprise fund includes support and maintenance for water supply as well as water 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 \$6.5 million.

BUDGETARY HIGHLIGHTS

GENERAL FUND

The 2018 budgeted revenues for the General Fund were \$27.2 million and the year ended with actual revenues of \$29.2 million. The excess in revenues was due to additional property tax revenues from higher property values as well as increased interest income due to higher interest rates.

The 2018 budgeted expenditures for the General Fund were \$42.5 million and the year ended with actual expenditures of \$31.6 million. The deficiency in expenditures was due to personnel costs and capital expenditures coming in under budget for fiscal year 2018.

The fiscal year 2019 General Fund budgeted expenditures of \$38.9 million was a decrease of \$3.6 million over the fiscal year 2018 approved budget. This decrease is due to the decrease in the TRV Project budget. The property tax rate for tax year 2018 will remain at \$0.0194/\$100 valuation.

ENTERPRISE FUND

The fiscal year 2019 Enterprise Fund Budget, prepared in accordance with the Tarrant Regional Water Supply Facilities Amendatory Contract, totals \$151.8 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, 2018

| | Primary Government | | | | |
|--|-------------------------|--------------------------|------------------|----------------|--|
| | Governmental Activities | Business-Type Activities | Total | Component Unit | |
| ASSETS: | | | | | |
| Cash and cash equivalents | \$ 32,199,840 | \$ 48,308,963 | \$ 80,508,803 | \$ 2,513,307 | |
| Investments | 14,826,390 | 10,231,078 | 25,057,468 | | |
| Receivables | | | | | |
| Accounts, oil and gas royalties, and other | 2,926,865 | 1,501,590 | 4,428,455 | 247,646 | |
| Taxes-net of allowance | 48,818 | | 48,818 | | |
| Accrued interest | 53,806 | 22,377 | 76,183 | | |
| Long-term receivable | 186,653,511 | | 186,653,511 | | |
| Internal balances | 4,050,508 | (4,050,508) | | | |
| Prepaid items | 3,296,548 | 5,628,975 | 8,925,523 | 27,957 | |
| Inventory-at cost | 61,832 | | 61,832 | 432,955 | |
| Cash and cash equivalents for bond projects | | 150,830,191 | 150,830,191 | | |
| Investments held for bond projects | | 162,057,257 | 162,057,257 | | |
| Accrued interest receivable for bond projects | | 458,554 | 458,554 | | |
| Cash and cash equivalents restricted | | 5,418,412 | 5,418,412 | | |
| Investments restricted | | 681,588 | 681,588 | | |
| Cash and cash equivalents for debt service | | 1,629,428 | 1,629,428 | | |
| Investments for debt service | | 100,791,652 | 100,791,652 | | |
| Accrued interest receivable for debt service | | 566,424 | 566,424 | | |
| Deposits held by others | 5,640,493 | | 5,640,493 | | |
| Land | 256,389,068 | 167,891,943 | 424,281,011 | | |
| Construction in progress | 67,684,470 | 1,044,896,081 | 1,112,580,551 | | |
| Depreciable capital assets, net of accumulated depreciation | 36,513,394 | 633,190,860 | 669,704,254 | | |
| Water rights, net of amortization | | 214,456 | 214,456 | | |
| Total Assets | 610,345,543 | 2,330,269,321 | 2,940,614,864 | 3,221,865 | |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | |
| Deferred bond refunding -loss | | 10,934,145 | 10,934,145 | | |
| Deferred OPEB | 159,972 | 491,258 | 651,230 | | |
| Total Deferred Outflows of Resources | 159,972 | 11,425,403 | 11,585,375 | | |
| LIABILITIES | | | | | |
| Accounts payable | 2,886,035 | 28,168,447 | 31,054,482 | 967,322 | |
| Accounts payable for bond projects | | 11,018,362 | 11,018,362 | | |
| Accrued acquisition - due within one year | 1,625,000 | | 1,625,000 | | |
| Accrued vacation - due within one year | 340,162 | 1,020,482 | 1,360,644 | | |
| Other liabilities | 1,360,784 | 424,244 | 1,785,028 | 2,113,895 | |
| Other liabilities for bond projects | | 17,762,310 | 17,762,310 | | |
| Payable from restricted assets - accrued bond interest payable | | 5,265,425 | 5,265,425 | | |
| Revenue bonds payable, net of discount | | | | | |
| Due within one year | | 44,710,000 | 44,710,000 | | |
| Due in more than one year | | 1,602,003,458 | 1,602,003,458 | | |
| Long-term Payables | | | | | |
| Pollution remediation obligations | 10,352,500 | | 10,352,500 | | |
| Post employment benefits payable | 4,302,104 | 8,792,692 | 13,094,796 | | |
| Accrued Vacation - due in more than one year | 521,911 | 1,565,731 | 2,087,642 | | |
| Total Liabilities | 21,388,496 | 1,720,731,151 | 1,742,119,647 | 3,081,217 | |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Deferred bond refunding-gain | | 1,143,394 | 1,143,394 | | |
| Deferred OPEB | 31,843 | 86,462 | 118,305 | | |
| Total Deferred Inflows of Resources | 31,843 | 1,229,856 | 1,261,699 | | |
| NET POSITION | | | | | |
| Net investment in capital assets | 360,586,932 | 493,835,963 | 854,422,895 | | |
| Restricted for: | | | | | |
| Capital projects | 5,640,493 | | 5,640,493 | | |
| Customer contingency | | 5,000,000 | 5,000,000 | | |
| Debt service | | 98,822,079 | 98,822,079 | | |
| Unrestricted | 222,857,751 | 22,075,675 | 244,933,426 | 140,648 | |
| Total Net Position | \$ 589,085,176 | \$ 619,733,717 | \$ 1,208,818,893 | \$ 140,648 | |

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

TARRANT REGIONAL WATER DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

| 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 | |
| PRIMARY GOVERNMENT | | | | | | | |
| Governmental activities: | | | | | | | |
| Flood protection | \$ 17,637,243 | \$ 10,750,390 | \$ 140,000 | \$ 19,101,900 | \$ 12,355,047 | | \$ 12,355,047 |
| Recreation | 2,585,102 | 1,407,546 | 126,315 | 86,527 | (964,714) | | (964,714) |
| Total governmental activities | 20,222,345 | 12,157,936 | 266,315 | 19,188,427 | 11,390,333 | | 11,390,333 |
| Business type activities-Water supply | 118,368,106 | 151,036,899 | 1,423,460 | | | \$ 34,092,253 | 34,092,253 |
| | <u>\$ 138,590,451</u> | <u>\$ 163,194,835</u> | <u>\$ 1,689,775</u> | <u>\$ 19,188,427</u> | | <u>34,092,253</u> | <u>45,482,586</u> |
| COMPONENT UNIT | | | | | | | |
| Trinity River Vision Authority | | | | | | | |
| Project development | 4,629,393 | | | 4,629,393 | | | |
| Recreation programs | 721,680 | 565,119 | 138,000 | | | | (18,561) |
| Total component unit | <u>\$ 5,351,073</u> | <u>\$ 565,119</u> | <u>\$ 138,000</u> | <u>\$ 4,629,393</u> | | | <u>\$ (18,561)</u> |
| GENERAL REVENUES: | | | | | | | |
| Property taxes | | | | | 11,960,148 | | 11,960,148 |
| Investment income | | | | | 731,769 | 5,511,784 | \$ 42,425 |
| Miscellaneous | | | | | 47,936 | 60,257 | 608 |
| Gain on disposal of assets | | | | | 2,166,126 | 37,779 | |
| Total general revenues | | | | | 14,905,979 | 5,609,820 | 43,033 |
| CHANGES IN NET POSITION | | | | | 26,296,312 | 39,702,073 | 24,472 |
| NET POSITION - Beginning of year | | | | | 562,788,864 | 580,031,644 | 116,176 |
| NET POSITION - End of year | | | | | <u>\$ 589,085,176</u> | <u>\$ 619,733,717</u> | <u>\$ 140,648</u> |

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

TARRANT REGIONAL WATER DISTRICT

**BALANCE SHEET—GENERAL FUND
SEPTEMBER 30, 2018**

| | |
|---|-----------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 32,199,840 |
| Investments | 14,826,390 |
| Receivables: | |
| Accounts, oil and gas royalties and other | 2,926,865 |
| Taxes—net of allowance | 48,818 |
| Accrued interest | 53,806 |
| Due from Enterprise Fund | 3,605,122 |
| Notes and interest due from enterprise fund | 445,386 |
| Prepaid items | 3,296,548 |
| Inventory of supplies—at cost | 61,832 |
| Deposits held by others | 5,640,493 |
| Long-term receivable | 186,653,511 |
| Total assets | <u>249,758,611</u> |
| LIABILITIES: | |
| Accounts payable | 2,886,035 |
| Other liabilities | 1,360,784 |
| Total liabilities | <u>4,246,819</u> |
| DEFERRED INFLOWS: | |
| Unavailable revenue | 187,120,317 |
| Total deferred inflows | <u>187,120,317</u> |
| FUND BALANCES: | |
| Nonspendable: | |
| Long-term interfund notes and interest | 445,386 |
| Prepaid items | 3,296,548 |
| Inventory of supplies - At cost | 61,832 |
| Restricted | 5,640,493 |
| Assigned | 26,560,137 |
| Unassigned | 22,387,079 |
| Total fund balances | <u>58,391,475</u> |
| TOTAL | <u>\$ 249,758,611</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, 2018**

| | |
|----------------------------------|---------------|
| TOTAL FUND BALANCES—General Fund | \$ 58,391,475 |
|----------------------------------|---------------|

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 contribution revenues | 186,653,511 |
| Property tax revenues | 29,984 |
| Oil and gas revenues | 436,822 |
| Deferred Outflows-Other Post Employment Benefits | 159,972 |

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

| | |
|---|--------------|
| Accrued Acquisition | (1,625,000) |
| Accrued Vacation | (862,073) |
| Pollution Remediation Obligations | (10,352,500) |
| Other Post Employment Benefits Payable | (4,302,104) |
| Deferred Inflows-Other Post Employment Benefits | (31,843) |

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

360,586,932

| | |
|--|------------------------------|
| TOTAL NET POSITION—Governmental activities | <u><u>\$ 589,085,176</u></u> |
|--|------------------------------|

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, 2018**

REVENUES:

| | | |
|-----------------------|----|------------|
| Property taxes | \$ | 12,010,248 |
| Lease rentals | | 1,403,276 |
| Oil and gas royalties | | 10,148,141 |
| Investment income | | 731,769 |
| Contributions | | 4,193,522 |
| Other | | 742,406 |
| | | <hr/> |
| Total revenues | | 29,229,362 |
| | | <hr/> |

EXPENDITURES:

Current:

| | |
|----------------------------|------------|
| General and administrative | 8,398,059 |
| Personnel services | 7,737,421 |
| Pension plan contribution | 637,620 |
| Contribution | 242,806 |
| Capital expenditures | 14,561,239 |
| Total expenditures | <hr/> |
| | 31,577,145 |
| | <hr/> |

| | |
|---|-------------|
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | (2,347,783) |
| | <hr/> |

| | |
|------------------------|-------------|
| CHANGE IN FUND BALANCE | (2,347,783) |
|------------------------|-------------|

| | |
|----------------------------------|------------|
| FUND BALANCE - Beginning of year | 60,739,258 |
| | <hr/> |

| | |
|----------------------------|---------------|
| FUND BALANCE - End of year | \$ 58,391,475 |
| | <hr/> |
| | <hr/> |

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, 2018**

| | |
|-------------------------------------|----------------|
| CHANGE IN FUND BALANCE—General Fund | \$ (2,347,783) |
|-------------------------------------|----------------|

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 | 15,261,220 |
| Change in unavailable property taxes | (50,100) |
| Change in unavailable oil and gas revenue | (4,839) |

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

| | |
|------------------------------------|----------|
| Change in paid leave | 41,112 |
| Change in post employment benefits | (13,833) |

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 (\$14,561,239) exceeded Depreciation (\$3,233,718).

