

BOARD OF DIRECTORS MEETING

January 17, 2023



PLEDGE OF ALLEGIANCE

I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.



PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.



2

Public Comment



3

Appoint New Director to Fill Mid-Term Vacancy on TRWD Board of Directors

Stephen Tatum, *General Counsel*



4

Administer Oath of Office

Leah King, *Board President*



5

Consider Approval of the Minutes from the Meeting Held on December 13, 2022





6

Consider Approval of Order Calling an Election

Stephen Tatum, *General Counsel*

7

Receive and File the District's Annual Comprehensive Financial Report for the Year Ended September 30, 2022

Sandy Newby, Chief Finance Officer

FY2022 Annual Comprehensive Financial Report

Clean Audit Opinion

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, 2022, 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, 2022, 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.

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.

Integrated Pipeline Phase 1&2 (Joint Sections) were substantially completed and moved out of Construction in Progress (CIP) into Depreciable capital assets.

**TARRANT REGIONAL WATER DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 55,834,081	\$ 40,126,793	\$ 95,960,874
Investments	47,897,817	15,505,008	63,402,825
Receivables:			
Accounts, oil and gas royalties, and other	3,718,502	3,660,886	7,379,388
Accrued interest	108,719	47,809	156,528
Lease receivable - due within one year	311,362	27,612	338,974
Long-term receivable	192,925,933		192,925,933
Internal balances	(316,215)	316,215	
Prepaid items	1,597,600	5,964,778	7,562,378
Inventory-at cost	67,041		67,041
Inventory held for sale	478,234		478,234
Cash and cash equivalents for bond projects		165,310,062	165,310,062
Investments held for bond projects		132,842,838	132,842,838
Accrued interest receivable for bond projects		321,559	321,559
Cash and cash equivalents restricted		6,100,000	6,100,000
Cash and cash equivalents for debt service		1,490,816	1,490,816
Investments for debt service		88,233,948	88,233,948
Accrued interest receivable for debt service		224,850	224,850
Lease receivable - due in more than one year	2,153,478	66,084	2,219,562
Deposits held by others	5,510,011		5,510,011
Land	276,339,794	186,637,511	462,977,305
Construction in progress	74,422,677	150,855,605	225,278,282
Depreciable capital assets, net of accumulated depreciation	30,191,504	1,779,858,094	1,810,049,598
Intangible assets, net of amortization	603,884	3,148,725	3,752,609
Total Assets	651,844,572	2,580,739,193	3,232,583,715
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond refunding - loss		51,872,252	51,872,252
Deferred outflow from OPEB	946,825	2,938,999	3,885,824
Total Deferred Outflows of Resources	946,825	54,811,251	55,758,076
LIABILITIES			
Accounts payable	3,173,822	17,203,769	20,377,591
Accounts payable restricted for customer contingency		5,000,000	5,000,000
Accounts payable for bond projects		14,664,781	14,664,781

Integrated Pipeline Phase 1&2 (Joint Sections) were substantially completed and moved out of Construction in Progress (CIP) into Depreciable capital assets.

Note 4 (page 63)

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

	October 1, 2021	Additions/ Adjustments	Disposals/ Adjustments	Reclassification & Transfers	September 30, 2022
BUSINESS-TYPE ACTIVITIES					
NONDEPRECIABLE ASSETS					
Land	\$ 177,959,672	\$ 8,677,839			\$ 186,637,511
Construction in progress	1,251,635,976	101,895,676		(1,202,676,047)	150,855,605
TOTAL NONDEPRECIABLE ASSETS	1,429,595,648	110,573,515	—	(1,202,676,047)	337,493,116
DEPRECIABLE ASSETS					
Dams and spillways	230,276,676			4,266,444	234,543,120
Pipeline	565,673,446			1,155,826,623	1,721,500,069
Wetlands	56,160,860				56,160,860
Communications	20,787				20,787
Buildings	7,854,201				7,854,201
Technology Infrastructure	3,240,353			624,929	3,865,282
Machinery and equipment	13,420,113	265,571	(108,505)		13,577,179
Other project costs	151,114,301			41,958,051	193,072,352
	<u>1,027,760,737</u>	<u>265,571</u>	<u>(108,505)</u>	<u>1,202,676,047</u>	<u>2,230,593,850</u>
Less accumulated depreciation for					
Dams and spillways	(137,053,676)	(4,243,849)			(141,297,525)
Pipeline	(240,353,824)	(11,086,660)			(251,440,484)
Wetlands	(9,533,656)	(1,122,780)			(10,656,436)
Communications	(6,926)	(416)			(7,342)
Buildings	(5,762,932)	(246,579)			(6,009,511)
Technology Infrastructure	(648,070)	(324,035)			(972,105)
Machinery and equipment	(11,080,256)	(787,644)	108,505		(11,759,395)
Other project costs	(25,592,177)	(3,000,781)			(28,592,958)
Total accumulated depreciation	(430,031,517)	(20,812,744)	108,505	—	(450,735,756)
TOTAL DEPRECIABLE ASSETS, NET	597,729,220	(20,547,173)	—	1,202,676,047	1,779,858,094
INTANGIBLE ASSETS					
Internally Developed Asset Management System	3,935,906				3,935,906
	<u>3,935,906</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,935,906</u>
Less accumulated amortization for					
Internally Developed Asset Management System		(787,181)			(787,181)
Total accumulated amortization	—	(787,181)	—	—	(787,181)
TOTAL AMORTIZABLE ASSETS, NET	3,935,906	(787,181)	—	—	3,148,725
TOTAL BUSINESS-TYPE ACTIVITIES, NET	\$ 2,031,260,774	\$ 89,239,161	—	—	\$ 2,120,499,935

NCTCOG Central City Project
interlocal loan of \$3.5 million for
completion of TXDOT Bridges.

TARRANT REGIONAL WATER DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
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Receivables			
Accounts, oil and gas royalties, and other	3,718,502	3,660,886	7,379,388
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Long-term receivable	192,925,933		192,925,933
Internal balances	(316,215)	316,215	
Prepaid items	1,597,600	5,964,778	7,562,378
Inventory-at cost	67,041		67,041
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Land	276,339,794	186,637,511	462,977,305
Construction in progress	74,422,677	150,855,605	225,278,282
Depreciable capital assets, net of accumulated depreciation	30,191,504	1,779,858,094	1,810,049,598
Intangible assets, net of amortization	603,984	3,148,725	3,752,709
Total Assets	691,844,522	2,580,739,193	3,272,583,715
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond refunding -loss		51,872,252	51,872,252
Deferred outflow from OPEB	946,825	2,938,999	3,885,824
Total Deferred Outflows of Resources	946,825	54,811,251	55,758,076
LIABILITIES			
Accounts payable	3,173,822	17,203,769	20,377,591
Accounts payable restricted for customer contingency		5,000,000	5,000,000
Accounts payable for bond projects		14,664,781	14,664,781
Accrued vacation - due within one year	346,955	1,098,691	1,445,646
Other liabilities	956,388	5,469,315	6,425,703
Accrued lease interest payable	506		506
Other liabilities for bond projects		8,012,639	8,012,639
Payable from restricted assets - accrued bond interest payable		3,955,433	3,955,433
Note payable			
Due within one year			350,000
Due in more than one year			3,150,000
Revenue bonds payable, net of discount			
Due within one year		61,085,000	61,085,000
Due in more than one year		1,691,973,790	1,691,973,790
Lease payable			
Due within one year	144,727		144,727
Due in more than one year	463,308		463,308
Long-term Payables - due in more than one year			
Pollution remediation obligations	5,952,500		5,952,500
Post-employment benefits payable	4,664,661	8,454,722	13,119,383
Accrued vacation	954,699	3,023,215	3,977,914
Total Liabilities	20,157,566	1,819,941,355	1,840,098,921

NCTCOG Central City Project Loan of \$3.5 million for completion of TXDOT Bridges.

6. 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 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; payments are due beginning November 2022.

