

Tarrant Regional Water District
Fort Worth, Texas

Comprehensive Annual Financial Report
As of and for the year ended September 30, 2019





Tarrant Regional Water District
Fort Worth, Texas
Comprehensive Annual Financial Report
As of and for the Year Ended
September 30, 2019

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

Table of Contents

INTRODUCTORY SECTION (UNAUDITED)	1
Transmittal Letter	2
Elected Officials	14
Organization of Tarrant Regional Water District	15
FINANCIAL SECTION	16
Independent Auditors' Report	17
Management's Discussion and Analysis	19
Basic Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Balance Sheet - General Fund	33
Reconciliation of Balance Sheet - General Fund to Government-Wide Statement of Net Position	34
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	35
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund to Government Wide Statement of Activities.....	36
Statement of Net Position - Enterprise Fund	37
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Fund.....	39
Statement of Cash Flows - Enterprise Fund	40
Statement of Net Position - Fiduciary Fund	42
Statement of Changes in Net Position - Fiduciary Fund	43
Notes to Basic Financial Statements	44
1. Summary of Significant Accounting Policies	44
2. Revenues from the Sale of Water	52

3. Cash, Cash Equivalents, and Investments	53
4. Capital Assets	58
5. Pension Plan	60
6. Bonds Payable	60
7. Interfund Transactions	64
8. Post Employment Health Care Benefits	64
9. Commitments and Contingencies	70
10. Recently Issued Governmental Accounting Standards Board Statements	73
11. Subsequent Event	74
12. Summary of Significant Accounting Policies for the TRVA	75
13. Cash and Cash Equivalents for the TRVA	75
14. Commitments and Contingencies for the TRVA	77
Required Supplementary Information	78
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual (GAAP Basis) - General Fund	79
Notes to RSI	80
Schedule of Changes in Net Other Post Employment Benefits Liability and Related Ratios ..	81
Schedule of Investments Returns in Other Post Employment Benefits	82
Schedule of Contributions in Other Post Employment Benefits	83
STATISTICAL SECTION (UNAUDITED)	84
Description of Statistical Section	85
Financial Trends	
Net Position	86
Changes in Net Position	89
Fund Balance	92
Changes in Fund Balance	95

Debt Capacity

Ratio of Outstanding Debt by Type	98
Pledged Revenue Coverage	99

Revenue Capacity

Principal Water Customers and Water Rate	100
Sale of System Capacity Restricted for Debt Service	102
Assessed and Actuals Estimates Value of Property	103
Property Tax Levies and Collections	104
Principal Taxpayers	105

Operating Information

Enterprise Fund Expenses	108
General Government Revenues by Source	109
Enterprise Fund Revenues by Source	110
Employee Head Count	111
Miscellaneous Statistical Facts	112

Demographic and Economic Information

Demographic and Economic Statistics	113
--	------------

Other Information

Schedule of Bonds Authorized, Issued and Outstanding - By Purpose of Issue	123
Schedule of Changes in Bonded Debt	124
Enterprise Fund Debt Service Requirement to Maturity - Tarrant Regional Water District Projects	125
Enterprise Fund Debt Service Requirement to Maturity - City of Dallas Project	128
Schedule of Insurance	129

INTRODUCTORY SECTION (UNAUDITED)



(Richland Chambers Wetlands)



December 20, 2019

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, 2019. 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, 2019. 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,

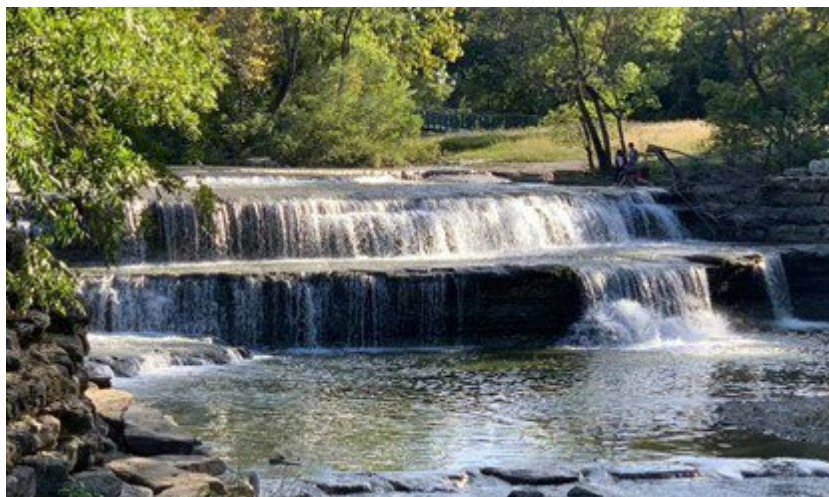
Regular Session (the District Act), and is authorized by the District Act to issue bonds and finance public works projects.

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 55 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 250 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 is 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 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 75.

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 2019 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.

Fiscal year 2019 was an especially active year for rainfall and its impact on the District's four water supply reservoirs. The period got off to a wet start when 15.66 inches of rainfall was recorded for the month of October at DFW Airport. This is the most rainfall recorded at DFW for the month of October and nearly a foot over the average for the month. The October rains completely filled the District reservoirs, and by November 1st all four reservoirs were at full capacity and discharging excess floodwaters. With the reservoirs at full capacity, flood discharges continued until late February 2019 when all four lakes were finally brought back to conservation level. The rainfall returned mid-March and was followed by three consecutive months of above average rainfall. This led to an especially active period for all District personnel responsible for reservoir operations. Nearly 150 gate changes were made to manage the excess flood water during the months of May and June alone. The remainder of the fiscal year saw below normal rainfall. No measurable rainfall was recorded at DFW for the month of September, a record for dryness. Fiscal year 2019 was bookended by months that were respectively the wettest October and the driest September on record. With the increased

rainfall for most of the fiscal year, customer demands for raw water decreased, which in turn also decreased the pumping power costs. In addition, flood protection costs increased due to so many months of the year in increased flood monitoring mode. In total, 48.2 inches of rain was recorded at DFW Airport over the period and good enough for the ninth wettest year on record.

The ad valorem tax rate for the 2019 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 allowing delivery of up to 350 million gallons of raw water per day to north central Texas.

As of September 30, 2019, the IPL System is able to deliver water from the Richland Chambers reservoir to the cross-connections with the existing Richland Chambers and Cedar Creek pipelines at the interconnect facility near Joe Pool Lake. The IPL System is also able to deliver water to the Arlington Outlet via the pressure reduction station, the Kennedale Balancing Reservoir bypass pipeline and the Line J pipeline.

Overall construction summary:

The IPL Project has incurred \$1.1 billion in total costs through September 30, 2019, with \$92.7 million being spent in fiscal year 2019. During fiscal year 2019, construction was completed on the joint booster pump station 3 (JB3), joint Cedar Creek Lake high voltage substation and joint Cedar Creek Lake pump station intake wet well construction.



(JCC1 Aerial view of JCC1 Pump Station complex)

Pipeline sections 10 and 11 were completed during the 2019 fiscal year, and construction continued on the tunnel and pipeline in sections 17 and 18 along with joint Cedar Creek Lake pump station. As of September 30, 2019 the IPL Project has acquired 488 of the 516 required parcels of land for the construction of the pipeline. 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.



(Section 17 Tunnel looking east at tunnel from the access shaft)

Innovations in Water Treatment and Storage -

Invasive species to the water systems, such as zebra mussels, hinder the efficiency of the pipeline as they increase pipeline friction, thereby reducing the flow capacity and increasing pumping costs. The District has started feeding chloramines into the water at the Richland Chambers Lake pump stations to prevent the

infestation of zebra mussels and other invasive species in the water transmission mains. The 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. The same chloramine system is also effective for controlling pipeline biofilm growth, which if left unchecked during high flow conditions in warmer months of the year can lead to significant decreases in flow capacity. As of September 30, 2019, \$6.3 million has been spent on the project.

Alternative means for zebra mussel control are also being explored through pilot testing, including the potential use of copper ion. Final results of piloting will be available in late 2019, at which time the District will make a decision as to which alternative zebra mussel and biofilm control methodology will be employed at the Richland Chambers Lake pump stations to replace the chlorine gas system.

Aquifer Storage and Recovery (ASR) uses technology to store water underground for later use. Benefits of ASR systems include proven resiliency in times of drought, avoidance of evaporation, storage for emergency situations, and an intermittent source of supply to be used during peak demand periods. Based on the results of studies completed for the District, ASR appears to be a technically feasible water supply strategy and the District has decided to implement an ASR demonstration project to verify aquifer performance. The primary purposes of the project are to verify that ASR is feasible in the Trinity aquifer in the North Texas region, identify geochemistry reactions, and assess construction and operating costs. As of September 30, 2019, \$429 thousand has been spent on the project.

Asset Management Project -

In 2014, the District began an Asset Management Project to implement a formalized asset management plan using PAS 55 and ISO 55000 as guidelines. The project has evolved into an on-going District program integrating maintenance activities to annually assess the condition of all critical assets of the District's water transmission system. 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 three of this project was completed and phase four began in fiscal year 2019. Phase four of the Asset Management Project will build upon the asset risk management work completed in phase one through three to prepare a risk and resilience assessment for the District's water supply system as required by the Water Infrastructure Act of 2018. Phase four is expected to be completed by the end of fiscal year 2020. The District will begin to apply practices to other areas of the District in fiscal year 2020.

As of September 30, 2019, \$4.2 million has been spent on phases one through four of the project. It is a District-wide effort and is aligned with the overall District missions to deliver a reliable and 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 2019, 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 2019 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 \$223.1 million on the TRV Project and has an outstanding loan payable of \$188.9 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 once the TIF loan reaches \$200 million. 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. As of the end of fiscal year 2019, no debt has been issued.

Construction on valley storage at Gateway Park continued through fiscal year 2019. The expected completion date is in the fall of 2021.



(Construction progress from Gateway Park Site H)



(Construction progress at Gateway Park Site I)

Construction work for the three bridges continued with the pouring of the V-piers on Main, Henderson and White Settlement and work on the superstructure on White Settlement.



(White Settlement bridge superstructure under construction)

Recreation -

The District participated in recreation components throughout the fiscal year in numerous ways, including facility maintenance, public events, as well as river and lake cleanups.

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 2019 an estimated 76,000 people enjoyed the park, which generated revenue of over \$446 thousand.



(Twin Points Park at Eagle Mountain Lake)

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 14 tons of trash were picked up during the 2019 events.

The Fort Worth's Fourth is a free 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 an estimated 75,000 attended the event in 2019.



(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. The District will utilize Extendible Commercial Paper Bonds for funds needed to complete large water infrastructure projects to efficiently manage outstanding debt. The District is also involved in the long range planning for water needs in Texas in order to prepare for funding needs well in advance of large projects.

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 September 2019 the District's Board of Directors approved to set up a contingency fund for all revenues other than taxes and grants to be held for future projects. They also approved to increase the tax rate for fiscal year 2020 in order for taxes to fully support the operating and capital budget without relying on variable, less stable revenues such as oil and gas income.

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, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Sincerely,

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

James M. Oliver
General Manager

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

Sandra Newby
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Tarrant Regional Water District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO



Board of Directors

Jack Stevens, President

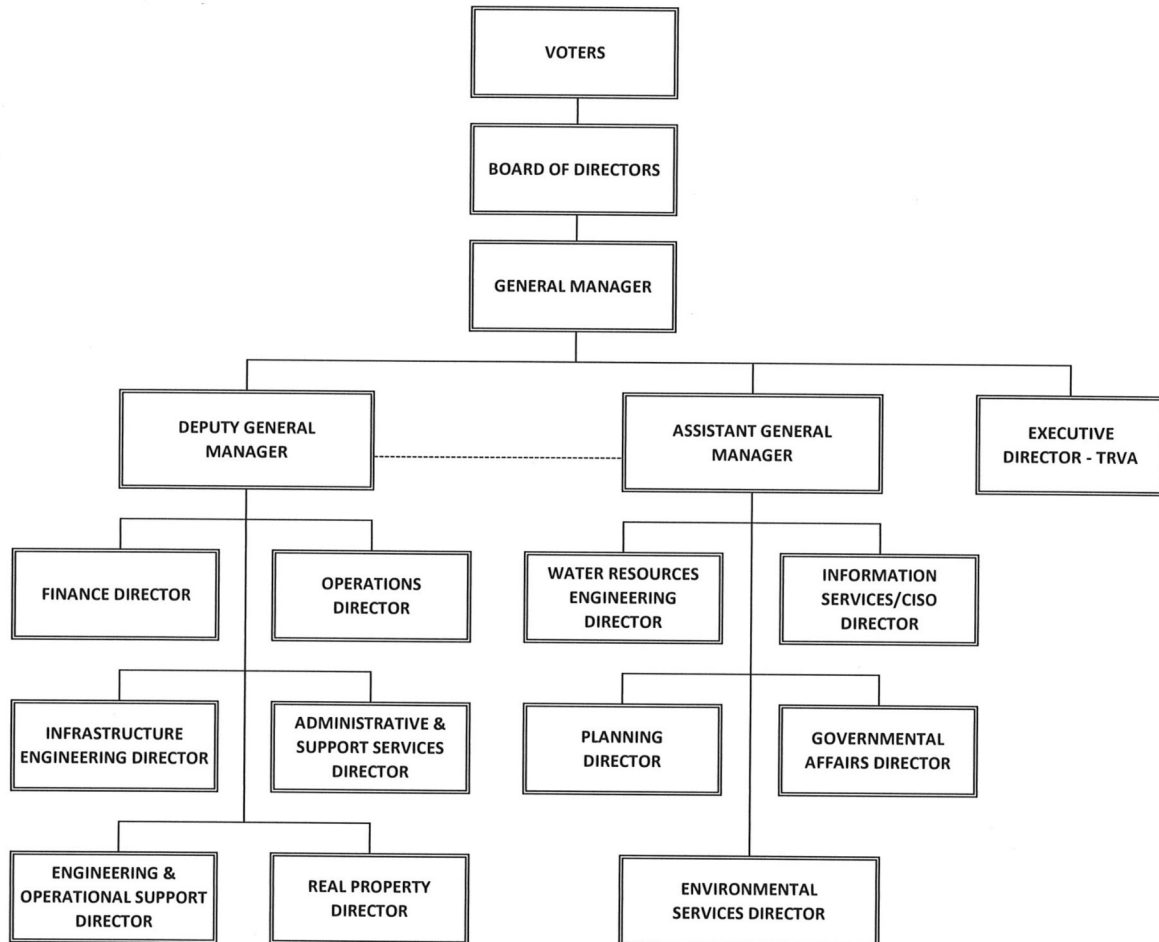
Marty Leonard, Vice President

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, 2019, 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, 2019 and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget to Actual—General Fund, Schedule of Changes in Net 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 20, 2019

TARRANT REGIONAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019. 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 \$1.3 billion (net position). Of this amount, \$267.1 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 \$52.5 million mainly due to the payment of debt service payables from customer water sales. Governmental activities total net position increased by \$17.4 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 31 of this report.

Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, deferred inflows. The difference between those assets, deferred outflows, 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 44 of this report.

FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceed liabilities and deferred inflows by \$1.3 billion at the close of fiscal year 2019.

CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 249,758,611	\$ 260,919,474	\$ 484,075,981	\$ 398,258,688	\$ 733,834,592	\$ 659,178,162
Capital assets	360,586,932	366,352,452	1,846,193,340	1,925,161,267	\$ 2,206,780,272	2,291,513,719
Total Assets	610,345,543	627,271,926	2,330,269,321	2,323,419,955	2,940,614,864	2,950,691,881
Total Deferred Outflows of Resources	159,972	250,563	11,425,403	10,829,397	11,585,375	11,079,960
Current liabilities	6,211,981	5,730,748	108,369,270	103,205,602	114,581,251	108,936,350
Long-term liabilities	15,176,515	15,114,015	1,612,361,881	1,557,477,604	1,627,538,396	1,572,591,619
Total Liabilities	21,388,496	20,844,763	1,720,731,151	1,660,683,206	1,742,119,647	1,681,527,969
Total Deferred Inflows of Resources	31,843	180,672	1,229,856	1,361,081	1,261,699	1,541,753
Net position						
Net investment in cap. assets	360,586,932	366,352,452	493,835,963	536,700,791	854,422,895	903,053,243
Restricted for						
Capital Projects	5,640,493	5,631,464			5,640,493	5,631,464
Customer Contingency			5,000,000		5,000,000	
Debt Service			98,822,079	102,892,891	98,822,079	102,892,891
Unrestricted	222,857,751	234,513,138	22,075,675	32,611,383	244,933,426	267,124,521
Total Net Position	<u>\$ 589,085,176</u>	<u>\$ 606,497,054</u>	<u>\$ 619,733,717</u>	<u>\$ 672,205,065</u>	<u>\$ 1,208,818,893</u>	<u>\$ 1,278,702,119</u>

Government-wide

- **Current and Other Assets**

The decrease in current and other assets of \$74.7 million is mainly due to the capital expenditures of construction cash for the ongoing capital projects including IPL.

- **Capital Assets**

The increase in capital assets of \$84.7 million is due to the design and construction related to the IPL Project and the ongoing acquisition of property for the TRV Project. Refer to Note 4 for further detail about capital assets.

- **Long-Term Liabilities**

The decrease in long-term liabilities of \$54.9 million is due to annual debt service payments which decreased revenue bonds payable. Refer to Note 6 for further detail about long-term liabilities.

- **Net Investment in Capital Assets**

The increase in net investment in capital assets of \$48.6 million is due to the decrease in bonds payable from principal payments using revenues collected during the year. 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 in fiscal year 2018, which was funded through savings from pumping power (actuals being lower than budget). In fiscal year 2018, the cash was determined to be restricted, but the payable to the customers for their payment into the contingency fund was not restricted. In fiscal year 2019, both the cash and the payable were determined to be restricted by the Board, leaving a \$0 restricted net position for Customer Contingency. See the new Accounts Payable Restricted for Customer Contingency line on the Statement of Net Position for the Enterprise Fund found on page 31.

- **Restricted for Debt Service**

The increase of \$4.1 million in the District's net position restricted for debt service is due to increased interest rates and a gain in market value on restricted investments.

- **Unrestricted Net Position**

The increase of \$22.2 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 and an increase in interest rates and a gain in market value on unrestricted investments.

Governmental Activities

- **Current and Other Assets**

The increase of \$11.2 million was due to increased interest rates and a gain in market value on investments and the transfer of funds from TRVA back to the District.

- **Capital Assets**

The increase of \$5.8 million was due to the TRV Project as well as the LaGrave Field Stadium land transaction. Refer to Note 4 for further detail about capital assets.

- **Net Investment in Capital Assets**

The increase of \$5.8 million was due to the TRV Project as well as the LaGrave Field Stadium land transaction.

- **Unrestricted Net Position**

The increase of \$11.7 million was due to a gain in market value on investments as well as interest income from increased interest rates.

Business-Type Activities

- **Current and Other Assets**

The decrease of \$85.8 million is mainly due to the capital project expenditures, a majority of which is for the ongoing IPL Project.

- **Capital Assets**

The capital assets increase of \$79.0 million is due to on-going bond projects, including the IPL Project. Refer to Note 4 for further detail about capital assets.

- **Long-Term Liabilities**

The decrease of \$54.9 million in long-term liabilities is mainly due to annual principal debt service payments. Refer to Note 6 for further detail about long-term liabilities.

- **Net Investment in Capital Assets**

The increase of \$42.9 million is mainly due to the decrease in long-term liabilities due to annual principal debt service payments.

- **Unrestricted Net Position**

The increase of \$10.5 million is due to revenue from the two buy-in premiums for fiscal year 2019.

CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program Revenues						
Charges for services	\$ 12,157,936	\$ 10,222,977	\$ 151,036,899	\$ 147,294,887	\$ 163,194,835	\$ 157,517,864
Operating Grants and Contributions	266,315	343,671	1,423,460	4,901,133	1,689,775	5,244,804
Capital Grants and Contributions	19,188,427	7,934,386			19,188,427	7,934,386
Total Program Revenues	31,612,678	18,501,034	152,460,359	152,196,020	184,073,037	170,697,054
General Revenues						
Property tax revenues	11,960,148	13,147,777			11,960,148	13,147,777
Investment income	731,769	1,435,560	5,511,784	14,653,818	6,243,553	16,089,378
Other revenues	2,214,062	5,393,183	98,036	127,786	2,312,098	5,520,969
Total Revenues	46,518,657	38,477,554	158,070,179	166,977,624	204,588,836	205,455,178
Expenses						
Flood protection	17,637,243	18,429,521			17,637,243	18,429,521
Recreation	2,585,102	2,636,155			2,585,102	2,636,155
Water supply			118,368,106	114,506,276	118,368,106	114,506,276
Total Expenses	20,222,345	21,065,676	118,368,106	114,506,276	138,590,451	135,571,952
Changes in Net Position	26,296,312	17,411,878	39,702,073	52,471,348	65,998,385	69,883,226
Net Position - Beginning of year	562,788,864	589,085,176	580,031,644	619,733,717	1,142,820,508	1,208,818,893
Net Position - Ending	<u>\$ 589,085,176</u>	<u>\$ 606,497,054</u>	<u>\$ 619,733,717</u>	<u>\$ 672,205,065</u>	<u>\$ 1,208,818,893</u>	<u>\$ 1,278,702,119</u>

Governmental Activities

- Program Revenues - Charges for Services**

The decrease of \$1.9 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 \$11.3 million decrease in Capital Grants and Contributions.

- General Revenues - Other revenues**

Other revenues increased \$3.2 million mainly due to the gain on sale of land pertaining to the LaGrave Field Stadium land transaction.

Business Type Activities

- **Program Revenues – Charges for Services**

The decrease of \$3.7 million is mainly due to the decrease in water sales and system capacity sales in fiscal year 2019.

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

The increase of \$3.5 million is mainly due to the Sardis-Lone Elm and Walnut Creek SUD buy-in premiums.

- **General Revenues - Investment income**

The increase of \$9.1 million is primarily due to the higher interest earned on the District's investments.

FINANCIAL ANALYSIS: CAPITAL ASSETS

CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Nondepreciable						
Land	\$ 256,389,068	\$ 262,094,980	\$ 167,891,943	\$ 171,890,367	\$ 424,281,011	\$ 433,985,347
Construction in progress	67,684,470	71,459,266	1,044,896,081	1,120,166,316	1,112,580,551	1,191,625,582
Total nondepreciable assets	324,073,538	333,554,246	1,212,788,024	1,292,056,683	1,536,861,562	1,625,610,929
Depreciable						
Dams and spillways	3,070,461	3,070,461	212,929,639	229,093,895	216,000,100	232,164,356
Pipeline			564,682,383	564,735,109	564,682,383	564,735,109
Wetlands			54,161,878	54,161,878	54,161,878	54,161,878
Communications			20,787	20,787	20,787	20,787
Buildings	49,387,105	47,893,090	7,979,031	7,979,031	57,366,136	55,872,121
Technology Infrastructure				3,240,353		3,240,353
Machinery and equipment	9,863,633	10,654,494	12,025,530	11,938,648	21,889,163	22,593,142
Flood control	8,115,517	8,115,517			8,115,517	8,115,517
Other project costs			151,114,301	151,114,301	151,114,301	151,114,301
Capital Lease-Machinery & Equip	977,569	977,569			977,569	977,569
	71,414,285	70,711,131	1,002,913,549	1,022,284,002	1,074,327,834	1,092,995,133
Less						
Accumulated depreciation	(33,923,323)	(36,935,356)	(369,722,689)	(389,324,321)	(403,646,012)	(426,259,677)
Capital Lease-Accum. Depr.	(977,568)	(977,569)			(977,568)	(977,569)
Total depreciable assets	36,513,394	32,798,206	633,190,860	632,959,681	669,704,254	665,757,887
Water rights, net of Accum Amort.			214,456	144,903	214,456	144,903
Total	\$ 360,586,932	\$ 366,352,452	\$ 1,846,193,340	\$ 1,925,161,267	\$ 2,206,780,272	\$ 2,291,513,719

The District's capital assets for its governmental and business-type activities as of September 30, 2019 were \$2.3 billion. Capital assets include: dams, spillways and water transmission facilities as well as land, roads,

buildings, technology infrastructure, 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:

Governmental Activities

- **Land**
 - TRV Project land, relocation, demolition, environmental costs and LaGrave Stadium land transaction increased the land balance by \$5.7 million.
- **Construction in Progress**
 - TRV Project increased by \$2.5 million.
 - Chisholm Trail Parkway Mitigation increased by \$700 thousand.
 - Panther Island Canal Construction increased by \$600 thousand.

Business Type Activities

- **Land**
 - Integrated Pipeline land purchases increased the land balance by \$3.8 million.
- **Construction in Progress**
 - Integrated Pipeline increased \$88.7 million.
 - Kennedale Balancing Reservoir increased \$1.9 million.
 - RC Wetlands Sand Boil Mitigation began in fiscal year 2019 and has had \$1.9 million of costs so far.
- **Dams**
 - CC Dam Stability Analysis and Monitoring was completed and moved out of Construction in Progress in fiscal year 2019 for a total cost of \$16.2 million of which \$64 thousand was cost in the current fiscal year.
- **Technology Infrastructure**
 - Fort Worth Data Center was completed and moved out of Construction in Progress in fiscal year 2019 for a total cost of \$3.2 million of which \$21 thousand was cost in the current fiscal year.

FINANCIAL ANALYSIS: FUND STATEMENTS

General Fund

As of the end of the 2019 fiscal year, the District's General Fund reported an ending fund balance of \$66.5 million. This total includes nonspendable fund balance in the amount of \$2.4 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, \$25.6 million for the Reserve Policy, \$29.5 million for the Contingency Fund (\$5.0 million assigned for fiscal year 2020 debt service, \$2.1 million received from the sale of LaGrave Field assigned for future board designated projects, \$6.2 million assigned for the TRV remaining loan, \$16.2 million assigned for future board designated projects from the excess equity in the General Fund), and \$3.4 million in an unassigned fund balance.

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 31) and has an end of year net position of \$672.2 million. This includes a net investment in capital assets of \$536.7 million, restricted net position for debt service of \$102.9 million, and an unrestricted net position of \$32.6 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 \$8.4 million.

BUDGETARY HIGHLIGHTS

GENERAL FUND

The 2019 budgeted revenues for the General Fund were \$29.7 million and the year ended with actual revenues of \$31.4 million. The deficiency in revenues was due to oil and gas production declining throughout the year. Increased property values and interest rates resulted in higher property tax revenues and interest income, offsetting the decreased revenues.