11,327,521

Change in gain/loss on disposal of assets

2,083,014

CHANGE IN NET POSITION—Governmental activities

\$ 26,296,312

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

TARRANT REGIONAL WATER DISTRICT**STATEMENT OF NET POSITION—ENTERPRISE FUND
SEPTEMBER 30, 2018****ASSETS:**

Current:

| | | |
|---------------------------|----|------------|
| Cash and cash equivalents | \$ | 48,308,963 |
| Investments | | 10,231,078 |
| Receivables: | | |
| Accounts and other | | 1,501,590 |
| Accrued interest | | 22,377 |
| Prepaid items | | 5,628,975 |
| | | <hr/> |
| Total current assets | | 65,692,983 |

Noncurrent:

| | | |
|---|--|---------------|
| Cash and cash equivalents for bond projects | | 150,830,191 |
| Investments held for bond projects | | 162,057,257 |
| Accrued interest receivable for bond projects | | 458,554 |
| Cash and cash equivalents restricted | | 5,418,412 |
| Investments restricted | | 681,588 |
| Cash and cash equivalents for debt service | | 1,629,428 |
| Investments for debt service | | 100,791,652 |
| Accrued interest receivable for debt service | | 566,424 |
| Capital Assets: | | |
| Land | | 167,891,943 |
| Construction in progress | | 1,044,896,081 |
| Depreciable capital assets—net | | 633,190,860 |
| Water rights—net of amortization | | 214,456 |
| | | <hr/> |
| Total noncurrent assets | | 2,268,626,846 |
| | | <hr/> |
| Total assets | | 2,334,319,829 |

DEFERRED OUTFLOWS OF RESOURCES:

| | | |
|--------------------------------------|--|------------|
| Deferred bond refunding-loss | | 10,934,145 |
| Deferred OPEB | | 491,258 |
| | | <hr/> |
| Total deferred outflows of resources | | 11,425,403 |

(Continued)

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

TARRANT REGIONAL WATER DISTRICT**STATEMENT OF NET POSITION—ENTERPRISE FUND****SEPTEMBER 30, 2018****LIABILITIES:**

Current Liabilities:

| | |
|--|---------------|
| Accounts payable | \$ 28,168,447 |
| Accounts payable for bond projects | 11,018,362 |
| Due to General Fund | 3,605,122 |
| Accrued vacation | 1,020,482 |
| Other liabilities | 424,244 |
| Other liabilities for bond projects | 17,762,310 |
| Payable from restricted assets—accrued bond interest payable | 5,265,425 |
| Revenue bonds payable-current position | 44,710,000 |
| Notes and interest payable to General Fund-current position | 68,856 |

Total current liabilities 112,043,248

Noncurrent Liabilities:

| | |
|--|---------------|
| Accrued vacation | 1,565,731 |
| Long-term post employment benefits | 8,792,692 |
| Revenue bonds payable-net of discount | 1,602,003,458 |
| Notes and interest payable to General Fund | 376,530 |

Total noncurrent liabilities 1,612,738,411

Total liabilities 1,724,781,659

DEFERRED INFLOWS OF RESOURCES:

| | |
|------------------------------|-----------|
| Deferred bond refunding-gain | 1,143,394 |
| Deferred OPEB | 86,462 |

Total deferred inflows of resources 1,229,856

NET POSITION:

| | |
|-------------------------------------|-------------|
| Net investment in capital assets | 493,835,963 |
| Restricted for customer contingency | 5,000,000 |
| Restricted for debt service | 98,822,079 |
| Unrestricted | 22,075,675 |

TOTAL NET POSITION \$ 619,733,717

(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, 2018**

OPERATING REVENUES:

| | |
|-------------------------|----------------|
| Sale of water | \$ 124,380,349 |
| Land lease rentals | 156,797 |
| Contributions | 1,423,460 |
| Sale of system capacity | 237,662 |
| Other | 362,673 |

| | |
|--------------------------|-------------|
| Total operating revenues | 126,560,941 |
|--------------------------|-------------|

OPERATING EXPENSES:

| | |
|-------------------------------|------------|
| General and administrative | 16,181,628 |
| Personnel services | 13,419,537 |
| Utilities | 13,355,450 |
| Depreciation and amortization | 20,369,970 |
| Pension plan contribution | 1,207,764 |

| | |
|--------------------------|------------|
| Total operating expenses | 64,534,349 |
|--------------------------|------------|

| | |
|------------------|------------|
| OPERATING INCOME | 62,026,592 |
|------------------|------------|

NONOPERATING REVENUES (EXPENSES):

| | |
|---|--------------|
| Sale of system capacity restricted for debt service | 25,959,675 |
| Investment income | 5,511,784 |
| Interest expense | (53,833,757) |
| Gain on disposal of capital assets | 37,779 |

| | |
|--|--------------|
| Total nonoperating revenues (expenses) | (22,324,519) |
|--|--------------|

| | |
|------------|------------|
| NET INCOME | 39,702,073 |
|------------|------------|

| | |
|----------------------------------|-------------|
| NET POSITION - Beginning of year | 580,031,644 |
|----------------------------------|-------------|

| | |
|----------------------------|----------------|
| NET POSITION - End of year | \$ 619,733,717 |
|----------------------------|----------------|

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, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|----------------|
| Receipts from water customers | \$ 124,685,481 |
| Contributions | 1,423,460 |
| Miscellaneous receipts | 362,673 |
| Payments to suppliers and contractors | (33,574,046) |
| Payments to employees for services | (14,880,501) |
| Payments to General Fund | 3,500,520 |
| | <hr/> |
| Net cash provided by operating activities | 81,517,587 |
| | <hr/> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|---------------|
| Proceeds from the sale of revenue bonds | 6,803,041 |
| Principal paid on revenue bonds payable | (54,670,000) |
| Interest paid on revenue bonds and contract payable | (66,851,473) |
| Receipts from system capacity customer restricted for debt service | 25,959,675 |
| Acquisition and construction of capital assets | (128,626,287) |
| Proceeds from disposal of capital assets | 37,779 |
| | <hr/> |
| Net cash used in capital and related financing activities | (217,347,265) |
| | <hr/> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|---------------|
| Purchase of investments | (134,135,000) |
| Proceeds from sale and maturity of investments | 134,190,000 |
| Interest received on investments | 9,080,687 |
| | <hr/> |
| Net cash provided by investing activities | 9,135,687 |
| | <hr/> |

NET DECREASE IN CASH AND CASH EQUIVALENTS (126,693,991)

CASH AND CASH EQUIVALENTS—Beginning of year 332,880,985

CASH AND CASH EQUIVALENTS - End of year \$ 206,186,994

(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, 2018**

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

| | |
|---|-----------------------------|
| Operating income | \$ 62,026,592 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation & amortization expense | 20,369,970 |
| OPEB amortization of deferred inflows | (32,895) |
| Change in assets and liabilities: | |
| Accounts and other receivables | (89,327) |
| Prepaid expenses | 601,821 |
| Accounts payable | 3,461,243 |
| Due to (from) other funds—net | 3,567,370 |
| Interfund note payable | (66,850) |
| Long-term vacation accrual | 6,598 |
| OPEB liability | (226,903) |
| Other liabilities | (8,100,032) |
| | <hr/> |
| Net cash provided by operating activities | <u><u>\$ 81,517,587</u></u> |

NONCASH ACTIVITIES:

Disposal of \$147,421 of capital assets, net of \$147,421 accumulated depreciation.

Record increase in fair value of investments and change in premium/discounts on investments to interest income of \$3,502,736 and \$216,849 respectively.

Record write-off of unamortized premiums of \$1,375,704 due to partial refunding of 2010 bonds.

Record Amortization of Gain/Loss on Bond Refundings of \$610,423.

Record increase in Other Post Employment Benefits deferred outflow of resources of \$491,258 and decrease in deferred inflow of resources of \$31,277 from new valuation.

Record amortization of Deferred Inflow of Resources from Other Post Employment Benefits of \$32,895.

(Concluded)

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUND

SEPTEMBER 30, 2018

| | Other Post-Employment Benefits Trust Fund |
|--|--|
| ASSETS | |
| Investment in trust at fair value | \$ 6,476,439 |
| Total Assets | 6,476,439 |
| NET POSITION | |
| Restricted and held in trust for Other Post Employment Benefits | 6,476,439 |
| TOTAL NET POSITION RESTRICTED FOR OTHER POST EMPLOYMENT BENEFITS | \$ 6,476,439 |

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, 2018**

| | Other Post-Employment Benefits Trust Fund |
|---|--|
| ADDITIONS | |
| Employer Contributions | \$ 1,626,730 |
| Net Appreciation in Fair Value of Investments | 296,613 |
| Total Additions | <u>1,923,343</u> |
| DEDUCTIONS | |
| Benefit Payments | 295,730 |
| Other Post Employment Benefits Plan Administrative Expense | 32,888 |
| Total Deductions | <u>328,618</u> |
| Net Increase in Net Position | 1,594,725 |
| Net Position Restricted for Other Post Employment Benefits Beginning of Year | <u>4,881,714</u> |
| End of Year | <u><u>\$ 6,476,439</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, 2018

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 79th 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 the TRVA. Subsequently, the 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 TRV Project in Fort Worth, Texas. The 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 the 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. Fiduciary Funds are not included in the Government-wide Financial Statements.

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, as well as 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 decreases (expenditures) 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 2018 the District made expenditures on behalf of the City of Fort Worth Tax Increment Reinvestment Zone #9 (TIF), a project partner in the TRV Project under a Project Cost Funding Agreement between the District and the TIF. Under the agreement the District 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 the District dedicating revenue from the TIF Fund to cover the advances made by the District. 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 2018, the District expended an additional \$19.1 million under the agreement bringing the total amount expended to \$215.8 million; \$29.1 million of that amount has been paid in cash by the TIF, with a remaining outstanding long-term receivable of \$186.7 million as of September 30, 2018. Of the total cash payments from the TIF, \$3.8 million was paid in 2018.

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.

Every year on October 1st 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 1st, and are due

and payable from October 1st of the year in which levied, until January 31st of the following year without interest or penalty. Taxes paid after February 1st of each year are subject to interest and penalty charges.

In fiscal year 2018, 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 30th (within nine months of the October 1st 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, 2018 was \$89 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.

Prior to fiscal year 2018, major outlays for capital assets and improvements were capitalized in the Enterprise Fund as projects were constructed. These costs primarily included construction costs,

engineering fees, and legal fees and settlements related to acquisition, condemnation, and mineral rights. Effective for fiscal year 2018, the District discontinued capitalized interest on a prospective basis as per GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

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 |
| Data center | 10 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 interfund transaction. Refer to Note 7 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 \$1.6 million represents the amount still outstanding.

| | Balance at October 1, 2017 | Additions | Deletions | Balance at September 30, 2018 | Due Within One Year |
|---------------------|-------------------------------|-----------|---------------|----------------------------------|------------------------|
| Accrued Acquisition | \$ 3,250,000 | | \$(1,625,000) | \$ 1,625,000 | \$ 1,625,000 |

Pollution Remediation Obligations — The District has an environmental financial obligation for property purchased through September 30, 2018. Properties purchased during fiscal year 2018 were screened for potential environmental concerns based upon available records, assessments and other actions.

Based upon the Phase I, Phase II, or other site investigations completed to date, four properties still require remediation – all are classified as high or moderate risk. As of September 30, 2018, the pollution remediation obligation amounted to \$10.4 million.

Based upon the limited data available, a remediation liability outlay for four other properties with low risk 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 compensated 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, 2017 | Additions | Deletions | Balance at September 30, 2018 | Due Within One Year |
|--------------------------|-------------------------------|---------------------|---------------------|----------------------------------|------------------------|
| Governmental Activities | \$ 903,183 | \$ 325,129 | \$ 366,239 | \$ 862,073 | \$ 340,162 |
| Business-type Activities | 2,579,615 | 1,105,319 | 1,098,721 | 2,586,213 | 1,020,482 |
| Total | <u>\$ 3,482,798</u> | <u>\$ 1,430,448</u> | <u>\$ 1,464,960</u> | <u>\$ 3,448,286</u> | <u>\$ 1,360,644</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 2018 resulted in an estimated \$23.1 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 2018, the District received contributions of \$1.7 million for the Pollution campaign, Water Conservation campaign as well as sponsorship for events. The District's 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:

Nonspendable fund balance — Assets that will never convert to cash, such as inventory and prepaid items. At September 30, 2018, the District had nonspendable fund balances in the amount of \$3.8 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, 2018. At September 30, 2018, 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, 2018, 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, 2018, the District had an assigned fund balance in the amount of \$26.6 million for the new General Fund Reserve Policy.

Unassigned fund balance — The portion of fund balances in excess of nonspendable, restricted, committed, and assigned. This classification includes the residual fund balance for the General Fund of \$22.4 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 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 86, *Certain Debt Extinguishment Issues*, was implemented with no effect on the District's financial statements. As a result of prospectively implementing GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, beginning fiscal year 2018 the District no longer capitalizes interest incurred during the construction period in the Enterprise Fund and business type activities.

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, 2018. 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, 2018 was \$5.6 million and was entirely covered by FDIC insurance or collateral. The carrying value of cash for the District was \$5.2 million. At September 30, 2018, the District also held petty cash of \$501.

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 maximum maturities are limited as follows:

General Fund - three years

Enterprise Fund -

Revenue sub-fund - nine months

Construction sub-fund - three years with a strategy 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 - three years

Concentration of Credit Risk - The District places no limit on the amount it may invest in one issuer. Approximately 91% 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 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, 2018, the District's bank balance of \$5.6 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, *Certain External Investment Pools and Pool Participants*, 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**

| | 9/30/2018 | Weighted Avg. Maturity (Years) | S & P Rating | Fair Value Measurements Using Significant Other Observable Inputs (Level 2) |
|--|-----------------------|---|-----------------|---|
| Investments | | | | |
| Federal Farm Credit Bank | \$ 61,050,843 | 3.48 | AA+ | \$ 61,050,843 |
| Federal Home Loan Bank | 96,557,763 | 1.58 | AA+ | 96,557,763 |
| Federal Home Loan Mortgage Corp | 72,529,100 | 1.82 | AA+ | 72,529,100 |
| Federal National Mortgage Association | 33,561,104 | 1.33 | AA+ | 33,561,104 |
| U.S. Treasury Notes | 24,889,155 | 0.65 | AA+ | 24,889,155 |
| Total investments | <u>288,587,965</u> | | | <u>288,587,965</u> |
| Investment pools | | | | |
| LOGIC (net asset value) | 117,733,734 | N/A | AAA-m | N/A |
| TexPool (net asset value) | <u>115,437,051</u> | N/A | AAA-m | N/A |
| Total investment pools by fair value | <u>233,170,785</u> | | | |
| Total investments and cash equivalents | <u>\$ 521,758,750</u> | | | <u>\$ 288,587,965</u> |

The District is required to disclose the fair value level of its investments within the fair value hierarchy established by GASB 72, *Fair Value Measurement and Application*. 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 maintains a stable net asset value (NAV) of \$1 per share using the fair value method. The District also invests in the Texpool investment pool; which measures its investment at amortized cost in accordance with GASB Cod. 150.118, and

maintains a stable NAV of a \$1 per share. 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 the District's OPEB Plan investments are held in the PARS Post-Retirement Health Care Plan Trust by its trustee and custodian Union Bank (the "Trustee").

