HTSContinuingDisclosureServices
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated July 29, 2025

Ratings:
Fitch: "AA+"
S&P: "AAA"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Co-Bond Counsel, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described herein including the alternative minimum tax on certain corporations. See "TAX MATTERS" herein for a discussion of the opinion of Co-Bond Counsel.

THE BONDS WILL <u>NOT</u> BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

trwd Tarrant Regional Water District

$49,445,000*
TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT,
UNLIMITED TAX BONDS, SERIES 2025

Dated: August 1, 2025
Interest Accrues from Delivery Date

Due: September 1, as shown below

PAYMENT TERMS . . . Interest on the $49,445,000* Tarrant Regional Water District, Unlimited Tax Bonds, Series 2025 (the "Bonds") will accrue from the delivery date expected on or about September 9, 2025 (the "Delivery Date"), will be payable September 1 and March 1 of each year, commencing March 1, 2026, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Article 16, Section 59 of the Texas Constitution, Chapters 49 and 51, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, an election held in the District on May 5, 2018 and a bond order passed by the Board of Directors (the "Board") of Tarrant Regional Water District, a Water Control and Improvement District (the "District") on July 15, 2025 (the "Bond Authorization"), in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" for the Bonds which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Bond Order"). The Bonds are direct obligations of the District, payable from a continuing, direct ad valorem tax, unlimited as to rate or amount, levied on all taxable property within the District, as provided in the Bond Order authorizing the Bonds (see "THE BONDS - Authority for Issuance" and "Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) for the purpose of purchasing, constructing, acquiring, owning, leasing, operating, repairing, improving, or extending land, improvements, facilities, plants, equipment, and appliances for flood control and drainage facilities; and (ii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING - Purpose" herein.

MATURITY SCHEDULE*

CUSIP Prefix (1): 876450

Amount	Sept 1 Maturity	Interest Rate	Price or Yield	CUSIP Suffix (1)	Amount	Sept 1 Maturity	Interest Rate	Price or Yield	CUSIP Suffix (1)
$ 100,000	2027				$ 2,010,000	2042			
100,000	2028				2,110,000	2043			
100,000	2029				2,215,000	2044			
100,000	2030				2,325,000	2045			
100,000	2031				2,440,000	2046			
100,000	2032				2,570,000	2047			
100,000	2033				2,705,000	2048			
100,000	2034				2,850,000	2049			
100,000	2035				2,995,000	2050			
100,000	2036				3,155,000	2051			
1,575,000	2037				3,320,000	2052			
1,655,000	2038				3,495,000	2053			
1,735,000	2039				3,680,000	2054			
1,825,000	2040				3,870,000	2055			
1,915,000	2041								

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS") managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Co-Municipal Advisors, or the Initial Purchaser of the Bonds take any responsibility for the accuracy of such numbers.

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In the event any of the Bonds are structured as term Bonds, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Order, which provisions will be included in the final Official Statement (see "THE BONDS – Redemption").

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the winning bidder for the Bonds (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Escamilla & Poneck, LLP, Fort Worth, Texas, Co-Bond Counsel (see APPENDIX B, "Forms of Co-Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about September 9, 2025 (the "Delivery Date").

BIDS DUE TUESDAY, AUGUST 5, 2025 AT 10:15 AM, CDT

* Preliminary, subject to change. See "THE BONDS – Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions".

This Preliminary Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission as amended and in effect on the date of this Preliminary Official Statement (the "Rule"), this document, as the same may be supplemented or corrected from time to time, constitutes an official statement of the District with respect to the Bonds described herein that has been "deemed final" by the District as of its date (or the date of any supplement or correction), except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Co-Municipal Advisors. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

NEITHER THE DISTRICT, ITS CO-MUNICIPAL ADVISORS, NOR THE INITIAL PURCHASER OF THE BONDS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENT (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer" herein).

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The cover page hereof, this page and the appendices included herein and any addenda, supplement, or amendment hereto, are part of the Preliminary Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE DISTRICT............................. The Tarrant Regional Water District, a Water Control and Improvement District (the "District"), is a conservation and reclamation district, functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended, and pursuant to the provisions of Chapter 268, Acts of 1957, 55th Legislature of Texas, Regular Session, as amended (the "District Act"). (see "INTRODUCTION - Description of the District").

THE BONDS................................. The District's $49,445,000* Unlimited Tax Bonds, Series 2025 (the "Bonds") are scheduled to mature on September 1 in the years 2027 through 2055 (see "THE BONDS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the delivery date and is payable March 1, 2026 and each September 1 and March 1 thereafter until maturity or prior redemption. (see "THE BONDS - Description of the Bonds" and "THE BONDS - Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Article 16, Section 59 of the Texas Constitution, Chapters 49 and 51, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, an election held in the District on May 5, 2018 and a bond order passed by the Board of Directors (the "Board") of the District on July 15, 2025 (the "Bond Authorization"), in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" for the Bonds which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Bond Order").

SECURITY FOR THE BONDS.......... The Bonds constitute direct obligations of the District, payable from an annual ad valorem tax, unlimited as to rate or amount, levied on all taxable property located within the District (see "THE BONDS – Security and Source of Payment").

REDEMPTION .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In the event any of the Bonds are structured as term bonds, such term bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Order, which provisions will be included in the final Official Statement (see "THE BONDS – Redemption").

TAX EXEMPTION........................... In the opinion of Co-Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) for the purpose of purchasing, constructing, acquiring, owning, leasing, operating, repairing, improving, or extending land, improvements, facilities, plants, equipment, and appliances for flood control and drainage facilities; and (ii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING - Purpose" herein.

RATINGS .... The Bonds are rated "AA+" by Fitch Ratings ("Fitch") and "AAA" by S&P Global Ratings, a division on S&P Global Inc. ("S&P") (see "OTHER INFORMATION - Ratings").

BOOK-ENTRY-ONLY SYSTEM...... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The District has not defaulted on the payment of its tax-supported indebtedness.

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* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated District Population [1]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Unlimited Tax Debt	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	935,000	$ 74,567,554,727	$ 79,751	$ 0	$ 0	0.00%	99.40% [5]
2022	956,000	83,301,317,005	87,135	0	0	0.00%	99.30% [5]
2023	978,000	92,773,649,598	94,861	0	0	0.00%	99.88% [5]
2024	990,000	105,777,641,517	106,846	48,940,000	49	0.05%	99.20% [5]
2025	990,000 [2]	108,804,453,048 [3]	109,903	98,385,000 [4]	99	0.09%	In Process [6]

(1) Source: Census Bureau for City of Fort Worth.
(2) Population held constant from prior year absent new information.
(3) As certified by the Tarrant Appraisal District as of January 1, 2024.
(4) Projected; includes the Bonds. Preliminary, subject to change.
(5) See "Table 4 – Tax Rate, Levy and Collection History."
(6) In Process of Collection.

For additional information regarding the District, please contact:

Sandra Newby
Tarrant Regional Water District
800 East Northside Drive
Fort Worth, Texas 76102-1097
(817) 335-2491

or

Laura Alexander
Hilltop Securities, Inc.
777 Main Street, Suite 1525
Fort Worth, Texas 76102
(817) 332-9710

or

Pamela Mobley
The RSI Group, LLC
1617 Park Place Ave, Suite 110
Fort Worth, TX 76110
(817) 945-4072

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

BOARD OF DIRECTORS

Leah M. King	President
Paxton Motheral	Vice President
C.B. Team	Secretary
Jonathan Killebrew	Director
Skylar O'Neal	Director

MANAGEMENT OFFICERS

Dan Buhman	General Manager
R. Alan Thomas	Deputy General Manager
Sandra Newby	Chief Financial Officer

CONSULTANTS, ADVISORS, AND INDEPENDENT AUDITORS

Independent Auditors	Deloitte & Touche LLP Dallas, Texas
Co-Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
	Escamilla & Poneck, LLP Fort Worth, Texas
Co-Municipal Advisors	Hilltop Securities, Inc. Fort Worth, Texas
	The RSI Group, LLC Fort Worth, Texas

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$49,445,000*
TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
UNLIMITED TAX BONDS, SERIES 2025

INTRODUCTION

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $49,445,000* Tarrant Regional Water District, Unlimited Tax Bonds, Series 2025 (the "Bonds"). The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Article 16, Section 59 of the Texas Constitution, Chapters 49 and 51, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, an election held in the District on May 5, 2018 and a bond order passed by the Board of Directors of Tarrant Regional Water District (the "District") on July 15, 2025 (the "Bond Authorization"), in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" for the Bonds which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate are jointly referred to as the "Bond Order").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Tarrant Regional Water District, a Water Control and Improvement District (the "District") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Co-Municipal Advisor, Hilltop Securities, Inc. ("HilltopSecurities"), Fort Worth, Texas.

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer").

DESCRIPTION OF THE DISTRICT . . . . The District is a conservation and reclamation district, functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended, and pursuant to the provisions of Chapter 268, Acts of 1957, 55th Legislature of Texas, Regular Session, as amended (the "District Act").

PLAN OF FINANCING

PURPOSE . . Proceeds from the sale of the Bonds will be used (i) for the purpose of purchasing, constructing, acquiring, owning, leasing, operating, repairing, improving, or extending land, improvements, facilities, plants, equipment, and appliances for flood control and drainage facilities; and (ii) to pay the costs associated with the issuance of the Bonds.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds	
Par Amount	$ -
Net Premium Bid	-
Total Sources of Funds	$ -
Uses of Funds	
Deposit to Project Fund	$ -
Cost of Issuance	-
Total Uses of Funds	$ -

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* Preliminary, subject to change. See "The BONDS - Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions".

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated August 1, 2025 (the "Dated Date") and mature on September 1 in each of the years and in the amounts shown on the cover page hereof. Interest will accrue from the date of initial delivery thereof (expected on or about September 9, 2025) (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing March 1, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Article 16, Section 59 of the Texas Constitution, Chapters 49 and 51, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, an election held in the District on May 5, 2018 and the Bond Order.

SECURITY AND SOURCE OF PAYMENT . . . The principal of and interest on the Bonds are payable from a continuing direct annual ad valorem tax levied by the District, unlimited as to rate or amount, upon all taxable property in the District.

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In the event any of the Bonds are structured as term bonds, such term bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Order, which provisions will be included in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DEFEASANCE . . . The Bond Order provides for the defeasance of the Bonds when the payment of the principal of the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, in trust (1) money sufficient to make such payment or (2) Defeasance Securities (hereinafter defined), certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2).

The Bond Order provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent. The District may modify the definition of Defeasance Securities in the Pricing Certificate for the Bonds.

The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent to receive payment when due on the defeasance securities. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District:

(i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners, may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the rating for U.S. Treasury securities or those for any other Government Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by the DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Co-Municipal Advisors, and the Underwriters (hereinafter defined) consider the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof and make no representation with respect thereto.*

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the Bonds in the aggregate principal amount thereof and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the District, printed bond certificates will be issued to the respective holders of the Bonds, as the case may be, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Bond Order summarized under "Transfer, Exchange, and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Bond Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

PAYMENT . . . Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class, postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the District where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners of the Bonds and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of an Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Notwithstanding the foregoing, during any period in which ownership of the Bond is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

REMEDIES IN THE EVENT OF DEFAULT . . . If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of defaults and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights and creditors of political subdivisions, such as the District.

TAXING PROCEDURES

AUTHORITY TO LEVY TAXES

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully therein.

PROPERTY TAX CODE AND COUNTY WIDE APPRAISAL DISTRICT

Title I of the Texas Property Code (the "Property Tax Code") specifies the taxing procedures for all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within the county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Tarrant Appraisal District ("TAD" or the "Appraisal District") has the responsibility for appraising property for all taxing units within Tarrant County, including the District. Such appraisal values are subject to review and change by the Tarrant Appraisal Review Board (the "Appraisal Review Board").

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT

***General*:** Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District. Principal categories of exempt property include, but are no limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas, and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition of at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District is authorized to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The District has granted a homestead exemption of $5,000 for persons 65 years of age and older, as well as a $10,000 exemption for disabled persons.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but it must be adopted by July 1. The District has never adopted a general homestead exemption.

Tax Abatement: Tarrant County and the District may enter into tax abatement agreements with owners of real property. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of the increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

Freeport Goods and Goods-in-Transit Exemption: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in transit personal property for all prior and subsequent years.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area a declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established under the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

VALUATION OF PROPERTY FOR TAXATION

Generally, property in the District must be appraised by TAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designations or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use, open space, or timberland designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years.

The Property Tax Code requires TAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in TAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by TAD or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from TAD a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as TAD chooses formally to include such values on its appraisal roll.

On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than $5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent (20%) of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap took effect on January 1, 2024.

The 89th Regular Legislative Session convened on January 14, 2025 and concluded on June 2, 2025. The Governor of Texas may call additional special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. On June 23, 2025, the Governor called the First Special Session to begin on July 21, 2025. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature has taken or may take or the effect of any such actions. The District is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

DISTRICT AND TAXPAYER REMEDIES

Under certain circumstances taxpayers and taxing units (such as the District), may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury, if requested by any party. Additionally, taxing units may bring suit against TAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before March 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residence homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

TAX PAYMENT INSTALLMENT

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Other Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year’s operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year’s operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Other Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District are classified as Other Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Other Districts is the current year's debt service and contract tax rate plus 1.08 the previous year’s operation and maintenance tax rate.

The District

A determination as to a district’s status as a Special Taxing Unit, Developed District or Other District will be made on an annual basis. The District was designated as an "Other District" for the 2024 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See “Table 7- Estimated Overlapping Debt”. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described in the preceding section under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

TAX ABATEMENT POLICY . . . The District does not have a tax abatement policy.

TAX INCREMENT FINANCING . . . Tax increment financing ("TIF") is an economic development tool authorized by Chapter 311 of the Texas Tax Code, as amended, by which local governments can publicly finance needed structural and infrastructure improvements in order to promote new development or redevelopment within a defined tax increment reinvestment zone ("TIF zone") that meets certain conditions for establishment.

At the time an area is designated as a TIF zone, the existing total taxable value of real property in the Zone is identified and designated as the "base value". As new investment is made within the TIF zone, total taxable value of the area begins to rise. The ad valorem taxes generated on the difference between the taxable value and the base value is considered the "increment". Participating taxing entities may deposit all, a predetermined portion, or none of the incremental taxes in a designated TIF zone fund for the purpose of financing the planning, design, construction, or acquisition of public improvements within the TIF zone. All taxing entities that levy taxes within the Zone continue to receive tax revenues derived from the base value.

TIF zones have a set term. A TIF zone ends on the earlier of (1) the termination date included in the ordinance that established the Zone; or (2) the date on which all project costs have been paid in full. Any revenues remaining in the TIF zone fund after the dissolution of the TIF are returned pro rata to each participating taxing units.

Each TIF zone is governed by a board of directors with five to fifteen members, appointed by those taxing jurisdictions that participate in the TIF zone, as well as the county or municipality that created the Zone. The TIF's board of directors oversees improvements to the area and may choose to dedicate TIF funds to reimburse developers for public improvements.

The District participates in the following TIF's to reinvest a portion of property taxes collected in programs that support economic development within District communities.

District Property Taxes Paid to TIF's in FY 2025

TIF #8 Lancaster	$ 59,444 [2]
TIF #9 Trinity River Vision [1]	178,986
TIF #10 Lone Star	13,067 [2]
TIF #12 East Berry	46,907
TIF #13 Woodhaven	108,099
TIF #14 Trinity Lakes	91,571
TIF #15 Stockyards	54,497
	$ 552,571

(1) See "THE DISTRICT – Tax Increment Reinvestment Zone #9" for a discussion of the District's participation in this TIF.
(2) Budgeted, not yet invoiced.