A summary of long-term note transactions of the District for the year ended September 30, 2022 is show below:

	Balance at Oct. 1, 2021	Additions	Deletions	Balance at Sept. 30, 2022	Due Within One Year
<u>Governmental Activities</u>					
Note payable	\$ —	\$ 3,500,000		\$ 3,500,000	\$ 350,000
Total Governmental Activities	\$ —	\$ 3,500,000	\$ —	\$ 3,500,000	\$ 350,000

The future principal note payments as of September 30, 2022 were as follows:

Years Ending September 30th	Principal	Interest	Total
2023	\$ 350,000		\$ 350,000
2024	350,000		350,000
2025	350,000		350,000
2026	350,000		350,000
2027	350,000		350,000
2028 - 2032	1,750,000		1,750,000
	\$ 3,500,000	\$ —	\$ 3,500,000

Note 10 (page 73)

OPEB Liability increase due to investment loss.

Changes in the Net OPEB Liability

The total OPEB liability shown below is based on an actuarial valuation performed as of December 31 2021 and a measurement date of September 30, 2022.

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at September 30, 2021	\$ 25,614,444	\$ 14,168,031	\$ 11,446,413
Changes for the year:			
Service Cost	602,123		602,123
Interest	1,542,872		1,542,872
Difference between expected and actual experience	(298,023)		(298,023)
Changes in Assumptions	(354,102)		(354,102)
Benefit Payments	(401,938)	(401,938)	—
Contributions - employer		2,350,655	(2,350,655)
Net investment loss		(2,456,362)	2,456,362
Administrative Expense		(74,393)	74,393
Net Changes	1,090,932	(582,038)	1,672,970
Balance at September 30, 2022	\$ 26,705,376	\$ 13,585,993	\$ 13,119,383
Plan Fiduciary Net Position as a percentage of the total OPEB liability		51%	

Unrealized investment loss due to market changes.

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
Flood protection	\$ 21,520,140	\$ 15,488,479		\$ 11,511,098	\$ 5,479,437		\$ 5,479,437
Recreation	3,758,746	1,628,501	68,500		(2,061,745)		(2,061,745)
Total governmental activities	<u>25,278,886</u>	<u>17,116,980</u>	<u>68,500</u>	<u>11,511,098</u>	<u>3,417,692</u>		<u>3,417,692</u>
Business type activities-Water supply	122,108,598	172,432,425	10,086,962			\$ 60,410,789	60,410,789
	<u>\$ 147,387,484</u>	<u>\$ 189,549,405</u>	<u>\$ 10,155,462</u>	<u>\$ 11,511,098</u>		<u>60,410,789</u>	<u>63,828,481</u>
GENERAL REVENUES							
Property taxes					24,669,850		24,669,850
Investment loss					(707,632)	(12,965,711)	(13,673,343)
Miscellaneous					16,031	93,820	109,851
Gain (loss) on disposal of assets					(106,270)	95,050	(11,220)
Total general revenues					<u>23,871,979</u>	<u>(12,776,841)</u>	<u>11,095,138</u>
CHANGES IN NET POSITION					27,289,671	47,633,948	74,923,619
NET POSITION - Beginning of year					642,601,142	764,161,985	1,406,763,127
NET POSITION - End of year					<u>\$ 669,890,813</u>	<u>\$ 811,795,933</u>	<u>\$ 1,481,686,746</u>

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

Oil and gas revenues increased in FY22.

TARRANT REGIONAL WATER DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

REVENUES	
Property taxes	\$ 24,689,890
Oil and gas royalties	14,570,873
Contributions	7,296,236
Lease rentals	1,326,827
Investment loss	(707,632)
Other	1,143,960
Total revenues	<u>48,320,154</u>
EXPENDITURES	
Current	
General and administrative	8,154,428
Personnel services	9,700,561
Retirement plan contribution	809,572
Contribution	3,500,000
Capital expenditures	8,901,368
Debt service - leases	
Principal payments	143,863
Interest payments	6,551
Total expenditures	<u>31,216,343</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>17,103,811</u>
OTHER FINANCING SOURCES	
Proceeds from NCTCOG	<u>3,500,000</u>
CHANGE IN FUND BALANCE	20,603,811
FUND BALANCE - Beginning of year	<u>89,969,545</u>
FUND BALANCE - End of year	<u>\$ 110,573,356</u>

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

Oil and gas revenues higher than budget.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE—BUDGET TO ACTUAL—GAAP BASIS—GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original and Final Budget	Actual	Variance (Budget - Actual)
REVENUES			
Property taxes	\$ 22,000,000	\$ 24,689,890	\$ (2,689,890)
Oil and gas royalties	6,000,000	14,570,873	(8,570,873)
Contributions	7,355,455	7,296,236	59,219
Lease rentals	1,290,086	1,326,827	(36,741)
Investment income (loss)	250,000	(707,632)	957,632
Other	1,694,400	1,143,960	550,440
Total revenues	38,589,941	48,320,154	(9,730,213)
EXPENDITURES			
Current			
General and administrative	12,034,269	8,154,428	3,879,841
Personnel services	11,840,668	9,700,561	2,140,107
Retirement plan contribution	887,541	809,572	77,969
Contribution		3,500,000	(3,500,000)
Interest	6,680,455		6,680,455
Capital expenditures	16,745,437	8,901,368	7,844,069
Debt service - leases			
Principal payments		143,863	(143,863)
Interest payments		6,551	(6,551)
Total expenditures	48,188,370	31,216,343	16,972,027
Excess/(Deficiency) of Revenues Over/Under Expenditures	(9,598,429)	17,103,811	(26,702,240)
Other Financing Sources			
Proceeds from NCTCOG		3,500,000	(3,500,000)
CHANGE IN FUND BALANCE	(9,598,429)	20,603,811	(30,202,240)
FUND BALANCE—Beginning of year	89,969,545	89,969,545	—
FUND BALANCE—End of year	\$ 80,371,116	\$ 110,573,356	\$ (30,202,240)

GASB 87 Leases required change in lease revenues.

- Lease Receivable
- Deferred Inflow from Leases

GASB 87 Leases required change in lease expenses.

- Lease Payable
- Intangible Right of Use Asset

TARRANT REGIONAL WATER DISTRICT
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SEPTEMBER 30, 2022

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Long-term receivable	492,925,953		492,925,953
Internal balances	(316,215)	316,215	
Prepaid items	1,597,600	5,964,778	7,562,378
Inventory-at cost	67,041		67,041
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Other liabilities	956,388	5,469,315	6,425,703
Accrued lease interest payable		506	506
Other liabilities for bond projects		8,012,639	8,012,639
Payable from restricted assets - accrued bond interest payable		3,955,433	3,955,433
Note payable:			
Due within one year	350,000		350,000
Due in more than one year	3,150,000		3,150,000
Revenue bonds payable, net of discount:			
Due within one year		61,085,000	61,085,000
Due in more than one year		1,691,973,790	1,691,973,790
Lease payable:			
Due within one year	144,727		144,727
Due in more than one year	463,308		463,308
Long-term payable - due in more than one year			
Pollution remediation obligations	5,952,500		5,952,500
Post employment benefits payable	4,664,661	8,454,722	13,119,383
Accrued vacation	954,699	3,023,215	3,977,914
Total Liabilities	20,157,566	1,819,941,355	1,840,098,921
DEFERRED INFLOWS OF RESOURCES			
Deferred bond refunding - gain		2,859,587	2,859,587
Deferred inflow from OPEB	790,786	856,587	1,647,373
Deferred inflow from Leases	2,452,183	96,987	2,549,170
Total Deferred Inflows of Resources	2,742,968	3,813,156	6,556,124

GASB 87 Lease receivable is recorded for the present value of all lease payments to be received for the term of the lease.

GASB 87 Lease payable is recorded for the present value of all lease payments to be paid for the term of the lease.