PARS provides its participants a range of investment strategies, and the District has selected the PARS Diversified Moderate Portfolio Index Plus. The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay present and future obligations to the Plan. The Moderate Portfolio's goal is for moderate growth of both principal and income.

The Plan's underlying investments are allocated between equity, fixed income securities, and cash. As of September 30, 2018, investments were carried at fair value of \$6.5 million and were registered with and managed by the Trustee. The OPEB Plan's investments are measured at the equivalent of Net Asset Value (NAV).

The OPEB Plan has no unfunded commitments and may redeem investments at anytime to pay for OPEB benefits.

4. CAPITAL ASSETS

A summary of changes in capital assets governmental activities:

| | October 1, 2017 | Additions | Disposals | Reclassification & Transfers | September 30, 2018 |
|---------------------------------------|-----------------------|----------------------|--------------------|---------------------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| NONDEPRECIABLE ASSETS | | | | | |
| Land | \$ 243,867,157 | \$ 13,611,397 | \$ (1,089,486) | | \$ 256,389,068 |
| Construction in progress | 64,862,528 | 2,889,477 | | (67,535) | 67,684,470 |
| TOTAL NONDEPRECIABLE ASSETS | <u>308,729,685</u> | <u>16,500,874</u> | <u>(1,089,486)</u> | <u>(67,535)</u> | <u>324,073,538</u> |
| DEPRECIABLE ASSETS | | | | | |
| Dams and spillways | 3,070,461 | | | | 3,070,461 |
| Flood control projects | 8,115,517 | | | | 8,115,517 |
| Buildings | 49,659,795 | (809,796) * | | 537,106 | 49,387,105 |
| Machinery and equipment | 9,749,283 | 417,661 | (303,311) | | 9,863,633 |
| | <u>70,595,056</u> | <u>(392,135)</u> | <u>(303,311)</u> | <u>537,106</u> | <u>70,436,716</u> |
| Less accumulated depreciation for: | | | | | |
| Dams and spillways | (843,982) | (68,275) | | | (912,257) |
| Flood control projects | (8,097,245) | (3,916) | | | (8,101,161) |
| Buildings | (13,098,247) | (2,574,251) | | | (15,672,498) |
| Machinery and equipment | (8,953,442) | (587,276) | 303,311 | | (9,237,407) |
| | <u>(30,992,916)</u> | <u>(3,233,718)</u> | <u>303,311</u> | | <u>(33,923,323)</u> |
| TOTAL DEPRECIABLE ASSETS, NET | <u>39,602,140</u> | <u>(3,625,853)</u> | <u>—</u> | <u>537,106</u> | <u>36,513,393</u> |
| CAPITAL LEASE DEPRECIABLE ASSETS | | | | | |
| Machinery and equipment | 1,447,140 | | | (469,571) | 977,569 |
| Less accumulated depreciation for: | | | | | |
| Machinery and equipment | (977,568) | | | | (977,568) |
| | <u>469,572</u> | <u>—</u> | <u>—</u> | <u>(469,571)</u> | <u>1</u> |
| TOTAL GOVERNMENTAL ACTIVITIES, NET | <u>\$ 348,801,397</u> | <u>\$ 12,875,021</u> | <u>(1,089,486)</u> | <u>—</u> | <u>\$ 360,586,932</u> |

* Negative addition due to legal settlement with parking garage asset.

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

Governmental activities:

| | |
|------------------|--------------|
| Flood protection | \$ 2,174,699 |
| Recreation | 1,059,019 |

Total depreciation expense - governmental activities \$ 3,233,718

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

| | October 1, 2017 | Additions | Disposals | Transfers | September 30, 2018 |
|--|-------------------------|-----------------------|------------------|--------------------|-------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | |
| NONDEPRECIABLE ASSETS | | | | | |
| Land | \$ 159,821,318 | \$ 8,070,625 | | | \$ 167,891,943 |
| Construction in progress | 929,311,079 | 119,769,659 | | (4,184,657) | 1,044,896,081 |
| TOTAL NONDEPRECIABLE ASSETS | 1,089,132,397 | 127,840,284 | — | (4,184,657) | 1,212,788,024 |
| DEPRECIABLE ASSETS | | | | | |
| Dams and spillways | 212,929,639 | | | | 212,929,639 |
| Pipeline | 561,535,839 | 32,305 | | 3,114,239 | 564,682,383 |
| Wetlands | 54,161,878 | | | | 54,161,878 |
| Communications | 20,787 | | | | 20,787 |
| Buildings | 7,949,588 | | | 29,443 | 7,979,031 |
| Machinery and equipment | 11,419,253 | 753,698 | (147,421) | | 12,025,530 |
| Other project costs | 150,073,326 | | | 1,040,975 | 151,114,301 |
| | <u>998,090,310</u> | <u>786,003</u> | <u>(147,421)</u> | <u>4,184,657</u> | <u>1,002,913,549</u> |
| Less accumulated depreciation for: | | | | | |
| Dams and spillways | (120,676,439) | (4,017,257) | | | (124,693,696) |
| Pipeline | (195,976,250) | (11,146,328) | | | (207,122,578) |
| Wetlands | (5,151,522) | (1,087,856) | | | (6,239,378) |
| Communications | (5,262) | (416) | | | (5,678) |
| Buildings | (4,730,938) | (320,301) | | | (5,051,239) |
| Machinery and equipment | (9,419,409) | (748,297) | 147,421 | | (10,020,285) |
| Other project costs | (13,609,874) | (2,979,961) | | | (16,589,835) |
| Total accumulated depreciation | <u>(349,569,694)</u> | <u>(20,300,416)</u> | <u>147,421</u> | <u>—</u> | <u>(369,722,689)</u> |
| TOTAL DEPRECIABLE ASSETS, NET | 648,520,616 | (19,514,413) | — | 4,184,657 | 633,190,860 |
| INTANGIBLE ASSETS | | | | | |
| Water Rights | 2,086,598 | | | | 2,086,598 |
| Less accumulated amortization for: | | | | | |
| Water Rights | (1,802,588) | (69,554) | | | (1,872,142) |
| | <u>284,010</u> | <u>(69,554)</u> | <u>—</u> | <u>—</u> | <u>214,456</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES, NET | \$ 1,737,937,023 | \$ 108,256,317 | — | — | \$ 1,846,193,340 |

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 20% vested for each year of service up to 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, 13% of two-thirds of any applicable overtime wages and 13% of awarded production bonuses (if applicable) on a bi-weekly 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 becoming fully vested 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 2018 the District made contributions of \$2.7 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, 2018 is show below:

| | Balance at Oct. 1, 2017 | Additions | Deletions | Balance at Sept. 30, 2018 | Due Within One Year |
|--|----------------------------|----------------------|-----------------------|------------------------------|------------------------|
| <u>Business-type Activities</u> | | | | | |
| Tarrant Regional Water District Projects | \$ 1,157,445,000 | \$ 52,765,000 | \$ 97,340,000 | \$1,112,870,000 | \$ 34,340,000 |
| TRWD Contract Revenue Bonds (City of Dallas Project) | 446,795,000 | | 10,095,000 | 436,700,000 | 10,370,000 |
| Total Construction and Improvement Bonds | <u>\$ 1,604,240,000</u> | <u>\$ 52,765,000</u> | <u>\$ 107,435,000</u> | <u>\$1,549,570,000</u> | <u>\$ 44,710,000</u> |

DETAIL OF REVENUE BONDS PAYABLE AS OF SEPTEMBER 30, 2018

| Bond Type | Maturity | Interest Rates | Outstanding Balance |
|--|-----------------------|----------------|-------------------------|
| <u>Tarrant Regional Water District Projects Bonds</u> | | | |
| \$3,135,000 Series 2008A-RC Water Revenue Bonds | Serially through 2027 | 1.3 - 2.8% | \$ 2,005,000 |
| \$6,755,000 Series 2008B-CC Water Revenue Bonds | Serially through 2027 | 2.0 - 2.8% | 3,770,000 |
| \$69,535,000 Series 2009 Water Revenue Refunding and Improvement Bonds | Serially through 2029 | 5.0% | 3,530,000 |
| \$89,250,000 Series 2010 Water Revenue Bonds | Serially through 2040 | 4.0 - 5.0% | 1,575,000 |
| \$17,835,000 Series 2010A Water Revenue Bonds | Serially through 2030 | 1.2 - 2.6% | 16,530,000 |
| \$83,785,000 Series 2010B Water Revenue Bonds | Serially through 2030 | 1.0 - 2.5% | 56,140,000 |
| \$150,375,000 Series 2012 Water Revenue Refunding & Improvement Bonds | Serially through 2052 | 2.0 - 5.0% | 126,545,000 |
| \$98,960,000 Series 2012A Water Revenue Refunding Bonds | Serially through 2022 | 2.0 - 5.0% | 14,585,000 |
| \$318,750,000 Series 2014 Water Revenue Bonds | Serially through 2049 | 4.0 - 5.0% | 316,260,000 |
| \$156,470,000 Series 2015 Water Revenue Refunding Bonds | Serially through 2029 | 2.0 - 5.0% | 145,400,000 |
| \$300,000,000 Series 2015A Waterworks Revenue Bonds | Serially through 2045 | 0.5 - 3.2% | 284,990,000 |
| \$28,530,000 Series 2016 Water Systems Revenue Bonds | Serially through 2046 | 3.0 - 4.0% | 27,385,000 |
| \$61,910,000 Series 2016A Water Revenue Refunding Bonds | Serially through 2032 | 2.0 - 5.0% | 61,910,000 |
| \$52,765,000 Series 2017 Water Revenue Refunding Bonds | Serially through 2040 | 2.0 - 5.0% | 52,245,000 |
| Total Tarrant Regional Water District Projects Bonds | | | <u>1,112,870,000</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% | 114,775,000 |
| \$202,130,000 Series 2014 Dallas Contract Revenue Bonds | Serially through 2044 | 4.0 - 6.0% | 189,020,000 |
| \$140,000,000 Series 2015 Dallas Contract Revenue Bonds | Serially through 2045 | 0.5 - 3.2% | <u>132,905,000</u> |
| Total TRWD Contract Revenue Bonds (City of Dallas Project) | | | <u>436,700,000</u> |
| Total Construction and Improvement Bonds | | | 1,549,570,000 |
| Add premium (net of accumulated amortization) | | | <u>97,143,458</u> |
| | | | 1,646,713,458 |
| Less current portion | | | <u>(44,710,000)</u> |
| Total long term revenue bonds payable, net of discount | | | <u>\$ 1,602,003,458</u> |

During fiscal year 2018, \$63.8 million of Series 2010 Water Revenue bonds were advanced refunded and considered defeased with a \$1.7 million loss on the refunding. Cashflow savings on the refunding were \$6.6 million with an economic gain of \$4.3 million. As of the end of fiscal year 2018, \$47.0

million for Series 2009 and \$85.6 million for Series 2010 have been advanced refunded and considered defeased. Both series will be redeemed during fiscal year 2019.

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, 2018 including interest payments are approximately as follows:

| Years ending September 30th (in thousands) | Principal | Interest | Requirements |
|---|---------------------|---------------------|---------------------|
| <u>Tarrant Regional Water District Projects</u> | | | |
| 2019 | \$ 34,340 | \$ 45,131 | \$ 79,471 |
| 2020 | 34,030 | 44,053 | 78,083 |
| 2021 | 34,935 | 42,919 | 77,854 |
| 2022 | 36,185 | 41,665 | 77,850 |
| 2023 | 35,225 | 40,384 | 75,609 |
| 2024-2028 | 187,330 | 181,405 | 368,735 |
| 2029-2033 | 211,065 | 141,309 | 352,374 |
| 2034-2038 | 182,620 | 97,413 | 280,033 |
| 2039-2043 | 163,465 | 62,830 | 226,295 |
| 2044-2048 | 145,770 | 27,647 | 173,417 |
| 2049-2052 | 47,905 | 3,443 | 51,348 |
| | <u>1,112,870</u> | <u>728,199</u> | <u>1,841,069</u> |
| <u>TRWD Contract Revenue Bonds (City of Dallas Project)</u> | | | |
| 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 | 11,640 | 15,732 | 27,372 |
| 2024-2028 | 65,140 | 71,523 | 136,663 |
| 2029-2033 | 79,145 | 59,046 | 138,191 |
| 2034-2038 | 97,865 | 41,611 | 139,476 |
| 2039-2043 | 113,205 | 19,170 | 132,375 |
| 2044-2045 | 26,435 | 1,206 | 27,641 |
| | <u>436,700</u> | <u>275,716</u> | <u>712,416</u> |
| Total | <u>\$ 1,549,570</u> | <u>\$ 1,003,915</u> | <u>\$ 2,553,485</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, 2018, pledged revenues for the Tarrant Regional Water District Project Revenue Bonds were \$88.3 million which offsets debt service requirements for the year of \$82.9 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 \$1 billion. 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' 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' 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. For the year ended September 30, 2018, pledged revenues for the TRWD Contract Revenue Bonds (City of Dallas Project) were \$29.1 million which offsets debt service requirements for the year of \$25.6 million.