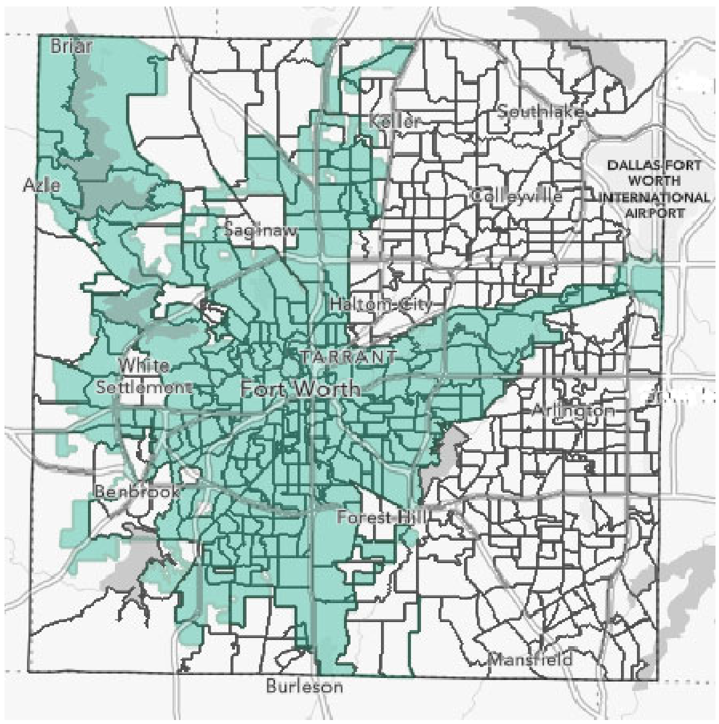
During the fiscal year 2024 the District made expenditures on behalf of the City of Fort Worth Tax Increment Reinvestment Zone #9 and 9A (TIF #9), a project partner in the Central City Flood Control Project under a Project Cost Funding Agreement between the District and the TIF #9. Under the agreement the District is advancing funds, including proceeds of the Bonds, for the Central City Flood Control Project that would normally be paid by the TIF #9 for costs related to the Project Plan. TIF #9 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 United States Army Corps of Engineers (USACE). The Board of Directors for TIF #9 (the "TIF #9 Board") and the District have entered into an agreement 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. See "THE DISTRICT – Tax Increment Reinvestment Zone #9."

THE DISTRICT

CREATION . . . The District 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 laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended 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 was created for the purpose of providing water supply and flood control and developing and providing a sufficient supply of raw water for the City of Fort Worth. The District's functions have expanded and now encompass the development of a raw water supply system to meet the needs of major municipal and industrial users within and outside its boundaries, flood control protection, recreation and water conservation activities.

BOUNDARIES . . . The District consists of approximately 302 square miles comprising approximately one-half of Tarrant County and is nearly coterminous with the City of Fort Worth. Additionally, the District owns land, not within the boundaries of the District, in Tarrant, Wise, Jack, Henderson, Ellis, Navarro, Freestone, Anderson, Johnson and Kaufman Counties.



TERRITORY SERVED BY THE DISTRICT . . . The District is the primary supplier for raw water used by a total of 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 TRA. The total area serviced by the District through these four major municipal entities includes nearly all the populated regions within Tarrant County.

POWERS . . . For the purpose of carrying out any power or authority conferred upon it by law, the District is empowered, among other things, to impound the storm and flood waters and the flow of the West Fork of the Trinity River and the tributaries of the Trinity River by the construction of dams. The District is also empowered to construct and otherwise acquire all pipelines, pump stations and other facilities necessary for the purpose of transporting the raw water so impounded to its users.

In furtherance of its express public purpose, the District also has the right to acquire land and easements within and without its boundaries (including land above the probable high water line around the reservoirs) through the exercise of its power of eminent domain.

The District is authorized by law to finance its public works projects by the issuance of bonds payable from either revenues, ad valorem taxes or both revenues and ad valorem taxes of the District.

ANNEXATIONS . . . Other territory may be annexed to the District by order of the Board of Directors under conditions specified in Texas Water Code Sections 49.301 – 49.302 either by petition of all landowners or by petition of less than all landowners. The Board of Directors shall hear the petition(s) and may add to the territory of the District all or part of the land described in such petition(s) if it is feasible, practicable and to the advantage of the District. If the annexation is by petition of less than all landowners, the Board shall order an election to be held in the District, as enlarged, on the question of the assumption of bonds, notes, obligations and taxes by the area to be annexed.

OTHER ACTIVITIES OF THE DISTRICT . . . The District engages in and receives certain revenues from non-water supply activities including the ownership of oil, gas and mineral rights, land sales and lease rentals, none of which is pledged to assist the District in meeting its obligations, including obligations relating to the Bonds.

TRINITY RIVER VISION/CENTRAL CITY FLOOD CONTROL PROJECT . . . The Trinity River Vision Master Plan (the "Master Plan") is the result of a process which commenced approximately 23 years ago through a collaboration of community volunteers, elected officials, administrators and urban planners. The Master Plan encompasses 88 miles of the Trinity River and its greenbelts and tributaries throughout the Fort Worth area. The purpose of the "vision" is to advocate for this natural resource, keeping the river beautiful, accessible, enjoyable and productive and to ensure that it remains a valuable asset for the entire community. The Master Plan addresses such issues as flood protection, the environment, ecosystems, recreational opportunities, access to the waterfront, preserving green space and revitalization based around the Trinity River at a cost of $1.2 billion dollars. The Trinity River Vision Project will be financed with federal funds, captured property taxes on the development of property benefited by the Trinity River Vision Project and funds to be provided by the District (including proceeds from the Bonds), the City of Fort Worth and Tarrant County. On January 19, 2022, the Central City Flood Control Project received $403 million in funding for the U.S. Army Corps of Engineers ("USACE") to complete the final design of all project components and construction of the bypass channel. The District and the other participants are continuing to complete the project components they are responsible for in order to stay ahead of the USACE. As discussed below, the District has provided $294.1 million for the Trinity River Vision Project, through its participation in TIF #9. The District has used the production royalties it received from its mineral interests within the Barnett Shale to meet its financial obligations on the Trinity River Vision Project.

TAX INCREMENT REINVESTMENT ZONE #9 . . . In 2003, the District entered into an Agreement to Participate in Tax Increment Reinvestment Zone Number Nine (TIF #9) with the City of Fort Worth (the "TIF Agreement"), a partner in the Trinity River Vision - Central City Flood Control Project. " The District also entered into a Project Cost Funding Agreement with the governing board of directors of TIF #9 (the "TIF Board") wherein the District agrees to advance funds for the project to be repaid with future revenues from TIF #9. The advances must be annually approved by the TIF Board and are repayable from future tax revenues of TIF #9. During fiscal year 2024, the District expended an additional $40.8 million under the agreement bringing the total amount expended including cash contributions from the District, to $294.1 million. As of the end of fiscal year 2024, TIF #9 had repaid $70.4 million, including $8.0 million collected in fiscal year 2024 bringing the net loan amount to $223.7 million.

The District has used the production royalties it received from its mineral interests within the Barnett Shale to meet its financial obligations on the Trinity River Vision Project. However, in May 2018, voters in the District approved $250 million in flood control bond financing for the project. The Bonds are the second series of bonds issued from the voted authority. Amounts paid to the District under the TIF Agreement are not pledged to the payment of the Bonds but are lawfully available for the payment of the Bonds. The Bonds are not obligations of the City of Fort Worth and the TIF Agreement does not obligate the City of Fort Worth directly or indirectly to pay the principal of or interest on the Bonds.

The term of TIF #9 is scheduled to end upon the earlier or either (i) the full satisfaction of project cost reimbursements (inclusive of associated debt service) or (ii) upon the collection and distribution of incremental revenue from tax year 2054.

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TABLE 1 - VALUATION, EXEMPTIONS AND UNLIMITED TAX DEBT

2024/25 Market Valuation Established by the Appraisal District		$ 144,083,209,464
Less Exemptions/Reductions at 100% Market Value:		
Homestead Local Exemption-Over 65	$ 2,333,432,064	
Disabled Persons/Veterans Exemptions	1,155,293,580	
Inventory	3,846,559,312	
Pollution Control Exemption	6,035,976	
Foreign Trade Zone	1,048,694,668	
Miscellaneous Personal Property	494,124,519	
Total Exempt Property	15,385,191,443	
Community Housing	127,735,013	
Nominal Value	7,010,893	
Solar	4,603,746	(24,408,681,214)
Less: Property in Arbitration and Incomplete Accounts		(10,870,075,202)
2024/25 Taxable Assessed Valuation		$ 108,804,453,048
District Funded Debt Payable from Ad Valorem Taxes (as of 6/1/25)		
Unlimited Tax Debt	$ 48,940,000	
The Bonds	49,445,000 (1)	
Total Funded Debt Payable from Ad Valorem Taxes as of 6/1/2025		$ 98,385,000 (1)
Interest and Sinking Fund as of 6/1/25		$ 0 (2)
Ratio of Total Funded Debt to Taxable Assessed Valuation		0.09%

2025 Estimated Population - 990,000 [3]
Per Capita Taxable Assessed Valuation - $109,903
Per Capita Total Funded Debt - $99
Per Capita Net Funded Debt - $99

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(1) Preliminary, subject to change.
(2) The District intends to levy a tax sufficient, together with other lawfully available revenues, to pay the Bonds See "THE DISTRICT - Tax Increment Reinvestment Zone #9."
(3) Population held constant from prior year absent new information.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 66,871,857,155	46.41%	$ 59,174,763,026	45.22%	$ 52,014,008,828	46.56%
Real, Residential, Multi-Family	16,109,779,061	11.18%	15,473,983,364	11.83%	13,339,016,435	11.94%
Real, Vacant Lots Tracts	2,684,704,240	1.86%	2,480,997,040	1.90%	2,143,836,737	1.92%
Real, Acreage (Land Only)	8,752,650	0.01%	3,666,592	0.00%	3,725,286	0.00%
Real, Farm and Ranch Improvements	398,983,832	0.28%	394,316,197	0.30%	392,408,936	0.35%
Real, Commercial and Industrial	35,731,878,689	24.80%	33,179,484,490	25.36%	28,638,648,694	25.64%
Oil and Gas	158,702,110	0.11%	1,080,518,490	0.83%	505,778,401	0.45%
Real and Intangible Personal, Utilities	2,622,335,168	1.82%	1,981,170,094	1.51%	1,323,914,175	1.19%
Tangible Personal, Business	15,546,298,130	10.79%	15,905,720,679	12.16%	12,287,477,428	11.00%
Tangible Personal, Other	2,647,820,951	1.84%	568,865,300	0.43%	482,778,978	0.43%
Mobile Homes	640,750,719	0.44%	-	0.00%	-	0.00%
Real Inventory	216,850,640	0.15%	167,971,287	0.13%	144,243,132	0.13%
Special Inventory	300,781,875	0.21%	299,581,726	0.23%	290,340,392	0.26%
Totally Exempt	143,714,244	0.10%	141,962,028	0.11%	139,831,524	0.13%
Total Appraised Value Before Exemptions	$ 144,083,209,464	100.00%	$ 130,853,000,313	100.00%	$ 111,706,008,946	100.00%
Adjustments	-		-		1,064,844,685	
Less: Property in Arbitration/Incomplete Accounts	(10,870,075,202)		-		-	
Less: Total Exemption/Reductions	(24,408,681,214)		(25,075,358,796)		(19,997,204,033)	
Taxable Assessed Value	$ 108,804,453,048		$ 105,777,641,517		$ 92,773,649,598	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 45,146,674,533	45.22%	$ 40,727,749,311	45.27%
Real, Residential, Multi-Family	10,961,857,338	10.98%	9,680,993,899	10.76%
Real, Vacant Lots Tracts	2,095,163,887	2.10%	2,071,420,765	2.30%
Real, Acreage (Land Only)	5,070,513	0.01%	3,645,621	0.00%
Real, Farm and Ranch Improvements	387,346,059	0.39%	386,465,553	0.43%
Real, Commercial and Industrial	25,893,466,064	25.94%	26,247,413,927	29.17%
Oil and Gas	217,311,880	0.22%	222,873,860	0.25%
Real and Tangible Personal, Utilities	2,231,119,794	2.23%	1,193,620,899	1.33%
Tangible Personal, Business	11,924,495,073	11.94%	8,423,444,653	9.36%
Tangible Personal, Other	469,429,754	0.47%	461,948,603	0.51%
Real Inventory	134,097,455	0.13%	193,269,766	0.21%
Special Inventory	233,556,296	0.23%	224,322,219	0.25%
Totally Exempt	132,828,150	0.13%	132,575,265	0.15%
Total Appraised Value Before Exemptions	$ 99,832,416,796	100.00%	$ 89,969,744,341	100.00%
Adjustments	1,219,393,579		1,975,645,236	
Less: Total Exemption/Reductions	(17,750,493,370)		(17,377,834,850)	
Taxable Assessed Value	$ 83,301,317,005		$ 74,567,554,727	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records. Fiscal Years 2025 and 2024 data are from the July certified values. Fiscal Years 2021-2023 are from September of the prior year.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [(1)]	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2021	935,000	$ 74,567,554,727	$ 79,751	$ -	0.00%	$ -
2022	956,000	83,301,317,005	87,135	-	0.00%	-
2023	978,000	92,773,649,598	94,861	-	0.00%	-
2024	990,000	105,777,641,517	106,846	48,940,000	0.05%	49
2025	990,000 [(2)]	108,804,453,048 [(3)]	109,903	98,385,000 [(4)]	0.09%	99

(1) Source: United States Census Bureau for the City of Fort Worth.
(2) Population held constant from prior year absent new information.
(3) As certified by the Tarrant Appraisal District as of January 1, 2024.
(4) Projected; includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2021	$ 0.02870	$ 0.02870	$ -	$ 23,085,616	99.10%	99.40%
2022	0.02870	0.02870	-	24,688,642	99.30%	99.30%
2023	0.02690	0.02690	-	25,873,984	99.14%	99.88%
2024	0.02670	0.02670	-	29,165,314	99.10%	99.20%
2025	0.02670	0.02670	-	30,984,011 [(1)]	In Process of Collection	

(1) Projected.

TABLE 5 - TEN LARGEST TAXPAYERS [(1)]

Name of Taxpayer	Nature of Property	2024 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Winner LLC/Meta Platforms Inc	Data Center	$ 4,509,149,056	4.14%
Oncor Electric Delivery Company LLC	Electric Utility	1,073,716,369	0.99%
American Airlines Inc	Aviation Terminal and Headquarters	1,051,274,448	0.97%
Amazon.Com Services LLC/Amazon Logistics Inc	Retail Warehouse	342,817,055	0.32%
Bell Textron Inc/Bell Helicopter Inc.	Aerospace Manufacturing	546,201,489	0.50%
Atmos Energy/Mid Tex Division	Natural Gas Utility	382,055,494	0.35%
AT&T Mobility LLC/Southwestern Bell	Telecommunications	306,705,423	0.28%
Mercantile Partners LP	Real Estate	259,485,851	0.24%
DDR/DTC City Investments LP	Commercial Real Estate	223,553,460	0.21%
Alcon Laboratories Inc	Medical/Pharmaceuticals	174,472,322	0.16%
		$ 8,869,430,967	8.15%

(1) Values based on the July 2024 certified values from the Appraisal District as certified January 1, 2024.

UNLIMITED TAX DEBT LIMITATION . . . No general obligation debt limitation is imposed on the District under current State law (see "THE BONDS – Security and Source of Payment" and "Table 9 – Authorized but Unissued Unlimited Tax Bonds").

TABLE 6 - TAX ADEQUACY (1)

2025 Principal and Interest Requirements	$	2,033,948
$0.0019 Tax Rate at 99% Collection Produces	$	2,046,612
Maximum Principal and Interest Requirements, 2038	$	7,494,800
$0.0070 Tax Rate at 99% Collection Produces	$	7,540,149

(1) Includes the Bonds. Preliminary, subject to change.