8. LEASES

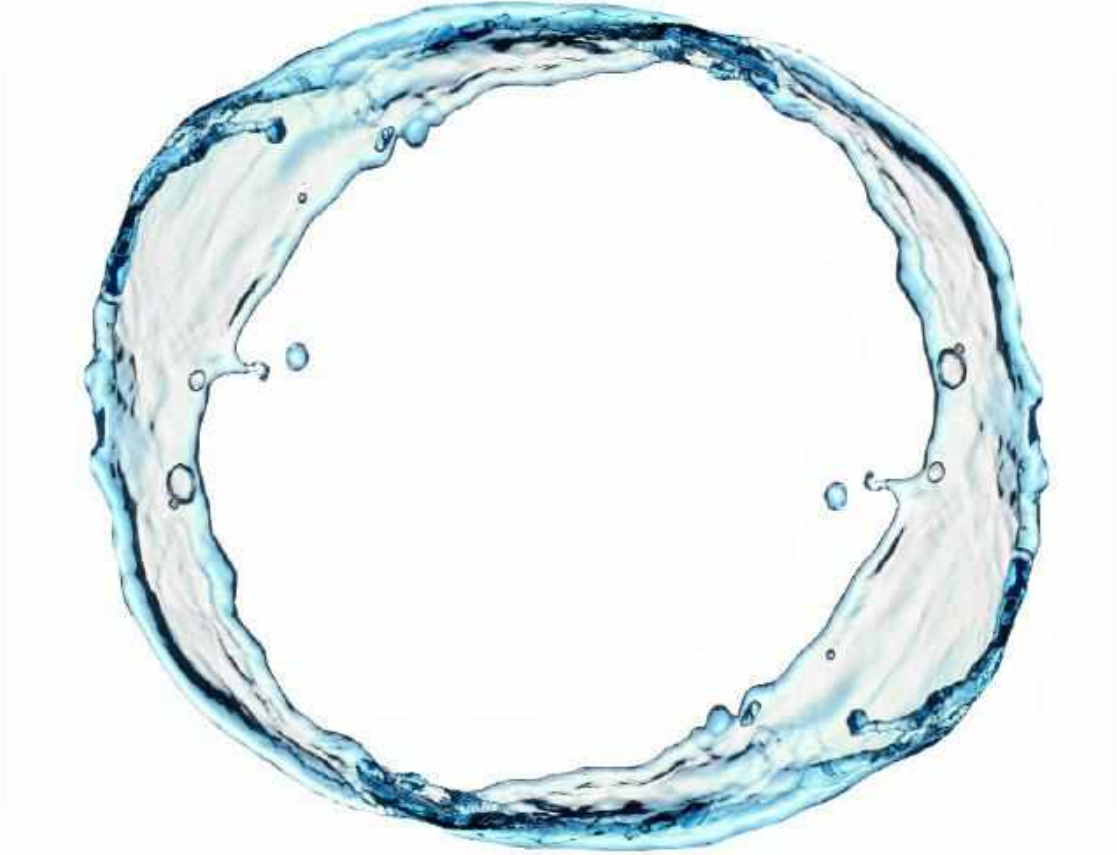
Lease receivable - During fiscal year 2022, the District leases out some of its property, including one building, several parcels of land, and towers. The District recognized \$345 thousand in lease revenue and \$49 thousand in interest revenue during the fiscal year 2022 related to these leases. The District received \$377 thousand in lease payments, \$335 thousand in principal and \$42 thousand in interest. As of September 30, 2022, the District's total lease receivable for lease payments was \$2.6 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, 2022, the balance of the deferred inflows of resources was \$2.5 million.

Lease payable - During fiscal year 2022, the District leased one building. An initial lease liability was recorded in the amount of \$752 thousand during the fiscal year 2022. As of September 30, 2022, the value of the lease liability was \$608 thousand. 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, 2022 was \$752 thousand net of accumulated amortization of \$148 thousand.

	Balance at		Balance at		Due Within
	Oct. 1, 2021	Additions	Deletions	Sept. 30, 2022	One Year
<u>Governmental Activities</u>					
Leases	\$ 751,898		\$ 143,863	\$ 608,035	\$ 144,727
Total Governmental Activities	\$ 751,898	\$ —	\$ 143,863	\$ 608,035	\$ 144,727

The future principal and interest lease payments as of September 30, 2022 were as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2023	\$ 144,727	\$ 5,687	\$ 150,414
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
	\$ 608,035	\$ 13,474	\$ 621,509





Deloitte & Touche LLP
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#1600
Dallas, TX 75201
USA
Tel.: +1 214 840 1454
www.deloitte.com

December 16, 2022

The Board of Directors of Tarrant Regional Water District
800 E. Northside Dr.
Fort Worth, TX 76102

Dear Board of Directors:

We have performed an audit of the basic financial statements of Tarrant Regional Water District (the "District") as of and for the year ended September 30, 2022 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated December 16, 2022.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the District is responsible.

This report is intended solely for the information and use of management, the Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

cc: The Management of Tarrant Regional Water District

Audit Status



We have completed our audit of the basic financial statements of the Tarrant Regional Water District (“District”) as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America (GAAS).

We issued an unmodified opinion on the basic financial statements for the year ended September 30, 2022.

Audit Status



Our responsibility under generally accepted auditing standards has been described in our engagement letter dated July 25, 2022. As described in that letter, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of The Board of Directors are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”).

The audit of the financial statements does not relieve management or The Board of Directors of their responsibilities. We considered internal control relevant to the District’s preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control.

Significant Accounting Policies and Practices



The District's significant accounting policies are set forth in Note 1 to the District's 2022 financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended September 30, 2022, except for the adoption of Governmental Accounting Standards Board Statement No. 87 *Leases*. The adoption of this standard did not have a material impact on the District's financial statements.

We have evaluated the significant qualitative aspects of the District's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Our assessment of the significant qualitative aspects of the District’s particularly sensitive accounting estimates is below.

Overview	Qualitative Assessment
----------	------------------------

Liability of Other Post-Employment Benefits

The measurement of the District’s liability for other post-employment benefits (“OPEB”) and related costs for employees is subject to numerous actuarial assumptions including, but not limited to, the discount rate, expected return on plan assets, and mortality tables. As it relates to this liability, the District engaged a third-party actuarial firm to assist in measuring the costs and net OPEB liability obligations. The District then performed procedures to evaluate the results. The District records the appropriate adjustment to the liability based on these actuarial results.

We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. We also performed detailed procedures to test the completeness and accuracy of the demographic data provided to the third-party actuarial firm.

Based on the procedures performed, the methodology and the underlying assumptions of the OPEB obligations appear reasonable in the context of the financial statements taken as a whole.

	2022	2021
Net OPEB Liability	\$ 13.1 million	\$ 11.4 million

Other Required Communications



Other Information Included in Annual Report

When audited financial statements are included in documents containing other information such as the District's Annual Comprehensive Financial Report ("ACFR"), we read such other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. We have read the other information in the District's ACFR and have compared selected amounts or other items in the other information with such amounts or other items in the financial statements. While reading the other information, we remained alert for indications that (1) a material inconsistency exists between the other information and our knowledge obtained in the audit and (2) a material misstatement of fact exists, or the other information is otherwise misleading. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to communicate the matter to you, request that the correction be made, and, if not corrected, describe it in our report. We did not note any uncorrected material misstatements of the other information



Management Representations

We have made specific inquiries of the District's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the District is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

Other Required Communications



Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the District's management and staff and had unrestricted access to the District's senior management in the performance of our audit.



Disagreements with Management

We have not had any disagreements with management related to matters that are material to the District's 2022 financial statements.

Other Required Communications



Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2022.



Significant Findings or Issues Arising From the Audit Discussed, or Subject of Correspondence, with Management

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board of Directors.

Summary of Identified Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

8

Presentation of the Comptroller's Transparency Program 5th Star for Public Pensions

Sandy Newby, Chief Finance Officer

9

Consider Approval of Advocacy Agreement with Cassidy & Associates, Inc. for Congressional and Federal Agencies Communications and Advocacy Efforts

Linda Christie, *Government Affairs Director*

10

Consider Approval of Advocacy Agreement with Mindy Ellmer for State Legislature and Agencies Communications and Advocacy