Extendible Commercial Paper Bonds

In fiscal year 2016 the District implemented an Extendible Commercial Paper Bonds Program. During fiscal year 2018, no commercial paper bonds were issued and none were outstanding as of September 30, 2018.

7. INTERFUND TRANSACTIONS

At September 30, 2018, interfund 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 | \$ 445,386 | \$ — | \$ 3,605,122 | \$ — |
| Enterprise Fund | — | 445,386 | — | 3,605,122 |
| Total | <u>\$ 445,386</u> | <u>\$ 445,386</u> | <u>\$ 3,605,122</u> | <u>\$ 3,605,122</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 2018, the Enterprise Fund repaid \$67 thousand, plus interest of \$15 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. 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 and spouse will be covered until the employee/retiree's death. Following the employee/retiree's death, the spouse receives coverage for an additional five (5) years or until his/her death, whichever occurs first.

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.

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 Plan's Trust 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 | 27 |
| Inactive Plan Members entitled to but not receiving benefits | — |
| Active Plan Members (active employees hired on or before 9/30/16) | 232 |
| Total Plan Members | <u>259</u> |

Funding Policies

For other postemployment benefits, contractual requirements for the District are established by the Board of Directors. In fiscal year 2014, as noted in Note 3, the District contracted through the Public Agency Retirement Fund (PARS) for administration of the OPEB Plan's Trust to fund OPEB costs. In fiscal year 2018, the District contributed \$1.3 million to fund the plan, and in fiscal year 2019 \$1.5 million is budgeted to be contributed to the Plan's Trust; the contributions are in addition to claims to be paid. The District’s funding policy is to contribute an additional 10% more than the prior 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 Plan Investment Policy

The goal of the Plan'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 3.83% 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 the District is higher than 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 Plan was 5.27% for fiscal year 2018. 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, 2017 and a measurement date of September 30, 2018.

| | Increase/(Decrease) | | |
|---|--------------------------------|---------------------------------------|----------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Balance at September 30, 2017 | \$ 17,486,177 | \$ 4,881,714 | \$ 12,604,463 |
| Changes for the year: | | | |
| Service Cost | 531,820 | | 531,820 |
| Interest | 1,109,066 | | 1,109,066 |
| Difference between expected and actual experience | 190,998 | | 190,998 |
| Changes in Assumptions | 548,904 | | 548,904 |
| Benefit Payments | (295,730) | (295,730) | |
| Contributions - employer | | 1,626,730 | (1,626,730) |
| Net Investment Income | | 296,613 | (296,613) |
| Administrative Expense | | (32,888) | 32,888 |
| Net Changes | 2,085,058 | 1,594,725 | 490,333 |
| Balance at September 30, 2018 | \$ 19,571,235 | \$ 6,476,439 | \$ 13,094,796 |
| Plan Fiduciary Net Position as a percentage of the total OPEB liability | | 33% | |

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 | Current Single Discount Rate Assumption | 1% Increase |
|--------------|--|--------------|
| 5.30% | 6.30% | 7.30% |
| \$16,186,742 | \$13,094,796 | \$10,563,865 |

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 |
|--------------|---|--------------|
| \$10,139,259 | \$13,094,796 | \$16,830,335 |

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

For the year ended September 30, 2018, the District recognized a decrease in OPEB expenses of \$55,429. At September 30, 2018, 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 | \$ 168,108 | \$ 55,334 |
| Assumption changes | 483,122 | |
| Net difference between projected and actual earnings on OPEB plan investments | | 62,971 |
| Total | \$ 651,230 | \$ 118,305 |

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

| Year Ending September 30, | Net Deferred Outflows of Resources |
|---------------------------|--|
| 2019 | \$ 55,429 |
| 2020 | 55,429 |
| 2021 | 55,430 |
| 2022 | 90,241 |
| 2023 | 79,875 |
| Thereafter | 196,521 |
| Total | \$ 532,925 |

Actuarial Methods and Assumptions

| | |
|-------------------------------|--|
| Actuarial cost method | Individual entry age normal cost method |
| Amortization method | Level dollar, Closed |
| Remaining Amortization Period | 28 years as of September 30, 2017 |
| Asset Valuation Method | Market Value |
| Investment rate | 6.30% per annum, net of expenses |
| Inflation rate | 2.50% |
| Salary Increases | 3.50% to 10.50%, including inflation |
| Demographic Assumptions | Due to the size of this plan, the demographic assumptions are not based on formal experience studies. However, gains and losses are monitored and adjustments are made to the retirement and withdrawal assumptions as needed. Mortality and disability rates are based on assumptions used to value the Texas Municipal Retirement System (TMRS). |
| Mortality | 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. |
| Healthcare Trend Rates | Pre-65: Initial rate of 7.00% declining to an ultimate rate of 5.50% after 8 years Pre-65: Ultimate trend rate includes a 1.25% adjustment for the excise tax Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.25% after 13 years |
| Participation Rates | 100% of eligible retirees are assumed to elect coverage |
| Benefit Changes | None |

9. COMMITMENTS AND CONTINGENCIES

Commitments - The General and Enterprise Funds had remaining commitments estimated at \$219.7 million (\$1.9 million and \$217.8 million respectively) due to on-going construction contracts as of September 30, 2018.

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 through 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), managed and administered by Willis Towers Watson. 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, law enforcement 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 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) is a master insurance, safety, and claims management program that provides specific coverages for Workers' Compensation, Employers Liability, Commercial General Liability, Excess Liability and Builders Risks 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 Towers Watson, 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. Charges to health insurance that the District retained risk on over the past two fiscal year were as follows:

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimate | Claims Payments | Balance at Fiscal Year End |
|--------------------------|--|--|--------------------|----------------------------------|
| IPL Project ROCIP - 2017 | \$ 96,573 | \$ 102,469 | \$ (190,994) | \$ 8,048 |
| IPL Project ROCIP - 2018 | 8,048 | 206,201 | (211,015) | 3,234 |

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, 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 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 2018 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 \$5,184,006 in aggregate for the plan year to date (October 2017 – September 2018).

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 and Changes in Estimate | Claims Payments | Balance at Fiscal Year End |
|---------------------|--|--|--------------------|----------------------------------|
| Group Health - 2017 | \$ 353,126 | \$ 3,953,613 | \$ (3,922,407) | \$ 384,332 |
| Group Health - 2018 | 384,332 | 4,347,751 | (4,338,511) | 393,572 |

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:

GASB Statement No. 83, *Certain Asset Retirement Obligations* (issued 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* (issued 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. 87, *Leases* (issued 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (issued April 2018) - The objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. Additional information to be disclosed in the notes includes unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. 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. 90, *Majority Equity Interests* (issued August 2018) - The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment and should be measured using the equity method. If the majority equity interest is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund, then

it should be measured at fair value. For all other holdings, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. 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.

11. SUBSEQUENT EVENT

On October 16, 2018, the District approved a \$150,000,000 Extendible Commercial Paper Bond program in the Governmental Fund for use on the TRV Project.

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 THE 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—The 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 2018 consist of deposits (principally interest-bearing accounts) with one financial institution and in a public funds investment pool.

Capital Assets— Capital assets of the TRVA are transferred to the District or the City of Forth 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 THE TRVA

The balance per bank of cash on deposit at September 30, 2018, was \$179 thousand and was entirely covered by FDIC insurance or collateral. The carrying value for the TRVA was \$134 thousand as of September 30, 2018.

Legal provisions generally permit the 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, 2018, the TRVA did not own any type 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, and 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. The TRVA has an undivided beneficial interest in the pool of assets held by this agency. These investments and deposits are fully insured by federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Company, the entity that created TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies (TexPool only), certificates of deposit, and repurchase agreements. The TRVA’s balance in TexPool as of September 30, 2018 was \$2.4 million.

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

Concentration of Credit Risk - The TRVA places no limit on the amount the TRVA may invest in one issuer. All investments at September 30, 2018 were in TexPool.

Custodial Credit Risk - The TRVA policy requires that all securities be held in the 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 | \$ 2,379,636 | N/A | AAA-m | N/A |
| Total cash equivalents | <u>\$ 2,379,636</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 rated AAA-m by Standard & Poors 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 asset 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, 2018 the TRVA's investment pool, Texpool, measures its investment at amortized cost in accordance with GASB Cod. 150.118, and maintains a stable net asset value (NAV) of \$1 per share. The TRVA has no unfunded commitments to Texpool and may redeem investments at any time.

14. COMMITMENTS AND CONTINGENCIES FOR THE TRVA

Commitments - The General Fund had remaining commitments estimated at \$1.9 million due to on-going construction contracts as of September 30, 2018.

Insurance - The TRVA has employee blanket bond insurance. The TRVA also participates in a risk pool for its general liability, automotive liability, and errors and omissions liability coverage. These coverages come from a policy issued to the Tarrant Regional Water District through the Texas Water Conservation Association Risk Management Fund (the "Trust") in which the TRVA is listed as "additional insured".

Required Supplementary Information



(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
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

| | Original and Final Budget | Actual | Variance (Budget - Actual) |
|---|------------------------------|---------------|----------------------------------|
| REVENUES: | | | |
| Property taxes | \$ 10,121,000 | \$ 12,010,248 | \$ (1,889,248) |
| Lease rentals | 1,403,649 | 1,403,276 | 373 |
| Oil and gas royalties | 10,000,000 | 10,148,141 | (148,141) |
| Investment income | 118,663 | 731,769 | (613,106) |
| Contributions | 4,851,826 | 4,193,522 | 658,304 |
| Other | 695,467 | 742,406 | (46,939) |
| Total revenues | 27,190,605 | 29,229,362 | (2,038,757) |
| EXPENDITURES: | | | |
| Current: | | | |
| General and administrative | 8,665,500 | 8,398,059 | 267,441 |
| Personnel services | 9,521,458 | 7,737,421 | 1,784,037 |
| Pension plan contribution | 677,009 | 637,620 | 39,389 |
| Contribution | 24,848 | 242,806 | (217,958) |
| Capital expenditures | 23,586,581 | 14,561,239 | 9,025,342 |
| Total expenditures | 42,475,396 | 31,577,145 | 10,898,251 |
| Deficiency of Revenues Under Expenditures | (15,284,791) | (2,347,783) | (12,937,008) |
| CHANGE IN FUND BALANCE | (15,284,791) | (2,347,783) | (12,937,008) |
| FUND BALANCE—Beginning of year | 60,739,258 | 60,739,258 | |
| FUND BALANCE—End of year | \$ 45,454,467 | \$ 58,391,475 | \$ (12,937,008) |

NOTES TO RSI

Property Taxes Revenues over Budget - The District received \$1.9 million more in taxes than budgeted due to an increase in property values.

Investment Income Revenues over Budget - Due to higher than expected interest rates, the District earned \$613 thousand more in investment income than budgeted.

Personnel Services Expenditures under Budget - Personnel costs were under budget by \$1.8 million due to budgeted positions that were vacant for the majority of fiscal year 2018, as well as health insurance claims coming in lower than projected for the fiscal year.

Contribution Expenditures over Budget - The District went over budget by \$218 thousand in contribution expenditures due to unbudgeted expenditures for bridge construction consulting and local street modifications made by the City of Fort Worth for the Central City Project.

Capital Expenditures under Budget - Capital expenditures were under budget by \$9 million mainly due to the Panther Island Canal and the Chisholm Trail extension projects being delayed, and the TRV Project costs being under budget.

TARRANT REGIONAL WATER DISTRICT

**SCHEDULE OF CHANGES IN NET OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

| | 2017 | 2018 |
|---|----------------------|----------------------|
| Total Other Post Employment Benefits Liability | | |
| Service Cost | \$ 565,239 | \$ 531,820 |
| Interest | 1,033,856 | 1,109,066 |
| Difference between expected and actual experience of the total OPEB liability | (72,928) | 190,998 |
| Changes in assumptions | | 548,904 |
| Benefit Payments | (335,551) | (295,730) |
| Net Change in total Other Post Employment Benefits liability | 1,190,616 | 2,085,058 |
| Total Other Post Employment Benefits liability - beginning | 16,295,561 | 17,486,177 |
| Total Other Post Employment Benefits liability - ending | <u>\$ 17,486,177</u> | <u>\$ 19,571,235</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 1,545,551 | \$ 1,626,730 |
| Net Investment Income | 417,971 | 296,613 |
| Benefit Payments | (335,551) | (295,730) |
| Administrative Expense | (25,922) | (32,888) |
| Net Changes | 1,602,049 | 1,594,725 |
| Plan fiduciary net position - beginning | 3,279,665 | 4,881,714 |
| Plan fiduciary net position - ending | <u>\$ 4,881,714</u> | <u>\$ 6,476,439</u> |
| Net Other Post Employment Benefits Liability | <u>\$ 12,604,463</u> | <u>\$ 13,094,796</u> |
| Plan fiduciary net position as percentage of total OPEB liability | 28% | 33% |
| Covered-employee payroll | \$ 19,291,600 | \$ 18,513,781 |
| Net OPEB liability as percentage of covered-employee payroll | 65% | 71% |

Note: Due to implementation of GASB 74 and 75 this schedule is newly created and the 10-year requirement will be built prospectively.