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TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Governmental Subdivision	As of Jan. 1, 2024 Taxable Assessed Value	2024/25 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 6-1-25	Authorized But Unissued Debt As of 6-1-25
The District	$ 108,804,453,048	$ 0.026700	$ 98,385,000 (1)	100.00%	$ 98,385,000 (1)	$ 150,000,000 (2)
Cities						
Azle	$ 1,826,704,423	$0.61400	$ 20,400,000	73.92%	$ 15,079,680	$ -
Benbrook	3,550,515,090	0.555000	19,780,000	0.17%	33,626	285,000
Burleson	6,733,054,253	0.663000	176,415,000	0.16%	282,264	69,269,004
Crowley	2,122,330,013	0.608000	41,005,000	0.82%	336,241	-
Euless	7,429,722,632	0.446700	70,945,000	0.00%	-	-
Forest Hill	1,051,648,419	0.724094	580,000	0.01%	58	-
Fort Worth	121,923,036,056	0.673000	929,240,000	82.29%	764,671,596	314,210,000
Haslet	2,041,533,918	0.350000	21,708,000	0.36%	78,149	-
Keller	8,435,801,556	0.291000	68,775,000	0.01%	6,878	-
Lake Worth	786,998,748	0.485420	31,880,000	1.57%	500,516	-
Lakeside, Town (Tarrant)	233,973,298	0.550000	-	10.10%	-	-
Pelican Bay	167,149,857	0.615998	-	100.00%	-	-
Reno, City of (Parker)	330,984,556	0.468000	776,000	4.09%	31,738	-
River Oaks	611,629,503	0.675827	17,230,000	78.95%	13,603,085	-
Saginaw	3,200,373,749	0.493747	78,295,000	1.01%	790,780	17,800,000
Sansom Park	361,510,675	0.779605	8,763,000	1.32%	115,672	-
Westover Hills	730,457,107	0.470000	5,880,000	100.00%	5,880,000	-
White Settlement	1,578,443,709	0.680000	31,160,000	1.32%	411,312	-
Total Cities	163,115,867,562		1,522,832,000		$ 801,821,594	$ 401,564,004

School Districts	As of Jan. 1, 2024 Taxable Assessed Value	2024/25 Tax Rate	Total Funded Debt	Estimated % Applicable	County's Overlapping Funded Debt 6-1-25	Authorized But Unissued Debt As of 6-1-25
Arlington ISD	$ 41,031,858,393	$ 1.104000	$1,224,080,000	0.00%	$ -	-
Azle ISD	4,832,678,336	1.098000	268,840,000	36.32%	97,642,688	-
Birdville ISD	15,784,326,487	1.198000	575,575,000	4.20%	24,174,150	-
Castleberry ISD	1,478,269,595	1.247000	115,260,000	78.72%	90,732,672	-
Crowley ISD	11,121,695,114	1.255000	1,160,613,722	71.81%	833,436,714	343,646,702
Eagle Mt-Saginaw ISD	15,972,843,395	1.246000	1,162,925,000	68.27%	793,928,898	411,100,000
Everman ISD	2,368,772,644	1.227000	151,055,000	67.96%	102,656,978	14,599,783
Fort Worth ISD	56,578,888,583	1.227000	1,562,140,000	88.71%	1,385,774,394	461,000,000
Hurst-Euless-Bedford ISD	19,907,998,316	0.969000	837,940,000	29.04%	243,337,776	397,300,000
Keller ISD	25,366,963,202	1.085000	717,010,000	34.55%	247,726,955	-
Kennedale ISD	2,318,143,985	1.135000	98,815,025	0.06%	59,289	-
Lake Worth ISD	1,677,964,106	1.255000	70,141,943	53.52%	37,539,968	-
Northwest ISD	35,154,549,337	1.118000	2,205,085,000	19.38%	427,345,473	1,195,500,000
White Settlement ISD	3366584346	1.207000	239,216,774	51.24%	122,574,675	-
Total School Districts	195,929,677,446		9,164,617,463		$ 4,406,930,629	$ 2,823,146,485
Special Districts						
Tarrant Co College District	$ 317,260,797,092	$ 0.112000	$ 569,915,000	36.85%	210,013,678	125,000,000
Tarrant Co Hospital District	289,640,276,553	0.183000	438,230,000	36.85%	161,487,755	350,000,000
Total Special Districts	606,901,073,645		1,008,145,000		$ 371,501,433	$ 475,000,000
Counties						
Tarrant Co	$ 289,157,254,040	$ 0.187500	$ 345,130,000	36.85%	127,180,405	205,600,000
Total Direct and Overlapping Funded Debt					$ 5,805,819,060 (1)	
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					5.34%	
Per Capita Overlapping Funded Debt					$ 5,864	

(1) As of June 1, 2025. Includes the Bonds. Preliminary, subject to change.
(2) Reflects remaining authorization after issuance of the Bonds. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 – PRO FORMA UNLIMITED TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt (1) Principal	Interest	Total	The Bonds (1) Principal	Interest	Total	Total Outstanding Debt	% of Principal Retired
2025	$ -	$ 2,033,948	$ 2,033,948	$ -	$ -	$ -	$ 2,033,948	
2026	130,000	2,086,100	2,216,100	-	2,493,284	2,493,284	4,709,384	
2027	135,000	2,079,600	2,214,600	100,000	2,549,950	2,649,950	4,864,550	
2028	145,000	2,072,850	2,217,850	100,000	2,544,950	2,644,950	4,862,800	
2029	150,000	2,065,600	2,215,600	100,000	2,539,950	2,639,950	4,855,550	0.87%
2030	160,000	2,058,100	2,218,100	100,000	2,534,950	2,634,950	4,853,050	
2031	165,000	2,050,100	2,215,100	100,000	2,529,950	2,629,950	4,845,050	
2032	175,000	2,041,850	2,216,850	100,000	2,524,950	2,624,950	4,841,800	
2033	185,000	2,033,100	2,218,100	100,000	2,519,950	2,619,950	4,838,050	
2034	190,000	2,023,850	2,213,850	100,000	2,514,950	2,614,950	4,828,800	2.27%
2035	1,400,000	2,014,350	3,414,350	100,000	2,509,950	2,609,950	6,024,300	
2036	1,470,000	1,944,350	3,414,350	100,000	2,504,950	2,604,950	6,019,300	
2037	1,545,000	1,870,850	3,415,850	1,575,000	2,499,950	4,074,950	7,490,800	
2038	1,625,000	1,793,600	3,418,600	1,655,000	2,421,200	4,076,200	7,494,800	
2039	1,705,000	1,712,350	3,417,350	1,735,000	2,338,450	4,073,450	7,490,800	15.39%
2040	1,790,000	1,627,100	3,417,100	1,825,000	2,251,700	4,076,700	7,493,800	
2041	1,880,000	1,537,600	3,417,600	1,915,000	2,160,450	4,075,450	7,493,050	
2042	1,975,000	1,443,600	3,418,600	2,010,000	2,064,700	4,074,700	7,493,300	
2043	2,050,000	1,364,600	3,414,600	2,110,000	1,964,200	4,074,200	7,488,800	
2044	2,135,000	1,282,600	3,417,600	2,215,000	1,858,700	4,073,700	7,491,300	35.63%
2045	2,220,000	1,197,200	3,417,200	2,325,000	1,747,950	4,072,950	7,490,150	
2046	2,310,000	1,108,400	3,418,400	2,440,000	1,631,700	4,071,700	7,490,100	
2047	2,400,000	1,016,000	3,416,000	2,570,000	1,503,600	4,073,600	7,489,600	
2048	2,495,000	920,000	3,415,000	2,705,000	1,368,675	4,073,675	7,488,675	
2049	2,595,000	820,200	3,415,200	2,850,000	1,226,663	4,076,663	7,491,863	60.94%
2050	2,700,000	716,400	3,416,400	2,995,000	1,077,038	4,072,038	7,488,438	
2051	2,810,000	608,400	3,418,400	3,155,000	919,800	4,074,800	7,493,200	
2052	2,920,000	496,000	3,416,000	3,320,000	754,163	4,074,163	7,490,163	
2053	3,035,000	379,200	3,414,200	3,495,000	579,863	4,074,863	7,489,063	
2054	3,160,000	257,800	3,417,800	3,680,000	396,375	4,076,375	7,494,175	92.73%
2055	3,285,000	131,400	3,416,400	3,870,000	203,175	4,073,175	7,489,575	100.00%
	$ 48,940,000	$ 44,787,098	$ 93,727,098	$ 49,445,000	$ 56,736,134	$ 106,181,134	$ 199,908,232	

(1) Average life of the issue – 22135 years. Interest on the Bonds has been calculated at the average rate of 5.04% for purposes of illustration. Preliminary, subject to change.

TABLE 9 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Issued (1)	Unissued Balance
Flood Control	5/5/2018	$ 250,000,000	$ 50,000,000	$ 50,000,000	$ 150,000,000
		$ 250,000,000	$ 50,000,000	$ 50,000,000	$ 150,000,000

(1) Includes the premium of the Bonds being issued. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF UNLIMITED TAX DEBT . . . The District anticipates issuing approximately $55 million in additional unlimited tax debt in 2026.

TABLE 10 - OTHER GENERAL FUND OBLIGATIONS

During fiscal year 2022, the District entered into an interlocal cooperation agreement with North Central Texas Council of Governments to repay $3.5 million in a loan on the Central City Flood Control Project related to the construction of the bridges. The loan is non-interest bearing and will be paid back over 10 years at $350,000 per year.

A summary of long-term note transactions of the District for the year ended September 30, 2024 is show below:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024	Due Within One Year
Governmental Activities					
Note Payable	$ 3,150,000	-	$ 350,000	$ 2,800,000	$ 350,000
Total Governmental Activities	$ 3,150,000	-	$ 350,000	$ 2,800,000	$ 350,000

Lease payable - During fiscal year 2024, the District leased one building. As of September 30, 2024, the value of the lease liability was $317,000. The District is required to make monthly principal and interest payments of $150 thousand. The balance of the right-of-use asset as of September 30, 2024 was $741,000 net of accumulated amortization of $437,000.

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024	Due Within One Year
Governmental Activities					
Leases	$ 463,308	-	$ 146,242	$ 317,066	$ 151,327
Total Governmental Activities	$ 463,308	-	$ 146,242	$ 317,066	$ 151,327

The future principal and interest lease payments as of September 30, 2024 were as follows:

Fiscal Year Ended 9/30	Principal	Interest	Total
2024	$ 146,242	$ 4,172	$ 150,414
2025	151,327	2,600	153,927
2026	152,923	1,004	153,927
2027	12,816	11	12,827
	$ 317,066	$ 3,615	$ 320,681

POST-EMPLOYMENT BENEFITS . . . 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, revised October 1, 2016, to full time status 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. 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 or Plan G, in accordance with Medicare eligibility rules. The District will also provide a monthly allowance of $187 (Plan F participants) or $205 (Plan G participants) to offset the cost of Medicare Part B and Part D. 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 or Plan G, in accordance with Medicare eligibility rules. The District will also provide a monthly allowance of $187 (Plan F participants) or $205 (Plan G Participants) to offset the cost of Medicare Part B and Part D. The employee/retiree will be covered until his/her death and the spouse until his/her death.

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 47. 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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	43
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	178
Total Plan Members	221

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). In fiscal year 2024, $2.4 million was contributed to the trust and in fiscal year 2025 $2.6 million is budgeted to contribute to the trust; these contributions are in addition to claims paid. The District has funded 82% of the total OPEB liability as of fiscal year 2024.

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:

Strategic Asset Allocation Ranges			
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%	2.2%	3.6%

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 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 6.00% 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 6.00%. 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 21.81% for fiscal year 2024. 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, 2023 and a measurement date of September 30, 2024.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at September 30, 2023	$ 28,237,902	$ 16,838,758	$ 11,399,144
Changes for the year:			
Service cost	566,436	-	$ 566,436
Interest	1,688,560	-	1,688,560
Difference between expected and actual experience	(1,535,736)	-	(1,535,736)
Changes in assumptions	237,858	-	237,858
Benefit Payments	(756,916)	(756,916)	-
Contributions - employer	-	3,114,864	(3,114,864)
Net investment income	-	4,131,196	(4,131,196)
Administrative expense	-	(91,146)	91,146
Net changes	200,202	6,397,998	(6,197,796)
Balance at September 30, 2024	$ 28,438,104	$ 23,236,756	$ 5,201,348

Plan Fiduciary Net Position as a percentage of the total OPEB liability 82%

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 6.00%, 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 5.0%	Current Single Discount Rate Assumption 6.0%	1% Increase 7.0%
$ 9,213,834	$ 5,201,348	$ 1,874,551

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. Refer to page 78 for further detail about healthcare trend rates.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 1,378,997	$ 5,201,348	$ 9,910,844

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB . . For the year ended September 30, 2024, the District recognized OPEB expenses of $1,027,349 which included amortization of deferred inflows and outflows of $240,463. At September 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 363,676	$ 1,831,544
Assumption Changes	997,982	282,493
Net difference between projected and actual earnings on OPEB plan investments	-	1,502,772
Total	$ 1,361,658	$ 3,616,809

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

Year Ended 9/30	Net Deferred Outflows (Inflows) of Resources
2025	$ (212,558)
2026	(48,487)
2027	(737,315)
2028	(721,494)
2029	(203,969)
Thereafter	(331,328)
Total	$ (2,255,151)

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial cost method	Individual entry age normal cost method
Amortization method	Level dollar, Closed
Remaining amortization period	22 years as of September 30, 2024
Asset valuation method	Market Value
Investment rate	6.00% per annum, net of expenses
Inflation rate	2.50%
Salary increases	3.50% to 11.50%, 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 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare trend rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years
Participation rates	100% of eligible retirees are assumed to elect coverage

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FINANCIAL INFORMATION

TABLE 11 – CHANGES IN NET POSITION FOR GOVERNMENTAL ACTIVITIES

	Fiscal Year Ended September 30,				
Revenues:	2024	2023	2022	2021	2020
Program Revenues					
Charges for Services	$ 7,697,243	$ 8,271,553	$ 17,116,980 [1]	$ 10,760,556	$ 8,441,492
Operating Grants and Contributions	38,456,021	62,806	68,500	223,910	247,607
Capital Grants and Contributions	2,593,742	6,676,117	11,511,098	5,000,645	10,951,777
General Revenues					
Property Taxes	29,117,031	25,989,506	24,669,850	23,067,000	21,941,700
Gain on Disposal of Assets	64,470	702,903	(106,270)	65,241	71,100
Miscellaneous	86,555	70,322	16,031	16,002	17,812
Investment Income/(Loss)	8,396,448	5,206,309	(707,632)	63,736	763,675
Total Revenues	$ 86,411,510	$ 46,979,516	$ 52,568,557	$ 39,197,090	$ 42,435,163
Expenses:					
Flood Protection	$ 63,699,185	$ 20,301,962	$ 21,520,140	$ 18,615,103	$ 19,842,221
Recreation	-	3,424,393	3,758,746	4,289,108	2,781,733
Total Expenses	$ 63,699,185	$ 23,726,355	$ 25,278,886	$ 22,904,211	$ 22,623,954
Change in Net Position before Transfers	$ 22,712,325	$ 23,253,161	$ 27,289,671	$ 16,292,879	$ 19,811,209
Transfers	-	-	-	-	-
Change in Net Position	$ 22,712,325	$ 23,253,161	$ 27,289,671	$ 16,292,879	$ 19,811,209
Net Position - October 1	693,143,974	669,890,813	642,601,142	626,308,263	606,497,054
Net Position - September 30	$ 715,856,299	$ 693,143,974	$ 669,890,813	$ 642,601,142	$ 626,308,263

(1) Increase due to market driven increases in oil and gas royalties in Fiscal Year 2022.

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Fund Balance - Beginning of Year	$ 130,053,850	$ 110,573,356	$ 89,969,545	$ 75,300,129	$ 66,518,046
Revenues:					
Property Taxes	$ 29,097,426	$ 25,984,634	$ 24,689,890	$ 23,089,003	$ 21,924,922
Contributions [1]	8,237,197	8,173,744	7,296,236	8,293,957	8,344,611
Oil and Gas Royalties	5,503,534	5,821,884	14,570,873	7,843,251	6,414,237
Investment Income	8,396,448	5,206,309	(707,632)	1,404,345	763,675
Lease Rentals	1,274,497	1,292,432	1,326,827	63,736	1,272,670
Other Financing Sources	1,187,162	1,106,514	1,143,960	1,505,348	921,554
Total Revenues	$ 53,696,264	$ 47,585,517	$ 48,320,154	$ 42,199,640	$ 39,641,669
Expenditures:					
General Government	$ 10,448,465	$ 9,492,233	$ 8,154,428	$ 9,161,152	$ 8,489,418
Personnel Services	11,494,274	9,982,786	9,700,561	9,712,955	8,963,307
Retirement Plan Contribution	986,892	842,229	809,572	821,009	780,327
Contributions	38,416,617	312,253	3,500,000	550,507	898,966
Capital Exepnditures	3,640,686	7,151,833	8,901,368	7,284,601	11,755,309
Debt Service	500,414	489,289	150,414	-	6,734
Total Expenditures	$ 65,487,348	$ 28,270,623	$ 31,216,343	$ 27,530,224	$ 30,894,061
Excess (Deficiency) of Revenues over Expenditures	(11,791,084)	19,314,894	17,103,811	14,669,416	8,747,608
Other Financing Sources:					
Proceeds from NCTCOG	$ -	$ -	$ 3,500,000	$ -	$ -
Proceeds from Sale of Land	-	165,600	-	-	34,475
Proceeds from General Obligation Bonds	50,608,429	-	-	-	-
Total Other Financing Sources	50,608,429	165,600	3,500,000	-	34,475
Fund Balance - End of Year	$ 168,871,195 [2]	$ 130,053,850	$ 110,573,356	$ 89,969,545	$ 75,300,129

(1) Includes revenues from TIF #9 available to pay debt service.
(2) Includes $27,279,889 in General Fund Reserves. See “DEBT INFORMATION - Accounting and Budget Policies.”

ACCOUNTING AND BUDGET POLICIES

Basis of Accounting for Government-Wide, Proprietary, and Fiduciary Funds Financial Statements . . . The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. 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 in which they are levied.