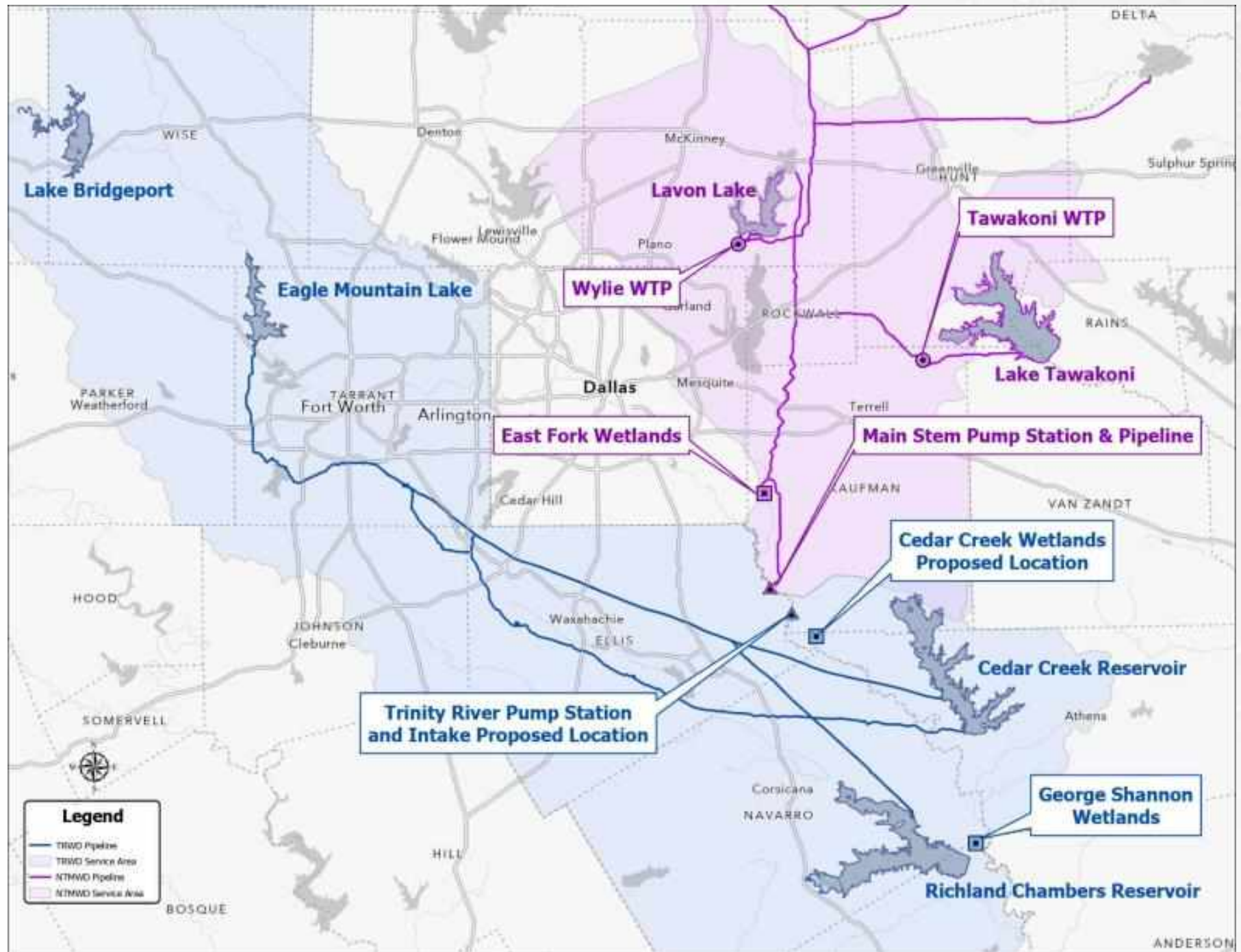
Linda Christie, *Government Affairs Director*



11

Consider Approval of Interlocal Agreement with North Texas Municipal Water District for a Study to Evaluate the Potential for Collaboration on the Cedar Creek Wetlands Project

Rachel Ickert, *Chief Water Resources Officer*

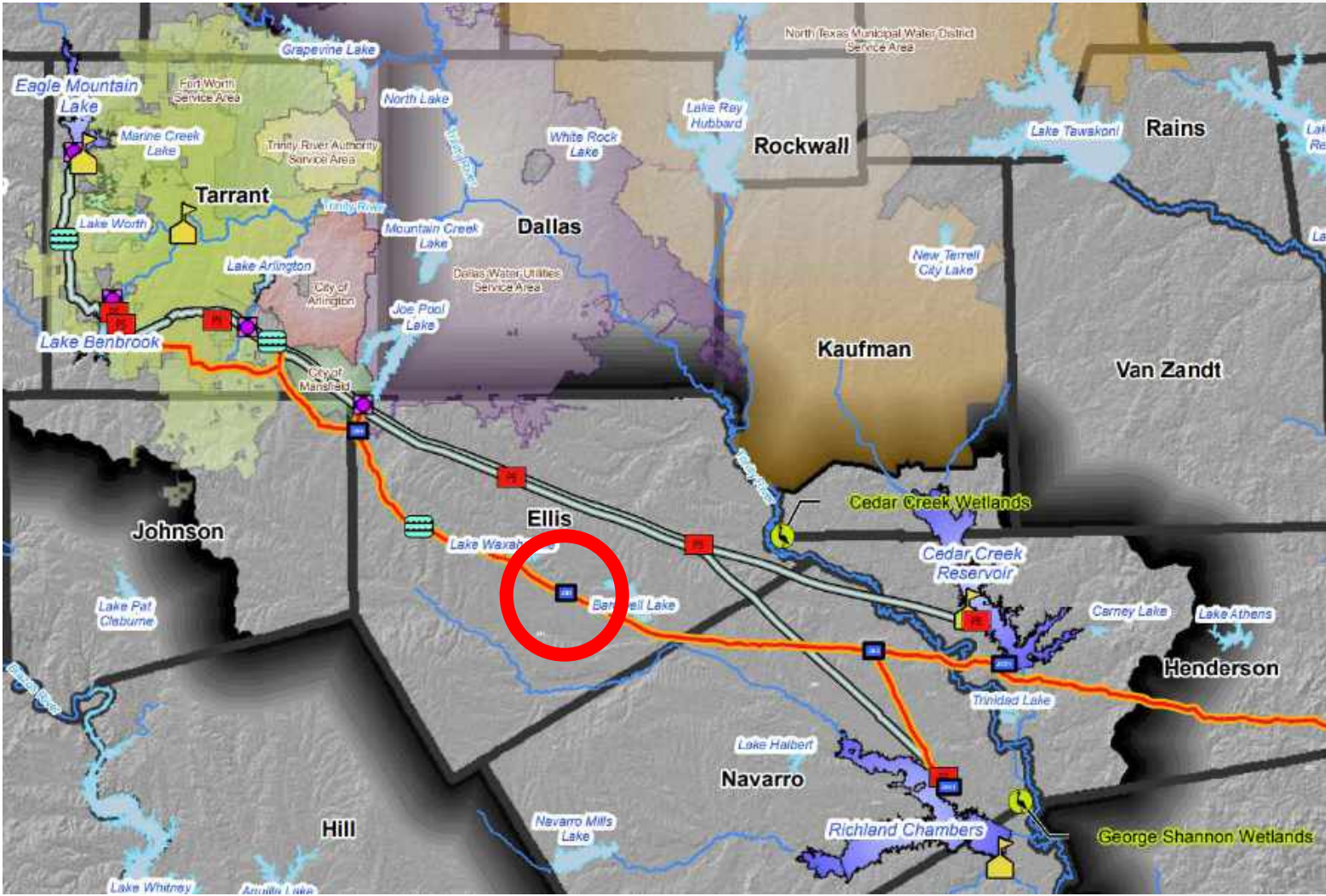


12

Consider Approval of Task Order with Azcarate and Associates Consulting Engineers for Joint Booster Pump Station #3 Cooling Towers Improvements

Jason Gehrig, *Infrastructure Engineering Director*

JB3 Pump Station Cooling Tower Improvements



JB3
Booster
Pump
Station

JB3 Pump Station Cooling Tower Improvements



JB3 Pump Station Cooling Tower Improvements



Pulse-Pure

Alternative solution to chemical feed for:

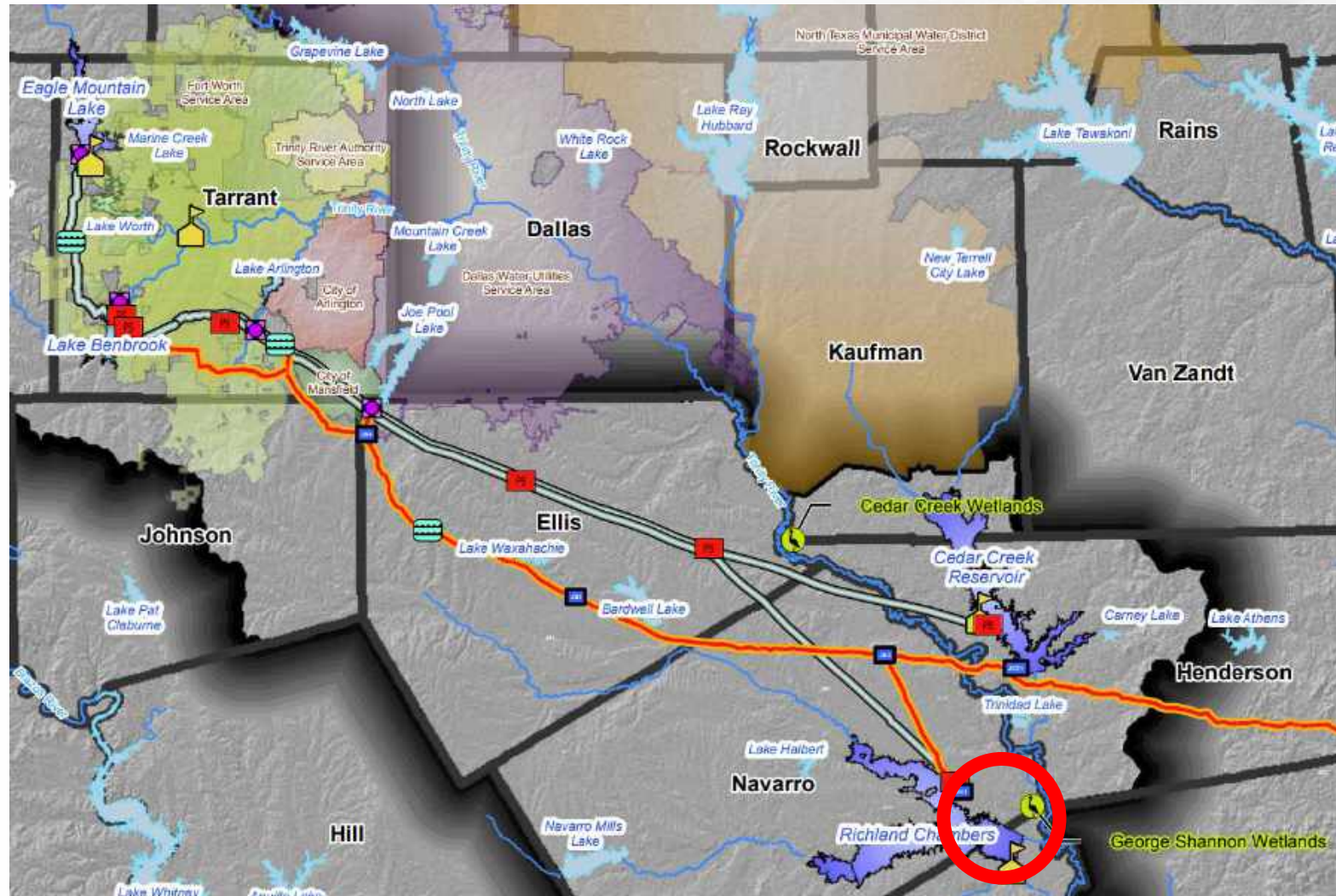
- Scaling
- Biological Contaminants
- Corrosion

13

Consider Approval of Task Order with Freese and Nichols, Inc (FNI) for Engineering Services for Richland-Chambers Reservoir

Jason Gehrig, *Infrastructure Engineering Director*

Richland-Chambers Reservoir Comprehensive Evaluation (Phase II)



Project Site Overview

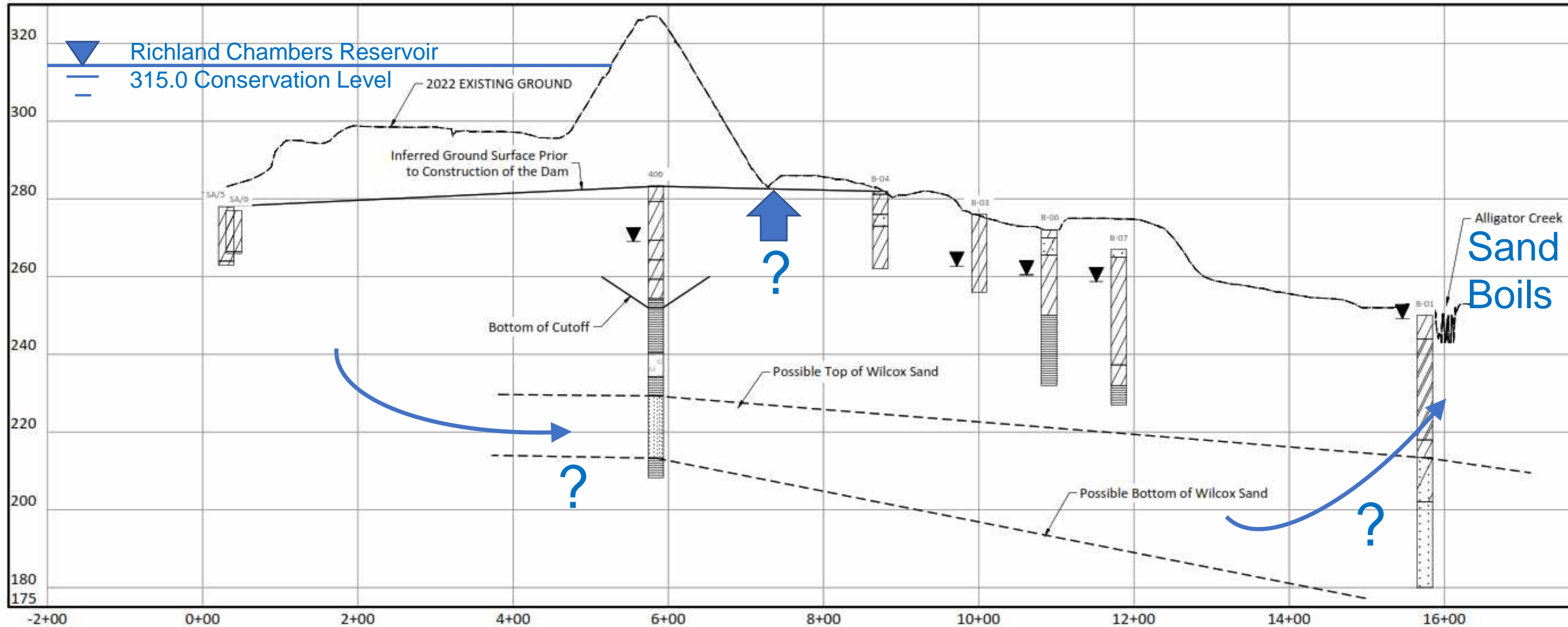
2023 Phase II

Subsurface Investigation



Project Site Overview

2023 Phase II – Sample Cross Section



14

Consider Approval of Contract with Huitt-Zollars for Phase 2 for the Operations New Compound

Mick Maguire, *Chief Administrative Officer*

LEGEND OF SPACES:

1. SHARED SPACES
2. EMERGENCY MANAGEMENT
3. LAW ENFORCEMENT
4. H.R.
5. I.T.
6. EVENTS
7. WELLNESS CENTER
8. FACILITIES & HVAC
9. CONSTRUCTION
10. FLEET OPERATIONS
11. FLOODWAY OPERATIONS
12. PURCHASING
13. FUELING STATION
14. WELDING
15. WASH BAY
16. MICROWAVE TOWER
17. WOOD SHOP

TOTAL BUILDING S.F.:

125,574 SF

TOTAL PARKING SPACES:

132 PARKING SPACES
8 ENCLOSED PARKING SPACES

TOTAL OUTDOOR STORAGE:

162,435 SF



15

Consider Approval of Contract Amendment with DPC Industries, Inc. To Furnish and Deliver Sodium Hydroxide at Richland-Chambers Lake Pump Station, Joint Cedar Creek Lake Pump Station and Cedar Creek Lake Pump Station

Darrell Beason, *Chief Operations Officer*



WATER SUPPLY · FLOOD PROTECTION · RECREATION



50% SODIUM HYDROXIDE



4607



WATER SUPPLY · FLOOD PROTECTION · RECREATION



16

Consider Approval of Contract with D&H United Fueling Solutions, Inc. for Removal and Replacement of Fuel Storage and Delivery System at Richland-Chambers Reservoir

Darrell Beason, *Chief Operations Officer*



WATER SUPPLY · FLOOD PROTECTION · RECREATION





17

Discussion of Revisions and Additions to Board Governance and Purchasing Policies