TARRANT REGIONAL WATER DISTRICT

**SCHEDULE OF INVESTMENTS RETURNS IN OTHER POST EMPLOYMENT BENEFITS
LAST 10 FISCAL YEARS**

| | 2017 | 2018 |
|---|-------|-------|
| Annual money-weighted rate of return, net of investment expense | 9.50% | 5.27% |

Note: Due to implementation of GASB 74 and 75 this schedule is newly created and the 10-year requirement will be built prospectively.

TARRANT REGIONAL WATER DISTRICT

**SCHEDULE OF CONTRIBUTIONS IN OTHER POST EMPLOYMENT BENEFITS
LAST 10 FISCAL YEARS**

| | 2017 | 2018 |
|--|--------------------|--------------------|
| Actuarially Determined Contribution | \$ 1,524,244 | \$ 1,569,476 |
| Actual Contribution | 1,545,511 | 1,626,730 |
| Contribution Deficiency (Excess) | <u>\$ (21,267)</u> | <u>\$ (57,254)</u> |
| Covered-Employee Payroll | \$ 19,291,600 | \$ 18,513,781 |
| Contributions as % of covered-employee payroll | 8% | 9% |

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 | 28 years as of September 30, 2017 |
| Asset Valuation Method | Market Value |
| Investment rate | 6.30% per annum, net of expenses |
| Inflation rate | 2.50% |
| Salary Increases | 3.50% to 10.50%, including inflation |
| Demographic Assumptions | Due to the size of this plan, the demographic assumptions are not based on formal experience studies. However, gains and losses are monitored and adjustments are made to the retirement and withdrawal assumptions as needed. Mortality and disability rates are based on assumptions used to value the Texas Municipal Retirement System (TMRS). |
| Mortality | 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. |
| Healthcare Trend Rates | Pre-65: Initial rate of 7.00% declining to an ultimate rate of 5.50% after 8 years Pre-65: Ultimate trend rate includes a 1.25% adjustment for the excise tax Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.25% after 13 years |
| Participation Rates | 100% of eligible retirees are assumed to elect coverage |
| Notes | Health care trend rates were updated to better reflect the plan's anticipated experience. |

Note: Due to implementation of GASB 74 and 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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 81,197,788 | \$ 126,850,508 | \$ 147,836,049 | \$ 178,140,564 |
| Restricted | | | | |
| Unrestricted | 168,738,962 | 155,138,624 | 172,954,968 | 175,256,153 |
| Total governmental net position | 249,936,750 | 281,989,132 | 320,791,017 | 353,396,717 |
| Business-type Activities | | | | |
| Net investment in capital assets | 182,599,106 | 202,799,524 | 223,542,977 | 234,408,625 |
| Restricted | 44,768,510 | 53,627,614 | 53,338,190 | 65,749,659 |
| Unrestricted | 33,609,336 | 18,944,869 | 15,604,988 | 12,062,496 |
| Total business-type net position | 260,976,952 | 275,372,007 | 292,486,155 | 312,220,780 |
| Total Primary Government: | | | | |
| Net investment in capital assets | 263,796,894 | 329,650,032 | 371,379,026 | 412,549,189 |
| Restricted | 44,768,510 | 53,627,614 | 53,338,190 | 65,749,659 |
| Unrestricted | 202,348,298 | 174,083,493 | 188,559,956 | 187,318,649 |
| Total primary government net position | \$ 510,913,702 | \$ 557,361,139 | \$ 613,277,172 | \$ 665,617,497 |

(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>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 221,301,902 | \$ 279,586,633 | \$ 311,416,677 | \$ 343,118,047 |
| Restricted | | | | 5,531,060 |
| Unrestricted | 188,026,740 | 179,511,280 | 192,888,999 | 193,491,410 |
| Total governmental net position | <u>409,328,642</u> | <u>459,097,913</u> | <u>504,305,676</u> | <u>542,140,517</u> |
| Business-type Activities | | | | |
| Net investment in capital assets | 275,649,460 | 308,579,683 | 357,632,834 | 409,159,039 |
| Restricted | 63,522,458 | 90,811,279 | 89,822,147 | 110,363,100 |
| Unrestricted | (859,394) | (27,523,746) | (16,222,050) | (16,336,370) |
| Total business-type net position | <u>338,312,524</u> | <u>371,867,216</u> | <u>431,232,931</u> | <u>503,185,769</u> |
| Total Primary Government: | | | | |
| Net investment in capital assets | 496,951,362 | 588,166,316 | 669,049,511 | 752,277,086 |
| Restricted | 63,522,458 | 90,811,279 | 89,822,147 | 115,894,160 |
| Unrestricted | 187,167,346 | 151,987,534 | 176,666,949 | 177,155,040 |
| Total primary government net position | <u>\$ 747,641,166</u> | <u>\$ 830,965,129</u> | <u>\$ 935,538,607</u> | <u>\$ 1,045,326,286</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>2017</u> | <u>2018</u> |
|---------------------------------------|-------------------------|-------------------------|
| Governmental Activities | | |
| Net investment in capital assets | \$ 348,801,397 | \$ 360,586,932 |
| Restricted | 5,561,868 | 5,640,493 |
| Unrestricted | 208,425,599 | 222,857,751 |
| | | |
| Total governmental net position | <u>562,788,864</u> | <u>589,085,176</u> |
| | | |
| Business-Type Activities | | |
| Net investment in capital assets | 444,563,300 | 493,835,963 |
| Restricted | 109,317,020 | 103,822,079 |
| Unrestricted | 26,151,324 | 22,075,675 |
| | | |
| Total business-type net position | <u>580,031,644</u> | <u>619,733,717</u> |
| | | |
| Total Primary Government: | | |
| Net investment in capital assets | 793,364,697 | 854,422,895 (1) |
| Restricted | 114,878,888 | 109,462,572 |
| Unrestricted | 234,576,923 | 244,933,426 |
| | | |
| Total primary government net position | <u>\$ 1,142,820,508</u> | <u>\$ 1,208,818,893</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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Expenses: | | | | |
| Governmental Activities | | | | |
| General Government | \$ 12,412,197 | \$ 7,595,520 | \$ 7,494,646 | \$ 11,310,981 |
| Flood Control | 4,718,631 | 5,605,584 | 6,291,116 | 6,418,353 |
| Trinity River Vision Project | 10,000 | 3,000,000 | — | 619,066 |
| Total Governmental Activities | 17,140,828 | 16,201,104 | 13,785,762 | 18,348,400 |
| Business-type Activities | 72,165,314 | 69,126,434 | 76,756,369 | 82,021,320 |
| Total Primary Government Expenses | 89,306,142 | 85,327,538 | 90,542,131 | 100,369,720 |
| Program Revenues: | | | | |
| Governmental Activities | | | | |
| Charges for Services | 34,919,651 | 35,147,114 | 28,830,916 | 21,636,600 |
| Capital Grants and Contributions | 2,207,436 | 2,499,268 | 13,944,124 | 19,708,589 |
| Total Governmental Activities | 37,127,087 | 37,646,382 | 42,775,040 | 41,345,189 |
| Business-type Activities | | | | |
| Charges for Services | 80,686,233 | 79,718,947 | 90,564,705 | 99,244,447 |
| Capital Grants and Contributions | — | 717,421 | 95,078 | — |
| Total Business-type Activities | 80,686,233 | 80,436,368 | 90,659,783 | 99,244,447 |
| Total Primary Government Revenues | 117,813,320 | 118,082,750 | 133,434,823 | 140,589,636 |
| Net (Expense) Revenue | | | | |
| Governmental Activities | 19,986,259 | 21,445,278 | 28,989,278 | 22,996,789 |
| Business-type Activities | 8,520,919 | 11,309,934 | 13,903,414 | 17,223,127 |
| Total-Primary Government | 28,507,178 | 32,755,212 | 42,892,692 | 40,219,916 |
| General Revenues: | | | | |
| Governmental Activities | | | | |
| Property Taxes | 8,693,898 | 9,051,507 | 8,580,069 | 8,835,672 |
| Investment Income | 3,137,581 | 1,468,495 | 1,045,664 | 708,010 |
| Miscellaneous | 69,190 | 63,182 | 124,894 | 60,073 |
| Gain/Loss on Disposal of Assets | 21,064 | 23,920 | 61,980 | 5,156 |
| Transfers | 1,985,296 | — | — | — |
| Total Governmental Activities | 13,907,029 | 10,607,104 | 9,812,607 | 9,608,911 |
| Business-type Activities | | | | |
| Investment Income | 3,486,297 | 2,969,407 | 1,873,044 | 2,183,834 |
| Miscellaneous | 109,676 | 47,756 | 1,265,394 | 271,321 |
| Gain/Loss on Disposal of Assets | 59,298 | 67,958 | 72,296 | 56,343 |
| Transfers | (1,985,296) | — | — | — |
| Total Business-type Activities | 1,669,975 | 3,085,121 | 3,210,734 | 2,511,498 |
| Total Primary Government | 15,577,004 | 13,692,225 | 13,023,341 | 12,120,409 |
| Changes in Net Position | | | | |
| Governmental Activities | 33,893,288 | 32,052,382 | 38,801,885 | 32,605,700 |
| Business-type Activities | 10,190,894 | 14,395,055 | 17,114,148 | 19,734,625 |
| Total Primary Government | \$ 44,084,182 | \$ 46,447,437 | \$ 55,916,033 | \$ 52,340,325 |

(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>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------------------------------|---------------|---------------|----------------|
| Expenses: | | | |
| Governmental Activities | | | |
| General Government | \$ 11,521,503 | \$ 13,462,903 | \$ 12,766,315 |
| Flood Control | 6,313,528 | 3,241,255 | 4,963,320 |
| Trinity River Vision Project | 1,041,910 | 18,369,944 | — |
| Total Governmental Activities | 18,876,941 | 35,074,102 | 17,729,635 |
| Business-type Activities | 87,165,497 | 104,901,544 | 87,999,935 |
| Total Primary Government Expenses | 106,042,438 | 139,975,646 | 105,729,570 |
| Program Revenues: | | | |
| Governmental Activities | | | |
| Charges for Services | 33,255,675 | 26,048,278 | 16,595,055 |
| Capital Grants and Contributions | 31,910,810 | 49,101,393 | 36,043,940 |
| Total Governmental Activities | 65,166,485 | 75,149,671 | 52,638,995 |
| Business-type Activities | | | |
| Charges for Services | 120,270,336 | 136,041,137 | 142,578,670 |
| Capital Grants and Contributions | — | — | 680,633 |
| Total Business-type Activities | 120,270,336 | 136,041,137 | 143,259,303 |
| Total Primary Government Revenues | 185,436,821 | 211,190,808 | 195,898,298 |
| Net (Expense) Revenue | | | |
| Governmental Activities | 46,289,544 | 40,075,569 | 34,909,360 |
| Business-type Activities | 33,104,839 | 31,139,593 | 55,259,368 |
| Total-Primary Government | 79,394,383 | 71,215,162 | 90,168,728 |
| General Revenues: | | | |
| Governmental Activities | | | |
| Property Taxes | 9,013,033 | 9,231,193 | 9,757,583 |
| Investment Income | 300,771 | 367,655 | 403,723 |
| Miscellaneous | 234,068 | 48,081 | 37,951 |
| Gain/Loss on Disposal of Assets | 94,509 | 46,773 | 99,146 |
| Total Governmental Activities | 9,642,381 | 9,693,702 | 10,298,403 |
| Business-type Activities | | | |
| Investment Income | 262,520 | 1,598,019 | 3,748,796 |
| Miscellaneous | 939,978 | 773,572 | 288,461 |
| Gain/Loss on Disposal of Assets | 48,310 | 43,508 | 69,090 |
| Total Business-type Activities | 1,250,808 | 2,415,099 | 4,106,347 |
| Total Primary Government | 10,893,189 | 12,108,801 | 14,404,750 |
| Changes in Net Position | | | |
| Governmental Activities | 55,931,925 | 49,769,271 | 45,207,763 |
| Business-type Activities | 34,355,647 | 33,554,692 | 59,365,715 |
| Total Primary Government | \$ 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> | <u>2018</u> |
|------------------------------------|----------------|---------------|---------------|
| Expenses: | | | |
| Governmental Activities | | | |
| General Government | \$ — | \$ — | \$ — |
| Flood Control | | | |
| Flood Protection | 18,916,113 | 21,448,590 | 17,637,243 |
| Recreation | 1,561,346 | 2,625,628 | 2,585,102 |
| Trinity River Vision Project | | | |
| Total Governmental Activities | 20,477,459 | 24,074,218 | 20,222,345 |
| Business-type Activities | 77,099,429 | 83,155,732 | 118,368,106 |
| Total Primary Government Expenses | 97,576,888 | 107,229,950 | 138,590,451 |
| Program Revenues: | | | |
| Governmental Activities | | | |
| Charges for Services | | | |
| Flood Protection | 9,862,928 | 10,308,977 | 10,750,390 |
| Recreation | 1,067,012 | 2,940,158 | 1,407,546 |
| Operating Grants and Contributions | | | |
| Flood Protection | | 100,000 | 140,000 |
| Recreation | | 131,200 | 126,315 |
| Capital Grants and Contributions | | | |
| Flood Protection | 36,029,150 | 20,634,389 | 19,101,900 |
| Recreation | 126,750 | — | 86,527 |
| Total Governmental Activities | 47,085,840 | 34,114,724 | 31,612,678 |
| Business-type Activities | | | |
| Charges for Services | 139,387,464 | 155,447,588 | 151,036,899 |
| Operating Grants and Contributions | — | 474,769 | 1,423,460 |
| Capital Grants and Contributions | 3,584,248 | 57,540 | — |
| Total Business-type Activities | 142,971,712 | 155,979,897 | 152,460,359 |
| Total Primary Government Revenues | 190,057,552 | 190,094,621 | 184,073,037 |
| Net (Expense) Revenue | | | |
| Governmental Activities | 26,608,381 | 10,040,506 | 11,390,333 |
| Business-type Activities | 65,872,283 | 72,824,165 | 34,092,253 |
| Total-Primary Government | 92,480,664 | 82,864,671 | 45,482,586 |
| General Revenues: | | | |
| Governmental Activities | | | |
| Property Taxes | 10,264,007 | 10,854,952 | 11,960,148 |
| Investment Income | 317,333 | 435,789 | 731,769 |
| Miscellaneous | 79,170 | 29,379 | 47,936 |
| Gain/Loss on Disposal of Assets | 565,950 | (109,303) | 2,166,126 |
| Total Governmental Activities | 11,226,460 | 11,210,817 | 14,905,979 |
| Business-type Activities | | | |
| Investment Income | 6,776,202 | 5,706,516 | 5,511,784 |
| Miscellaneous | 50,800 | 37,379 | 60,257 |
| Gain/Loss on Disposal of Assets | (746,447) | — | 37,779 |
| Total Business-type Activities | 6,080,555 | 5,743,895 | 5,609,820 |
| Total Primary Government | 17,307,015 | 16,954,712 | 20,515,799 |
| Changes in Net Position | | | |
| Governmental Activities | 37,834,841 | 21,251,323 | 26,296,312 |
| Business-type Activities | 71,952,838 | 78,568,060 | 39,702,073 |
| Total Primary Government | \$ 109,787,679 | \$ 99,819,383 | \$ 65,998,385 |