Basis of Accounting for Governmental Fund Financial Statements . . . Governmental funds are reported using the current financial resources measurement focus. The General Fund, the only governmental fund reported by the District, is used to account for revenues and expenditures related to flood protection operations and activities or improvements as well as 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 they become susceptible (meaning both measurable and available). Major revenue sources which are susceptible to accrual include property taxes, lease rentals, and oil and 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 collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

The District has a General Fund reserve policy that consists of general reserves equal to 25% of the annual budgeted recurring operating expenses plus a $10,000,000 debt service reserve for its unlimited tax debt payments and $10,000,000 in variable revenue reserves. It is the intent of the Board of Directors to limit use of General Fund Reserves to address unanticipated, non-recurring needs. Reserves may also be used when TIF #9 revenues are less than the debt service requirements on the Bonds. See "Table 12 – General Fund Revenues and Expenditures History."

For additional information regarding the District's accounting policies, see "Note 1. Summary of Significant Accounting Policies" in the District's audited financial statements for the fiscal year ended September 30, 2023, attached hereto as Appendix A.

Budgetary Procedures . . . The General Fund budget is prepared by District staff and approved by the Board of Directors following budget reviews. The Board adopts the budget and sets the tax rate prior to September 30th of the current fiscal year.

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INVESTMENTS

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the District. Both state law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits or (ii) where (a) the funds are invested by the District through a depository institution that has a main office or branch office in the State and that is selected by the District; (b) the depository institution selected by the District arranges for the deposit of funds in one or more federally insured depository institutions, wherever located, for the account of the District; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; (d) the depository institution acts as a custodian for the District with respect to the certificates of deposit; and (e) at the same time that the certificates of deposit are issued, the depository institution selected by the District receives deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the funds invested by the District through the depository institution selected under clause (ii)(a) above (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 365 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Directors.

ADDITIONAL PROVISIONS . . . Under State law, the District is additionally required to: (1) annually review its adopted investment policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the District Board of Directors; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management procedures on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

TABLE 13 - CURRENT INVESTMENTS

As of May 30, 2025, the District's General Fund was invested in the following categories:

Description	Percent	Par Value	Market Value
Treasuries	33.55%	$ 65,000,000	$ 64,698,578
Agencies	25.29%	49,000,000	48,676,284
Pools	41.16%	79,747,922	79,747,922
	100.00%	$ 193,747,922	$ 193,122,784

The Pools that the District invests in are the Texas Local Government Investment Pool ("TexPool") and LOGIC. Each investment pool is a governmental investment pool that operates as a money market equivalent. Each of such pools currently maintains an "AAA" rating from S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLP ("S&P") or Fitch Ratings ("Fitch") and has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investments or redemptions of funds are allowed by the participants.

The Texas State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

LOGIC is a local government investment pool for whom HilltopSecurities Asset Management, Inc., provides customer service and marketing for the pool. Ms. Sandra Newby, the District's Chief Financial Officer, also serves as President on the Board of LOGIC. LOGIC currently maintains a "AAAm" rating from S&P and has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investments or redemptions of funds is allowed by the participants.

No funds of the District are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Escamilla & Poneck, LLP, Fort Worth, Texas, Co-Bond Counsel, will render their respective opinions that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated herein, Co-Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix B - Form of Co-Bond Counsel's Opinion.

In rendering their opinions, Co-Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and, (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinions of Co-Bond Counsel are conditioned on compliance by the District with such requirements, and Co-Bond Counsel have not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Co-Bond Counsel's opinions represent their respective legal judgments based upon their review of Existing Law and the reliance on the aforementioned information, representations and covenants. Co-Bond Counsel's opinions are not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds. Further, no assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinions of Co-Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporations "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Information Reporting and Backup Withholding . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

State, Local and Foreign Taxes . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

OTHER INFORMATION

Ratings

The Bonds are rated "AAA" by S&P and "AA+" by Fitch. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. A securities rating is not a recommendation to buy or hold securities. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

The District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, could have a material adverse effect on the financial statements or operations of the District.

FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 Texas Government Code, provides that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with a capital of one million dollars or more, and savings and loan associations. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that the Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The District will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinions of Co-Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security or in any manner questioning the validity of said Bonds will also be furnished. Though it represents the Co-Municipal Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Bonds, Co-Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. Co-Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Co-Bond Counsel, such firm has reviewed the information describing the Obligations in the Official Statement to verify that such description conforms to the provisions of the Bond Order. The legal fee to be paid Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from District records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreements for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement contained in Tables numbered 1 through 6 and 8-13, inclusive, and in Appendix A. The District will update and provide this information within six months after the end of each fiscal year ending in or after 2025.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial information within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) in the case of the Bonds, adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the District or an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District or an Obligated Person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District or an Obligated Person, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. The term

"Financial Obligation" shall mean, for purposes of the events in clauses (15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing, or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that Financial Obligation shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION . . . The District has agreed to provide the foregoing information to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach their continuing disclosure agreements or from any statement made pursuant to their agreements.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended, would have permitted the Purchaser to purchase or sell Bonds in the offering described herein in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of such Rule to the date of such amendment, as well as changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends its agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the District has complied in all material respects with all continuing disclosure agreements made in accordance with SEC Rule 15c2-12. The District has been made aware that the City of Arlington, one of the Obligated Persons for the District's Water Revenue Bonds ("Obligated Persons"), did not timely file a notice with respect to the incurrence of a Financial Obligation pursuant to the Rule upon the issuance of its Water and Wastewater System Revenue Bonds, Series 2019D in a private placement sale with the Texas Water Development Board on September 20, 2019. The City of Arlington filed an event notice with the MSRB on March 30, 2020. The District has been made aware that the City of Fort Worth, one of the Obligated Persons, closed on its Tax Notes, Series 2021A and Tax Notes, Taxable Series 2021B on January 21, 2021. A Financial Obligation disclosure event notice was filed by the City of Fort Worth with the MSRB on February 9, 2021.

CO-MUNICIPAL ADVISORS

Hilltop Securities, Inc. ("HilltopSecurities"), and The RSI Group, LLC are employed as Co-Municipal Advisors to the District. HilltopSecurities and The RSI Group, LLC have relied on the opinion of Co-Bond Counsel and have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Co-Municipal Advisors may, individually or collectively, from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District.

The Co-Municipal Advisors to the District have provided the following sentence for inclusion in this Official Statement. The Co-Municipal Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Municipal Advisors do not guarantee the accuracy or completeness of such information.

USE OF AUDITED FINANCIAL STATEMENTS

The financial statements of the District as of September 30, 2024, and for the year then ended, included in this Preliminary Official Statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein.

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the District accepted the bid of ______________________ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium of $_________. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the District will furnish to the Initial Purchaser a certificate, executed by a proper District officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since the date of the last audited financial statements of the District.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

In the Bond Order, the Board authorized the Pricing Officer to approve, and in the Pricing Certificate, the Pricing Officer will approve, for and on behalf of the District, (i) the form and content of this Official Statement, and any addenda, supplement, or amendment thereto and (ii) the Initial Purchaser's use of this Official Statement in connection with the public offering and sale of the Bonds in accordance with the provisions of Rule 15c2-12.

AUTHORIZED OFFICER
Tarrant Regional Water District,
A Water Control and Improvement District

APPENDIX A

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2024

The information contained in this Appendix consists of the Tarrant Regional Water District, A Water Control and Improvement District Audited Financial Statements for the Year Ended September 30, 2024.

Deloitte & Touche LLP, the District's Independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Deloitte & Touche LLP also has not performed any procedures relating to this Preliminary Official Statement.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tarrant Regional Water District (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tarrant Regional Water District, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District recognized a new major fund in the current year, which has been presented as a change in reporting entity in accordance with the requirements of GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No 62.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 in Other Post Employment Benefits, and Schedule of Contributions in Other Post Employment Benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Deloitte & Touche LLP

December 19, 2024

TARRANT REGIONAL WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

This section of the District's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2024. 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 $1.6 billion (net position). Of this amount, $371.4 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: Governmental activities total net position increased by $22.7 million mainly due to oil and gas revenues and investment income, as well as lower than budgeted expenses. Business-Type Activities total net position increased by $51.9 million mainly due to revenues from customer water sales used to pay down debt as well as payments for non-debt related capital.

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 36 of this report.

Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows. The difference between those assets, deferred outflows, liabilities, and deferred inflows is 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 three governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Capital Projects Fund which are considered to be major funds. The General

Fund accounts for the flood control and recreation activities, and the Capital Projects Fund accounts for the activities for the Central City Flood Control capital project. The third fund, Debt Service Fund, is considered to be a nonmajor fund.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District 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 all of the following criteria:

1) The assets associated with the fiduciary activity are controlled by the government.
2) The assets associated with the fiduciary activity are not derived either solely from the government's own-source revenues or from government mandated non-exchange transactions or voluntary non-exchange transactions.
3) The assets associated with the fiduciary activity are either:
    a) administered through a trust in which the government itself is not a beneficiary, dedicated to providing benefits to recipients in accordance with the benefit terms, and legally protected from the creditors of the government
    b) for the benefit of individuals and the government does not have administration involvement with the assets or direct financial involvement with the assets and the assets are not derived from the government's provision of goods or services to those individuals
    c) for the benefit of organizations or other governments that are not part of the financial reporting entity and the assets are not derived from the government's provision of goods or services to those organizations or other governments

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.

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 49 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, creating a positive net position of $1.6 billion at the close of fiscal year 2024, an increase of $74.7 million. A majority of the net position balance is in net investment in capital assets of $1.1 billion. The District uses these assets to support the public it serves, but these assets are not available to use towards future costs.

CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Current and other assets	$ 329,385,764	$ 416,430,445	$ 620,824,012	$ 632,605,190	$ 950,209,776	$1,049,035,635
Capital assets	386,619,023	387,785,104	2,225,030,686	2,319,115,179	2,611,649,709	2,706,900,283
Total Assets	716,004,787	804,215,549	2,845,854,698	2,951,720,369	3,561,859,485	3,755,935,918
Total Deferred Outflows of Resources	709,294	141,898	51,275,741	37,117,720	51,985,035	37,259,618
Current liabilities	6,841,296	22,889,835	151,296,850	177,033,315	158,138,146	199,923,150
Long-term liabilities	14,348,852	62,524,568	1,880,813,333	1,889,823,928	1,895,162,185	1,952,348,496
Total Liabilities	21,190,148	85,414,403	2,032,110,183	2,066,857,243	2,053,300,331	2,152,271,646
Total Deferred Inflows of Resources	2,379,959	3,086,745	3,591,123	8,611,799	5,971,082	11,698,544
Net position						
Net investment in cap. assets	386,155,715	384,963,535	714,072,935	746,035,763	1,100,228,650	1,130,999,298
Restricted	5,765,799	130,793	100,986,881	126,723,165	106,752,680	126,853,958
Unrestricted	301,222,460	330,761,971	46,369,317	40,610,119	347,591,777	371,372,090
Total Net Position	$ 693,143,974	$ 715,856,299	$ 861,429,133	$ 913,369,047	$1,554,573,107	$1,629,225,346

A majority of the governmental activities increase in net position was unrestricted and due to revenues received from taxes, investment income, and oil and gas, offset by lower than budgeted expenses. Individually, both assets and liabilities increased, mainly due to the issuance of $50 million in long-term debt.

For the business-type activities, both net investment in capital assets and restricted net position increased similarly. Net investment in capital assets increased due to payments reducing long-term debt using current revenues. The 2024 bond issuance included the refunding of prior debt as well as net new proceeds of $100 million which increased both assets and liabilities for business-type activities. Additionally, this issuance increased the restricted net position as the additional debt increased the required reserve balance held for debt service.

CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Revenues:						
Program Revenues						
Charges for services	$ 8,271,553	$ 7,697,243	$ 194,798,879	$ 185,547,364	$ 203,070,432	$ 193,244,607
Operating Grants and Contributions	62,806	38,456,021	1,336,146	2,303,378	1,398,952	40,759,399
Capital Grants and Contributions	6,676,117	2,593,742		250,000	6,676,117	2,843,742
Total Program Revenues	15,010,476	48,747,006	196,135,025	188,100,742	211,145,501	236,847,748
General Revenues						
Property tax revenues	25,989,506	29,117,031			25,989,506	29,117,031
Investment income	5,206,309	8,396,448	25,973,598	31,833,323	31,179,907	40,229,771
Gain on extinguishment of debt				7,061,189		7,061,189
Other income	773,225	151,025	111,385	93,549	884,610	244,574
Total Revenues	46,979,516	86,411,510	222,220,008	227,088,803	269,199,524	313,500,313
Expenses						
Flood protection	20,301,962	63,699,185			20,301,962	63,699,185
Recreation	3,424,393				3,424,393	
Water supply			172,586,808	175,148,889	172,586,808	175,148,889
Total Expenses	23,726,355	63,699,185	172,586,808	175,148,889	196,313,163	238,848,074
Changes in Net Position	23,253,161	22,712,325	49,633,200	51,939,914	72,886,361	74,652,239
Net Position - Beginning of year, as previously stated	669,890,813	693,143,974	811,795,933	861,429,133	1,481,686,746	1,554,573,107
Net Position - Ending	$ 693,143,974	$ 715,856,299	$ 861,429,133	$ 913,369,047	$ 1,554,573,107	$ 1,629,225,346

The District's had a positive change in net position of $74.7 million, split between $22.7 million in governmental activities, and $51.9 million in business-type activities.

The change in net position for governmental activities was mainly due to property tax revenues higher than operational expenses, oil and gas revenues, and investment income. Tax revenues increased from fiscal year 2023 due to higher property tax values offset by a lower property tax rate, and investment income increased significantly due to higher interest rates. Recreation specific activities have been eliminated in fiscal year 2024 and only recreation activities that support the flood control mission have remained.

The change in net position for business-type activities was mainly due to investment income earned, and the amount earned was significantly higher than fiscal year 2023 due to higher interest rates.

FINANCIAL ANALYSIS: CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Nondepreciable						
Land	$ 280,200,672	$ 279,972,869	$ 193,225,257	$ 198,822,862	$ 473,425,929	$ 478,795,731
Construction in progress	77,600,924	79,664,417	281,493,242	408,128,130	359,094,166	487,792,547
Total nondepreciable assets	357,801,596	359,637,286	474,718,499	606,950,992	832,520,095	966,588,278
Depreciable/Amortizable						
Dams and spillways	3,070,461	3,070,461	234,543,120	234,543,120	237,613,581	237,613,581
Pipeline			1,733,232,106	1,739,664,692	1,733,232,106	1,739,664,692
Wetlands			56,160,860	56,160,860	56,160,860	56,160,860
Buildings	49,841,095	50,328,983	7,854,201	7,854,201	57,695,296	58,183,184
Technology Infrastructure			3,865,282	3,865,282	3,865,282	3,865,282
Machinery and equipment	12,220,406	13,182,569	14,041,560	14,588,066	26,261,966	27,770,635
Flood control	10,569,192	10,569,192			10,569,192	10,569,192
Other project costs			193,072,352	193,072,352	193,072,352	193,072,352
Intangibles	740,774	740,774	3,935,906	3,935,906	4,676,680	4,676,680
Total depreciable & amortizable assets	76,441,928	77,891,979	2,246,705,387	2,253,684,479	2,323,147,315	2,331,576,458
Less						
Accumulated depreciation/amortization	(47,624,501)	(49,744,161)	(496,393,200)	(541,520,292)	(544,017,701)	(591,264,453)
Total depreciable/amortizable assets	28,817,427	28,147,818	1,750,312,187	1,712,164,187	1,779,129,614	1,740,312,005
Total	$ 386,619,023	$ 387,785,104	$ 2,225,030,686	$ 2,319,115,179	$ 2,611,649,709	$ 2,706,900,283

The District's capital assets for its governmental and business-type activities as of September 30, 2024 were $2.7 billion. Capital assets include: dams, spillways and water transmission facilities as well as land, roads, buildings, technology infrastructure, machinery, equipment, construction costs and intangibles. More information on capital assets can be found in Note 5 in the Notes to the Financial Statements.

The majority of the governmental capital asset activity was construction-in-progress (CIP) costs of $2.2 million related to the Central City Flood Control Project offset by the completion of the Oakforest Trailhead, which moved $263 thousand out of CIP.

The business-type capital asset balances had the majority of activity in two main areas: land and construction-in-progress. Land increased by $5.6 million mostly due to land purchases for the Eagle Mountain Balancing Reservoir and the Cedar Creek Wetlands. The majority of the construction-in-progress costs consisted of $104.9 million spent on phase 3 of the Integrated Pipeline Project. An additional $23.4 million was spent on the Kennedale Balancing Reservoir, the Cedar Creek Wetlands, the Aquifer Storage Project, the Richland Chambers Hydraulic Actuator, and the Cedar Creek pipeline replacement. The depreciable pipeline asset balance increased by $6.4 million due to the completion of the Chloramine Feed Project.