Stephen Tatum, *General Counsel*



18

Executive Session



Staff Update

LAUNCH/UpSpire Initiative Update

Lisa Cabrera, Chief Human Resources Officer

Darrell Beason, Chief Operations Officer

Staff Update

Texas Division of Emergency Management and Building Resilient Infrastructure and Communities Grant Update

Sandy Newby, Chief Financial Officer

TEXAS DIVISION OF EMERGENCY MANAGEMENT (TDEM)
&
BUILDING RESILIENT INFRASTRUCTURE AND
COMMUNITIES (BRIC)

GRANT AWARDED
\$283,500

Kennedale Balancing Reservoir 3rd Cell Final Design

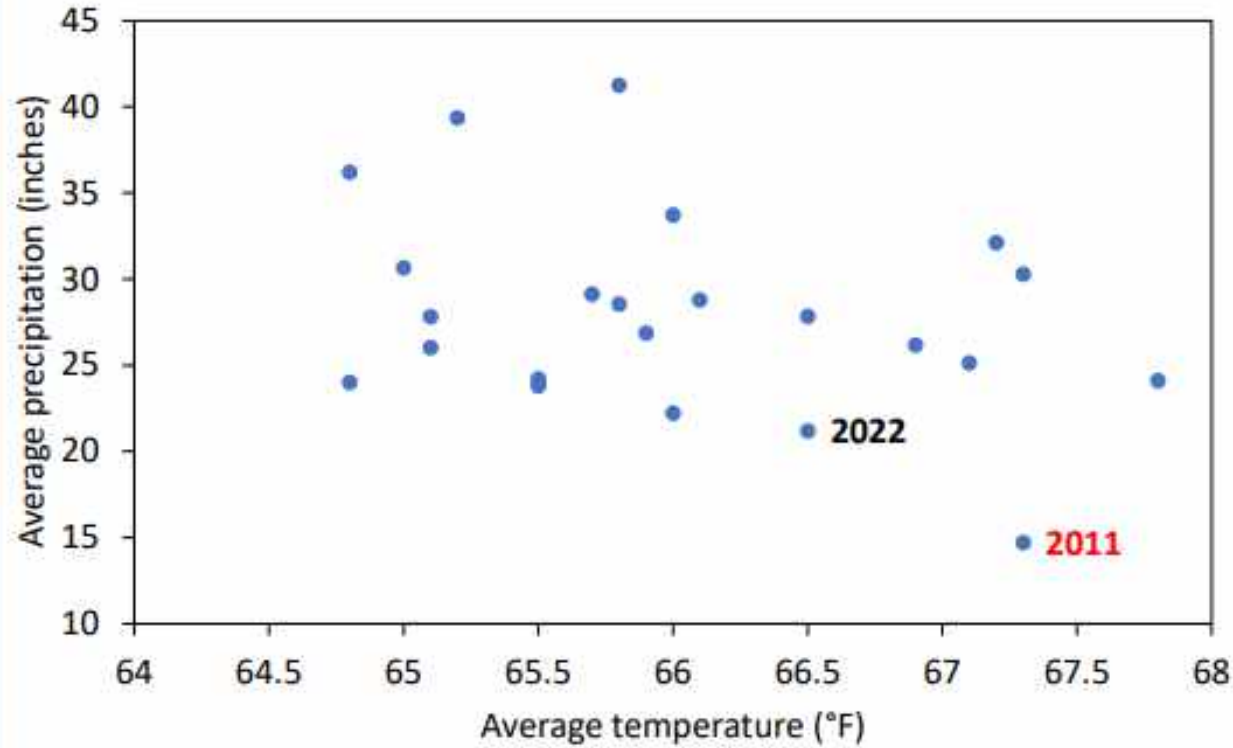
TDEM/BRIC GRANT AWARDED TO TRWD

- TRWD Project – Kennedale Balancing Reservoir 3rd Cell
 - Current grant for Final Design phase of the project - \$283,500
 - Federal Share Total (Paid by TDEM) - \$202,500
 - Design Costs (70%) - \$189,000
 - Management Costs (100%) - \$13,500
 - Local Share (paid by TRWD)
 - Design Costs (30%) - \$81,000
 - Design expected to be completed in FY23
- After Final Design is completed TRWD plans to submit for a grant for the Construction phase of the project
 - Current estimate for Construction - \$49 million
 - Requesting a 70% Federal/30% Local cost sharing

Staff Update

Water Resources Update

Rachel Ickert, *Chief Water Resources Officer*



Data courtesy of NOAA

Annual temperature and precipitation

With a statewide average of 21.2 inches of precipitation and average temperature of 66.5°F, 2022 was the second driest and seventh warmest year for Texas since 2000. From a statewide perspective, 2022 was the worst drought year since 2011—but not worse than 2011 when there was only 14.7 inches of precipitation.

Written by Dr. Mark Wentzel — Dr. Mark Wentzel is a hydrologist in the TWDB's Office of Water Science and Conservation.

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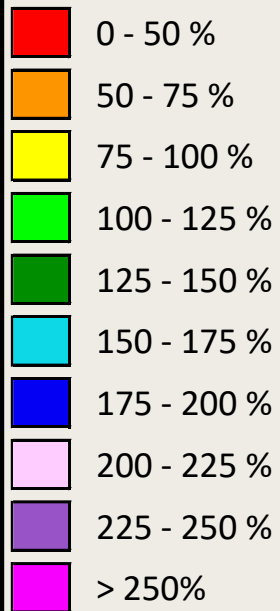
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Texas Water
Development Board

Percent of Normal Rainfall

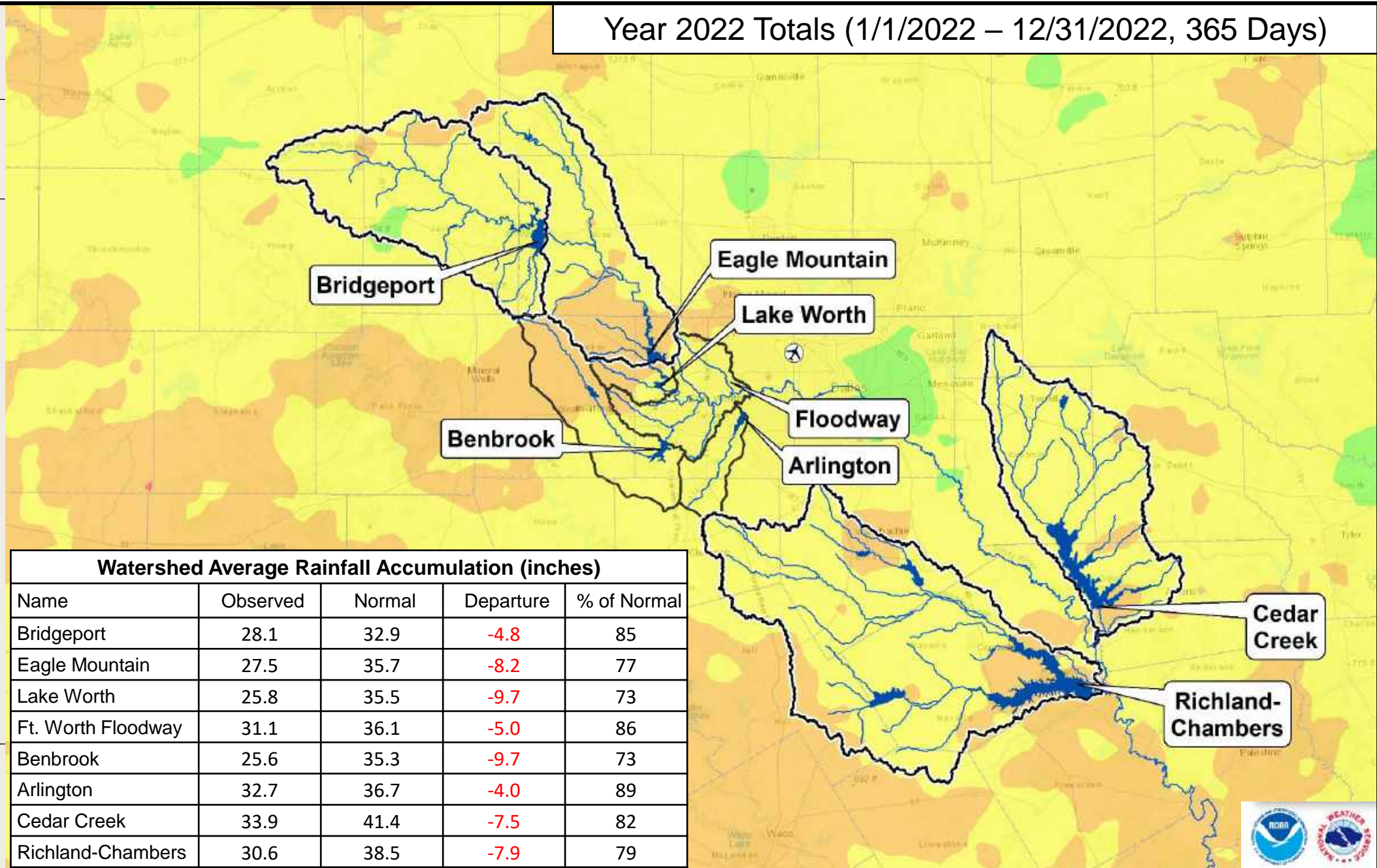


LEGEND



Precipitation totals are obtained from NOAA's NWS. The totals displayed are estimated by the WGRFC. The data is processed and displayed using ESRI ArcGIS.