The 2019 budgeted expenditures for the General Fund were \$38.9 million and the year ended with actual expenditures of \$25.3 million. The deficiency in expenditures was due to several factors including vacancies throughout the year resulting in personnel costs coming in under budget and a settlement payment from Airfield Falls construction. Additionally, TRVA Project costs were under budget due to reduced relocation, demolition, and environmental costs throughout the year, which also resulted in no debt service issuances for fiscal year 2019.

In fiscal year 2019, the District had unbudgeted revenues of \$2.0 million related to the land transaction of the LaGrave Stadium and surrounding land parcels.

The District approved \$30.3 million in expenditures for fiscal year 2020, a decrease of \$8.6 million. The decrease was due to \$12.6 million in TRVA Project expenditures budgeted in fiscal year 2019, but not in fiscal year 2020. Offsetting the \$12.6 million decrease is an increase of \$4.0 million made up of \$1.8 million in increased flood protection expenses, \$0.6 million in increased reimbursable projects, \$0.6 million increase in recreation expenditures, and \$1 million increase in debt service expenditures for the TRVA Project.

The property tax rate for tax year 2019, fiscal year 2020, will increase to \$0.0287/\$100 valuation. The increase was in order for the tax revenues to cover the General Fund Operating and Maintenance budget.

ENTERPRISE FUND

The fiscal year 2020 Enterprise Fund Budget, prepared in accordance with the Tarrant Regional Water Supply Facilities Amendatory Contract, totals \$154.8 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, 2019

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Component Unit	
ASSETS					
Cash and cash equivalents	\$ 37,300,048	\$ 43,544,086	\$ 80,844,134	\$ 462,170	
Investments	24,986,665	12,790,381	37,777,046		
Receivables					
Accounts, oil and gas royalties, and other	1,181,759	3,262,569	4,444,328	279,175	
Taxes-net of allowance	51,109		51,109		
Accrued interest	115,688	45,292	160,980		
Long-term receivable	188,857,199		188,857,199		
Internal balances	807,392	(807,392)			
Prepaid items	1,930,341	6,048,645	7,978,986	23,217	
Inventory-at cost	57,809		57,809	499,160	
Cash and cash equivalents for bond projects		145,129,709	145,129,709		
Investments held for bond projects		74,939,345	74,939,345		
Accrued interest receivable for bond projects		275,592	275,592		
Cash and cash equivalents restricted		5,378,841	5,378,841		
Investments restricted		721,159	721,159		
Cash and cash equivalents for debt service		4,947,258	4,947,258		
Investments for debt service		101,449,819	101,449,819		
Accrued interest receivable for debt service		533,384	533,384		
Deposits held by others	5,631,464		5,631,464		
Land	262,094,980	171,890,367	433,985,347		
Construction in progress	71,459,266	1,120,166,316	1,191,625,582		
Depreciable capital assets, net of accumulated depreciation	32,798,206	632,959,681	665,757,887		
Water rights, net of amortization		144,903	144,903		
Total Assets	627,271,926	2,323,419,955	2,950,691,881	1,263,722	
DEFERRED OUTFLOWS OF RESOURCES					
Deferred bond refunding -loss		10,056,520	10,056,520		
Deferred OPEB	250,563	772,877	1,023,440		
Total Deferred Outflows of Resources	250,563	10,829,397	11,079,960		
LIABILITIES					
Accounts payable	3,983,517	21,115,204	25,098,721	472,484	
Accounts payable restricted for customer contingency		5,000,000	(5,000,000)		
Accounts payable for bond projects		7,851,879	7,851,879		
Accrued vacation - due within one year	324,805	1,028,549	1,353,354		
Other liabilities	1,422,426	429,420	1,851,846	511,475	
Other liabilities for bond projects		17,952,980	17,952,980		
Payable from restricted assets - accrued bond interest payable		5,137,570	5,137,570		
Revenue bonds payable, net of discount					
Due within one year		44,690,000	44,690,000		
Due in more than one year		1,547,554,826	1,547,554,826		
Long-term Payables - due in more than one year					
Pollution remediation obligations	10,352,500		10,352,500		
Post employment benefits payable	4,210,132	8,176,731	12,386,863		
Accrued vacation	551,383	1,746,047	2,297,430		
Total Liabilities	20,844,763	1,660,683,206	1,671,527,969	983,959	
DEFERRED INFLOWS OF RESOURCES					
Deferred bond refunding-gain		811,957	811,957		
Deferred OPEB	180,672	549,124	729,796		
Total Deferred Inflows of Resources	180,672	1,361,081	1,541,753		
NET POSITION					
Net investment in capital assets	366,352,452	536,700,791	903,053,243		
Restricted for					
Capital projects	5,631,464		5,631,464		
Debt service		102,892,891	102,892,891		
Unrestricted	234,513,138	32,611,383	267,124,521	279,763	
Total Net Position	\$ 606,497,054	\$ 672,205,065	\$ 1,278,702,119	\$ 279,763	

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

TARRANT REGIONAL WATER DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities								
Flood protection	\$ 18,429,521	\$ 8,063,725	\$ 236,821	\$ 7,931,111	\$ (2,197,864)		\$ (2,197,864)	
Recreation	2,636,155	2,159,252	106,850	3,275	(366,778)		(366,778)	
Total governmental activities	<u>21,065,676</u>	<u>10,222,977</u>	<u>343,671</u>	<u>7,934,386</u>	<u>(2,564,642)</u>		<u>(2,564,642)</u>	
Business type activities-Water supply	114,506,276	147,294,887	4,901,133			\$ 37,689,744	37,689,744	
	<u>\$ 135,571,952</u>	<u>\$ 157,517,864</u>	<u>\$ 5,244,804</u>	<u>\$ 7,934,386</u>		<u>37,689,744</u>	<u>35,125,102</u>	
COMPONENT UNIT								
Trinity River Vision Authority								
Project development	3,241,979			3,241,979				
Recreation programs	703,579	604,274	142,674					43,369
Total component unit	<u>\$ 3,945,558</u>	<u>\$ 604,274</u>	<u>\$ 142,674</u>	<u>\$ 3,241,979</u>				<u>\$ 43,369</u>
GENERAL REVENUES								
Property taxes					13,147,777		13,147,777	
Investment income					1,435,560	14,653,818	16,089,378	\$ 95,249
Miscellaneous					144,514	23,761	168,275	497
Gain on disposal of assets					5,248,669	104,025	5,352,694	
Total general revenues					<u>19,976,520</u>	<u>14,781,604</u>	<u>34,758,124</u>	<u>95,746</u>
CHANGES IN NET POSITION					17,411,878	52,471,348	69,883,226	139,115
NET POSITION - Beginning of year					589,085,176	619,733,717	1,208,818,893	140,648
NET POSITION - End of year					<u>\$ 606,497,054</u>	<u>\$ 672,205,065</u>	<u>\$ 1,278,702,119</u>	<u>\$ 279,763</u>

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

TARRANT REGIONAL WATER DISTRICT**BALANCE SHEET—GENERAL FUND
SEPTEMBER 30, 2019**

ASSETS	
Cash and cash equivalents	\$ 37,300,048
Investments	24,986,665
Receivables	
Accounts, oil and gas royalties and other	1,181,759
Taxes—net of allowance	51,109
Accrued interest	115,688
Due from Enterprise Fund	430,861
Notes and interest due from enterprise fund	376,531
Prepaid items	1,930,341
Inventory of supplies—at cost	57,809
Deposits held by others	5,631,464
Long-term receivable	188,857,199
Total assets	<u>260,919,474</u>
LIABILITIES	
Accounts payable	3,983,517
Other liabilities	1,422,426
Total liabilities	<u>5,405,943</u>
DEFERRED INFLOWS	
Unavailable revenue	188,995,485
Total deferred inflows	<u>188,995,485</u>
FUND BALANCES	
Nonspendable	
Long-term interfund notes and interest	376,531
Prepaid items	1,930,341
Inventory of supplies - At cost	57,809
Restricted for Capital Projects	5,631,464
Assigned for General Fund Reserve Policy	25,638,935
Assigned for Contingency Fund	29,507,846
Unassigned	3,375,120
Total fund balances	<u>66,518,046</u>
TOTAL	<u><u>\$ 260,919,474</u></u>

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

TARRANT REGIONAL WATER DISTRICT

**RECONCILIATION OF BALANCE SHEET-GENERAL FUND TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

TOTAL FUND BALANCES -General Fund	\$ 66,518,046
-----------------------------------	---------------

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	188,857,199
Property tax revenues	25,265
Oil and gas revenues	113,021
Deferred Outflows-Other Post Employment Benefits	250,563

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

Accrued Vacation	(876,188)
Pollution Remediation Obligations	(10,352,500)
Other Post Employment Benefits Payable	(4,210,132)
Deferred Inflows-Other Post Employment Benefits	(180,672)

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

366,352,452

TOTAL NET POSITION - Governmental activities	<u><u>\$ 606,497,054</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, 2019**

REVENUES	
Property taxes	\$ 13,152,496
Lease rentals	1,562,198
Oil and gas royalties	8,197,878
Investment income	1,435,560
Contributions	6,074,367
Other	932,267
	<hr/>
Total revenues	31,354,766
	<hr/>
EXPENDITURES	
Current	
General and administrative	8,862,512
Personnel services	8,276,805
Pension plan contribution	673,307
Contribution	193,647
Capital expenditures	7,270,974
	<hr/>
Total expenditures	25,277,245
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	6,077,521
	<hr/>
OTHER FINANCING SOURCES	
Proceeds from Sale of Land	2,049,050
	<hr/>
CHANGE IN FUND BALANCE	8,126,571
	<hr/>
FUND BALANCE - Beginning of year	58,391,475
	<hr/>
FUND BALANCE - End of year	\$ 66,518,046
	<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, 2019**

CHANGE IN FUND BALANCE—General Fund	\$ 8,126,571
-------------------------------------	--------------

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	2,203,690
Change in unavailable property taxes	(4,719)
Change in unavailable oil and gas revenue	(323,802)

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

Change in paid leave	(14,117)
Change in post employment benefits	33,735

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 (\$7,270,974) exceeded Depreciation (\$3,079,023).

	4,191,951
--	-----------

Change in gain/loss on disposal of assets	3,198,569
---	-----------

CHANGE IN NET POSITION—Governmental activities	<u><u>\$ 17,411,878</u></u>
--	-----------------------------

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

TARRANT REGIONAL WATER DISTRICT**STATEMENT OF NET POSITION—ENTERPRISE FUND
SEPTEMBER 30, 2019****ASSETS**

Current

Cash and cash equivalents	\$	43,544,086
Investments		12,790,381
Receivables		
Accounts and other		3,262,569
Accrued interest		45,292
Prepaid items		6,048,645
		<hr/>
Total current assets		65,690,973

Noncurrent

Cash and cash equivalents for bond projects		145,129,709
Investments held for bond projects		74,939,345
Accrued interest receivable for bond projects		275,592
Cash and cash equivalents restricted		5,378,841
Investments restricted		721,159
Cash and cash equivalents for debt service		4,947,258
Investments for debt service		101,449,819
Accrued interest receivable for debt service		533,384
Capital Assets		
Land		171,890,367
Construction in progress		1,120,166,316
Depreciable capital assets—net		632,959,681
Water rights—net of amortization		144,903
		<hr/>
Total noncurrent assets		2,258,536,374
		<hr/>
Total assets		2,324,227,347

DEFERRED OUTFLOWS OF RESOURCES:

Deferred bond refunding-loss		10,056,520
Deferred OPEB		772,877
		<hr/>
Total deferred outflows of resources		10,829,397

(Continued)

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

TARRANT REGIONAL WATER DISTRICT**STATEMENT OF NET POSITION—ENTERPRISE FUND****SEPTEMBER 30, 2019****LIABILITIES**

Current Liabilities

Accounts payable	\$ 21,115,204
Accounts payable restricted for customer contingency	5,000,000
Accounts payable for bond projects	7,851,879
Due to General Fund	430,861
Accrued vacation	1,028,549
Other liabilities	429,420
Other liabilities for bond projects	17,952,980
Payable from restricted assets—accrued bond interest payable	5,137,570
Revenue bonds payable-current position	44,690,000
Notes and interest payable to General Fund-current position	68,856

Total current liabilities 103,705,319

Noncurrent Liabilities

Accrued vacation	1,746,047
Long-term post employment benefits	8,176,731
Revenue bonds payable-net of discount	1,547,554,826
Notes and interest payable to General Fund	307,675

Total noncurrent liabilities 1,557,785,279

Total liabilities 1,661,490,598

DEFERRED INFLOWS OF RESOURCES

Deferred bond refunding-gain	811,957
Deferred OPEB	549,124

Total deferred inflows of resources 1,361,081

NET POSITION

Net investment in capital assets	536,700,791
Restricted for debt service	102,892,891
Unrestricted	32,611,383