FINANCIAL ANALYSIS: LONG-TERM LIABILITIES OUTSTANDING

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Note payable	$ 2,800,000	$ 2,450,000	$	$	$ 2,800,000	$ 2,450,000
General obligation bond payable		50,608,429				50,608,429
Revenue bonds payable			1,870,764,494	1,883,406,244	1,870,764,494	1,883,406,244
Leases payable	317,066	165,739			317,066	165,739
Accrued vacation	903,666	1,095,417	3,025,315	3,468,819	3,928,981	4,564,236
Pollution remediation obligations	5,952,500	5,952,500			5,952,500	5,952,500
Post employment benefits payable	4,375,620	2,252,483	7,023,524	2,948,865	11,399,144	5,201,348
	$ 14,348,852	$ 62,524,568	$ 1,880,813,333	$ 1,889,823,928	$ 1,895,162,185	$ 1,952,348,496

The overall increase in long-term liabilities by $57.2 million was primarily driven by bond issuances in both governmental and business-type activities. In the governmental activities, the District issued the 2024 Unlimited Tax Bond for $50 million in proceeds for the Central City Flood Control Project. In the business-type activities, the District issued the 2024 Refunding Bond for $288.9 million, which included partial refundings of both 2020 and 2020B bond issuances as well as $100 million in new proceeds for ongoing projects. Refer to Note 7 for note payable, Note 8 for bonds payable, Note 9 for leases payable, Page 55 for accrued vacation and pollution remediation obligations and Note 11 for post employment benefits.

FINANCIAL ANALYSIS: FUND STATEMENTS

General Fund

As of the end of the 2024 fiscal year, the District's General Fund reported an ending fund balance of $156.9 million. This total includes nonspendable fund balance in the amount of $3.1 million (which includes prepaid items, inventory of supplies and inventory held for sale), $6.1 million restricted for environmental cleanup on a District property, $27.3 million assigned for the Reserve Policy, $117.2 million assigned for the Contingency Fund for future board designated projects, and $3.2 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.

Capital Projects Fund

As of the end of the 2024 fiscal year, the District's Capital Projects Fund reported an ending fund balance of $11.9 million. This total includes nonspendable fund balance in the amount of $12 thousand (which includes prepaid items), and $11.9 million restricted for the Central City Flood Control Project.

The Capital Project Fund includes public improvements of floodway protection and related infrastructure. General Fund transfers, investment income and general obligation bond proceeds are the major sources of revenue. Capital Projects Fund revenues cannot be used to support Enterprise Fund functions.

Debt Service Fund

As of the end of the 2024 fiscal year, the District's Debt Service Fund reported an ending fund balance of $2 thousand. This total includes $2 thousand in an unassigned fund balance.

The Debt Service Fund includes issuance of debt as needed for the Central City Flood Control Project. Proceeds from the general obligation bonds to pay bond issuance expenses are the major source of financing in fiscal year 2024. Debt Service 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 36) and has an end of year net position of $913.4 million. This includes a net investment in capital assets of $746.0 million, restricted net position for debt service of $126.7 million, and an unrestricted net position of $40.6 million. The Enterprise fund includes the current water supply infrastructure, support and maintenance for the existing system, as well as water conservation efforts. Enterprise Fund revenues cannot be used to support governmental 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 $23.2 million.

BUDGETARY HIGHLIGHTS

GENERAL FUND

The 2024 budgeted revenues for the General Fund were $48.3 million and the year ended with actual revenues of $53.5 million. The increase in revenues was mostly due to increased investment income due to higher interest rates than expected.

The 2024 budgeted expenditures for the General Fund were $32.1 million and the year ended with actual expenditures of $26.6 million. The deficiency in expenditures was due to several factors, the largest of which was lower than budgeted capital expenditures on the Flood Control Canal project.

The District approved $74.8 million in expenditures for fiscal year 2025, an increase of $42.7 million. The increase was due in large part to an increase of $42.0 million for the construction of canals, just north of downtown (Panther Island) that will function as flood control and stormwater transmission. These costs will come from the current balance assigned for Contingency Fund and not fiscal year 2025's incoming budgeted revenues.

The property tax rate for the tax year 2024, fiscal year 2025, will remain at $0.0267 per $100 valuation.

ENTERPRISE FUND

The 2024 budgeted expenses for the Revenue Fund were $171.8 million and the year ended with actual expenses of $159.4 million. The deficiency in expenses was mainly due to lower than budgeted support services costs including personnel and professional services.

The fiscal year 2025 Revenue Fund Budget, prepared in accordance with the Tarrant Regional Water Supply Facilities Amendatory Contract, totals $186.6 million. The total budget includes administrative expenses, operating and maintenance expenses, capital expenditures, and debt service that provides for principal and interest payments to retire outstanding bonds.

REQUESTS FOR INFORMATION

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

Sandra Newby
Chief Financial Officer
800 East Northside Drive
Fort Worth, Texas 76102

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 113,038,918	$ 477,186,914	$ 590,225,832
Investments	68,507,166	148,275,979	216,783,145
Receivables			
Accounts, oil and gas royalties, and other	451,953	2,458,843	2,910,796
Taxes-net of allowance	24,477		24,477
Accrued interest	271,650	773,650	1,045,300
Long-term receivable	223,669,176		223,669,176
Internal balances	(668,642)	668,642	
Prepaid items	2,665,517	3,177,145	5,842,662
Inventory-at cost	100,232		100,232
Inventory held for sale	414,051		414,051
Lease receivable			
Due within one year	258,221	43,010	301,231
Accrued interest	5,449	360	5,809
Due in more than one year	1,611,354	20,647	1,632,001
Deposits held by others	6,080,923		6,080,923
Land	279,972,869	198,822,862	478,795,731
Construction in progress	79,664,417	408,128,130	487,792,547
Depreciable capital assets, net of accumulated depreciation	27,844,222	1,709,802,643	1,737,646,865
Intangible assets, net of accumulated amortization	303,596	2,361,544	2,665,140
Total Assets	804,215,549	2,951,720,369	3,755,935,918
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond refunding -loss		35,897,960	35,897,960
Deferred outflow from OPEB	141,898	1,219,760	1,361,658
Total Deferred Outflows of Resources	141,898	37,117,720	37,259,618
LIABILITIES			
Accounts payable	20,431,323	74,326,319	94,757,642
Other liabilities	1,326,639	27,515,681	28,842,320
Note payable			
Due within one year	350,000		350,000
Due in more than one year	2,450,000		2,450,000
General obligation bonds payable, net of premium			
Accrued interest	165,150		165,150
Due in more than one year	50,608,429		50,608,429
Revenue bonds payable, net of premium			
Due within one year		68,440,000	68,440,000
Payable from restricted assets - accrued bond interest payable		5,278,398	5,278,398
Due in more than one year		1,883,406,244	1,883,406,244
Leases payable			
Due within one year	151,327		151,327
Accrued interest	265		265
Due in more than one year	165,739		165,739
Accrued vacation			
Due within one year	465,131	1,472,917	1,938,048
Due in more than one year	1,095,417	3,468,819	4,564,236
Long-term payables-due in more than one year			
Pollution remediation obligations	5,952,500		5,952,500
Post employment benefits payable	2,252,483	2,948,865	5,201,348
Total Liabilities	85,414,403	2,066,857,243	2,152,271,646
DEFERRED INFLOWS OF RESOURCES			
Deferred bond refunding -gain		6,175,294	6,175,294
Deferred inflow from OPEB	1,264,199	2,352,610	3,616,809
Deferred inflow from Leases	1,822,546	83,895	1,906,441
Total Deferred Inflows of Resources	3,086,745	8,611,799	11,698,544
NET POSITION			
Net investment in capital assets	384,963,535	746,035,763	1,130,999,298
Restricted for			
Capital projects	128,423		128,423
Debt service	2,370	126,723,165	126,725,535
Unrestricted	330,761,971	40,610,119	371,372,090
Total Net Position	$ 715,856,299	$ 913,369,047	$ 1,629,225,346

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
PRIMARY GOVERNMENT							
Governmental activities							
Flood protection	$ 63,699,185	$ 7,697,243	$ 38,456,021	$ 2,593,742	$ (14,952,179)	$	$ (14,952,179)
Total governmental activities	63,699,185	7,697,243	38,456,021	2,593,742	(14,952,179)		(14,952,179)
Business type activities-Water supply	175,148,889	185,547,364	2,303,378	250,000		12,951,853	12,951,853
	$ 238,848,074	$ 193,244,607	$ 40,759,399	$ 2,843,742		12,951,853	(2,000,326)
GENERAL REVENUES							
Property taxes					29,117,031		29,117,031
Investment income					8,396,448	31,833,323	40,229,771
Gain on extinguishment of debt						7,061,189	7,061,189
Gain on disposal of assets					64,470	82,425	146,895
Miscellaneous					86,555	11,124	97,679
Total general revenues					37,664,504	38,988,061	76,652,565
CHANGES IN NET POSITION					22,712,325	51,939,914	74,652,239
NET POSITION - Beginning of year					693,143,974	861,429,133	1,554,573,107
NET POSITION - End of year					$ 715,856,299	$ 913,369,047	$ 1,629,225,346

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

TARRANT REGIONAL WATER DISTRICT

BALANCE SHEET—GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General	Capital Projects	Debt Service (Nonmajor)	Total
ASSETS				
Cash and cash equivalents	$ 87,355,698	$ 25,680,850	$ 2,370	$ 113,038,918
Investments	64,641,117	3,866,049		68,507,166
Receivables				
Accounts, oil and gas royalties and other	451,953			451,953
Taxes—net of allowance	24,477			24,477
Accrued interest	270,775	875		271,650
Due from General Fund		66,855		66,855
Due from Enterprise Fund		22		22
Prepaid items	2,653,650	11,867		2,665,517
Inventory of supplies—at cost	100,232			100,232
Inventory held for sale	414,051			414,051
Lease receivable				
Due within one year	258,221			258,221
Accrued interest	5,449			5,449
Due in more than one year	1,611,354			1,611,354
Deposits held by others	6,080,923			6,080,923
Long-term receivable	223,669,176			223,669,176
Total assets	387,537,076	29,626,518	2,370	417,165,964
LIABILITIES				
Accounts payable	2,750,408	17,680,915		20,431,323
Due to Capital Projects Fund	66,855			66,855
Due to Enterprise Fund	668,664			668,664
Other liabilities	1,326,639	—		1,326,639
Total liabilities	4,812,566	17,680,915	—	22,493,481
DEFERRED INFLOWS				
Unavailable revenue	223,978,742			223,978,742
Deferred inflows from leases	1,822,546			1,822,546
Total deferred inflows	225,801,288	—	—	225,801,288
FUND BALANCES				
Nonspendable				
Prepaid items	2,653,650	11,867		2,665,517
Inventory of supplies - at cost	100,232			100,232
Inventory held for sale	414,051			414,051
Restricted for Capital Projects	6,080,923			6,080,923
Restricted for Central City Flood Control Project		11,933,736		11,933,736
Assigned for General Fund Reserve Policy	27,279,889			27,279,889
Assigned for Contingency Fund	117,228,209			117,228,209
Unassigned	3,166,268		2,370	3,168,638
Total fund balances	156,923,222	11,945,603	2,370	168,871,195
TOTAL	$ 387,537,076	$ 29,626,518	$ 2,370	$ 417,165,964

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

TARRANT REGIONAL WATER DISTRICT

RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

TOTAL FUND BALANCES -Governmental Funds	$ 168,871,195
Amounts reported for governmental activities in the statement of net assets are different because	
Certain revenues and deferred outflows do not provide current financial resources and therefore are unavailable at the fund level	
TIF Project contribution revenues	223,669,176
Property tax revenues	24,477
Oil and gas revenues	285,089
Deferred outflows-other post employment benefits	141,898
Certain liabilities and deferred inflows are not payable from current resources and are therefore not accrued at the fund level	
Governmental obligation bonds payable	(50,608,429)
Accrued vacation	(1,560,548)
Pollution remediation obligations	(5,952,500)
Other post employment benefits payable	(2,252,483)
Deferred inflows-other post employment benefits	(1,264,199)
Lease payable	(317,066)
Other payables	(2,800,000)
Lease accrued interest	(265)
Governmental obligation bonds accrued interest	(165,150)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	387,785,104
TOTAL NET POSITION - Governmental activities	$ 715,856,299

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Capital Projects	Debt Service (Nonmajor)	Total
REVENUES				
Property taxes	$ 29,097,426	$	$	$ 29,097,426
Investment income	8,155,851	240,590	7	8,396,448
Contributions	8,237,197			8,237,197
Oil and gas royalties	5,503,534			5,503,534
Lease rentals	1,274,497			1,274,497
Other	1,187,162			1,187,162
Total revenues	53,455,667	240,590	7	53,696,264
EXPENDITURES				
Current				
General and administrative	9,813,880	28,500	606,085	10,448,465
Personnel services	11,494,274			11,494,274
Retirement plan contribution	986,892			986,892
Contribution		38,416,617		38,416,617
Capital expenditures	1,744,310	1,896,376		3,640,686
Debt service				
Principal payments	350,000	146,486		496,486
Interest payments		3,928		3,928
Total expenditures	24,389,356	40,491,907	606,085	65,487,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,066,311	(40,251,317)	(606,078)	(11,791,084)
OTHER FINANCING SOURCES (USES)				
Transfers In		2,196,920	19	2,196,939
Transfers out	(2,196,939)			(2,196,939)
Proceeds from General obligation bonds		50,000,000	608,429	50,608,429
Total other financing sources (uses)	(2,196,939)	52,196,920	608,448	50,608,429
CHANGE IN FUND BALANCE	26,869,372	11,945,603	2,370	38,817,345
FUND BALANCES - Beginning of year	130,053,850			130,053,850
FUND BALANCES - End of year	$ 156,923,222	$ 11,945,603	$ 2,370	$168,871,195

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

Note: Beginning in fiscal year 2024, the District has two major funds, General Fund and Capital Projects Fund and one nonmajor fund, Debt Service Fund. Refer to Note 1 for further detail about the new funds.