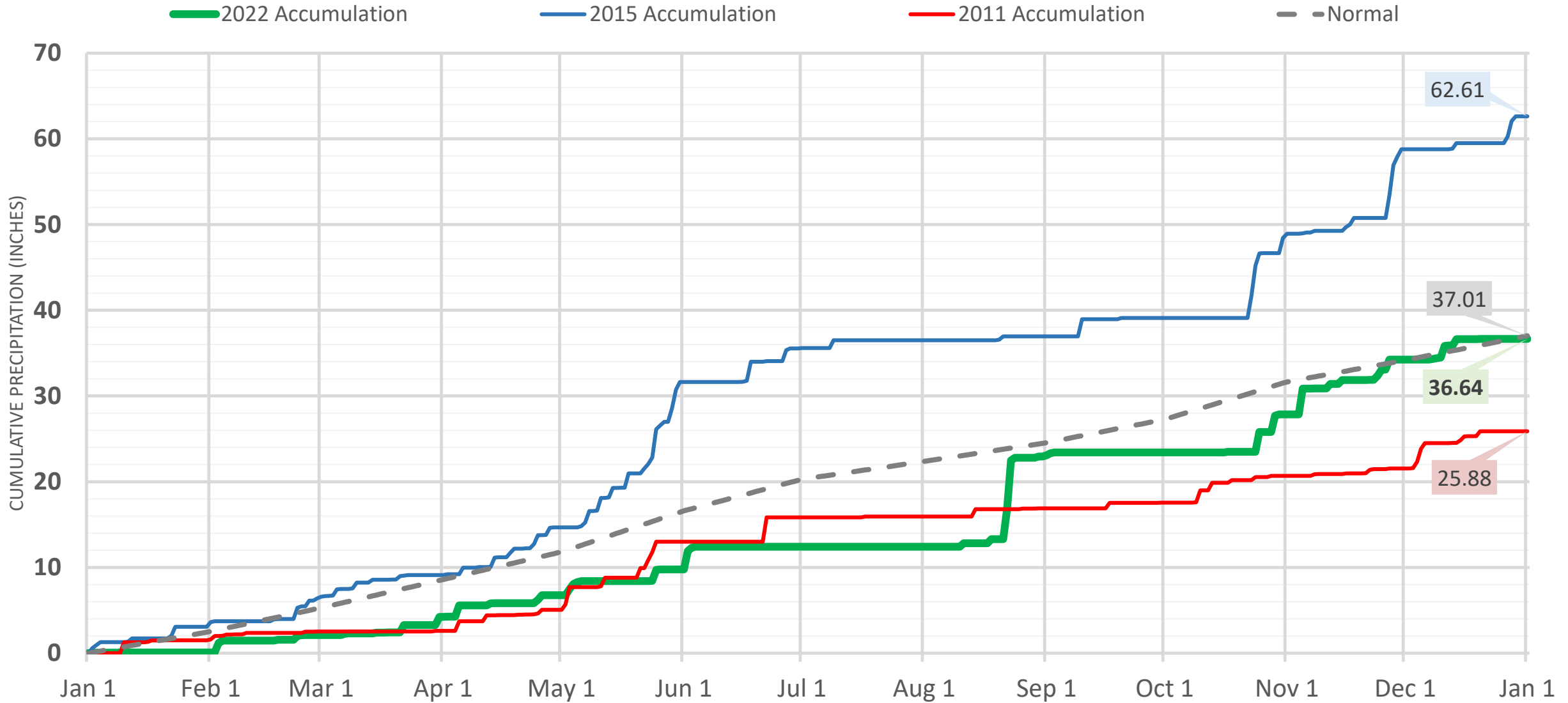
Year 2022 Totals (1/1/2022 – 12/31/2022, 365 Days)

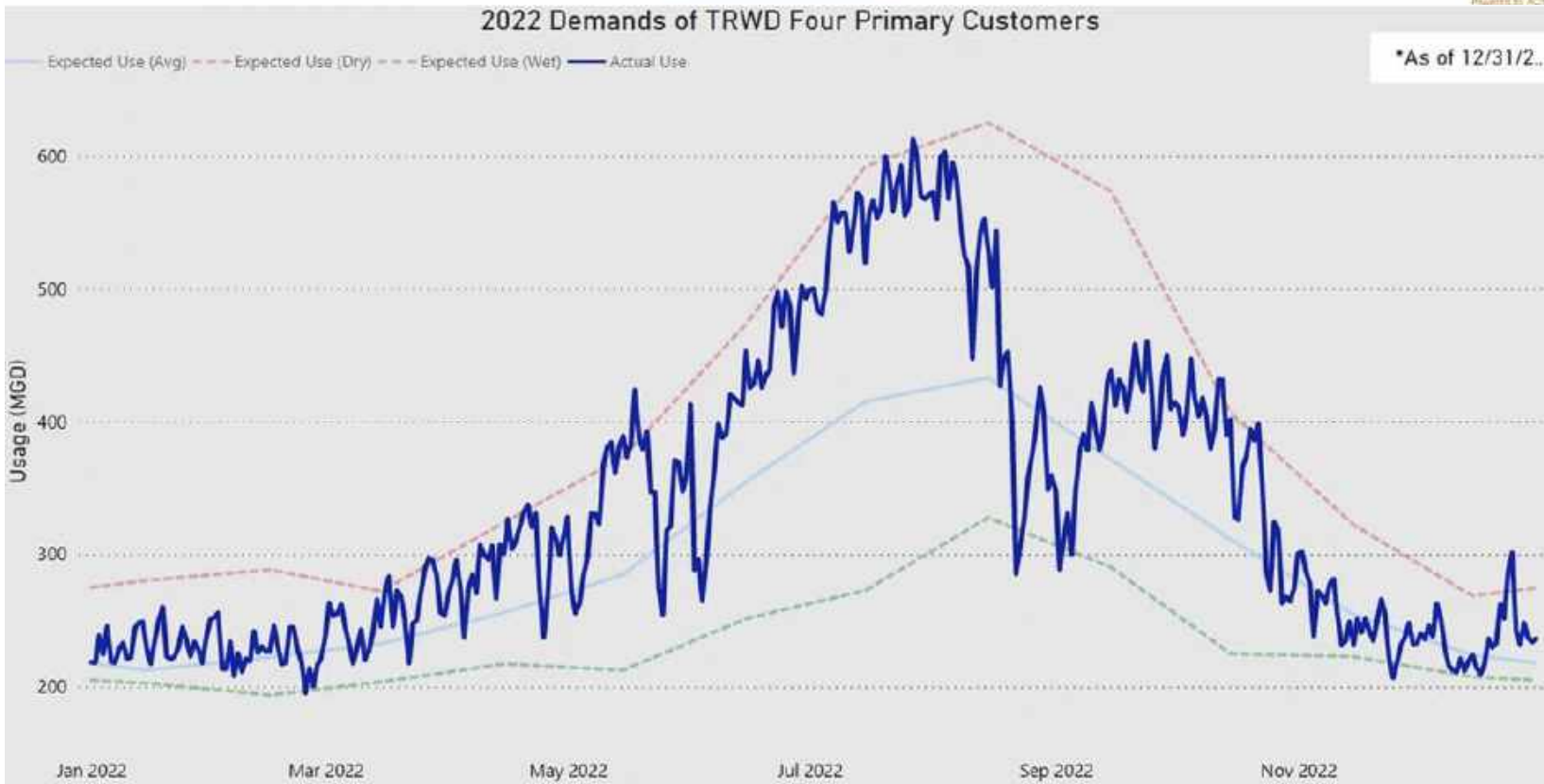
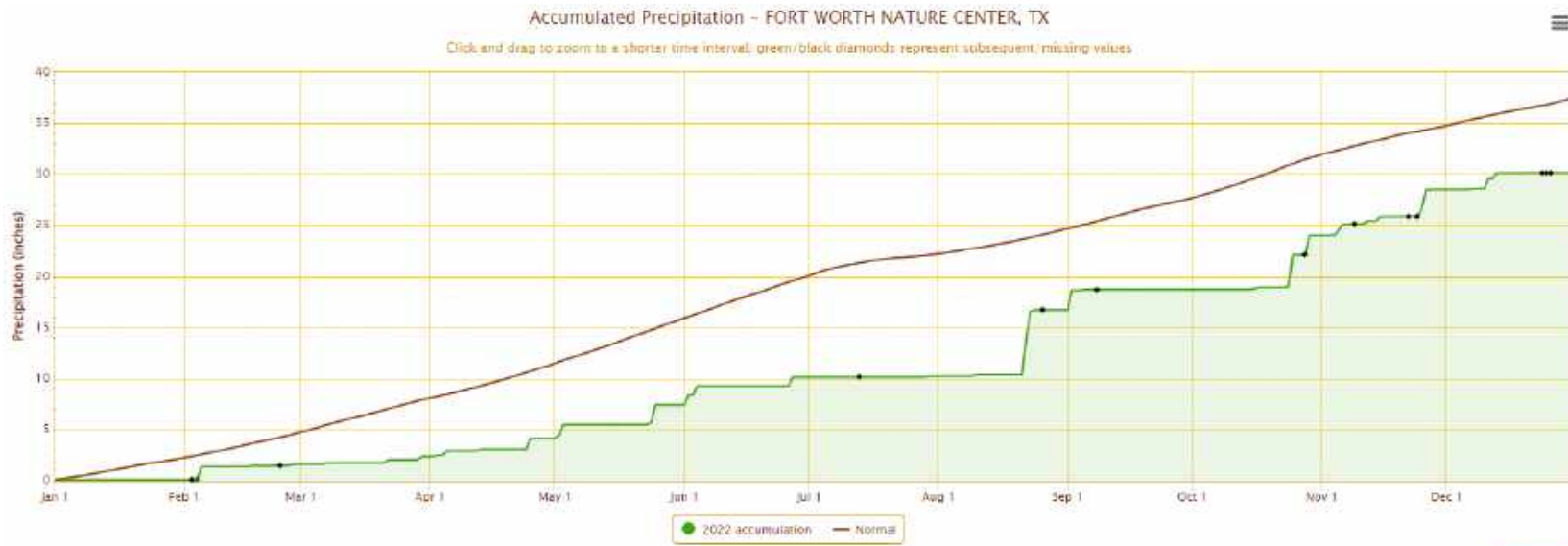