TOTAL NET POSITION \$ 672,205,065

(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, 2019**

OPERATING REVENUES	
Sale of water	\$ 120,669,062
Land lease rentals	164,955
Contributions	4,901,133
Sale of system capacity	359,952
Other	359,628
	<hr/>
Total operating revenues	126,454,730
	<hr/>
OPERATING EXPENSES	
General and administrative	16,066,439
Personnel services	14,581,220
Utilities	9,060,771
Depreciation and amortization	20,206,511
Pension plan contribution	1,296,962
	<hr/>
Total operating expenses	61,211,903
	<hr/>
OPERATING INCOME	65,242,827
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Sale of system capacity restricted for debt service	25,765,051
Investment income	14,653,818
Interest expense	(53,294,373)
Gain on disposal of capital assets	104,025
	<hr/>
Total nonoperating revenues (expenses)	(12,771,479)
	<hr/>
NET INCOME	52,471,348
	<hr/>
NET POSITION - Beginning of year	619,733,717
	<hr/>
NET POSITION - End of year	\$ 672,205,065
	<hr/>

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, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from water customers	\$ 119,387,698
Contributions	4,901,133
Miscellaneous receipts	359,628
Payments to suppliers and contractors	(30,570,760)
Payments to employees for services	(16,124,717)
Payments to General Fund	(3,243,116)
	<hr/>
Net cash provided by operating activities	74,709,866

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on revenue bonds payable	(44,710,000)
Interest paid on revenue bonds and contract payable	(62,634,672)
Receipts from system capacity customer restricted for debt service	25,765,051
Acquisition and construction of capital assets	(99,174,439)
Proceeds from disposal of capital assets	104,025
	<hr/>
Net cash used in capital and related financing activities	(180,650,035)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(75,000,000)
Proceeds from sale and maturity of investments	163,635,000
Interest received on investments	10,118,069
	<hr/>
Net cash provided by investing activities	98,753,069

NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,187,100)
---	-------------

CASH AND CASH EQUIVALENTS—Beginning of year	206,186,994
---	-------------

CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 198,999,894</u></u>
---	------------------------------

(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, 2019**

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 65,242,827
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation & amortization expense	20,206,511
OPEB amortization of deferred inflows	41,938
Change in assets and liabilities	
Accounts and other receivables	(1,806,270)
Prepaid expenses	(419,670)
Accounts payable	(5,219,726)
Due to (from) other funds—net	(3,174,261)
Interfund note payable	(68,855)
Long-term vacation accrual	188,383
OPEB liability	(476,857)
Other liabilities	195,846
	<hr/>
Net cash provided by operating activities	<u><u>\$ 74,709,866</u></u>

NONCASH ACTIVITIES

Disposal of \$535,326 of capital assets, net of \$535,326 accumulated depreciation.

Record increase in fair value of investments and change in premium/discounts on investments to interest income of \$4,658,457 and \$115,671 respectively.

Record Amortization of Gain/Loss on Bond Refundings of \$546,188.

Record increase in Other Post Employment Benefits deferred outflow of resources of \$281,619 and increase in deferred inflow of resources of \$462,662 from new valuation.

Record amortization of Deferred Inflow of Resources from Other Post Employment Benefits of \$41,938.

(Concluded)

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUND

SEPTEMBER 30, 2019

	Other Post-Employment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 355,855
Investments	8,042,556
Total Assets	8,398,411
NET POSITION	
Restricted and held in trust for Other Post Employment Benefits	8,398,411
TOTAL NET POSITION RESTRICTED FOR OTHER POST EMPLOYMENT BENEFITS	\$ 8,398,411

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, 2019**

	Other Post-Employment Benefits Trust Fund
ADDITIONS	
Employer Contributions	\$ 1,851,480
Net Appreciation in Fair Value of Investments	501,718
Total Additions	<u>2,353,198</u>
DEDUCTIONS	
Benefit Payments	387,380
Other Post Employment Benefits Plan Administrative Expense	43,846
Total Deductions	<u>431,226</u>
Net Increase in Net Position	1,921,972
Net Position Restricted for Other Post Employment Benefits Beginning of Year	<u>6,476,439</u>
End of Year	<u><u>\$ 8,398,411</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, 2019

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 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 2019 the District made expenditures on behalf of the City of Fort Worth Tax Increment Reinvestment Zone #9 and 9A (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 from future tax revenues of the TIF.

During fiscal year 2019, the District expended an additional \$7.3 million under the agreement bringing the total amount expended to \$223.1 million. As of the end of fiscal year 2018, the TIF had repaid \$29.1 million, and during fiscal year 2019 the District collected an additional \$100 thousand for prior year taxes not previously remitted to the District from the TIF bringing the net loan amount to \$193.8 million. In fiscal year 2019, The TRWD Board budgeted and approved for any additional TIF payments received for fiscal year 2019 and forward to be used towards future debt service issues, thereby allowing the District to be paid back after all debt service payments had been made. Therefore, the \$5.0 million current payment received in fiscal year 2019, while reducing the Long Term Receivable on

the financial statements, has in practice been set aside for future debt service issuances. See reconciliation of the Long Term Receivable balance below:

Long Term Receivable from TIF #9/9A	\$	188,857,199
Payment in fiscal year 2019 for future debt service, not current expenses		<u>4,981,589</u>
Loan related to expenses prior to debt service assignment	\$	193,838,788

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 2019, 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, 2019 was \$99 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.

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
Technology Infrastructure	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 final installment of \$1.6 million was paid in June 2019 which brings the balance to zero as of September 30, 2019.

	Balance at October 1, 2018	Additions	Deletions	Balance at September 30, 2019	Due Within One Year
Accrued Acquisition	\$ 1,625,000		\$(1,625,000)	\$ —	\$ —

Pollution Remediation Obligations - The District has an environmental financial obligation for property purchased through September 30, 2019. Properties purchased during fiscal year 2019 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, three properties still require remediation – all are classified as high or moderate risk. As of September 30, 2019, the pollution remediation obligation amounted to \$10.4 million.

Based upon the limited data available, a remediation liability outlay for five 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 full-time 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, 2018	Additions	Deletions	Balance at September 30, 2019	Due Within One Year
Governmental Activities	\$ 862,073	\$ 362,708	\$ 348,593	\$ 876,188	\$ 324,805
Business-type Activities	2,586,213	1,292,261	1,103,878	2,774,596	1,028,549
Total	<u>\$ 3,448,286</u>	<u>\$ 1,654,969</u>	<u>\$ 1,452,471</u>	<u>\$ 3,650,784</u>	<u>\$ 1,353,354</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 2019 resulted in an estimated \$17.4 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 2019, the District received contributions of \$5.2 million for water system buy-in premiums, participation in the District's Pollution campaign and Water Conservation campaign as well as sponsorships for multiple 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, 2019, the District had nonspendable fund balances in the amount of \$2.4 million.

Restricted fund balance - The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District at September 30, 2019. At September 30, 2019, 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, 2019, 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, 2019, the District had an assigned fund balance in the amount of \$25.6 million for the Reserve Policy and \$29.5 million for the Contingency Fund (\$5.0 million assigned for fiscal year 2020 debt service, \$2.1 million received for the sale of LaGrave Field assigned for future board designated projects, \$6.2 million assigned for the TRV remaining loan, \$16.2 million assigned for future board designated projects from the excess equity in the General Fund).

Unassigned fund balance - The portion of fund balances in excess of nonspendable, restricted, committed, and assigned. The unassigned fund balance for the General Fund was \$3.4 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 83, *Certain Asset Retirement Obligations*, was implemented with no effect on the District's financial statements. Also during the fiscal year, GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was implemented. This statement is to improve the information that is disclosed in the notes to government financial statements related to debt. It also clarifies which liabilities should be included when disclosing information related to debt. The adoption of this statement required information to be provided for direct borrowings of debt separately from other debt.

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 90% of the District's water sales for the year ended September 30, 2019. 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, 2019 was \$4.1 million and was entirely covered by FDIC insurance or collateral. The carrying value of cash for the District was \$4.0 million. At September 30, 2019, the District also held petty cash of \$2,901.

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

The District invests in the Texas Local Government Investment Pool (Texpool) and the Local Government Investment Cooperative (LOGIC). Texpool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as a custodian of investments purchased with local investment funds.

LOGIC is also a public fund investment pool with the same authority as Texpool. It has been organized and established pursuant to an Interlocal Agreement between participating government entities. The District has an undivided beneficial interest in the pool of assets held by this agency. These investments and deposits are fully insured by the federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Trust Company. Authorized investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposits, and repurchase agreements.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from interest rate fluctuations, the District's investment policy limits maturities based on the objectives of each fund. Investment 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, 2019, the District's bank balance of \$4.1 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**

	9/30/2019	Weighted Avg. Maturity (Years)	S & P Rating	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments				
Federal Farm Credit Bank	\$ 46,450,968	2.95	AA+	\$ 46,450,968
Federal Home Loan Bank	68,359,774	1.70	AA+	68,359,774
Federal Home Loan Mortgage Corp	67,013,139	1.87	AA+	67,013,139
Federal National Mortgage Association	13,083,648	2.00	AA+	13,083,648
U.S. Treasury Notes	19,979,840	0.36	AA+	19,979,840
Total investments	<u>214,887,369</u>			<u>214,887,369</u>
Investment pools				
LOGIC (net asset value)	113,483,473	N/A	AAA-m	N/A
TexPool (net asset value)	<u>118,818,876</u>	N/A	AAA-m	N/A
Total investment pools by fair value	<u>232,302,349</u>			
Total investments and cash equivalents	<u>\$ 447,189,718</u>			<u>\$ 214,887,369</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 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 Cash, Cash Equivalents, and Investments

The balance per bank of cash on deposit in the Trust Fund and the carrying value was \$1,718 as of September 30, 2019. See below for the detail of investments held as of the end of fiscal year 2019.

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 US 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 plans underlying investments are allocated between equity, fixed income securities, and cash. During fiscal year 2019, the District's OPEB Plan investments were moved from a commingled account with investments held from multiple entities in which the District owned a percentage of the assets held there, to a separate account for the PARS/Tarrant Regional Water District Post Retirement Health Care Plan/Trust. The investments as a whole as of September 30, 2019 are no longer considered measured at Net Asset Value (NAV) as in the past with the commingled account, but have been evaluated and leveled individually. See below.

	9/30/19	Fair Value Measurements Using Significant Other Observable Inputs (Level 1)
Investments		
Money Market Funds		
First AM Govt	\$ 354,137	N/A
Equity Funds		
iShares Tr Core S&P 500 ETF	1,219,155	1,219,155
iShares S&P 500 Value ETF	481,683	481,683
iShares S&P 500 Growth ETF	479,240	479,240
iShares Russell Mid Cap ETF	330,553	330,553
iShares Russell 2000 Value ETF	292,196	292,196
iShares Russell 2000 Growth ETF	286,782	286,782
iShares MCI EAFE ETF	476,294	476,294
Vanguard FTSE Emerging Markets ETF	202,508	202,508
Vanguard REIT ETF	238,907	238,907
Fixed Income Funds		
Vanguard Short-Term Corp Adm Fund	744,594	N/A
iShares Core US Agg Bond ETF	3,290,644	3,290,644
Total Investments and Cash Equivalents	\$ 8,396,693	

The OPEB Plan is invested in a Money Market Fund (First Am Govt) as well as an Open Ended Mutual Fund (Vanguard Short-Term Corp Adm Fund), both of which are valued at Net Asset Value (NAV) and therefore are excluded from leveling above. See discussion earlier in this note regarding inputs for each level.

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, 2018	Additions/ Adjustments	Disposals/ Adjustments	Reclassification & Transfers	September 30, 2019
GOVERNMENTAL ACTIVITIES					
NONDEPRECIABLE ASSETS					
Land	\$ 256,389,068	\$ 8,255,151	\$ (2,549,239)		\$ 262,094,980
Construction in progress	67,684,470	3,851,672		(76,876)	71,459,266
TOTAL NONDEPRECIABLE ASSETS	324,073,538	12,106,823	(2,549,239)	(76,876)	333,554,246
DEPRECIABLE ASSETS					
Dams and spillways	3,070,461				3,070,461
Flood control projects	8,115,517				8,115,517
Buildings	49,387,105	(1,101,320) (1)		(392,695) (2)	47,893,090
Machinery and equipment	9,863,633	388,279	(66,989)	469,571 (2)	10,654,494
	70,436,716	(713,041)	(66,989)	76,876	69,733,562
Less accumulated depreciation for					
Dams and spillways	(912,257)	(68,275)			(980,532)
Flood control projects	(8,101,161)	(3,916)			(8,105,077)
Buildings	(15,672,498)	(2,529,731)			(18,202,229)
Machinery and equipment	(9,237,407)	(477,100)	66,989		(9,647,518)
	(33,923,323)	(3,079,022)	66,989		(36,935,356)
TOTAL DEPRECIABLE ASSETS, NET	36,513,393	(3,792,063)	—	76,876	32,798,206
CAPITAL LEASE DEPRECIABLE ASSETS					
Machinery and equipment	977,569				977,569
Less accumulated depreciation for:					
Machinery and equipment	(977,568)	(1)			(977,569)
	1	(1)	—	—	—
TOTAL GOVERNMENTAL					
ACTIVITIES, NET	\$ 360,586,932	\$ 8,314,759	(2,549,239)	—	\$ 366,352,452

(1) Negative addition due to legal settlement with the Airfield Falls asset.

(2) Prior year reclassification of machinery and equipment incorrectly recorded to buildings. Correcting asset category in fiscal year 2019.