TARRANT REGIONAL WATER DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUNDS TO GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

CHANGE IN FUND BALANCE—General Fund	$ 38,817,345
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	38,416,617
Change in unavailable property taxes	19,605
Change in unavailable oil and gas revenue	(116,925)
Change in other financing sources-governmental obligation bonds	(50,608,429)
Change in unavailable contributions	(5,604,051)
Certain liabilities are not payable from current resources and are therefore not accrued in the fund	
Change in paid leave	(254,517)
Change in post employment benefits	545,385
Change in interest expense on leases	(4,050)
Change in interest expense on governmental obligation bonds	(165,150)
Change in debt service-principal payments	496,486
Change in debt service-interest payments	3,928
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 and amortization expense.	
Amount by which Capital Outlays ($3,640,686) exceeded depreciation ($2,328,879)	1,311,807
Intangible right-to-use lease asset amortization expense	(145,726)
CHANGE IN NET POSITION—Governmental activities	$ 22,712,325

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF NET POSITION—ENTERPRISE FUND
SEPTEMBER 30, 2024

ASSETS

Current	
Cash and cash equivalents	$ 88,893,397
Investments	11,016,399
Receivables	
Accounts and other	2,458,843
Accrued interest	129,246
Lease receivable	
Current portion	43,010
Accrued interest	360
Due from General Fund	668,664
Prepaid items	3,177,145
Total current assets	106,387,064
Noncurrent	
Cash and cash equivalents for bond projects	351,440,233
Investments held for bond projects	36,834,487
Accrued interest receivable for bond projects	353,355
Cash and cash equivalents restricted	1,562,918
Investments restricted	5,038,747
Accrued interest receivable restricted	66,198
Cash and cash equivalents for debt service	35,290,366
Investments for debt service	95,386,346
Accrued interest receivable for debt service	224,851
Lease receivable	20,647
Capital Assets	
Land	198,822,862
Construction in progress	408,128,130
Depreciable capital assets—net of accumulated depreciation	1,709,802,643
Intangible assets—net of accumulated amortization	2,361,544
Total noncurrent assets	2,845,333,327
Total assets	2,951,720,391

DEFERRED OUTFLOWS OF RESOURCES

Deferred bond refunding-loss	35,897,960
Deferred outflow from OPEB	1,219,760
Total deferred outflows of resources	37,117,720

(Continued)

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF NET POSITION—ENTERPRISE FUND
SEPTEMBER 30, 2024

LIABILITIES	
Current Liabilities	
Accounts payable	$ 45,310,853
Accounts payable restricted for customer contingency	5,567,863
Accounts payable for bond projects	23,447,603
Due to Capital Projects Fund	22
Accrued vacation	1,472,917
Other liabilities	11,732,726
Other liabilities for bond projects	15,782,955
Payable from restricted assets—accrued bond interest payable	5,278,398
Revenue bonds payable	68,440,000
Total current liabilities	177,033,337
Noncurrent Liabilities	
Accrued vacation	3,468,819
Revenue bonds payable-net of premium	1,883,406,244
Long-term post employment benefits	2,948,865
Total noncurrent liabilities	1,889,823,928
Total liabilities	2,066,857,265
DEFERRED INFLOWS OF RESOURCES	
Deferred bond refunding-gain	6,175,294
Deferred inflow from OPEB	2,352,610
Deferred inflow from leases	83,895
Total deferred inflows of resources	8,611,799
NET POSITION	
Net investment in capital assets	746,035,763
Restricted for debt service	126,723,165
Unrestricted	40,610,119
TOTAL NET POSITION	$ 913,369,047

(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, 2024

OPERATING REVENUES		
Sale of water	$	148,984,917
Sale of system capacity		8,024,644
Contributions		2,553,378
Land lease rentals		111,543
Other		349,871
Total operating revenues		160,024,353
OPERATING EXPENSES		
General and administrative		27,441,488
Personnel services		30,980,811
Retirement plan contribution		2,738,343
Utilities		16,455,177
Depreciation and amortization		45,161,850
Total operating expenses		122,777,669
OPERATING INCOME		37,246,684
NONOPERATING INCOME/(LOSS)		
Sale of system capacity restricted for debt service		28,087,513
Investment income		31,833,323
Interest expense		(52,371,220)
Gain on disposal of capital assets		82,425
Gain on extinguishment of debt		7,061,189
Total net nonoperating revenues		14,693,230
NET INCOME		51,939,914
NET POSITION - Beginning of year		861,429,133
NET POSITION - End of year	$	913,369,047

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from water customers	$ 158,130,295
Contributions	2,553,378
Miscellaneous receipts	636,593
Payments to suppliers and contractors	(12,115,025)
Payments to employees for services	(34,691,914)
Receipts from General Fund	(924,196)
Net cash provided by operating activities	113,589,131
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the sale of revenue bonds	315,514,896
Principal paid on revenue bonds payable	(290,358,811)
Interest paid on revenue bonds and contract payable	(42,853,795)
Receipts from system capacity customer restricted for debt service	28,087,513
Acquisition and construction of capital assets	(147,331,522)
Proceeds from disposal of capital assets	82,425
Net cash used for capital and related financing activities	(136,859,294)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(72,700,000)
Proceeds from sale and maturity of investments	168,000,000
Interest received on investments	27,544,030
Net cash provided by investing activities	122,844,030
NET INCREASE IN CASH AND CASH EQUIVALENTS	99,573,867
CASH AND CASH EQUIVALENTS—Beginning of year	377,613,047
CASH AND CASH EQUIVALENTS - End of year	$ 477,186,914

(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, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$	37,246,684
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation & amortization expense		45,161,850
Bond issuance cost considered financing activity		2,410,048
OPEB amortization of deferred inflows		330,539
Change in assets and liabilities		
Accounts and other receivables		1,295,913
Prepaid expenses		462,953
Accounts payable		26,734,243
Other liabilities		2,174,396
Due to (from) other funds - net		(924,196)
Vacation accrual		569,372
OPEB liability		(1,872,671)
Net cash provided by operating activities	$	113,589,131

NONCASH ACTIVITIES

Disposal of $34,758 of capital assets, net of $34,758 accumulated depreciation.

Record increase in fair value of investments and change in premium/discounts on investments to interest income of $7,955,203 and ($293,475) respectively.

Record Amortization of Gain/Loss of $2,717,940 and net gain on refunding on 2020 and 2020B bonds of $13,682,389.

Record decrease in Other Post Employment Benefits deferred outflow of resources of $910,756 and increase in deferred inflow of resources of $1,621,773 from the amortization of the deferred balances.

Record amortization of Deferred Inflow of Resources from Other Post Employment Benefits of $330,539.

Record lease receivable of $24,585 offset by Deferred Inflow of Resources of $24,585.

(Concluded)

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

		Other Post-Employment Benefits Trust Fund
ASSETS		
Cash and cash equivalents	$	730,389
Equity Fund Investments		11,868,846
Fixed Income Fund Investments		10,629,430
Interest Receivable		8,091
Total Assets		23,236,756
NET POSITION		
Restricted and held in trust for Other Post-Employment Benefits		23,236,756
TOTAL FIDUCIARY NET POSITION	$	23,236,756

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

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Other Post-Employment Benefits Trust Fund
ADDITIONS		
Employer Contributions	$	3,114,864
Net Appreciation in Fair Value of Investments		4,131,196
Total Additions		7,246,060
DEDUCTIONS		
Benefit Payments		756,916
Other Post Employment Benefits Plan Administrative Expense		91,146
Total Deductions		848,062
Net Increase in Fiduciary Net Position		6,397,998
Fiduciary Net Position - Beginning of Year		16,838,758
Fiduciary Net Position - End of Year	$	23,236,756

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The accounting policies of the Tarrant Regional Water District (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").

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 governmental funds, proprietary funds, and fiduciary funds. Governmental funds present two major funds and one nonmajor fund as separate columns on the fund financial statements. The General Fund and the Capital Projects Fund (governmental funds) and the Enterprise Fund (a proprietary fund) are each classified as major funds. The Debt Service Fund (governmental fund) is classified as a nonmajor fund. The Fiduciary Fund (a fiduciary fund) is provided as a separate financial statement and it is classified as a nonmajor fund.

Governmental Funds - The General Fund is used to account for revenues and expenditures related to flood protection operations including floodway improvements and recreation activities. In fiscal year 2018, voters have approved the District to issue up to $250.0 million in bonds to finance the remaining outstanding local share of the Central City Flood Control Project. As part of the $250.0 million, the District created a $150.0 million Extendable Commercial Paper Bond Program that provides efficient flexibility for the Central City Flood Control Project. During fiscal year 2024, the District issued $50 million in long-term debt for this project. As a result of this change, the District established a new major Capital Projects Fund to account for the Central City Flood Control Project. Additionally, a new nonmajor Debt Service Fund was created to manage debt service. Both new funds did not impact the beginning fund balance, which did not necessitate a restatement in accordance with GASB 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62.*

All governmental funds are 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 governmental funds report using the current financial resources measurement focus. The reported fund balance is considered a measure of "available spending resources" and the operating statement presents increases (revenues) and decreases (expenditures) in fund balance. 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 $150.0 million Extendable Commercial Paper Bond Program that provides efficient flexibility for those large projects. This program is separate from the Governmental Extendable Commercial Paper Bond Program.

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 retirement 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 Fiduciary Net Position.

Cash, Cash Equivalents, and Investments - Cash and cash equivalents consist of deposits (principally interest-bearing accounts) with two financial institutions 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.

Lease Receivables - The District is a lessor for several noncancellable leases consisting of one building and several land and equipment leases. The District recognized a lease receivable and a deferred inflow of resources in the government-wide and fund level financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgements include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. Lease receivables and deferred inflow of resources are reported on the statement of net position.

Long Term Receivables - During the fiscal year 2024 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 Central City Flood Control Project under a Project Cost Funding Agreement between the District and the TIF. Under the agreement the District is advancing funds for the Central City Flood Control 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 United States Army Corps of Engineers (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 2024, the District expended an additional $40.8 million under the agreement bringing the total amount expended to $294.1 million. As of the end of fiscal year 2024, the TIF had repaid $70.4 million, including $8.0 million collected in fiscal year 2024 bringing the net loan amount to $223.7 million.

Interfund Transactions - Certain governmental 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. Refer to Note 10 for further detail about interfund transactions.

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 and follow the consumption method, the expense is recognized proportionately over the periods that the service is provided. The capitalizable costs related to the implementation of the Workday enterprise resource planning system were recorded as a prepaid in the amount of $810 thousand and will remain there until the system is fully implemented.

Inventory - The District values inventory using weighted average as the cost basis. For inventory held for sale, lower of cost or market is used as the cost basis.

Deposits Held by Others - In September 2016 there was a conveyance of real estate made between Luminant Generation Company LLC (Luminant) and the District. As a requirement of the conveyance, $5.5 million was deposited into a fund that was established by a Financial Assurance Agreement between the Texas Commission on Environmental Quality (TCEQ) and the District. The fund is held at the Texas Comptroller's Texas Treasury Safekeeping Trust Company (TTSTC) to ensure the completion of the TCEQ environmental requirements for the Luminant site. It was further agreed that the District could apply to TCEQ for a withdrawal of up to $80 thousand per year for reimbursement of the actual costs of the prior year's post-closure care and maintenance related to the Luminant site for a period of 10 years. The fund earns interest and incurs fees and the balance as of September 30, 2024 is $6.1 million.

Capital Assets - Capital assets, which include property, plant, equipment, construction in progress, infrastructure assets and intangible 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 thousand and all other assets purchased which cost $20 thousand 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:

Communications	50 years
Dams and spillways	50 years
Flood control projects	50 years
Pipeline	50 years
Wetlands	50 years
Other project costs	50 years
Buildings	20 years
Technology infrastructure	10 years
Machinery and equipment	5 years

Intangible Internally Developed Asset Management System - The District worked with a consultant to create a system to manage our water supply assets through annual analysis that aligns practices with the District's Strategic Plan, engages internal and external stakeholders, and provides for continuous improvements of asset management outcomes. The system created connects multiple software applications (Maximo, Power BI, Sharepoint, GIS, and Microsoft Excel) to allow for formalized condition assessments of assets to determine risk-based prioritization of assets to be repaired/ replaced through incorporation to an annual budgeting and Capital Improvement Program processes. The system analyzes the data and provides information in useable forms to make investment decisions on the basis of life cycle cost balanced with risk and impact on customer rates. The District is amortizing this intangible asset over 10 years, at which time the District expects to re-analyze the software connections and the overall success of the system analysis to determine any needed significant changes.

Lease Payables - The District is a lessee for noncancellable leases of one building. The District recognized a lease liability and an intangible right-to-use asset (RTU asset) in the government-wide financial statements. The District recognized lease liabilities with an initial value of $10 thousand or more for machinery and equipment and $20 thousand or more for all other assets. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The RTU asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the RTU asset is amortized on a straight-line basis over its lease term. Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and

(3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the RTU asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. RTU assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Vacation and Sick Leave - Eligible District employees are granted paid leave in specified amounts. In the event of separation from the District, 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, 2023	Additions	Deletions	Balance at September 30, 2024	Due Within One Year
Governmental Activities	$ 1,306,031	$ 787,687	$ 533,170	$ 1,560,548	$ 465,131
Business-type Activities	4,372,364	2,257,743	1,688,371	4,941,736	1,472,917
Total	$ 5,678,395	$ 3,045,430	$ 2,221,541	$ 6,502,284	$ 1,938,048

Vacation and sick leave increased by $824 thousand in fiscal year 2024 when compared to fiscal year 2023. During fiscal year 2024, more vacation and sick leave hours were accrued than taken by employees which led to this increase.

Pollution Remediation Obligations - The District has an environmental financial obligation for property purchased through September 30, 2024. Properties purchased during fiscal year 2024 were screened for potential environmental concerns based upon available records, assessments and other actions. No properties purchased in fiscal year 2024 were identified requiring pollution remediation.

Based upon the Phase I, Phase II, or other site investigations completed to date, one property still requires remediation and is classified as high or moderate risk. As of September 30, 2024, the pollution remediation obligation amounted to $6.0 million. The Deposits Held by Others balance discussed above are to be used towards this property's pollution remediation obligation.

Based upon the limited data available, a remediation liability outlay for four other properties with low risk cannot be reasonably estimated at this time.

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

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.

Restricted Net Position - Restricted net position is restricted assets less related liabilities.

Program Revenue - Operating Contributions - During 2024, the District received contributions of $40.8 million mainly due to contributions for the Central City Flood Control Project, the Water Conservation campaign, water system buy-in premium as well as sponsorships for multiple events. The Water Conservation campaign focuses on increasing the public's awareness of water efficient practices.

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 at the time the royalty is earned and considered measurable and available if received within 60 days after year-end.

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 2024 resulted in an estimated $17.5 million due to the customers, which is reflected in the accounts payable balance in the Enterprise Fund. The District has not experienced any credit losses resulting from its sale of water.

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 2024, the District’s ad valorem tax rate was $0.0267 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, 2024 was $219 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.

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.

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 observe constraints imposed upon the use of the resources reported in governmental funds. 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, 2024, the General Fund had a nonspendable fund balance in the amount of $3.1 million and the Capital Projects fund had a balance in the amount of $12 thousand.

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, 2024. At September 30, 2024, the General Fund had a restricted fund balance in the amount of $6.1 million for environmental cleanup on a District property. The Capital Projects Fund has a restricted fund balance in the amount of $11.9 million for the proceeds from the Series 2024 Unlimited Tax Bonds restricted for use on the Central City Flood Control Project.

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, 2024, 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, 2024, the General Fund had an assigned fund balance in the amount of $27.3 million for the Reserve Policy and $117.2 million for the Contingency Fund ($8.0 million assigned for fiscal year 2025 debt service and $109.2 million assigned for future board designated projects).

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 $3.2 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 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, one GASB Statement became effective for the District. GASB Statement No. 100, *Accounting Changes and Error Corrections,* became effective for the District. There was a change in reporting entity with the addition of one new major fund, Capital Projects Fund, and one new nonmajor fund, Debt Service Fund. See page 50 for discussion of governmental funds.

2. REVENUES FROM THE SALE OF WATER

All revenues from the sale of water from Eagle Mountain Lake, Lake Bridgeport, Cedar Creek Reservoir, 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, Arlington, and the Trinity River Authority of Texas) accounted for approximately 88% of the District’s water sales for the year ended September 30, 2024. 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, 2024 was $5.6 million in JPMorgan Chase and $1.0 million in PlainsCapital and was entirely covered by FDIC insurance or collateral. The carrying value of cash for the District was $5.5 million at JPMorgan Chase and $1.0 million at PlainsCapital. At September 30, 2024, the District also held petty cash of $500.

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.

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 -

General Fund - three years
Debt Service Fund - six months
Capital Projects 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 82% 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 18% 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 (PFIA) are conducted as part of the audit of the basic financial statements. In the areas of investment practices, management reports and establishes appropriate policies, and the District adheres to the requirements of the PFIA.

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, 2024, the District's bank balance of $6.6 million was not exposed to custodial credit risk and was insured and over-collateralized.

Fair Value of Investments - Fair value represents the price at which a security could be exchanged in a current transaction between willing parties, excluding forced liquidation scenarios. During fiscal year 2024, the fair value of the District's investments declined because a portion of maturities was directly transferred to pool accounts instead of being reinvested. Despite this, investment income increased year over year due to high returns from pool accounts. Overall, due to improved market conditions, unrealized losses decreased from $15.5 million on September 30, 2023, to $6.2 million by September 30, 2024. As a standard practice, the District buys and holds investments. Consequently, while the financials include the necessary unrealized fair value adjustments, these losses would only be realized if the investments were sold before maturity.

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 and Texpool both have elected to report assets at amortized cost and the District has mirrored these valuations.

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

	9/30/2024	Weighted Avg. Maturity (Years)	S & P Rating	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments				
Federal Farm Credit Bank	$ 61,729,246	1.71	AA+	$ 61,729,246
Federal Home Loan Bank	94,314,893	1.85	AA+	94,314,893
Federal Home Loan Mortgage Corp	6,800,875	0.81	AA+	6,800,875
Federal National Mortgage Association	14,224,551	1.59	AA+	14,224,551
U.S. Treasury Notes	39,713,580	0.94	AA+	39,713,580
Total investments	216,783,145			216,783,145
Investment pools				
LOGIC (net asset value)	272,611,250	N/A	AAA-m	N/A
Texpool (net asset value)	311,035,186	N/A	AAA-m	N/A
Total investment pools	583,646,436			
Total investments and cash equivalents	$ 800,429,581			$ 216,783,145

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 has no unfunded commitments to LOGIC and Texpool and may redeem investments at any time. Sandra Newby, the District's Chief Financial Officer, is the President 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 zero as of September 30, 2024. See below for the detail of investments held as of the end of fiscal year 2024.

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.