(Concluded)

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

In fiscal year 2016, new governmental categories were created for flood protection and recreation expenses and program revenues.

TARRANT REGIONAL WATER DISTRICT

FUND BALANCE

LAST TEN FISCAL YEARS (UNAUDITED)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Fund | | | | |
| Nonspendable: | | | | |
| Long-term receivable | \$ — | \$ — | \$ 11,919,659 | \$ — |
| Long-term interfund notes and interest | 1,351,670 | 1,260,949 | 1,167,888 | 1,072,421 |
| Prepaid items | 63,695 | 549,374 | 910,245 | 879,706 |
| Inventory of supplies-at-cost | 34,987 | 40,994 | 46,364 | 46,630 |
| Committed | | | | 100,000 |
| Restricted | | | | |
| Assigned | | | | 8,274,737 |
| Unassigned | 169,032,343 | 156,337,101 | 149,862,054 | 152,417,730 |
| Total | <u>\$ 170,482,695</u> | <u>\$ 158,188,418</u> | <u>\$ 163,906,210</u> | <u>\$ 162,791,224</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>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-----------------------|-----------------------|----------------------|----------------------|
| Governmental Fund | | | | |
| Nonspendable: | | | | |
| Long-term interfund notes and interest | 974,485 | 874,014 | 770,939 | 577,139 |
| Prepaid items | 2,534,623 | 2,808,611 | 1,353,935 | 970,308 |
| Inventory of supplies-at-cost | 51,908 | 53,705 | 57,196 | 51,929 |
| Committed | — | | | |
| Restricted | | | | 5,531,060 |
| Assigned | 1,240,858 | — | | |
| Unassigned | 144,151,950 | 111,936,626 | 88,675,455 | 63,501,938 |
| Total | <u>\$ 148,953,824</u> | <u>\$ 115,672,956</u> | <u>\$ 90,857,525</u> | <u>\$ 70,632,374</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>2017</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Governmental Fund | | |
| Nonspendable: | | |
| Long-term interfund notes and interest | 512,236 | 445,386 |
| Prepaid items | 3,901,482 | 3,296,548 |
| Inventory of supplies-at-cost | 58,322 | 61,832 |
| Committed | | |
| Restricted | 5,561,868 | 5,640,493 |
| Assigned | 364,461 | 26,560,137 |
| Unassigned | 50,340,889 | 22,387,079 |
| Total | <u>\$ 60,739,258</u> | <u>\$ 58,391,475</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>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------|------------------------|---------------------|
| Revenues | | | |
| Property Taxes | \$ 8,735,179 | \$ 9,002,136 | \$ 8,600,104 |
| Lease Rental | 327,741 | 656,328 | 662,857 |
| Oil and Gas Royalties | 34,397,855 | 34,354,862 | 27,777,427 |
| Sale of Rock and Gravel | 57,382 | 25,000 | 25,000 |
| Sale of Land | — | — | — |
| Investment Income | 3,137,581 | 1,468,495 | 1,045,664 |
| Contributions | 200,000 | — | 889,000 |
| Other | 226,927 | 198,026 | 463,647 |
| Total Revenue | <u>47,082,665</u> | <u>45,704,847</u> | <u>39,463,699</u> |
| Expenditures | | | |
| Current: | | | |
| General and Administrative | 8,120,925 | 7,202,349 | 7,579,916 |
| Personnel Services | 6,360,919 | 2,320,404 | 4,177,093 |
| Pension Plan Contribution | 689,517 | 905,237 | 369,932 |
| Contribution to Component Unit | 10,000 | 3,000,000 | — |
| Capital Expenditures | 22,954,409 | 44,844,209 | 21,707,824 |
| Capital Lease Payment | — | — | — |
| Debt Service | — | 107,639 | — |
| Total Expenditures | <u>38,135,770</u> | <u>58,379,838</u> | <u>33,834,765</u> |
| Deficiency of Revenues Under Expenditures | <u>8,946,895</u> | <u>(12,674,991)</u> | <u>5,628,934</u> |
| Other Financing Sources | | | |
| Proceeds from Capital Lease | — | 380,714 | 88,858 |
| Transfers In | 1,985,296 | — | — |
| Change in Fund Balance | <u>\$ 10,932,191</u> | <u>\$ (12,294,277)</u> | <u>\$ 5,717,792</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>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|------------------------|------------------------|
| Revenues | | | |
| Property Taxes | \$ 8,857,981 | \$ 8,993,946 | \$ 9,263,039 |
| Lease Rental | 875,426 | 1,385,702 | 1,314,725 |
| Oil and Gas Royalties | 20,738,333 | 31,367,889 | 24,518,478 |
| Sale of Rock and Gravel | — | 12,525 | 12,500 |
| Sale of Land | — | — | — |
| Investment Income | 708,010 | 300,771 | 367,655 |
| Contributions | 8,954,382 | 2,963,174 | 3,386,255 |
| Other | 88,069 | 391,767 | 311,573 |
| Total Revenue | <u>40,222,201</u> | <u>45,415,774</u> | <u>39,174,225</u> |
| Expenditures | | | |
| Current: | | | |
| General and Administrative | 8,410,677 | 8,476,960 | 9,043,006 |
| Personnel Services | 4,198,150 | 4,753,202 | 4,821,935 |
| Pension Plan Contribution | 425,689 | 497,578 | 512,818 |
| Contribution to Component Unit | 619,066 | 1,041,910 | 18,434,944 |
| Capital Expenditures | 27,683,605 | 45,075,378 | 39,365,013 |
| Capital Lease Payment | — | 385,715 | 277,377 |
| Debt Service | — | — | — |
| Total Expenditures | <u>41,337,187</u> | <u>60,230,743</u> | <u>72,455,093</u> |
| Deficiency of Revenues Under Expenditures | <u>(1,114,986)</u> | <u>(14,814,969)</u> | <u>(33,280,868)</u> |
| Other Financing Sources | | | |
| Proceeds from Capital Lease | — | 977,569 | — |
| Transfers In | — | — | — |
| Change in Fund Balance | <u>\$ (1,114,986)</u> | <u>\$ (13,837,400)</u> | <u>\$ (33,280,868)</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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|------------------------|------------------------|-----------------------|-----------------------|
| Revenues | | | | |
| Property Taxes | \$ 9,737,304 | \$ 10,271,392 | \$ 10,799,762 | \$ 12,010,248 |
| Lease Rental | 1,601,445 | 1,598,047 | 1,389,533 | 1,403,276 |
| Oil and Gas Royalties | 14,875,262 | 8,781,804 | 11,048,761 | 10,148,141 |
| Sale of Rock and Gravel | 19,937 | — | — | — |
| Investment Income | 403,723 | 317,333 | 435,789 | 731,769 |
| Contributions | 3,503,256 | 5,299,235 | 3,368,695 | 4,193,522 |
| Other | 390,221 | 1,038,859 | 612,796 | 742,406 |
| Total Revenue | <u>30,531,148</u> | <u>27,306,670</u> | <u>27,655,336</u> | <u>29,229,362</u> |
| Expenditures | | | | |
| Current: | | | | |
| General and Administrative | 10,797,697 | 8,336,650 | 9,097,411 | 8,398,059 |
| Personnel Services | 5,007,562 | 7,015,739 | 7,650,611 | 7,737,421 |
| Pension Plan Contribution | 535,436 | 588,530 | 637,903 | 637,620 |
| Contribution to Component Unit | 77,913 | 1,230,230 | 3,076,384 | 242,806 |
| Capital Expenditures | 38,668,521 | 30,101,222 | 19,440,358 | 14,561,239 |
| Capital Lease Payment | 259,450 | 259,450 | — | — |
| Debt Service | — | — | — | — |
| Total Expenditures | <u>55,346,579</u> | <u>47,531,821</u> | <u>39,902,667</u> | <u>31,577,145</u> |
| Deficiency of Revenues Under Expenditures | <u>(24,815,431)</u> | <u>(20,225,151)</u> | <u>(12,247,331)</u> | <u>(2,347,783)</u> |
| Other Financing Sources | | | | |
| Proceeds from Sale of Land | — | — | 2,354,215 | — |
| Change in Fund Balance | <u>\$ (24,815,431)</u> | <u>\$ (20,225,151)</u> | <u>\$ (9,893,116)</u> | <u>\$ (2,347,783)</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) |
|-------------|---|------------------------------|---|----------------------------|
| 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 |
| 2018 | 1,646,713,458 | 1,042% | N/A | N/A |

(1) Based on total revenues.

(2) The District's 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 | |
| 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 (5) | 43,972,464 | 119,405,601 | 53,435,000 | 19,591,821 | 1.64 |
| 2018 (6) | 161,524,862 (5) | 44,164,379 | 117,360,483 | 54,670,000 | 53,826,841 (4) | 1.08 |

PLEDGED REVENUE COVERAGE (TARRANT REGIONAL WATER DISTRICT REVENUE BONDS)

| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Available Revenues (3) | Bond Payable Debt Service | | Coverage Ratio |
|-------------|--------------------|------------------------|----------------------------|---------------------------|------------------|----------------|
| | | | | Principal | Interest Expense | |
| 2018 (6) | 132,452,414 (5) | 44,164,379 | 88,288,035 | 44,575,000 | 38,366,295 (4) | 1.06 |

PLEDGED REVENUE COVERAGE (DALLAS CONTRACT REVENUE BONDS)

| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Available Revenues (3) | Bond Payable Debt Service | | Coverage Ratio |
|-------------|--------------------|------------------------|----------------------------|---------------------------|------------------|----------------|
| | | | | Principal | Interest Expense | |
| 2018 (6) | 29,072,448 (5) | — | 29,072,448 | 10,095,000 | 15,460,546 (4) | 1.14 |

(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.

(4) Capitalized interest not required in fiscal year 2018 as per GASB 89.

(5) Beginning in fiscal year 2017, the gross revenues exclude any effect of unrealized gains or losses on investment fair market value as these are noncash effects and do not effect amounts available for debt service.

(6) Beginning fiscal year 2018, the pledged revenues for the TRWD Revenue Bonds and the TRWD Contract Revenue Bonds (City of Dallas Project) have been split to allow for clearer review.