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

Governmental activities	
Flood protection	\$ 2,057,607
Recreation	1,021,416
Total depreciation expense - governmental activities	\$ 3,079,023

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

	October 1, 2018	Additions/ Adjustments	Disposals/ Adjustments	Transfers	September 30, 2019
BUSINESS-TYPE ACTIVITIES					
NONDEPRECIABLE ASSETS					
Land	\$ 167,891,943	\$ 3,998,424			\$ 171,890,367
Construction in progress	1,044,896,081	94,674,844		(19,404,609)	1,120,166,316
TOTAL NONDEPRECIABLE ASSETS	1,212,788,024	98,673,268	—	(19,404,609)	1,292,056,683
DEPRECIABLE ASSETS					
Dams and spillways	212,929,639			16,164,256	229,093,895
Pipeline	564,682,383	52,726			564,735,109
Wetlands	54,161,878				54,161,878
Communications	20,787				20,787
Buildings	7,979,031				7,979,031
Technology Infrastructure				3,240,353	3,240,353
Machinery and equipment	12,025,530	448,444	(535,326)		11,938,648
Other project costs	151,114,301				151,114,301
	<u>1,002,913,549</u>	<u>501,170</u>	<u>(535,326)</u>	<u>19,404,609</u>	<u>1,022,284,002</u>
Less accumulated depreciation for					
Dams and spillways	(124,693,696)	(3,896,908)			(128,590,604)
Pipeline	(207,122,578)	(11,072,109)			(218,194,687)
Wetlands	(6,239,378)	(1,087,855)			(7,327,233)
Communications	(5,678)	(416)			(6,094)
Buildings	(5,051,239)	(321,663)			(5,372,902)
Machinery and equipment	(10,020,285)	(757,227)	535,326		(10,242,186)
Other project costs	(16,589,835)	(3,000,780)			(19,590,615)
Total accumulated depreciation	<u>(369,722,689)</u>	<u>(20,136,958)</u>	<u>535,326</u>	<u>—</u>	<u>(389,324,321)</u>
TOTAL DEPRECIABLE ASSETS, NET	633,190,860	(19,635,788)	—	19,404,609	632,959,681
INTANGIBLE ASSETS					
Water Rights	2,086,598				2,086,598
Less accumulated amortization for					
Water Rights	(1,872,142)	(69,553)			(1,941,695)
	<u>214,456</u>	<u>(69,553)</u>	<u>—</u>	<u>—</u>	<u>144,903</u>
TOTAL BUSINESS-TYPE ACTIVITIES, NET	\$ 1,846,193,340	\$ 78,967,927	—	—	\$ 1,925,161,267

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 2019 the District made contributions of \$2.8 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, 2019 is show below:

	Balance at Oct. 1, 2018	Additions	Deletions	Balance at Sept. 30, 2019	Due Within One Year
<u>Business-type Activities</u>					
Tarrant Regional Water District Projects	\$ 749,435,000		\$ 20,805,000	\$ 728,630,000	\$ 20,230,000
TRWD Contract Revenue Bonds (City of Dallas Project)	303,795,000		6,775,000	297,020,000	7,025,000
Bonds from Direct Borrowings (TRWD Projects)	363,435,000		13,535,000	349,900,000	13,800,000
Bonds from Direct Borrowings (City of Dallas Project)	132,905,000		3,595,000	129,310,000	3,635,000
Total Construction and Improvement Bonds	<u>\$ 1,549,570,000</u>	<u>\$ —</u>	<u>\$ 44,710,000</u>	<u>\$1,504,860,000</u>	<u>\$ 44,690,000</u>

DETAIL OF REVENUE BONDS PAYABLE AS OF SEPTEMBER 30, 2019

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%	\$ 1,805,000
\$6,755,000 Series 2008B-CC Water Revenue Bonds	Serially through 2027	2.0 - 2.8%	3,150,000
\$17,835,000 Series 2010A Water Revenue Bonds	Serially through 2030	1.2 - 2.6%	15,370,000
\$83,785,000 Series 2010B Water Revenue Bonds	Serially through 2030	1.0 - 2.5%	52,195,000
\$150,375,000 Series 2012 Water Revenue Refunding & Improvement Bonds	Serially through 2052	2.0 - 5.0%	125,795,000
\$98,960,000 Series 2012A Water Revenue Refunding Bonds	Serially through 2022	2.0 - 5.0%	11,175,000
\$318,750,000 Series 2014 Water Revenue Bonds	Serially through 2049	4.0 - 5.0%	315,365,000
\$156,470,000 Series 2015 Water Revenue Refunding Bonds	Serially through 2029	2.0 - 5.0%	135,370,000
\$300,000,000 Series 2015A Waterworks Revenue Bonds	Serially through 2045	0.5 - 3.2%	277,380,000
\$28,530,000 Series 2016 Water Systems Revenue Bonds	Serially through 2046	3.0 - 4.0%	26,770,000
\$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>1,078,530,000</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%	111,700,000
\$202,130,000 Series 2014 Dallas Contract Revenue Bonds	Serially through 2044	4.0 - 6.0%	185,320,000
\$140,000,000 Series 2015 Dallas Contract Revenue Bonds	Serially through 2045	0.5 - 3.2%	<u>129,310,000</u>
Total TRWD Contract Revenue Bonds (City of Dallas Project)			<u>426,330,000</u>
Total Construction and Improvement Bonds			1,504,860,000
Add premium (net of accumulated amortization)			<u>87,384,826</u>
			1,592,244,826
Less current portion			<u>(44,690,000)</u>
Total long term revenue bonds payable, net of discount			<u><u>\$ 1,547,554,826</u></u>

As of the end of fiscal year 2019, \$47.0 million for Series 2009 and \$85.6 million for Series 2010 were redeemed.

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, 2019 including interest payments are approximately as follows:

Years ending September 30th (in thousands)	Bonds			Bonds from Direct Borrowings		
	Principal	Interest	Requirements	Principal	Interest	Requirements
<u>Tarrant Regional Water District Projects</u>						
2020	\$ 20,230	\$ 35,130	\$ 55,360	\$ 13,800	\$ 8,923	\$ 22,723
2021	20,845	34,192	55,037	14,090	8,728	22,818
2022	21,785	33,160	54,945	14,400	8,505	22,905
2023	20,490	32,129	52,619	14,735	8,253	22,988
2024	21,020	31,092	52,112	14,920	7,978	22,898
2025-2029	115,775	138,943	254,718	77,210	35,109	112,319
2030-2034	158,430	105,934	264,364	57,500	26,266	83,766
2035-2039	108,450	71,902	180,352	58,775	18,167	76,942
2040-2044	99,485	47,733	147,218	69,190	8,142	77,332
2045-2049	120,035	20,842	140,877	15,280	245	15,525
2050-2052	22,085	1,693	23,778			
	<u>728,630</u>	<u>552,750</u>	<u>1,281,380</u>	<u>349,900</u>	<u>130,316</u>	<u>480,216</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>						
2020	\$ 7,025	\$ 13,628	\$ 20,653	\$ 3,635	\$ 3,454	\$ 7,089
2021	7,275	13,238	20,513	3,680	3,415	7,095
2022	7,550	12,834	20,384	3,735	3,371	7,106
2023	7,840	12,413	20,253	3,800	3,319	7,119
2024	8,235	11,976	20,211	3,870	3,259	7,129
2025-2029	47,005	54,067	101,072	20,620	15,175	35,795
2030-2034	58,935	43,485	102,420	23,515	12,481	35,996
2035-2039	74,875	28,686	103,561	27,325	8,843	36,168
2040-2044	78,280	10,075	88,355	32,060	4,280	36,340
2045				7,070	226	7,296
	<u>297,020</u>	<u>200,402</u>	<u>497,422</u>	<u>129,310</u>	<u>57,823</u>	<u>187,133</u>
Total	<u>\$1,025,650</u>	<u>\$ 753,152</u>	<u>\$ 1,778,802</u>	<u>\$ 479,210</u>	<u>\$ 188,139</u>	<u>\$ 667,349</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, 2019, pledged revenues for the Tarrant Regional Water District Project Revenue Bonds were \$92.5 million which offsets debt service requirements for the year of \$72.3 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, 2019, pledged revenues for the TRWD Contract Revenue Bonds (City of Dallas Project) were \$28.8 million which offsets debt service requirements for the year of \$25.7 million.

Extendible Commercial Paper Bonds

In fiscal year 2016 the District implemented an Extendible Commercial Paper Bonds Program in the amount of \$150 million for the benefit of enterprise fund projects and capital needs. In fiscal year 2018 the District implemented an additional Extendible Commercial Paper Bonds Program in the amount of \$150 million for the benefit of the general fund projects and capital needs. During fiscal year 2019, no commercial paper bonds were issued and none were outstanding as of September 30, 2019.

7. INTERFUND TRANSACTIONS

At September 30, 2019, 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	\$ 376,531		\$ 430,861	
Enterprise Fund		376,531		430,861
Total	\$ 376,531	\$ 376,531	\$ 430,861	\$ 430,861

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 2019, the Enterprise Fund repaid \$69 thousand, plus interest of \$13 thousand. In the fund financial statements, interfund balances (shown as due to/from other funds) are the results of normal expenditure transactions between funds and will be liquidated in the subsequent fiscal year.

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

8. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Descriptions

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

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

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

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

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

The Plan does not issue separate financial statements; however, the Trust's financials are included in this financial report as a Fiduciary Fund of the District starting on page 42. 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 as of September 30, 2019

Inactive Plan Members or Beneficiaries currently receiving benefits	31
Inactive Plan Members entitled to but not receiving benefits	0
Active Plan Members (active employees hired on or before 9/30/16)	224
Total Plan Members	<u>255</u>

Funding Policies

For other post employment benefits, contractual requirements for the District are established by the Board of Directors. In fiscal year 2014, the District established a trust to fund OPEB costs through the Public Agency Retirement Fund (PARS). The District funded the trust with an initial \$1 million transfer. In fiscal year 2019, \$1.5 million was contributed to the trust, and in fiscal year 2020 \$1.6 million is budgeted to contribute to the trust; these contributions are in addition to claims paid. The District’s Trust Funding Policy is to contribute an additional 10% more than the prior year to the trust each year in an effort to ultimately fund 75% of the Total OPEB Liability.

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

OPEB 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 2.75% 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 to pay the recommended actuarially determined contribution or higher based on the policy, which is based on a closed amortization period. As a result, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The annual money-weighted rate of return for the OPEB Trust was 5.49% for fiscal year 2019. 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, 2019.

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at September 30, 2018	\$ 19,571,235	\$ 6,476,439	\$ 13,094,796
Changes for the year:			
Service Cost	528,530		528,530
Interest	1,237,434		1,237,434
Difference between expected and actual experience	(688,704)		(688,704)
Changes in Assumptions	524,159		524,159
Benefit Payments	(387,380)	(387,380)	
Contributions - employer		1,851,480	(1,851,480)
Net Investment Income		501,718	(501,718)
Administrative Expense		(43,846)	43,846
Net Changes	1,214,039	1,921,972	(707,933)
Balance at September 30, 2019	\$ 20,785,274	\$ 8,398,411	\$ 12,386,863
Plan Fiduciary Net Position as a percentage of the total OPEB liability		40%	

Sensitivity of Net OPEB Liability

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

1% Decrease 5.30%	Current Single Discount Rate Assumption 6.30%	1% Increase 7.30%
\$15,723,005	\$12,386,863	\$9,669,817

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

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$9,240,895	\$12,386,863	\$16,372,312

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

For the year ended September 30, 2019, the District recognized a increase in OPEB expenses of \$25,772. At September 30, 2019, 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	\$ 145,218	\$ 652,100
Assumption changes	878,222	
Net difference between projected and actual earnings on OPEB plan investments		77,696
Total	\$ 1,023,440	\$ 729,796

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 (Inflows) of Resources
2020	\$ 25,772
2021	25,773
2022	60,584
2023	50,219
2024	60,011
Thereafter	71,285
Total	\$ 293,644

Actuarial Methods and Assumptions

Remaining amortization period	27 years as of September 30, 2018
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

9. COMMITMENTS AND CONTINGENCIES

Commitments - The Enterprise Funds had remaining commitments estimated at \$109.8 million due to on-going construction contracts as of September 30, 2019.

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 Sedgwick, 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.

Sedgwig – Sedgwig 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 the ROCIP 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 - 2018	\$ 8,048	\$ 206,201	\$ (211,015)	\$ 3,234
IPL Project ROCIP - 2019	3,234	129,092	(126,994)	5,332

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 2019 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 \$5,523,790 in aggregate for the plan year to date (October 2018 – September 2019).

Charges to Health 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 - 2018	\$ 384,332	\$ 4,347,751	\$ (4,338,511)	\$ 393,572
Group Health - 2019	393,572	5,523,153	(5,364,881)	551,844

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. 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. 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, however this standard is not applicable to the District's practices.

GASB Statement No. 91, *Conduit Debt Obligations* (issued May 2019) - The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard becomes effective for the District in fiscal year 2022.

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

11. SUBSEQUENT EVENT

As of December 4, 2019, the TRVA Board of Directors approved the assignment of all active TRVA contracts to the District or the City of Fort Worth. Contracts assigned to the District will become the responsibility of the District to pay. The District had previously transferred funds to the TRVA component unit to pay for these contracts, and the costs have been included in the Long Term Receivable due to the District from the City of Fort Worth TIF #9 and 9A. The entity will remain as an

advisory and coordination board, but it will no longer approve contracts or manage payments of any kind as of December 4, 2019.