	9/30/2024	Fair Value Measurements Using Significant Other Observable Inputs (Level 1)
Investments		
Money Market Funds		
First AM Govt	$ 730,389	N/A
Equity Funds		
iShares Core S&P 500 ETF	3,316,138	3,316,138
iShares S&P 500 Value ETF	1,307,040	1,307,040
iShares S&P 500 Growth ETF	1,319,052	1,319,052
iShares Russell Mid Cap ETF	1,130,219	1,130,219
iShares Russell 2000 Value ETF	749,356	749,356
iShares Russell 2000 Growth ETF	791,508	791,508
iShares Core MSCI EAFE ETF	1,299,376	1,299,376
iShares Global Infrastructure ETF	587,354	587,354
Vanguard FTSE Emerging Markets ETF	796,655	796,655
Vanguard Real Estate ETF	572,148	572,148
Fixed Income Funds		
iShares Core US Agg Bond ETF	8,573,620	8,573,620
iShares Trust 5-10 Year ETF	1,263,387	1,263,387
SPDR Portfolio High Yield Bond ETF	792,423	792,423
Total Investments and Cash Equivalents	$ 23,228,665	

The OPEB Plan is invested in a Money Market Fund (First Am Govt) which is 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. LEASE RECEIVABLES

During fiscal year 2024, the District leases out some of its property, including one building, several parcels of land, and towers. The District recognized $345 thousand in lease revenue and $41 thousand in interest revenue during the fiscal year 2024 related to these leases. The District received $368 thousand in lease payments, $326 thousand in principal and $42 thousand in interest. As of September 30, 2024, the District's total lease receivable for lease payments was $1.9 million for Governmental and Enterprise funds. Also, the District has a deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflows of resources was $1.9 million.

5. CAPITAL ASSETS

A summary of changes in capital assets governmental activities:

	October 1, 2023	Additions/ Adjustments	Disposals/ Adjustments	Reclassification & Transfers	September 30, 2024
GOVERNMENTAL ACTIVITIES					
NONDEPRECIABLE ASSETS					
Land	$ 280,200,672	$ 2,625,610	$ (2,853,413)	$	$ 279,972,869
Construction in progress	77,600,924	2,326,470		(262,977)	79,664,417
TOTAL NONDEPRECIABLE ASSETS	357,801,596	4,952,080	(2,853,413)	(262,977)	359,637,286
DEPRECIABLE/AMORTIZABLE ASSETS					
Dams and spillways	3,070,461				3,070,461
Buildings	49,841,095	224,911		262,977	50,328,983
Machinery and equipment	12,220,406	1,317,108	(354,945)		13,182,569
Flood control projects	10,569,192				10,569,192
Right-to-use building (intangible)	740,774				740,774
	76,441,928	1,542,019	(354,945)	262,977	77,891,979
Less accumulated depreciation for					
Dams and spillways	(1,253,632)	(17,110)			(1,270,742)
Buildings	(27,652,745)	(1,546,719)			(29,199,464)
Machinery and equipment	(10,261,866)	(716,191)	354,945		(10,623,112)
Flood control projects	(8,164,806)	(48,859)			(8,213,665)
Right-to-use building (intangible)	(291,452)	(145,726)			(437,178)
Total accumulated depreciation	(47,624,501)	(2,474,605)	354,945		(49,744,161)
TOTAL DEPRECIABLE & AMORTIZABLE ASSETS, NET	28,817,427	(932,586)		262,977	28,147,818
TOTAL GOVERNMENTAL ACTIVITIES, NET	$ 386,619,023	$ 4,019,494	$ (2,853,413)	$ —	$ 387,785,104

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

	Total
Governmental activities	
Flood protection	$ 2,474,605
Total governmental activities depreciation/amortization expense	$ 2,474,605

Note: Previously the District has split assets out of flood protection into a recreation function. However, now that the District has adjusted the previous recreation activities to support the flood control mission, all assets are considered flood control functions.

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

	October 1, 2023	Additions/ Adjustments	Disposals/ Adjustments	Reclassification & Transfers	September 30, 2024
BUSINESS-TYPE ACTIVITIES					
NONDEPRECIABLE ASSETS					
Land	$ 193,225,257	$ 5,597,605	$	$	$ 198,822,862
Construction in progress	281,493,242	133,047,993		(6,413,105)	408,128,130
TOTAL NONDEPRECIABLE ASSETS	474,718,499	138,645,598	—	(6,413,105)	606,950,992
DEPRECIABLE/AMORTIZABLE ASSETS					
Dams and spillways	234,543,120				234,543,120
Pipeline	1,733,232,106	19,481		6,413,105	1,739,664,692
Wetlands	56,160,860				56,160,860
Buildings	7,854,201				7,854,201
Technology Infrastructure	3,865,282				3,865,282
Machinery and equipment	14,041,560	581,264	(34,758)		14,588,066
Other project costs	193,072,352				193,072,352
Internally developed asset management systems (intangible)	3,935,906				3,935,906
	2,246,705,387	600,745	(34,758)	6,413,105	2,253,684,479
Less accumulated depreciation/ amortization for					
Dams and spillways	(145,626,703)	(4,329,180)			(149,955,883)
Pipeline	(285,855,408)	(33,748,249)		180,808	(319,422,849)
Wetlands	(11,779,216)	(1,122,780)			(12,901,996)
Buildings	(6,245,743)	(186,522)			(6,432,265)
Technology Infrastructure	(1,127,832)	(336,534)		(180,808)	(1,645,174)
Machinery and equipment	(12,144,627)	(715,264)	34,758		(12,825,133)
Other project costs	(32,432,899)	(4,329,731)			(36,762,630)
Internally developed asset management systems (intangible)	(1,180,772)	(393,590)			(1,574,362)
Total accumulated depreciation/ amortization	(496,393,200)	(45,161,850)	34,758	—	(541,520,292)
TOTAL DEPRECIABLE/AMORTIZABLE ASSETS, NET	1,750,312,187	(44,561,105)	—	6,413,105	1,712,164,187
TOTAL BUSINESS-TYPE ACTIVITIES, NET	$2,225,030,686	$ 94,084,493	$ —	$ —	$2,319,115,179

Note: Communications was determined to be too immaterial to continue tracking separately, so it has been combined with Pipeline. Accumulated depreciation in the amount of $180 thousand was moved from Pipeline to Technology Infrastructure to match its asset.

6. RETIREMENT 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, Mission Square Retirement, formerly known as ICMA Retirement Trust. Employees may make additional voluntary after tax contributions. District contributions for and interest forfeited by employees who leave employment before becoming fully vested are evenly 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 2024 the District made contributions of $4.2 million under this plan.

7. NOTE PAYABLE

During fiscal year 2022, the District entered into an interlocal cooperation agreement with North Central Texas Council of Governments to repay $3.5 million in a loan on the Central City Flood Control Project related to the construction of the bridges. The loan is non-interest bearing and will be paid back over 10 years at $350 thousand per year. A summary of long-term note transactions of the District for the year ended September 30, 2024 is shown below:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024	Due Within One Year
Governmental Activities					
Note payable	$ 3,150,000	$	$ 350,000	$ 2,800,000	$ 350,000
Total Governmental Activities	$ 3,150,000	$ —	$ 350,000	$ 2,800,000	$ 350,000

The future principal note payments as of September 30, 2024 were as follows:

Years Ending September 30th	Principal	Interest	Total
2025	$ 350,000	$	$ 350,000
2026	350,000		350,000
2027	350,000		350,000
2028	350,000		350,000
2029	350,000		350,000
2030 - 2032	1,050,000		1,050,000
	$ 2,800,000	$ —	$ 2,800,000

8. BONDS PAYABLE

A summary of long-term bond transactions (excluding original issue premiums) of the District for the year ended September 30, 2024 is shown below:

	Balance at Oct. 1, 2023	Additions	Deletions	Balance at Sept. 30, 2024	Due Within One Year
Governmental Activities					
TRWD Bond	$	$ 48,940,000	$	$ 48,940,000	$
Total Construction and improvement Bonds (Governmental activities)	$ —	$ 48,940,000	$ —	$ 48,940,000	$ —
Business-type Activities					
TRWD Bonds	$ 771,450,000	$288,885,000	$262,020,000	$ 798,315,000	$32,210,000
TRWD Contract Revenue Bonds (City of Dallas Water Utilities Project)	519,680,000		17,480,000	502,200,000	17,960,000
Bonds from Direct Borrowings (TRWD Bonds)	245,860,000		8,230,000	237,630,000	8,390,000
Bonds from Direct Borrowings (City of Dallas Water Utilities Project)	369,460,000		9,690,000	359,770,000	9,880,000
Total Construction and Improvement Bonds (Business-type activities)	$ 1,906,450,000	$288,885,000	$ 297,420,000	$1,897,915,000	$ 68,440,000

On June 6, 2024 the District advanced refunded $47.1 million of Series 2020 Water Revenue Refunding Bonds with a $4.7 million deferred gain and advance refunded $115.2 million of Series 2020B Water Revenue Refunding Bonds with a $2.5 million deferred loss. The refunding resulted in cashflow savings of $6.8 million with an economic gain of $2.1 million. Additionally, $66.8 million was refunded of which $7.1 million was extinguished generating a $7.1 million gain on debt extinguishment. These bonds were refunded/redeemed with $288.9 million of Series 2024 Water Revenue Refunding and Improvement Bonds which included $100 million of new proceeds. Series 2020 Bonds had a remaining balance of $73.5 million after refunding with the $47.1 million in defeased debt set to fully redeem in fiscal year 2036. Series 2020B had a remaining balance of $175.2 million after refunding with the $115.2 million in defeased debt set to fully redeem in fiscal year 2036.

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.

DETAIL OF REVENUE BONDS PAYABLE AS OF SEPTEMBER 30, 2024

Bond Type	Maturity	Interest Rates	Outstanding Balance
Governmental Activities			
Tarrant Regional Water District Bonds			
$48,940,000 Series 2024 Unlimited Tax Bonds	Serially through 2055	4.0 - 5.0%	$ 48,940,000
Total Tarrant Regional Water District Bonds (Governmental Activities)			48,940,000
Add premium (net of accumulated amortization)			1,668,429
Less Current Portion			—
Total long term general obligation bonds payable, net of premium (Governmental Activities)			$ 50,608,429
Business-type Activities			
Tarrant Regional Water District Bonds			
$156,470,000 Series 2015 Water Revenue Refunding Bonds	Serially through 2029	2.0 - 5.0%	$ 71,710,000
$300,000,000 Series 2015A Waterworks Revenue Bonds (Direct)	Serially through 2045	0.5 - 3.2%	237,630,000
$28,530,000 Series 2016 Water Systems Revenue Bonds	Serially through 2046	3.0 - 5.0%	23,420,000
$61,910,000 Series 2016A Water Revenue Refunding Bonds	Serially through 2032	2.0 - 5.0%	43,680,000
$52,765,000 Series 2017 Water Revenue Refunding Bonds	Serially through 2040	2.0 - 5.0%	50,000,000
$129,570,000 Series 2020 Water Revenue Refunding Bonds	Serially through 2052	1.7 - 3.1%	73,535,000
$386,680,000 Series 2020B Water Revenue Refunding Bonds	Serially through 2049	0.8 - 3.0%	175,155,000
$38,105,000 Series 2020C Water Revenue Refunding Bonds	Serially through 2030	4.0 - 5.0%	26,750,000
$46,510,000 Series 2022 Water Revenue Refunding Bonds	Serially through 2052	4.0 - 5.0%	45,180,000
$288,885,000 Series 2024, Water Revenue Refunding Bonds	Serially through 2054	4.0 - 5.0%	288,885,000
Total Tarrant Regional Water District Bonds			1,035,945,000
TRWD Contract Revenue Bonds (City of Dallas Water Utilities Project)			
$140,000,000 Series 2015 Dallas Contract Revenue Bonds (Direct)	Serially through 2045	0.5 - 3.2%	110,590,000
$240,025,000 Series 2021A Dallas Contract Revenue Bonds	Serially through 2051	2.0 - 4.0%	224,405,000
$298,395,000 Series 2021B Dallas Contract Revenue Refunding Bonds	Serially through 2044	0.15 - 2.45%	277,795,000
$255,000,000 Series 2022 Dallas Contract Revenue Bonds (Direct)	Serially through 2052	2.78 - 4.17%	249,180,000
Total TRWD Contract Revenue Bonds (City of Dallas Water Utilities Project)			861,970,000
Total Construction and Improvement Bonds (Business-type Activities)			1,897,915,000
Add premium (net of accumulated amortization)			53,931,244
			1,951,846,244
Less current portion			(68,440,000)
Total long term revenue bonds payable, net of premium (Business-type Activities)			$ 1,883,406,244

The annual requirements to amortize all bonds outstanding as of September 30, 2024 including interest payments are approximately as follows:

	Bonds			Bonds from Direct Borrowings		
Years ending September 30th (in thousands)	**Principal**	**Interest**	**Requirements**	**Principal**	**Interest**	**Requirements**
Governmental Activities						
Tarrant Regional Water District Bonds						
2025	$	$ 2,034	$ 2,034	$	$	$ —
2026	130	2,086	2,216			—
2027	135	2,080	2,215			—
2028	145	2,073	2,218			—
2029	150	2,066	2,216			—
2030-2034	875	10,207	11,082			—
2035-2039	7,745	9,335	17,080			—
2040-2044	9,830	7,257	17,087			—
2045-2049	12,020	5,061	17,081			—
2050-2054	14,625	2,457	17,082			—
2055	3,285	131	3,416			—
Total Governmental Activities	48,940	44,787	93,727	—	—	—
Business-Type Activities						
Tarrant Regional Water District						
2025	32,210	32,593	64,803	8,390	6,793	15,183
2026	33,740	31,020	64,760	8,575	6,635	15,210
2027	35,450	29,333	64,783	8,780	6,454	15,234
2028	37,135	27,529	64,664	9,000	6,252	15,252
2029	38,955	25,634	64,589	9,245	6,028	15,273
2030-2034	175,150	102,159	277,309	50,395	26,177	76,572
2035-2039	126,595	67,234	193,829	58,775	18,167	76,942
2040-2044	124,435	44,282	168,717	69,190	8,142	77,332
2045-2049	140,580	21,771	162,351	15,280	245	15,525
2050-2054	54,065	4,226	58,291			—
	798,315	385,781	1,184,096	237,630	84,893	322,523
TRWD Contract Revenue Bonds (City of Dallas Water Utilities Project)						
2025	17,960	10,461	28,421	9,880	12,652	22,532
2026	18,220	10,156	28,376	10,085	12,416	22,501
2027	18,600	9,829	28,429	10,305	12,163	22,468
2028	19,065	9,453	28,518	10,540	11,894	22,434
2029	19,570	9,054	28,624	10,790	11,611	22,401
2030-2034	105,225	38,493	143,718	58,195	53,219	111,414
2035-2039	117,170	27,682	144,852	67,350	43,221	110,571
2040-2044	115,165	14,496	129,661	79,465	30,117	109,582
2045-2049	49,855	5,167	55,022	63,815	15,641	79,456
2050-2052	21,370	644	22,014	39,345	3,321	42,666
	502,200	135,435	637,635	359,770	206,255	566,025
Total Business-Type Activities	$ 1,300,515	$521,216	$ 1,821,731	$ 597,400	$ 291,148	$ 888,548

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. On September 10, 2024, the District issued $50 million of Series 2024 Unlimited Tax Bonds to fund various projects costs related to the flood control and drainage facilities.

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, 2024, pledged revenues for the Tarrant Regional Water District Revenue Bonds were $90.2 million which offsets debt service requirements for the year of $70.9 million.

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

The TRWD Contract Revenue Bonds (City of Dallas Water Utilities Project) are Dallas Water Utilities' share of the Integrated Pipeline (IPL) Project, which is currently estimated at $1.5 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 and System Capacity revenues of the District. 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, 2024, pledged revenues for the TRWD Contract Revenue Bonds (City of Dallas Water Utilities Project) were $44.3 million which offsets debt service requirements for the year of $49.8 million.

Extendible Commercial Paper Bonds

In fiscal year 2016 the District implemented an Extendable Commercial Paper Bonds Program in the amount of $150.0 million for the benefit of enterprise fund projects and capital needs. In fiscal year 2018 the District implemented an additional Extendable Commercial Paper Bonds Program in the amount of $150.0 million for the benefit of the general fund Central City Flood Control Project. During fiscal year 2024, no commercial paper bonds were issued and none were outstanding as of September 30, 2024.

9. Lease payable

During fiscal year 2024, the District leased one building. As of September 30, 2024, the value of the lease liability was $317 thousand. The District made principal and interest payments of $150 thousand. The balance of the right-to-use asset as of September 30, 2024 was $741 thousand net of accumulated amortization of $437 thousand.