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 |
|-------------|-------------------------|-----------|---------------|-----------------|--------------------------|
| 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% |
| 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% |

(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 |
|-------------|-------------------------|-----------|---------------|-----------------|--------------------------|
| 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 | 1.13170 | 22,296,464 | 22,296,464 | 13.79% |
| | Fort Worth -In | 1.12670 | 53,175,077 | 53,175,077 | 32.88% |
| | Fort Worth -Out | 1.13570 | 23,406,016 | 23,406,016 | 14.47% |
| | Mansfield | 1.13570 | 5,117,915 | 5,117,915 | 3.16% |
| | Trinity River Authority | 1.13570 | 12,363,932 | 12,363,932 | 7.65% |
| | | | 116,359,404 | 116,359,404 | 71.95% |
| 2018 | Arlington | 1.25630 | * 20,949,767 | 20,949,767 | 13.25% |
| | Fort Worth -In | 1.25305 | * 52,922,691 | 52,922,691 | 33.48% |
| | Fort Worth -Out | 1.25905 | * 22,685,927 | 22,685,927 | 14.36% |
| | Mansfield | 1.25905 | * 5,305,989 | 5,305,989 | 3.36% |
| | Trinity River Authority | 1.25905 | * 11,383,331 | 11,383,331 | 7.20% |
| | | | 113,247,705 | 113,247,705 | 71.65% |

*Rate based on 2018 approved budget

(concluded)

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

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

| Fiscal Year | Customer | Amount Due | Amount Received | Percentage of Total Revenues |
|-------------|------------------|---------------|-----------------|---------------------------------|
| 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% |
| 2018 | Dallas Utilities | 26,197,337 | 26,197,337 | 16.57% |

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)**

| Fiscal Year | Assessed Valuation | Estimated Actual Valuation | Ratio of Assessed Valuation to Estimated Actual Valuation | Tax Rate (per \$100 valuation) |
|------------------------|-------------------------------|---------------------------------------|--|---|
| 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 |
| 2018 | 59,550,920,828 | 61,429,213,137 | 96.9% | 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)

| Fiscal Year | Total Tax Levy | Current Tax Collections | Ratio of Current Tax Collections to Total Tax Levy | Delinquent Tax Collections | Ratio of Delinquent Tax Collections to Total Tax Levy | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
|--------------------|-----------------------|--------------------------------|---|-----------------------------------|--|------------------------------|---|
| 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% |
| 2018 | 11,916,029 | 11,805,749 | 99.1% | 123,651 | 1.04% | 11,929,400 | 100.1% |

Source: From the Tarrant County Tax Office.

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

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% |

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% |

(Continued)

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

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

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% |

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% |

(Continued)

Source: From the Tarrant Appraisal District

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

| <u>2015</u> | | | | |
|-------------|----------------------------------|----------------|------|--------------------------------|
| | 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% |

| <u>2016</u> | | | | |
|-------------|----------------------------------|---------------|------|--------------------------------|
| | 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% |

| <u>2017</u> | | | | |
|-------------|--|---------------|------|--------------------------------|
| | 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% |

| <u>2018</u> | | | | |
|-------------|--|---------------|------|--------------------------------|
| | Tarrant County | Taxable Value | Rank | Percent of total taxable value |
| | Winner LLC | 1,054,626,607 | 1 | 1.7% |
| | American Airlines Inc/Envoy Air Inc | 578,376,335 | 2 | 0.9% |
| | Bell Helicopter Textron Inc/Bell Helicopter Inc. | 500,774,914 | 3 | 0.8% |
| | OnCor Electric Delivery Co LLC | 450,578,385 | 4 | 0.7% |
| | Alcon Laboratories Inc/Manufacturing/Research | 448,930,296 | 5 | 0.7% |
| | DDR/DTC City Investments LP Etal | 261,579,728 | 6 | 0.4% |
| | Millercoors/Millercoors LLC | 173,943,264 | 7 | 0.3% |
| | Atoms Energy/Mid Tex Division | 169,221,630 | 8 | 0.3% |
| | Carlyle/Cypress West 7th LP/Carlyle/Cypress West 7 | 162,299,663 | 9 | 0.3% |
| | Behringer Harvard Burnett PLZ | 161,145,167 | 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 |
|-------------|--|------------------|-------------------------------|
| 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 |
| 2018 | 44,164,379 | 53,833,757 (5) | 20,369,970 |

(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.

(5) Increase in interest expense due to capitalized interest not required in fiscal year 2018 as per GASB 89.

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 (4) | Property Taxes |
|-------------|-----------------------|--------------------|-----------------|---------------|----------------|
| 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 (2) | 1,601,445 | 403,723 | 3,913,415 | 9,737,304 |
| 2016 | 8,781,804 (2) | 1,598,047 | 317,333 | 6,338,094 | 10,271,392 |
| 2017 | 11,048,761 (3) | 1,389,533 | 435,789 | 6,335,706 | 10,799,762 |
| 2018 | 10,148,141 | 1,403,276 | 731,769 (5) | 4,935,928 | 12,010,248 (6) |

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

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

(4) Includes transfer, sale of land, contributions and other revenues.

(5) Interest income increased due to higher interest rates.

(6) Property taxes increased based on higher taxable values from 2016 to 2017 tax years.

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 (5) | Sale of System Capacity Restricted for Debt Service | Investment Income | Land Lease Rentals | Other (1) |
|-------------|-------------------|---|-------------------|--------------------|---------------|
| 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 | 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 |
| 2018 | 124,380,349 | 26,197,337 | 5,511,784 | 156,797 | 1,823,912 (6) |

(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) Variability in sale of water due to fluctuations in utility and other system costs.

(6) Increase due to buy-in premium received from Sardis-Lone Elm.

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

TARRANT REGIONAL WATER DISTRICT**EMPLOYEE HEAD COUNT****LAST TEN FISCAL YEARS (UNAUDITED)**

| Fiscal Year | Flood Control | Water Supply | Operational Support | Administrative | Total |
|-------------|---------------|--------------|---------------------|----------------|-------|
| 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 |
| 2018 | 53 | 89 | 67 | 75 | 284 |

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, 2018 (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 | 300,590 |
| Eagle Mountain Lake | 179,880 | 172,276 |
| Cedar Creek Lake | 644,785 | 587,650 |
| Richland Chambers | 1,112,763 | 1,041,877 |
| Total | 2,299,213 | 2,102,393 |

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 |
|-------------|------------------------------------|-----------------------|------------------------------------|----------------------------|---------------------------------|-------------------------------|
| 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 |
| 2018 | 42.39 | 21.18 | 22.51 | 18.22 | 33.62 | 37.35 |

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 |
|-------------|------------|------------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 189,032 | 5,163,031,016 | 27,313 | 35.9 | 2,991 | 3.4% |

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 |
|-------------|------------|-----------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 21,559 | 503,833,830 | 23,370 | 41.4 | 425 | 6.3% |

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 |
|-------------|------------|------------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 83,089 | 1,961,315,845 | 23,605 | 43.7 | 1,476 | 4.2% |

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 |
|-------------|------------|-----------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 9,569 | 236,134,213 | 24,677 | 40.0 | 147 | 3.7% |

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 |
|-------------|------------|------------------|----------------------------|------------|--------------|-------------------|
| 2009 | 156,982 | \$ 2,888,468,800 | \$ 18,400 | 34.3 | 6,125 | 8.2% |
| 2010 | 150,934 | 3,745,578,144 | 24,816 | 36.3 | 6,237 | 8.7% |
| 2011 | 153,383 | 3,806,352,528 | 24,816 | 36.3 | 5,627 | 7.7% |
| 2012 | 155,690 | 3,863,603,040 | 24,816 | 36.3 | 4,842 | 6.6% |
| 2013 | 160,819 | 3,990,884,304 | 24,816 | 36.3 | 4,476 | 6.1% |
| 2014 | 164,246 | 4,075,928,736 | 24,816 | 36.3 | 3,729 | 5.0% |
| 2015 | 167,760 | 4,163,132,160 | 24,816 | 36.3 | 3,293 | 4.4% |
| 2016 | 171,358 | 4,247,450,746 | 24,787 | 36.4 | 3,278 | 4.4% |
| 2017 | 175,030 | 4,430,009,300 | 25,310 | 36.7 | 3,285 | 4.3% |
| 2018 | 178,835 | 4,599,815,035 | 25,721 | 36.8 | 2,915 | 3.8% |

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 |
|-------------|------------|------------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 138,601 | 3,526,702,445 | 25,445 | 35.8 | 2,091 | 3.5% |

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 |
|-------------|------------|-----------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 53,811 | 1,148,703,417 | 21,347 | 38.1 | 895 | 3.9% |

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 |
|-------------|------------|------------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 149,616 | 4,828,706,784 | 32,274 | 39.7 | 2,150 | 3.5% |

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 |
|-------------|------------|-------------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 2,057,926 | 61,307,673,466 | 29,791 | 34.1 | 37,978 | 3.7% |

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 |
|-------------|------------|------------------|----------------------------|------------|--------------|-------------------|
| 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% |
| 2018 | 71,081 | 1,926,579,424 | 27,104 | 38.8 | 1,185 | 4.0% |

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, 2018 (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 | 2008 | \$ 3,135,000 | \$ 2,005,000 |
| Water Revenue Bonds - Series 2008B-CC | 2008 | 6,755,000 | 3,770,000 |
| Water Revenue Refunding and Improvement Bond - Series 2009 | 2009 | 69,535,000 | 3,530,000 |
| Water Revenue Bonds - Series 2010 | 2010 | 89,250,000 | 1,575,000 |
| Water Revenue Bonds - Series 2010A | 2010 | 17,835,000 | 16,530,000 |
| Water Revenue Bonds - Series 2010B | 2010 | 83,785,000 | 56,140,000 |
| Water Revenue Refunding and Improvement Bonds - Series 2012 | 2012 | 150,375,000 | 126,545,000 |
| Water Revenue Refunding Bonds - Series 2012A | 2013 | 98,960,000 | 14,585,000 |
| Water Revenue Bonds - Series 2014 | 2014 | 318,750,000 | 316,260,000 |
| Water Revenue Refunding Bonds - Series 2015 | 2015 | 156,470,000 | 145,400,000 |
| Water Revenue Bonds Series 2015A | 2016 | 300,000,000 | 284,990,000 |
| Water Revenue Bonds Series 2016 | 2016 | 28,530,000 | 27,385,000 |
| Water Revenue Refunding Bonds Series 2016A | 2016 | 61,910,000 | 61,910,000 |
| Water Revenue Refunding Bonds Series 2017 | 2017 | 52,765,000 | 52,245,000 |
| | | <u>1,438,055,000</u> | <u>1,112,870,000</u> |
| <u>TRWD Contract Revenue Bonds (City of Dallas Project)</u> | | | |
| Contract Revenue Bonds (City of Dallas Project) - Series 2012 | 2012 | 131,935,000 | 114,775,000 |
| Contract Revenue Bonds (City of Dallas Project) - Series 2014 | 2014 | 202,130,000 | 189,020,000 |
| Contract Revenue Bonds (City of Dallas Project) - Series 2015 | 2016 | 140,000,000 | 132,905,000 |
| | | <u>474,065,000</u> | <u>436,700,000</u> |
| Total - Construction and improvement bonds | | <u><u>\$1,912,120,000</u></u> | <u><u>\$1,549,570,000</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, 2018 (UNAUDITED)**

| | Balance October 1, 2017 | Total Issued | Total Retired | Balance September 30, 2018 |
|---|-------------------------------|----------------------|-----------------------|----------------------------------|
| <u>Tarrant Regional Water District Projects</u> | | | | |
| Water Revenue Bonds Series 2008A-RC | \$ 2,200,000 | \$ — | \$ 195,000 | \$ 2,005,000 |
| Water Revenue Bonds Series 2008B-CC | 4,375,000 | — | 605,000 | 3,770,000 |
| Water Revenue Refunding and Improvement Series 2009 | 6,890,000 | — | 3,360,000 | 3,530,000 |
| Water Revenue Bonds Series 2010 | 67,460,000 | — | 65,885,000 | 1,575,000 |
| Water Revenue Bonds Series 2010A | 17,835,000 | — | 1,305,000 | 16,530,000 |
| Water Revenue Bonds Series 2010B | 59,970,000 | — | 3,830,000 | 56,140,000 |
| Water Revenue Bonds Series 2012 | 127,280,000 | — | 735,000 | 126,545,000 |
| Water Revenue Refunding Bonds Series 2012A | 17,840,000 | — | 3,255,000 | 14,585,000 |
| Water Revenue Bonds Series 2014 | 316,260,000 | — | — | 316,260,000 |
| Water Revenue Refunding Bonds Series 2015 | 154,935,000 | — | 9,535,000 | 145,400,000 |
| Water Revenue Bonds Series 2015A | 292,525,000 | — | 7,535,000 | 284,990,000 |
| Water Revenue Bonds Series 2016 | 27,965,000 | — | 580,000 | 27,385,000 |
| Water Revenue Refunding Bonds Series 2016A | 61,910,000 | — | — | 61,910,000 |
| Water Revenue Refunding Bonds Series 2017 | — | 52,765,000 | 520,000 | 52,245,000 |
| | <u>1,157,445,000</u> | <u>52,765,000</u> | <u>97,340,000</u> | <u>1,112,870,000</u> |
| <u>TRWD Contract Revenue Bonds (City of Dallas Project)</u> | | | | |
| Contract Revenue Bonds Series 2012 | 117,790,000 | — | 3,015,000 | 114,775,000 |
| Contract Revenue Bonds Series 2014 | 192,540,000 | — | 3,520,000 | 189,020,000 |
| Contract Revenue Bonds Series 2015 | 136,465,000 | — | 3,560,000 | 132,905,000 |
| | <u>446,795,000</u> | <u>—</u> | <u>10,095,000</u> | <u>436,700,000</u> |
| Total | <u>\$ 1,604,240,000</u> | <u>\$ 52,765,000</u> | <u>\$ 107,435,000</u> | <u>\$ 1,549,570,000</u> |

Note: Above amounts exclude unamortized original issue premiums.