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 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, 2019, was \$261 thousand and was entirely covered by FDIC insurance or collateral. The carrying value for the TRVA was \$95 thousand as of September 30, 2019.

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, 2019, 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, 2019 was \$367 thousand.

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, 2019 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	\$ 366,918	N/A	AAA-m	N/A
Total cash equivalents	<u>\$ 366,918</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, 2019 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

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, 2019**

	Original and Final Budget	Actual	Variance (Budget - Actual)
REVENUES			
Property taxes	\$ 12,000,000	\$ 13,152,496	\$ (1,152,496)
Lease rentals	1,342,554	1,562,198	(219,644)
Oil and gas royalties	10,000,000	8,197,878	1,802,122
Investment income	234,229	1,435,560	(1,201,331)
Contributions	1,122,600	6,074,367	(4,951,767)
Other	5,030,687	932,267	4,098,420
Total revenues	29,730,070	31,354,766	(1,624,696)
EXPENDITURES			
Current			
General and administrative	13,642,930	8,862,512	4,780,418
Personnel services	9,966,997	8,276,805	1,690,192
Pension plan contribution	725,621	673,307	52,314
Contribution	23,130	193,647	(170,517)
Capital expenditures	14,525,767	7,270,974	7,254,793
Total expenditures	38,884,445	25,277,245	13,607,200
Deficiency of Revenues Under Expenditures	(9,154,375)	6,077,521	(15,231,896)
Other Financing Sources			
Proceeds from Sale of Land		2,049,050	(2,049,050)
CHANGE IN FUND BALANCE	(9,154,375)	8,126,571	(17,280,946)
FUND BALANCE—Beginning of year	58,391,475	58,391,475	—
FUND BALANCE—End of year	\$ 49,237,100	\$ 66,518,046	\$ (17,280,946)

NOTES TO RSI

Property Taxes Revenues over Budget - The District received \$1.2 million more in taxes than budgeted due to an increase in property values.

Oil and Gas Royalties under Budget - Due to lower oil and gas production throughout the year, the District received \$1.8 million less than budgeted.

General and Administrative under Budget - Due to reduced TRVA Project costs for fiscal year 2019, there was no debt service issued.

Personnel Services under Budget - Personnel costs were under budget by \$1.7 million due to budgeted positions that were vacant for the majority of fiscal year 2019, as well as health insurance claims coming in lower than projected.

Capital Expenditures under Budget - Capital expenditures were under budget due to reduced relocation, demolition and environmental TRVA Project costs.

Proceeds from Sale of Land over Budget - Potential proceeds from Sale of Land are not budgeted. The \$2.0 million in revenues was from a land transaction of LaGrave Stadium.

TARRANT REGIONAL WATER DISTRICT

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

	2017	2018	2019
Total other post employment benefits liability			
Service cost	\$ 565,239	\$ 531,820	\$ 528,530
Interest	1,033,856	1,109,066	1,237,434
Difference between expected and actual experience of the total OPEB liability	(72,928)	190,998	(688,704)
Changes in assumptions		548,904	524,159
Benefit payments	(335,551)	(295,730)	(387,380)
Net change in total other post employment benefits liability	1,190,616	2,085,058	1,214,039
Total other post employment benefits liability - beginning	16,295,561	17,486,177	19,571,235
Total other post employment benefits liability - ending	<u>\$17,486,177</u>	<u>\$19,571,235</u>	<u>\$20,785,274</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,545,551	\$ 1,626,730	\$ 1,851,480
Net investment income	417,971	296,613	501,718
Benefit payments	(335,551)	(295,730)	(387,380)
Administrative expense	(25,922)	(32,888)	(43,846)
Net changes	1,602,049	1,594,725	1,921,972
Plan fiduciary net position - beginning	3,279,665	4,881,714	6,476,439
Plan fiduciary net position - ending	<u>\$ 4,881,714</u>	<u>\$ 6,476,439</u>	<u>\$ 8,398,411</u>
Net other post employment benefits liability	<u>\$12,604,463</u>	<u>\$13,094,796</u>	<u>\$12,386,863</u>
Plan fiduciary net position as percentage of total OPEB liability	28%	33%	40%
Covered-employee payroll	\$19,291,600	\$18,513,781	\$18,674,165
Net OPEB liability as percentage of covered-employee payroll	65%	71%	66%

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

TARRANT REGIONAL WATER DISTRICT

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

	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	9.50%	5.27%	5.49%

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

TARRANT REGIONAL WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS IN OTHER POST EMPLOYMENT BENEFITS

LAST 10 FISCAL YEARS

	2017	2018	2019
Actuarially determined contribution	\$ 1,524,244	\$ 1,569,476	\$ 1,534,834
Actual contribution	1,545,511	1,626,730	1,851,480
Contribution deficiency (excess)	<u>\$ (21,267)</u>	<u>\$ (57,254)</u>	<u>\$ (316,646)</u>
Covered-employee payroll	\$ 19,291,600	\$ 18,513,781	\$ 18,674,165
Contributions as % of covered-employee payroll	8.01%	8.79%	9.91%

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	27 years as of September 30, 2018
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

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

STATISTICAL SECTION (UNAUDITED)



(Flood in May 1949, overlooking the Lancaster Bridge)

DESCRIPTION OF STATISTICAL SECTION (UNAUDITED)

The Tarrant Regional Water District's statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TARRANT REGIONAL WATER DISTRICT

NET POSITION

LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities				
Net investment in capital assets	\$ 126,850,508	\$ 147,836,049	\$ 178,140,564	\$ 221,301,902
Restricted				
Unrestricted	155,138,624	172,954,968	175,256,153	188,026,740
Total governmental net position	<u>281,989,132</u>	<u>320,791,017</u>	<u>353,396,717</u>	<u>409,328,642</u>
Business-type Activities				
Net investment in capital assets	202,799,524	223,542,977	234,408,625	275,649,460
Restricted	53,627,614	53,338,190	65,749,659	63,522,458
Unrestricted	18,944,869	15,604,988	12,062,496	(859,394)
Total business-type net position	<u>275,372,007</u>	<u>292,486,155</u>	<u>312,220,780</u>	<u>338,312,524</u>
Total Primary Government				
Net investment in capital assets	329,650,032	371,379,026	412,549,189	496,951,362
Restricted	53,627,614	53,338,190	65,749,659	63,522,458
Unrestricted	174,083,493	188,559,956	187,318,649	187,167,346
Total primary government net position	<u>\$ 557,361,139</u>	<u>\$ 613,277,172</u>	<u>\$ 665,617,497</u>	<u>\$ 747,641,166</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities				
Net investment in capital assets	\$ 279,586,633	\$ 311,416,677	\$ 343,118,047	\$ 348,801,397
Restricted			5,531,060	5,561,868
Unrestricted	179,511,280	192,888,999	193,491,410	208,425,599
Total governmental net position	459,097,913	504,305,676	542,140,517	562,788,864
Business-type Activities				
Net investment in capital assets	308,579,683	357,632,834	409,159,039	444,563,300
Restricted	90,811,279	89,822,147	110,363,100	109,317,020
Unrestricted	(27,523,746)	(16,222,050)	(16,336,370)	26,151,324
Total business-type net position	371,867,216	431,232,931	503,185,769	580,031,644
Total Primary Government				
Net investment in capital assets	588,166,316	669,049,511	752,277,086	793,364,697 (1)
Restricted	90,811,279	89,822,147	115,894,160	114,878,888
Unrestricted	151,987,534	176,666,949	177,155,040	234,576,923
Total primary government net position	\$ 830,965,129	\$ 935,538,607	\$ 1,045,326,286	\$ 1,142,820,508

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

(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>2018</u>	<u>2019</u>
Governmental Activities		
Net investment in capital assets	\$ 360,586,932	\$ 366,352,452
Restricted	5,640,493	5,631,464
Unrestricted	<u>222,857,751</u>	<u>234,513,138</u>
Total governmental net position	<u>589,085,176</u>	<u>606,497,054</u>
Business-Type Activities		
Net investment in capital assets	493,835,963	536,700,791
Restricted	103,822,079	102,892,891
Unrestricted	<u>22,075,675</u>	<u>32,611,383</u>
Total business-type net position	<u>619,733,717</u>	<u>672,205,065</u>
Total Primary Government		
Net investment in capital assets	854,422,895	903,053,243
Restricted	109,462,572	108,524,355
Unrestricted	<u>244,933,426</u>	<u>267,124,521</u>
Total primary government net position	<u>\$ 1,208,818,893</u>	<u>\$ 1,278,702,119</u>

(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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental Activities				
General Government	\$ 7,595,520	\$ 7,494,646	\$ 11,310,981	\$ 11,521,503
Flood Control	5,605,584	6,291,116	6,418,353	6,313,528
Trinity River Vision Project	3,000,000		619,066	1,041,910
Total Governmental Activities	16,201,104	13,785,762	18,348,400	18,876,941
Business-type Activities	69,126,434	76,756,369	82,021,320	87,165,497
Total Primary Government Expenses	85,327,538	90,542,131	100,369,720	106,042,438
Program Revenues				
Governmental Activities				
Charges for Services	35,147,114	28,830,916	21,636,600	33,255,675
Capital Grants and Contributions	2,499,268	13,944,124	19,708,589	31,910,810
Total Governmental Activities	37,646,382	42,775,040	41,345,189	65,166,485
Business-type Activities				
Charges for Services	79,718,947	90,564,705	99,244,447	120,270,336
Capital Grants and Contributions	717,421	95,078		
Total Business-type Activities	80,436,368	90,659,783	99,244,447	120,270,336
Total Primary Government Revenues	118,082,750	133,434,823	140,589,636	185,436,821
Net (Expense) Revenue				
Governmental Activities	21,445,278	28,989,278	22,996,789	46,289,544
Business-type Activities	11,309,934	13,903,414	17,223,127	33,104,839
Total-Primary Government	32,755,212	42,892,692	40,219,916	79,394,383
General Revenues				
Governmental Activities				
Property Taxes	9,051,507	8,580,069	8,835,672	9,013,033
Investment Income	1,468,495	1,045,664	708,010	300,771
Miscellaneous	63,182	124,894	60,073	234,068
Gain/Loss on Disposal of Assets	23,920	61,980	5,156	94,509
Transfers				
Total Governmental Activities	10,607,104	9,812,607	9,608,911	9,642,381
Business-type Activities				
Investment Income	2,969,407	1,873,044	2,183,834	262,520
Miscellaneous	47,756	1,265,394	271,321	939,978
Gain/Loss on Disposal of Assets	67,958	72,296	56,343	48,310
Transfers				
Total Business-type Activities	3,085,121	3,210,734	2,511,498	1,250,808
Total Primary Government	13,692,225	13,023,341	12,120,409	10,893,189
Changes in Net Position				
Governmental Activities	32,052,382	38,801,885	32,605,700	55,931,925
Business-type Activities	14,395,055	17,114,148	19,734,625	34,355,647
Total Primary Government	\$ 46,447,437	\$ 55,916,033	\$ 52,340,325	\$ 90,287,572

(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>2014</u>	<u>2015</u>	<u>2016</u>
Expenses			
Governmental Activities			
General Government	\$ 13,462,903	\$ 12,766,315	
Flood Control	3,241,255	4,963,320	
Flood Protection			18,916,113
Recreation			1,561,346
Trinity River Vision Project	18,369,944		
Total Governmental Activities	35,074,102	17,729,635	20,477,459
Business-type Activities	104,901,544	87,999,935	77,099,429
Total Primary Government Expenses	139,975,646	105,729,570	97,576,888
Program Revenues			
Governmental Activities			
Charges for Services	26,048,278	16,595,055	
Flood Protection			9,862,928
Recreation			1,067,012
Operating Grants and Contributions			
Flood Protection			
Recreation			
Capital Grants and Contributions	49,101,393	36,043,940	
Flood Protection			36,029,150
Recreation			126,750
Total Governmental Activities	75,149,671	52,638,995	47,085,840
Business-type Activities			
Charges for Services	136,041,137	142,578,670	139,387,464
Operating Grants and Contributions			
Capital Grants and Contributions		680,633	3,584,248
Total Business-type Activities	136,041,137	143,259,303	142,971,712
Total Primary Government Revenues	211,190,808	195,898,298	190,057,552
Net (Expense) Revenue			
Governmental Activities	40,075,569	34,909,360	26,608,381
Business-type Activities	31,139,593	55,259,368	65,872,283
Total-Primary Government	71,215,162	90,168,728	92,480,664
General Revenues			
Governmental Activities			
Property Taxes	9,231,193	9,757,583	10,264,007
Investment Income	367,655	403,723	317,333
Miscellaneous	48,081	37,951	79,170
Gain/Loss on Disposal of Assets	46,773	99,146	565,950
Total Governmental Activities	9,693,702	10,298,403	11,226,460
Business-type Activities			
Investment Income	1,598,019	3,748,796	6,776,202
Miscellaneous	773,572	288,461	50,800
Gain/Loss on Disposal of Assets	43,508	69,090	(746,447)
Total Business-type Activities	2,415,099	4,106,347	6,080,555
Total Primary Government	12,108,801	14,404,750	17,307,015
Changes in Net Position			
Governmental Activities	49,769,271	45,207,763	37,834,841
Business-type Activities	33,554,692	59,365,715	71,952,838
Total Primary Government	\$ 83,323,963	\$ 104,573,478	\$ 109,787,679