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024	Due Within One Year
Governmental Activities					
Leases	$ 463,308	$	$ 146,242	$ 317,066	$ 151,327
Total Governmental Activities	$ 463,308	$ —	$ 146,242	$ 317,066	$ 151,327

The future principal and interest lease payments as of September 30, 2024 were as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2025	$ 151,327	$ 2,600	$ 153,927
2026	152,923	1,004	153,927
2027	12,816	11	12,827
	$ 317,066	$ 3,615	$ 320,681

10. INTERFUND TRANSACTIONS

Interfund balances - At September 30, 2024, interfund balances consisted of the following:

	Due From General Fund	Due From Enterprise Fund	Due To Capital Projects Fund	Due To Enterprise Fund
General Fund	$	$	$ 66,855	$ 668,664
Capital Projects Fund	66,855	22		
Enterprise Fund	668,664		22	
Total	$ 735,519	$ 22	$ 66,877	$ 668,664

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.

Interfund Transfers - At September 30, 2024, interfund transfers consisted of the following:

	Transfer In From General Fund	Transfer Out To Capital Projects Fund	Transfer Out To Debt Service Fund (nonmajor)
General Fund	$	$ 2,196,920	$ 19
Capital Projects Fund	2,196,920		
Debt Service Fund (nonmajor)	19		
Total	$ 2,196,939	$ 2,196,920	$ 19

Interfund transfers are the results of funds transferred from the General Fund to support the activities of the Capital Projects Fund and Debt Service Fund.

11. 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, revised October 1, 2016, to full time status 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 full time 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. 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 or Plan G, in accordance with Medicare eligibility rules. The District will also provide a monthly allowance of $187 (Plan F participants) or $205 (Plan G participants) to offset the cost of Medicare Part B and Part D. 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 full time 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 or Plan G, in accordance with Medicare eligibility rules. The District will also provide a monthly allowance of $187 (Plan F participants) or $205 (Plan G Participants) to offset the cost of Medicare Part B and Part D. The employee/retiree will be covered until his/her death and the spouse until his/her death.

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 47. 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, 2024

Inactive Plan Members or Beneficiaries currently receiving benefits	43
Inactive Plan Members entitled to but not receiving benefits	0
Active Plan Members (active employees hired on or before 9/30/16)	178
Total Plan Members	221

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). In fiscal year 2024, $2.4 million was contributed to the trust and in fiscal year 2025 $2.6 million is budgeted to contribute to the trust; these contributions are in addition to claims paid. The District has funded 82% of the total OPEB liability as of fiscal year 2024.

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:

Strategic Asset Allocation Ranges			
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%	2.2%	3.6%

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 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 6.00% 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 6.00%. 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 21.81% for fiscal year 2024. 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, 2023 and a measurement date of September 30, 2024.

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2023	$ 28,237,902	$ 16,838,758	$ 11,399,144
Changes for the year:			
Service Cost	566,436		566,436
Interest	1,688,560		1,688,560
Difference between expected and actual experience	(1,535,736)		(1,535,736)
Changes in Assumptions	237,858		237,858
Benefit Payments	(756,916)	(756,916)	—
Contributions - employer		3,114,864	(3,114,864)
Net Investment income		4,131,196	(4,131,196)
Administrative Expense		(91,146)	91,146
Net Changes	200,202	6,397,998	(6,197,796)
Balance at September 30, 2024	$ 28,438,104	$ 23,236,756	$ 5,201,348

Plan Fiduciary Net Position as a percentage of the total OPEB liability 82%

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 6.00%, 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 5.0%	Current Single Discount Rate Assumption 6.0%	1% Increase 7.0%
$9,213,834	$5,201,348	$1,874,551

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. Refer to page 78 for further detail about healthcare trend rates.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$1,378,997	$5,201,348	$9,910,844

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

For the year ended September 30, 2024, the District recognized OPEB expenses of $1,027,349 which included amortization of deferred inflows and outflows of $240,463. At September 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 363,676	$ 1,831,544
Assumption changes	997,982	282,493
Net difference between projected and actual earnings on OPEB plan investments		1,502,772
Total	$ 1,361,658	$ 3,616,809

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
2025	$ (212,558)
2026	(48,487)
2027	(737,315)
2028	(721,494)
2029	(203,969)
Thereafter	(331,328)
Total	$ (2,255,151)

Actuarial Methods and Assumptions

Actuarial cost method	Individual entry age normal cost method
Amortization method	Level dollar, Closed
Remaining amortization period	22 years as of September 30, 2024
Asset valuation method	Market Value
Investment rate	6.00% per annum, net of expenses
Inflation rate	2.50%
Salary increases	3.50% to 11.50%, 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 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare trend rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years
Participation rates	100% of eligible retirees are assumed to elect coverage

12. COMMITMENTS AND CONTINGENCIES

Commitments - The Enterprise Fund had remaining commitments estimated at $255.5 million due to on-going construction contracts as of September 30, 2024.

Insurance - The District 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 is obtained from a brokerage firm specializing in aircraft insurance. For the IPL Project, the District and the City of Dallas Water Utilities are utilizing a Rolling Owner Controlled Insurance Program (ROCIP). Willis Towers Watson manages and administers the ROCIP program for the project.

Texas Water Conservation Association Risk Management Fund (Trust) - This risk pool 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 concerning 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 during the Trust year and within the agreement. The Trust reserves the right to deny any 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. Still, 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.

Sedgwick - Sedgwick is the Third-Party Administrator for the Texas Water Conservation Association Risk Management Fund (Trust). Outside of the Trust, Sedgwick also secures and manages the District's crime policy, law enforcement and director bonds.

Aviation Insurance - The District aviation insurance covers 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 aircraft Broker. The District does not retain the claims risk.

Rolling Owner Controlled Insurance Program - The ROCIP program started July 21, 2020 and will run until July 21, 2027 and is insured by Liberty Mutual (Insurance Provider). This program is for the Dallas portion of IPL, Section 19, and the Lake Palestine Pump Station (LP1). The program provides a master insurance, safety, and claims management program 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 the contract agreement. The ROCIP Administrator will review all 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. They 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 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 coverage includes all materials and equipment that will be permanently incorporated into the project, including property in transit and stored at pre-approved locations within the United States. 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 years 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 - 2023	$ 8,371	$ 594,869	$ (584,522)	$ 18,718
IPL Project ROCIP - 2024	$ 18,718	$ 140,488	$ (151,644)	$ 7,562

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 claim liability estimates are calculated using a link-ratio method: a method under which historical claims data are grouped into the time periods in which claims were incurred and the time periods in which they were processed. The processing date is typically the date the claim is received, adjudicated, or paid by the claim payer. The method uses these groupings to create a claims processing or development pattern, which is used to help estimate the unprocessed portion of incurred 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 $8,309,947 in aggregate for the plan year (January 2024 – December 2024).

Changes 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 - 2023	$ 406,756	$ 6,697,488	$ (6,655,194)	$ 449,050
Group Health - 2024	$ 449,050	$ 7,411,048	$ (7,320,985)	$ 539,113

13. 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. 101, *Compensated Absences* (issued June 2022) – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This standard becomes effective for the District in fiscal year 2025.

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

GASB Statement No. 102, *Certain Risk Disclosures* (issued December 2023) – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes them vulnerable to the risk of a substantial impact and to assess whether an event(s) that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If the criteria for disclosure have been met, then it should be disclosed in the notes to the financial statements. The description of the concentration or constraint, the event associated with the concentration and constraint and actions taken by the government to mitigate the risk should all be disclosed. This standard becomes effective for the District in fiscal year 2025.

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

GASB Statement No. 103, *Financial Reporting Model Improvements* (issued April 2024) – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement requires information presented in Management's Discussion and Analysis (MD&A) be limited to five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, an (5) Currently Known Facts, Decisions, or Conditions. This Statement describes unusual or infrequent items and governments are required to display the inflows and outflows for each unusual or infrequent item separately in the government-wide, governmental fund, and proprietary fund statement of resource flows. This Statement also requires that the proprietary funds statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and governments are required to present each major component unit separately in the statement of net position and statement of activities if it does not reduce the readability of the statements. This Statement requires to present budgetary comparison information using a single method of communication, Required Supplementary Information (RSI). This standard becomes effective for the District in fiscal year 2026.

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (issued September 2024) –The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. Leases, subscription assets and intangibles should be disclosed separately by major class in the capital assets note disclosures. This statement also requires additional disclosures for capital assets held for sale. Governments should disclose (1) the ending balance of the capital asset with separate disclosure for historical cost and accumulated depreciation by major class of asset and (2) the carrying amount of debt for which the capital assets are pledged as collateral for each major class of asset. This standard becomes effective for the District in fiscal year 2026.

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

REQUIRED SUPPLEMENTARY INFORMATION

(Celebrating 100 Years - Construction of the Bridgeport Channel, February 1993)

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, 2024

	Original and Final Budget	Actual	Variance ((Over)/Under)
REVENUES			
Property taxes	$ 28,242,000	$ 29,097,426	$ (855,426)
Investment income	1,600,000	8,155,851	(6,555,851)
Contributions	8,237,446	8,237,197	249
Oil and gas royalties	8,000,000	5,503,534	2,496,466
Lease rentals	1,265,647	1,274,497	(8,850)
Other	936,200	1,187,162	(250,962)
Total revenues	48,281,293	53,455,667	(5,174,374)
EXPENDITURES			
Current			
General and administrative	11,694,592	9,813,880	1,880,712
Personnel services	12,934,490	11,494,274	1,440,216
Retirement plan contribution	1,051,805	986,892	64,913
Capital expenditures	6,040,000	1,744,310	4,295,690
Debt service - leases			
Principal payments	350,000	350,000	—
Total expenditures	32,070,887	24,389,356	7,681,531
Excess/(Deficiency) of Revenues Over/Under Expenditures	16,210,406	29,066,311	(12,855,905)
Other Financing Sources (Uses)			
Transfers out		(2,196,939)	2,196,939
CHANGE IN FUND BALANCE	16,210,406	26,869,372	(10,658,966)
FUND BALANCE—Beginning of year	130,053,850	130,053,850	—
FUND BALANCE—End of year	$ 146,264,256	$ 156,923,222	$ (10,658,966)

NOTES TO RSI

Property Taxes Revenues over Budget - The District received $855 thousand more in taxes than budgeted due to an increase in property values.

Oil and Gas Royalties under Budget - The District received $2.5 million less in oil and gas royalties primarily due to declines in both commodity prices and production levels.

Investment Income over Budget - The District received $6.6 million more in interest income due to an increase in interest rates.

General and Administrative Expenditures under Budget - Expenses were under budget mainly due to projects beginning later in the year and were not able to be completed.

Personnel Services Expenditures under Budget - The variance in the personnel budget is due to vacant positions throughout the fiscal year. Also, the District is self insured and health claims were lower than budgeted.

Capital Expenditures under Budget - The variance of $4.3 million is due in large part to $3.0 million not spent on the construction of canals as the canal design is still being evaluated. The canals will be located just north of downtown (Panther Island) and will function as flood control and stormwater transmission.

TARRANT REGIONAL WATER DISTRICT

SCHEDULE OF CHANGES IN NET OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS

	2017	2018	2019	2020	2021	2022	2023	2024
Other post employment benefits liability								
Service cost	$ 565,239	$ 531,820	$ 528,530	$ 561,117	$ 547,295	$ 602,123	$ 573,868	$ 566,436
Interest	1,033,856	1,109,066	1,237,434	1,315,611	1,455,965	1,542,872	1,601,654	1,688,560
Difference between expected and actual experience of the total OPEB liability	(72,928)	190,998	(688,704)	826,908	(141,365)	(298,023)	(46,850)	(1,535,736)
Changes in assumptions		548,904	524,159	(139,716)	1,061,704	(354,102)		237,858
Benefit payments	(335,551)	(295,730)	(387,380)	(366,238)	(292,111)	(401,938)	(596,146)	(756,916)
Net change in total other post employment benefits liability	1,190,616	2,085,058	1,214,039	2,197,682	2,631,488	1,090,932	1,532,526	200,202
Total other post employment benefits liability - beginning	16,295,561	17,486,177	19,571,235	20,785,274	22,982,956	25,614,444	26,705,376	28,237,902
Total other post employment benefits liability - ending	$ 17,486,177	$ 19,571,235	$ 20,785,274	$ 22,982,956	$ 25,614,444	$ 26,705,376	$ 28,237,902	$ 28,438,104
Plan fiduciary net position								
Contributions - employer	1,545,551	$ 1,626,730	$ 1,851,480	$ 1,976,748	$ 2,063,672	$ 2,350,655	2,739,735	3,114,864
Net investment income	417,971	296,613	501,718	686,452	1,822,450	(2,456,362)	1,186,938	4,131,196
Benefit payments	(335,551)	(295,730)	(387,380)	(366,238)	(292,111)	(401,938)	(596,146)	(756,916)
Administrative expense	(25,922)	(32,888)	(43,846)	(53,147)	(68,206)	(74,393)	(77,762)	(91,146)
Net changes	1,602,049	1,594,725	1,921,972	2,243,815	3,525,805	(582,038)	3,252,765	6,397,998
Plan fiduciary net position - beginning	3,279,665	4,881,714	6,476,439	8,398,411	10,642,226	14,168,031	13,585,993	16,838,758
Plan fiduciary net position - ending	4,881,714	6,476,439	8,398,411	10,642,226	14,168,031	13,585,993	16,838,758	23,236,756
Net other post employment benefits liability	$ 12,604,463	$ 13,094,796	$ 12,386,863	$ 12,340,730	$ 11,446,413	$ 13,119,383	$ 11,399,144	$ 5,201,348
Plan fiduciary net position as percentage of total OPEB liability	28%	33%	40%	46%	55%	51%	60%	82%
Covered-employee payroll	$ 19,291,600	$ 18,513,781	$ 18,674,165	$ 19,662,433	$ 20,217,028	$ 20,106,498	$ 20,216,906	$ 20,870,783
Net OPEB liability as percentage of covered-employee payroll	65%	71%	66%	63%	57%	65%	56%	25%

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

	Annual money-weighted rate of return, net of investment expense
2017	9.50%
2018	5.27%
2019	6.56%
2020	7.07%
2021	14.95%
2022	(15.56)%
2023	7.74%
2024	21.81%

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 CONTRIBUTIONS IN OTHER POST EMPLOYMENT BENEFITS

LAST 10 FISCAL YEARS

	Actuarily determined contribution	Actual contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as % of covered-employee payroll
2017	$ 1,524,244	$ 1,545,511	$ (21,267)	$ 19,291,600	8.01%
2018	1,569,476	1,626,730	(57,254)	18,513,781	8.79%
2019	1,534,834	1,851,480	(316,646)	18,674,165	9.91%
2020	1,504,889	1,976,748	(471,859)	19,662,433	10.05%
2021	1,401,562	1,375,112	26,450	20,217,028	10.21%
2022	2,063,672	2,350,655	(286,983)	20,106,498	11.69%
2023	1,349,443	2,739,735	(1,390,292)	20,216,906	13.55%
2024	1,240,053	3,114,864	(1,874,811)	20,870,783	14.92%

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	22 years as of September 30, 2024
Asset valuation method	Market Value
Investment rate	6.00% per annum, net of expenses, including inflation
Inflation rate	2.50%
Salary increases	3.50% to 11.50%, 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 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables, published through 2019 to account for future mortality improvements.
Healthcare trend rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 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.

APPENDIX B

FORM OF CO-BOND COUNSEL'S OPINIONS

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September 9, 2025

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT,
UNLIMITED TAX BONDS,
SERIES 2025
DATED AUGUST 1, 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF $____________

AS CO-BOND COUNSEL FOR THE TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT (the "Issuer") in connection with the issuance of the Unlimited Tax Bonds, Series 2025 described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the Order of the Issuer authorizing the issuance and sale of the Bonds (the "Order").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments relating to the authorization of the Initial Bond (as defined in the Order) and substitute Bonds and the issuance and delivery of the Initial Bond, including the executed Initial Bond, and a printed form for the substitute Bonds initially made available by the Issuer for conversion of and exchange for the Initial Bond.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued and delivered in accordance with law; and that the Bonds, except as may be limited by laws applicable to the District relating to bankruptcy, reorganization and other similar matters affecting creditors' rights, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds

THE DISTRICT reserves the right to issue additional tax bonds and bonds and other obligations payable from other sources including contracts with other persons, including private corporations, municipalities, and political subdivisions.

IT IS FURTHER OUR OPINION, that, except as discussed below, the interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1985 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the District to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Co-Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of and the assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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Municipal Advisory Services
Provided By

HilltopSecurities
Investment Banking Solutions

RSI
GROUP, LLC