AS OF SEPTEMBER 30, 2018122

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2018 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS

AS OF SEPTEMBER 30, 2018

| YR | 2012 - Refunding and Water | | | 2012A - Refunding Bonds | | | 2014 - Revenue Bonds | | | 2015 - Refunding Bonds | | | 2015A - Revenue Bonds | | | 2016 - Revenue Bonds | | |
|------|----------------------------|-----------|-----------|-------------------------|---------|----------|----------------------|-----------|-----------|------------------------|----------|-----------|-----------------------|-----------|-----------|----------------------|----------|----------|
| | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total |
| 2019 | \$ 750 | \$ 6,228 | \$ 6,978 | \$ 3,410 | \$ 572 | \$ 3,982 | \$ 895 | \$ 15,779 | \$ 16,674 | \$ 10,030 | \$ 7,019 | \$ 17,049 | \$ 7,610 | \$ 7,451 | \$ 15,061 | \$ 615 | \$ 1,004 | \$ 1,619 |
| 2020 | 770 | 6,209 | 6,979 | 3,555 | 427 | 3,982 | 1,405 | 15,722 | 17,127 | 10,540 | 6,505 | 17,045 | 7,700 | 7,378 | 15,078 | 630 | 979 | 1,609 |
| 2021 | 790 | 6,190 | 6,980 | 3,720 | 263 | 3,983 | 805 | 15,667 | 16,472 | 11,085 | 5,964 | 17,049 | 7,810 | 7,290 | 15,100 | 650 | 947 | 1,597 |
| 2022 | 815 | 6,166 | 6,981 | 3,900 | 85 | 3,985 | 1,125 | 15,624 | 16,749 | 11,650 | 5,396 | 17,046 | 7,935 | 7,187 | 15,122 | 670 | 914 | 1,584 |
| 2023 | — | 6,154 | 6,154 | | | | — | 15,602 | 15,602 | 15,985 | 4,705 | 20,690 | 8,075 | 7,069 | 15,144 | 690 | 880 | 1,570 |
| 2024 | — | 6,153 | 6,153 | | | | — | 15,602 | 15,602 | 14,400 | 3,946 | 18,346 | 8,230 | 6,936 | 15,166 | 710 | 845 | 1,555 |
| 2025 | — | 6,154 | 6,154 | | | | — | 15,602 | 15,602 | 12,945 | 3,262 | 16,207 | 8,390 | 6,793 | 15,183 | 730 | 809 | 1,539 |
| 2026 | — | 6,153 | 6,153 | | | | — | 15,602 | 15,602 | 13,610 | 2,598 | 16,208 | 8,575 | 6,635 | 15,210 | 755 | 772 | 1,527 |
| 2027 | — | 6,154 | 6,154 | | | | — | 15,602 | 15,602 | 14,305 | 1,900 | 16,205 | 8,780 | 6,454 | 15,234 | 775 | 734 | 1,509 |
| 2028 | — | 6,153 | 6,153 | | | | — | 15,602 | 15,602 | 15,040 | 1,167 | 16,207 | 9,000 | 6,252 | 15,252 | 800 | 698 | 1,498 |
| 2029 | — | 6,154 | 6,154 | | | | — | 15,602 | 15,602 | 15,810 | 395 | 16,205 | 9,245 | 6,028 | 15,273 | 825 | 666 | 1,491 |
| 2030 | — | 6,153 | 6,153 | | | | 18,735 | 15,133 | 33,868 | | | | 9,500 | 5,785 | 15,285 | 850 | 632 | 1,482 |
| 2031 | 6,450 | 5,992 | 12,442 | | | | 20,355 | 14,156 | 34,511 | | | | 9,775 | 5,525 | 15,300 | 875 | 598 | 1,473 |
| 2032 | 6,750 | 5,671 | 12,421 | | | | 21,145 | 13,118 | 34,263 | | | | 10,065 | 5,249 | 15,314 | 905 | 562 | 1,467 |
| 2033 | 7,065 | 5,334 | 12,399 | | | | 21,980 | 12,040 | 34,020 | | | | 10,370 | 4,960 | 15,330 | 935 | 530 | 1,465 |
| 2034 | 7,375 | 4,973 | 12,348 | | | | 22,880 | 10,919 | 33,799 | | | | 10,685 | 4,658 | 15,343 | 965 | 502 | 1,467 |
| 2035 | 7,725 | 4,596 | 12,321 | | | | 9,495 | 10,109 | 19,604 | | | | 11,020 | 4,344 | 15,364 | 995 | 472 | 1,467 |
| 2036 | 8,070 | 4,201 | 12,271 | | | | 9,980 | 9,623 | 19,603 | | | | 11,375 | 4,007 | 15,382 | 1,035 | 442 | 1,477 |
| 2037 | 8,445 | 3,788 | 12,233 | | | | 10,490 | 9,111 | 19,601 | | | | 11,740 | 3,647 | 15,387 | 1,075 | 409 | 1,484 |
| 2038 | — | 3,577 | 3,577 | | | | 11,030 | 8,573 | 19,603 | | | | 12,120 | 3,276 | 15,396 | 1,120 | 375 | 1,495 |
| 2039 | — | 3,577 | 3,577 | | | | 11,595 | 8,007 | 19,602 | | | | 12,520 | 2,892 | 15,412 | 1,165 | 339 | 1,504 |
| 2040 | — | 3,577 | 3,577 | | | | 12,190 | 7,413 | 19,603 | | | | 12,935 | 2,495 | 15,430 | 1,215 | 301 | 1,516 |
| 2041 | 4,460 | 3,466 | 7,926 | | | | 12,815 | 6,787 | 19,602 | | | | 13,370 | 2,080 | 15,450 | 1,265 | 260 | 1,525 |
| 2042 | 4,690 | 3,237 | 7,927 | | | | 13,470 | 6,130 | 19,600 | | | | 13,820 | 1,645 | 15,465 | 1,315 | 218 | 1,533 |
| 2043 | 4,930 | 2,996 | 7,926 | | | | 14,160 | 5,440 | 19,600 | | | | 14,290 | 1,194 | 15,484 | 1,370 | 173 | 1,543 |
| 2044 | 5,185 | 2,743 | 7,928 | | | | 14,890 | 4,713 | 19,603 | | | | 14,775 | 728 | 15,503 | 1,425 | 126 | 1,551 |
| 2045 | 5,450 | 2,478 | 7,928 | | | | 15,650 | 3,950 | 19,600 | | | | 15,280 | 245 | 15,525 | 1,480 | 77 | 1,557 |
| 2046 | 5,730 | 2,198 | 7,928 | | | | 16,455 | 3,147 | 19,602 | | | | | | | 1,545 | 26 | 1,571 |
| 2047 | 6,025 | 1,904 | 7,929 | | | | 17,330 | 2,303 | 19,633 | | | | | | | | | |
| 2048 | 6,330 | 1,595 | 7,925 | | | | 18,220 | 1,414 | 19,634 | | | | | | | | | |
| 2049 | 6,655 | 1,271 | 7,926 | | | | 19,165 | 479 | 19,644 | | | | | | | | | |
| 2050 | 6,995 | 929 | 7,924 | | | | | | | | | | | | | | | |
| 2051 | 7,355 | 571 | 7,926 | | | | | | | | | | | | | | | |
| 2052 | 7,735 | 193 | 7,928 | | | | | | | | | | | | | | | |
| 2053 | | | | | | | | | | | | | | | | | | |
| 2054 | | | | | | | | | | | | | | | | | | |
| | \$126,545 | \$142,888 | \$269,433 | \$14,585 | \$1,347 | \$15,932 | \$316,260 | \$324,571 | \$640,831 | \$145,400 | \$42,857 | \$188,257 | \$284,990 | \$128,203 | \$413,193 | \$27,385 | \$15,290 | \$42,675 |

(Continued)

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2018 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS

AS OF SEPTEMBER 30, 2018

| YR | 2016A - Refunding | | | 2017 - Refunding | | | Total Enterprise Funds | | |
|------|-------------------|-----------|-----------|------------------|-----------|-----------|------------------------|------------|--------------|
| | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total |
| 2019 | \$ 0 | \$ 2,996 | \$ 2,996 | — | 2,326 | 2,326 | \$ 34,340 | \$ 45,131 | \$ 79,471 |
| 2020 | 3,330 | 2,962 | 6,292 | — | 2,326 | 2,326 | 34,030 | 44,053 | 78,083 |
| 2021 | 3,450 | 2,843 | 6,293 | 345 | 2,317 | 2,662 | 34,935 | 42,919 | 77,854 |
| 2022 | 3,625 | 2,666 | 6,291 | — | 2,309 | 2,309 | 36,185 | 41,665 | 77,850 |
| 2023 | 3,815 | 2,480 | 6,295 | — | 2,309 | 2,309 | 35,225 | 40,384 | 75,609 |
| 2024 | 4,010 | 2,284 | 6,294 | 1,900 | 2,261 | 4,161 | 35,940 | 39,069 | 75,009 |
| 2025 | 4,215 | 2,079 | 6,294 | 3,085 | 2,137 | 5,222 | 35,715 | 37,736 | 73,451 |
| 2026 | 7,590 | 1,784 | 9,374 | — | 2,060 | 2,060 | 37,070 | 36,358 | 73,428 |
| 2027 | 7,980 | 1,394 | 9,374 | — | 2,060 | 2,060 | 38,585 | 34,895 | 73,480 |
| 2028 | 8,390 | 985 | 9,375 | 100 | 2,057 | 2,157 | 40,020 | 33,347 | 73,367 |
| 2029 | 8,820 | 555 | 9,375 | — | 2,055 | 2,055 | 41,595 | 31,719 | 73,314 |
| 2030 | 3,160 | 255 | 3,415 | 840 | 2,034 | 2,874 | 40,190 | 30,081 | 70,271 |
| 2031 | — | 176 | 176 | 3,910 | 1,934 | 5,844 | 41,365 | 28,381 | 69,746 |
| 2032 | 3,525 | 88 | 3,613 | 825 | 1,840 | 2,665 | 43,215 | 26,528 | 69,743 |
| 2033 | | | | 4,350 | 1,736 | 6,086 | 44,700 | 24,600 | 69,300 |
| 2034 | | | | 4,555 | 1,558 | 6,113 | 46,460 | 22,610 | 69,070 |
| 2035 | | | | 4,765 | 1,372 | 6,137 | 34,000 | 20,893 | 54,893 |
| 2036 | | | | 4,985 | 1,177 | 6,162 | 35,445 | 19,450 | 54,895 |
| 2037 | | | | 5,215 | 973 | 6,188 | 36,965 | 17,928 | 54,893 |
| 2038 | | | | 5,480 | 731 | 6,211 | 29,750 | 16,532 | 46,282 |
| 2039 | | | | 5,785 | 450 | 6,235 | 31,065 | 15,265 | 46,330 |
| 2040 | | | | 6,105 | 153 | 6,258 | 32,445 | 13,939 | 46,384 |
| 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 | | | | | | | | | |
| 2054 | | | | | | | | | |
| | \$ 61,910 | \$ 23,547 | \$ 85,457 | \$ 52,245 | \$ 38,175 | \$ 90,420 | \$ 1,112,870 | \$ 728,199 | \$ 1,841,069 |

(Concluded)

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2018 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS (CITY OF DALLAS PROJECT)

AS OF SEPTEMBER 30, 2018

| | Dallas 2012 - Series 2012 | | | Dallas 2014 - Series 2014 | | | Dallas 2015 - Series 2015 | | | Total Contract Revenue Bonds | | |
|------|---------------------------|-----------|-----------|---------------------------|-----------|-----------|---------------------------|-----------|-----------|------------------------------|------------|-----------|
| YR | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total | Princ. | Int. | Total |
| 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 | | | | | | | | | | | | |
| 2047 | | | | | | | | | | | | |
| | \$114,775 | \$ 64,214 | \$178,989 | \$189,020 | \$150,192 | \$339,212 | \$132,905 | \$ 61,310 | \$194,215 | \$436,700 | \$ 275,716 | \$712,416 |

TARRANT REGIONAL WATER DISTRICT
SCHEDULE OF INSURANCE
AS OF SEPTEMBER 30, 2018 (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) | 07/01/18–07/01/19 | Crime | \$5,000 - 10,000—liability | (4) |
| TWCA Risk Management Fund | (3) | 07/01/18–07/01/19 07/01/18–07/01/19 | Fleet Policy Property Insurance | \$10,000,000—liability \$136,886,899 - Boiler/Mach \$202,684,648 - Property \$6,515,346 - EDP \$22,247,370 - Misc. Property \$6,906,790 - Auto | |
| | | 07/01/18–06/30/19 | Workers' Compensation | Statutory limits | |
| | | 07/01/18–07/01/19 | General Liability | \$10,000,000—limit | |
| | | 07/01/18–07/01/19 | Errors and Omissions Liability | \$10,000,000—limit | |
| Blue Cross Blue Shield of Texas | (5) | 01/01/18–12/31/18 | Insured with Stop Loss Coverage | Unlimited per employee or dependent | |
| Sutton James Insurance Broker | | 12/16/17 - 12/16/18 | 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 Towers Watson | | 04/04/14 - 04/04/21 | 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 York. 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 York.
- 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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