(Continued)

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
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses			
Governmental Activities			
Flood Protection	21,448,590	17,637,243	18,429,521
Recreation	2,625,628	2,585,102	2,636,155
Total Governmental Activities	24,074,218	20,222,345	21,065,676
Business-type Activities	83,155,732	118,368,106	114,506,276
Total Primary Government Expenses	107,229,950	138,590,451	135,571,952
Program Revenues			
Governmental Activities			
Charges for Services			
Flood Protection	10,308,977	10,750,390	8,063,725
Recreation	2,940,158	1,407,546	2,159,252
Operating Grants and Contributions			
Flood Protection	100,000	140,000	236,821
Recreation	131,200	126,315	106,850
Capital Grants and Contributions			
Flood Protection	20,634,389	19,101,900	7,931,111
Recreation		86,527	3,275
Total Governmental Activities	34,114,724	31,612,678	18,501,034
Business-type Activities			
Charges for Services	155,447,588	151,036,899	147,294,887
Operating Grants and Contributions	474,769	1,423,460	4,901,133
Capital Grants and Contributions	57,540		
Total Business-type Activities	155,979,897	152,460,359	152,196,020
Total Primary Government Revenues	190,094,621	184,073,037	170,697,054
Net (Expense) Revenue			
Governmental Activities	10,040,506	11,390,333	(2,564,642)
Business-type Activities	72,824,165	34,092,253	37,689,744
Total-Primary Government	82,864,671	45,482,586	35,125,102
General Revenues			
Governmental Activities			
Property Taxes	10,854,952	11,960,148	13,147,777
Investment Income	435,789	731,769	1,435,560
Miscellaneous	29,379	47,936	144,514
Gain/Loss on Disposal of Assets	(109,303)	2,166,126	5,248,669
Total Governmental Activities	11,210,817	14,905,979	19,976,520
Business-type Activities			
Investment Income	5,706,516	5,511,784	14,653,818
Miscellaneous	37,379	60,257	23,761
Gain/Loss on Disposal of Assets		37,779	104,025
Total Business-type Activities	5,743,895	5,609,820	14,781,604
Total Primary Government	16,954,712	20,515,799	34,758,124
Changes in Net Position			
Governmental Activities	21,251,323	26,296,312	17,411,878
Business-type Activities	78,568,060	39,702,073	52,471,348
Total Primary Government	\$ 99,819,383	\$ 65,998,385	\$ 69,883,226

(Concluded)

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

TARRANT REGIONAL WATER DISTRICT

FUND BALANCE

LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Fund				
Nonspendable				
Long-term receivable		\$ 11,919,659		
Long-term interfund notes and interest	1,260,949	1,167,888	1,072,421	974,485
Prepaid items	549,374	910,245	879,706	2,534,623
Inventory of supplies-at-cost	40,994	46,364	46,630	51,908
Committed			100,000	
Assigned			8,274,737	1,240,858
Unassigned	156,337,101	149,862,054	152,417,730	144,151,950
Total	<u>\$ 158,188,418</u>	<u>\$ 163,906,210</u>	<u>\$ 162,791,224</u>	<u>\$ 148,953,824</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Fund				
Nonspendable				
Long-term interfund notes and interest	\$ 874,014	\$ 770,939	\$ 577,139	\$ 512,236
Prepaid items	2,808,611	1,353,935	970,308	3,901,482
Inventory of supplies-at-cost	53,705	57,196	51,929	58,322
Restricted			5,531,060	5,561,868
Assigned				364,461
Unassigned	111,936,626	88,675,455	63,501,938	50,340,889
Total	<u>\$ 115,672,956</u>	<u>\$ 90,857,525</u>	<u>\$ 70,632,374</u>	<u>\$ 60,739,258</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>2018</u>	<u>2019</u>
Governmental Fund		
Nonspendable		
Long-term interfund notes and interest	\$ 445,386	\$ 376,531
Prepaid items	3,296,548	1,930,341
Inventory of supplies-at-cost	61,832	57,809
Restricted	5,640,493	5,631,464
Assigned	26,560,137	55,146,781
Unassigned	22,387,079	3,375,120
Total	<u>\$ 58,391,475</u>	<u>\$ 66,518,046</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>2010</u>	<u>2011</u>	<u>2012</u>
Revenues			
Property Taxes	\$ 9,002,136	\$ 8,600,104	\$ 8,857,981
Lease Rental	656,328	662,857	875,426
Oil and Gas Royalties	34,354,862	27,777,427	20,738,333
Sale of Rock and Gravel	25,000	25,000	
Investment Income	1,468,495	1,045,664	708,010
Contributions		889,000	8,954,382
Other	198,026	463,647	88,069
Total Revenue	<u>45,704,847</u>	<u>39,463,699</u>	<u>40,222,201</u>
Expenditures			
Current			
General and Administrative	7,202,349	7,579,916	8,410,677
Personnel Services	2,320,404	4,177,093	4,198,150
Pension Plan Contribution	905,237	369,932	425,689
Contribution	3,000,000		619,066
Capital Expenditures	44,844,209	21,707,824	27,683,605
Capital Lease Payment	107,639		
Total Expenditures	<u>58,379,838</u>	<u>33,834,765</u>	<u>41,337,187</u>
Excess/(Deficiency) of Revenues Under Expenditures	<u>(12,674,991)</u>	<u>5,628,934</u>	<u>(1,114,986)</u>
Other Financing Sources			
Proceeds from Capital Lease	380,714	88,858	
Change in Fund Balance	<u>\$ (12,294,277)</u>	<u>\$ 5,717,792</u>	<u>\$ (1,114,986)</u>

(Continued)

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

TARRANT REGIONAL WATER DISTRICT

CHANGES IN FUND BALANCE

LAST TEN FISCAL YEARS (UNAUDITED)

GOVERNMENTAL FUND	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues			
Property Taxes	\$ 8,993,946	\$ 9,263,039	\$ 9,737,304
Lease Rental	1,385,702	1,314,725	1,601,445
Oil and Gas Royalties	31,367,889	24,518,478	14,875,262
Sale of Rock and Gravel	12,525	12,500	19,937
Investment Income	300,771	367,655	403,723
Contributions	2,963,174	3,386,255	3,503,256
Other	391,767	311,573	390,221
Total Revenue	<u>45,415,774</u>	<u>39,174,225</u>	<u>30,531,148</u>
Expenditures			
Current			
General and Administrative	8,476,960	9,043,006	10,797,697
Personnel Services	4,753,202	4,821,935	5,007,562
Pension Plan Contribution	497,578	512,818	535,436
Contribution	1,041,910	18,434,944	77,913
Capital Expenditures	45,075,378	39,365,013	38,668,521
Capital Lease Payment	385,715	277,377	259,450
Total Expenditures	<u>60,230,743</u>	<u>72,455,093</u>	<u>55,346,579</u>
Excess/(Deficiency) of Revenues Under Expenditures	<u>(14,814,969)</u>	<u>(33,280,868)</u>	<u>(24,815,431)</u>
Other Financing Sources			
Proceeds from Capital Lease	977,569		
Change in Fund Balance	<u>\$ (13,837,400)</u>	<u>\$ (33,280,868)</u>	<u>\$ (24,815,431)</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues				
Property Taxes	\$ 10,271,392	\$ 10,799,762	\$ 12,010,248	\$ 13,152,496
Lease Rental	1,598,047	1,389,533	1,403,276	1,562,198
Oil and Gas Royalties	8,781,804	11,048,761	10,148,141	8,197,878
Investment Income	317,333	435,789	731,769	1,435,560
Contributions	5,299,235	3,368,695	4,193,522	6,074,367
Other	1,038,859	612,796	742,406	932,267
Total Revenue	27,306,670	27,655,336	29,229,362	31,354,766
Expenditures				
Current				
General and Administrative	8,336,650	9,097,411	8,398,059	8,862,512
Personnel Services	7,015,739	7,650,611	7,737,421	8,276,805
Pension Plan Contribution	588,530	637,903	637,620	673,307
Contribution	1,230,230	3,076,384	242,806	193,647
Capital Expenditures	30,101,222	19,440,358	14,561,239	7,270,974
Capital Lease Payment	259,450			
Total Expenditures	47,531,821	39,902,667	31,577,145	25,277,245
Excess/(Deficiency) of Revenues Under Expenditures	(20,225,151)	(12,247,331)	(2,347,783)	6,077,521
Other Financing Sources				
Proceeds from Sale of Land		2,354,215		2,049,050
Change in Fund Balance	\$ (20,225,151)	\$ (9,893,116)	\$ (2,347,783)	\$ 8,126,571

(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)
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
2019	1,592,244,826	954%	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	
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
2019	162,319,167 (5)	41,005,392	121,313,775	44,710,000	53,281,011	1.24

PLEDGED REVENUE COVERAGE (TARRANT REGIONAL WATER DISTRICT REVENUE BONDS)

Fiscal Year	Gross Revenues	Operating Expenses	Net Available Revenues	Bond Payable Debt Service		Coverage Ratio
				Principal	Interest Expense	
2018	132,452,414	44,164,379	88,288,035	44,575,000	38,366,295	1.06
2019	133,511,271	41,005,392	92,505,879	34,340,000	37,977,258	1.28

PLEDGED REVENUE COVERAGE (DALLAS CONTRACT REVENUE BONDS)

Fiscal Year	Gross Revenues	Operating Expenses	Net Available Revenues	Bond Payable Debt Service		Coverage Ratio
				Principal	Interest Expense	
2018	29,072,448		29,072,448	10,095,000	15,460,546	1.14
2019	28,807,896		28,807,896	10,370,000	15,303,753	1.12

(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
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%
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%

(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
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	1.07181		21,811,046	21,811,046	13.80%
	Fort Worth -In	1.06856		55,105,320	55,105,320	34.86%
	Fort Worth -Out	1.07456		23,616,098	23,616,098	14.94%
	Mansfield	1.07456		5,523,546	5,523,546	3.49%
	Trinity River Authority	1.07456		11,850,071	11,850,071	7.50%
				117,906,081	117,906,081	74.59%
2019	Arlington	1.26370	*	21,016,599	21,016,599	12.59%
	Fort Worth -In	1.26220	*	49,479,396	49,479,396	29.63%
	Fort Worth -Out	1.26520	*	21,666,506	21,666,506	12.98%
	Mansfield	1.26520	*	5,306,509	5,306,509	3.18%
	Trinity River Authority	1.26520	*	11,357,357	11,357,357	6.80%
				108,826,367	108,826,367	65.18%

*Rate based on 2019 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
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%
2019	Dallas Utilities	26,125,003	26,125,003	15.65%

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)
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%	0.0200
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
2019	66,747,897,039	67,748,329,180	98.5%	0.0194

Note: All taxes are recorded in the General Fund.

Source: From the Tarrant County Tax Office.

TARRANT REGIONAL WATER DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST 10 FISCAL YEARS (UNAUDITED)

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
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%
2019	13,142,683	13,023,373	99.1%	12,308	0.09%	13,035,681	99.2%

Source: From the Tarrant County Tax Office.

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

2010

Tarrant County	Taxable Value	Rank	Percent of total taxable value
Bell Helicopter Inc	\$ 354,031,746	1	0.8%
OnCor Electric Delivery Co	348,155,853	2	0.8%
XTO Energy Inc	328,850,687	3	0.8%
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%

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%

(Continued)

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

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

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%

2015

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

(Continued)

Source: From the Tarrant Appraisal District

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

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

<u>2017</u>				Percent of total
Tarrant County	Taxable Value	Rank		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>				Percent of total
Tarrant County	Taxable Value	Rank		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%
Atmos 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%

<u>2019</u>				Percent of total
Tarrant County	Taxable Value	Rank		taxable value
Winner LLC	1,574,939,466	1		2.3%
American Airlines Inc/Envoy Air Inc	767,296,598	2		1.1%
Bell Helicopter Textron Inc/Bell Helicopter Inc.	489,194,620	3		0.7%
OnCor Electric Delivery Co LLC	488,582,268	4		0.7%
Alcon Laboratories Inc/Alcon Laboratories Inc	392,797,194	5		0.6%
DDR/DTC City Investments LP Etal	288,872,491	6		0.4%
Atmos Energy/Mid Tex Division	185,419,290	7		0.3%
Behringer Harvard Burnett PLZ	183,244,242	8		0.3%
F7 SSSM LLC	162,243,873	9		0.2%
Wal-Mart Stores Texas LLC/Wal-Mart Stores East LP	162,085,547	10		0.2%

(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
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
2019	41,005,392	53,294,373	20,206,511

(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
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)
2019	8,197,878 (2)	1,562,198	1,435,560 (5)	9,055,684	13,152,496

(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 decreasing market.

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

(4) Includes 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)

<u>Fiscal Year</u>	<u>Sale of Water (5)</u>	<u>Sale of System Capacity</u>	<u>Investment Income</u>	<u>Land Lease Rentals</u>	<u>Other (1)</u>
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 (4)
2019	120,669,062	26,125,003	14,653,818 (6)	164,955	5,364,786 (4)

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

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

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

(4) Increase due to additional buy-in premiums received.

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

(6) Increase due to market improvement.

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
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
2019	52	93	70	78	293

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, 2019 (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	327,541
Eagle Mountain Lake	179,880	164,294
Cedar Creek Lake	644,785	588,657
Richland Chambers	1,112,763	1,020,538
	<hr/>	<hr/>
Total	2,299,213	2,101,030
	<hr/> <hr/>	<hr/> <hr/>

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
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
2019	48.20	34.63	38.47	27.25	55.00	52.94

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
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%
2019	194,584	5,567,437,408	28,612	36.0	2,964	3.3%

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
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%
2019	21,776	523,930,560	24,060	40.6	384	5.8%

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
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%
2019	83,631	2,033,487,765	24,315	43.8	1,364	3.7%

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

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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
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%
2019	9,632	246,126,496	25,553	40.6	111	2.5%

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
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%
2019	182,784	4,857,302,016	26,574	36.9	2,749	3.4%

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

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

TARRANT REGIONAL WATER DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS (UNAUDITED)

KAUFMAN COUNTY, TX

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
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%
2019	143,742	3,827,993,202	26,631	35.7	2,146	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
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%
2019	54,628	1,210,119,456	22,152	38.9	873	3.7%

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
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%
2019	154,297	5,148,427,999	33,367	39.6	2,013	3.1%

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

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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment	Unemployment Rate
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%
2019	2,092,419	64,565,773,083	30,857	34.2	37,114	3.5%

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
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%
2019	72,749	1,996,741,803	27,447	38.5	1,063	3.4%

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, 2019 (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	\$ 1,805,000
Water Revenue Bonds - Series 2008B-CC	2008	6,755,000	3,150,000
Water Revenue Bonds - Series 2010A	2010	17,835,000	15,370,000
Water Revenue Bonds - Series 2010B	2010	83,785,000	52,195,000
Water Revenue Refunding and Improvement Bonds - Series 2012	2012	150,375,000	125,795,000
Water Revenue Refunding Bonds - Series 2012A	2013	98,960,000	11,175,000
Water Revenue Bonds - Series 2014	2014	318,750,000	315,365,000
Water Revenue Refunding Bonds - Series 2015	2015	156,470,000	135,370,000
Water Revenue Bonds Series 2015A	2016	300,000,000	277,380,000
Water Revenue Bonds Series 2016	2016	28,530,000	26,770,000
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>1,279,270,000</u>	<u>1,078,530,000</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>			
Contract Revenue Bonds (City of Dallas Project) - Series 2012	2012	131,935,000	111,700,000
Contract Revenue Bonds (City of Dallas Project) - Series 2014	2014	202,130,000	185,320,000
Contract Revenue Bonds (City of Dallas Project) - Series 2015	2016	140,000,000	129,310,000
		<u>474,065,000</u>	<u>426,330,000</u>
Total - Construction and improvement bonds		<u>\$1,753,335,000</u>	<u>\$1,504,860,000</u>

Note: Above amounts exclude unamortized original issue premiums.

TARRANT REGIONAL WATER DISTRICT

**SCHEDULE OF CHANGES IN BONDED DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019 (UNAUDITED)**

	Balance October 1, 2018	Total Issued	Total Retired	Balance September 30, 2019
<u>Tarrant Regional Water District Projects</u>				
Water Revenue Bonds Series 2008A-RC	\$ 2,005,000		\$ 200,000	\$ 1,805,000
Water Revenue Bonds Series 2008B-CC	3,770,000		620,000	3,150,000
Water Revenue Refunding and Improvement Series 2009	3,530,000		3,530,000	—
Water Revenue Bonds Series 2010	1,575,000		1,575,000	—
Water Revenue Bonds Series 2010A	16,530,000		1,160,000	15,370,000
Water Revenue Bonds Series 2010B	56,140,000		3,945,000	52,195,000
Water Revenue Bonds Series 2012	126,545,000		750,000	125,795,000
Water Revenue Refunding Bonds Series 2012A	14,585,000		3,410,000	11,175,000
Water Revenue Bonds Series 2014	316,260,000		895,000	315,365,000
Water Revenue Refunding Bonds Series 2015	145,400,000		10,030,000	135,370,000
Water Revenue Bonds Series 2015A	284,990,000		7,610,000	277,380,000
Water Revenue Bonds Series 2016	27,385,000		615,000	26,770,000
Water Revenue Refunding Bonds Series 2016A	61,910,000			61,910,000
Water Revenue Refunding Bonds Series 2017	52,245,000			52,245,000
	<u>1,112,870,000</u>	—	<u>34,340,000</u>	<u>1,078,530,000</u>
<u>TRWD Contract Revenue Bonds (City of Dallas Project)</u>				
Contract Revenue Bonds Series 2012	114,775,000		3,075,000	111,700,000
Contract Revenue Bonds Series 2014	189,020,000		3,700,000	185,320,000
Contract Revenue Bonds Series 2015	132,905,000		3,595,000	129,310,000
	<u>436,700,000</u>	—	<u>10,370,000</u>	<u>426,330,000</u>
Total	<u>\$ 1,549,570,000</u>	<u>\$ —</u>	<u>\$ 44,710,000</u>	<u>\$ 1,504,860,000</u>

Note: Above amounts exclude unamortized original issue premiums.

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2019 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS

AS OF SEPTEMBER 30, 2019

	2008A WIF			2008B WIF			2010 A - Series 2010A			2010 B - Series 2010B			2012 - Refunding and Water		
YR	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total
2020	\$ 205	\$ 46	\$ 251	\$ 630	\$ 73	\$ 703	\$ 1,200	\$ 335	\$ 1,535	\$ 4,065	\$ 1,091	\$ 5,156	770	6,209	6,979
2021	210	40	250	645	58	703	1,235	314	1,549	4,190	1,026	5,216	790	6,191	6,981
2022	215	35	250	665	41	706	1,270	291	1,561	4,315	951	5,266	815	6,166	6,981
2023	220	30	250	680	23	703	1,310	264	1,574	4,450	867	5,317		6,154	6,154
2024	225	23	248	530	7	537	1,350	236	1,586	4,585	776	5,361		6,153	6,153
2025	235	17	252				1,390	207	1,597	4,725	676	5,401		6,154	6,154
2026	240	10	250				1,435	174	1,609	4,865	569	5,434		6,153	6,153
2027	255	4	259				1,475	139	1,614	5,015	454	5,469		6,154	6,154
2028							1,520	102	1,622	5,170	331	5,501		6,153	6,153
2029							1,570	62	1,632	5,325	202	5,527		6,154	6,154
2030							1,615	21	1,636	5,490	68	5,558		6,153	6,153
2031													6,450	5,992	12,442
2032													6,750	5,671	12,421
2033													7,065	5,334	12,399
2034													7,375	4,973	12,348
2035													7,725	4,596	12,321
2036													8,070	4,201	12,271
2037													8,445	3,788	12,233
2038														3,577	3,577
2039														3,577	3,577
2040														3,577	3,577
2041													4,460	3,466	7,926
2042													4,690	3,237	7,927
2043													4,930	2,996	7,926
2044													5,185	2,743	7,928
2045													5,450	2,478	7,928
2046													5,730	2,198	7,928
2047													6,025	1,904	7,929
2048													6,330	1,595	7,925
2049													6,655	1,271	7,926
2050													6,995	929	7,924
2051													7,355	571	7,926
2052													7,735	193	7,928

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2019 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS

AS OF SEPTEMBER 30, 2019

YR	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
2020	\$ 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	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	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					15,601	15,601	15,985	4,705	20,690	8,075	7,069	15,144	690	880	1,570
2024					15,602	15,602	14,400	3,946	18,346	8,230	6,936	15,166	710	846	1,556
2025					15,601	15,601	12,945	3,262	16,207	8,390	6,793	15,183	730	809	1,539
2026					15,602	15,602	13,610	2,598	16,208	8,575	6,635	15,210	755	772	1,527
2027					15,601	15,601	14,305	1,900	16,205	8,780	6,454	15,234	775	734	1,509
2028					15,602	15,602	15,040	1,167	16,207	9,000	6,252	15,252	800	699	1,499
2029					15,601	15,601	15,810	395	16,205	9,245	6,028	15,273	825	666	1,491
2030				18,735	15,133	33,868				9,500	5,785	15,285	850	632	1,482
2031				20,355	14,156	34,511				9,775	5,525	15,300	875	598	1,473
2032				21,145	13,118	34,263				10,065	5,249	15,314	905	562	1,467
2033				21,980	12,040	34,020				10,370	4,960	15,330	935	530	1,465
2034				22,880	10,919	33,799				10,685	4,658	15,343	965	502	1,467
2035				9,495	10,109	19,604				11,020	4,345	15,365	995	472	1,467
2036				9,980	9,622	19,602				11,375	4,007	15,382	1,035	442	1,477
2037				10,490	9,111	19,601				11,740	3,647	15,387	1,075	410	1,485
2038				11,030	8,573	19,603				12,120	3,276	15,396	1,120	375	1,495
2039				11,595	8,007	19,602				12,520	2,892	15,412	1,165	339	1,504
2040				12,190	7,413	19,603				12,935	2,495	15,430	1,215	301	1,516
2041				12,815	6,787	19,602				13,370	2,080	15,450	1,265	260	1,525
2042				13,470	6,130	19,600				13,820	1,645	15,465	1,315	218	1,533
2043				14,160	5,440	19,600				14,290	1,194	15,484	1,370	173	1,543
2044				14,890	4,713	19,603				14,775	728	15,503	1,425	126	1,551
2045				15,650	3,950	19,600				15,280	245	15,525	1,480	77	1,557
2046				16,455	3,147	19,602							1,545	26	1,571
2047				17,330	2,303	19,633									
2048				18,220	1,414	19,634									
2049				19,165	479	19,644									
2050															
2051															
2052															
\$ 11,175 \$ 775 \$ 11,950 \$315,365 \$308,787 \$624,152 \$135,370 \$ 35,838 \$171,208 \$277,380 \$120,753 \$398,133 \$ 26,770 \$ 14,289 \$ 41,059															

(Continued)

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2019 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS

AS OF SEPTEMBER 30, 2019

YR	2016A - Refunding			2017 - Refunding			Total Enterprise Funds		
	Princ.	Int.	Total	Princ.	Int.	Total	Princ.	Int.	Total
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	42,920	77,855
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	40,382	75,607
2024	4,010	2,284	6,294	1,900	2,261	4,161	35,940	39,070	75,010
2025	4,215	2,079	6,294	3,085	2,137	5,222	35,715	37,735	73,450
2026	7,590	1,784	9,374		2,060	2,060	37,070	36,357	73,427
2027	7,980	1,394	9,374		2,060	2,060	38,585	34,894	73,479
2028	8,390	985	9,375	100	2,057	2,157	40,020	33,348	73,368
2029	8,820	555	9,375		2,055	2,055	41,595	31,718	73,313
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	20,894	54,894
2036				4,985	1,177	6,162	35,445	19,449	54,894
2037				5,215	973	6,188	36,965	17,929	54,894
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
<hr/>									
	\$ 61,910	\$ 20,551	\$ 82,461	\$ 52,245	\$ 35,849	\$ 88,094	\$ 1,078,530	\$ 683,066	\$ 1,761,596

(Concluded)

TARRANT REGIONAL WATER DISTRICT

ENTERPRISE FUND DEBT SERVICE REQUIREMENTS TO MATURITY (IN THOUSANDS) 2019 (UNAUDITED)

TARRANT REGIONAL WATER DISTRICT PROJECTS (CITY OF DALLAS PROJECT)

AS OF SEPTEMBER 30, 2019

	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
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	1,128	13,053	6,615	659	7,274	18,540	1,787	20,327
2044				12,525	532	13,057	6,840	446	7,286	19,365	978	20,343
2045							7,070	226	7,296	7,070	226	7,296
<div> <div>\$ 111,700</div> <div>\$ 59,705</div> <div>\$ 171,405</div> <div>\$ 185,320</div> <div>\$ 140,697</div> <div>\$ 326,017</div> <div>\$ 129,310</div> <div>\$ 57,823</div> <div>\$ 187,133</div> <div>\$ 426,330</div> <div>\$ 258,225</div> <div>\$ 684,555</div> </div>												

TARRANT REGIONAL WATER DISTRICT
SCHEDULE OF INSURANCE
AS OF SEPTEMBER 30, 2019 (UNAUDITED)

Insurer (6)		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)	07/01/19–07/01/20	Crime	\$5,000 - 10,000—liability	(4)
TWCA Risk Management Fund	(3)	07/01/19–07/01/20 07/01/19–07/01/20	Fleet Policy Property Insurance	\$10,000,000—liability \$179,109,054 - Boiler/Machinery \$237,760,888 - Property \$7,280,210 - EDP \$25,978,851 - Misc. Property \$6,746,035 - Auto	
		07/01/19–06/30/20	Workers' Compensation	Statutory limits	
		07/01/19–07/01/20	General Liability	\$10,000,000—limit	
		07/01/19–07/01/20	Errors and Omissions Liability	\$10,000,000—limit	
Blue Cross Blue Shield of Texas	(5)	01/01/19–12/31/19	Insured with Stop Loss Coverage	Unlimited per employee or dependent	
Sutton James Insurance Broker		12/16/18 - 12/16/19	Aviation/Helicopter	\$506,295—Physical Damage \$5,000,000-Liability	
Global Aerospace, Inc.		12/5/18 - 12/5/19	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.
- 6 All premiums have been paid in full.

(THIS PAGE INTENTIONALLY LEFT BLANK)