Watershed Average Rainfall Accumulation (inches)				
Name	Observed	Normal	Departure	% of Normal
Bridgeport	28.1	32.9	-4.8	85
Eagle Mountain	27.5	35.7	-8.2	77
Lake Worth	25.8	35.5	-9.7	73
Ft. Worth Floodway	31.1	36.1	-5.0	86
Benbrook	25.6	35.3	-9.7	73
Arlington	32.7	36.7	-4.0	89
Cedar Creek	33.9	41.4	-7.5	82
Richland-Chambers	30.6	38.5	-7.9	79



DFW 2022 Accumulated Precipitation

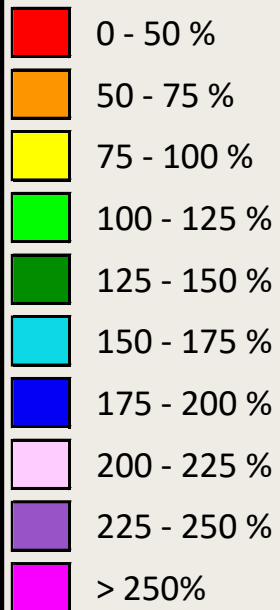




Percent of Normal Rainfall

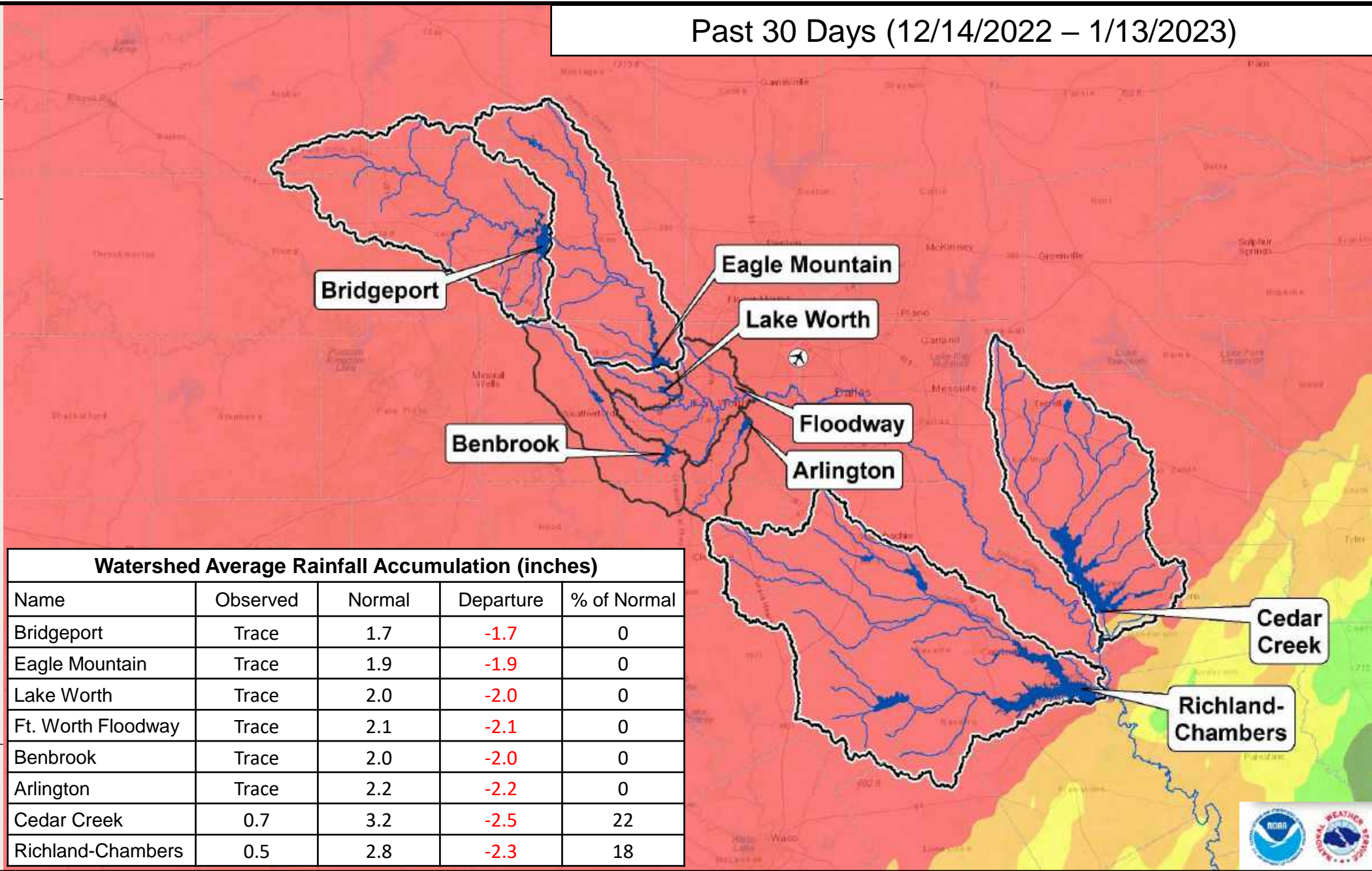


LEGEND



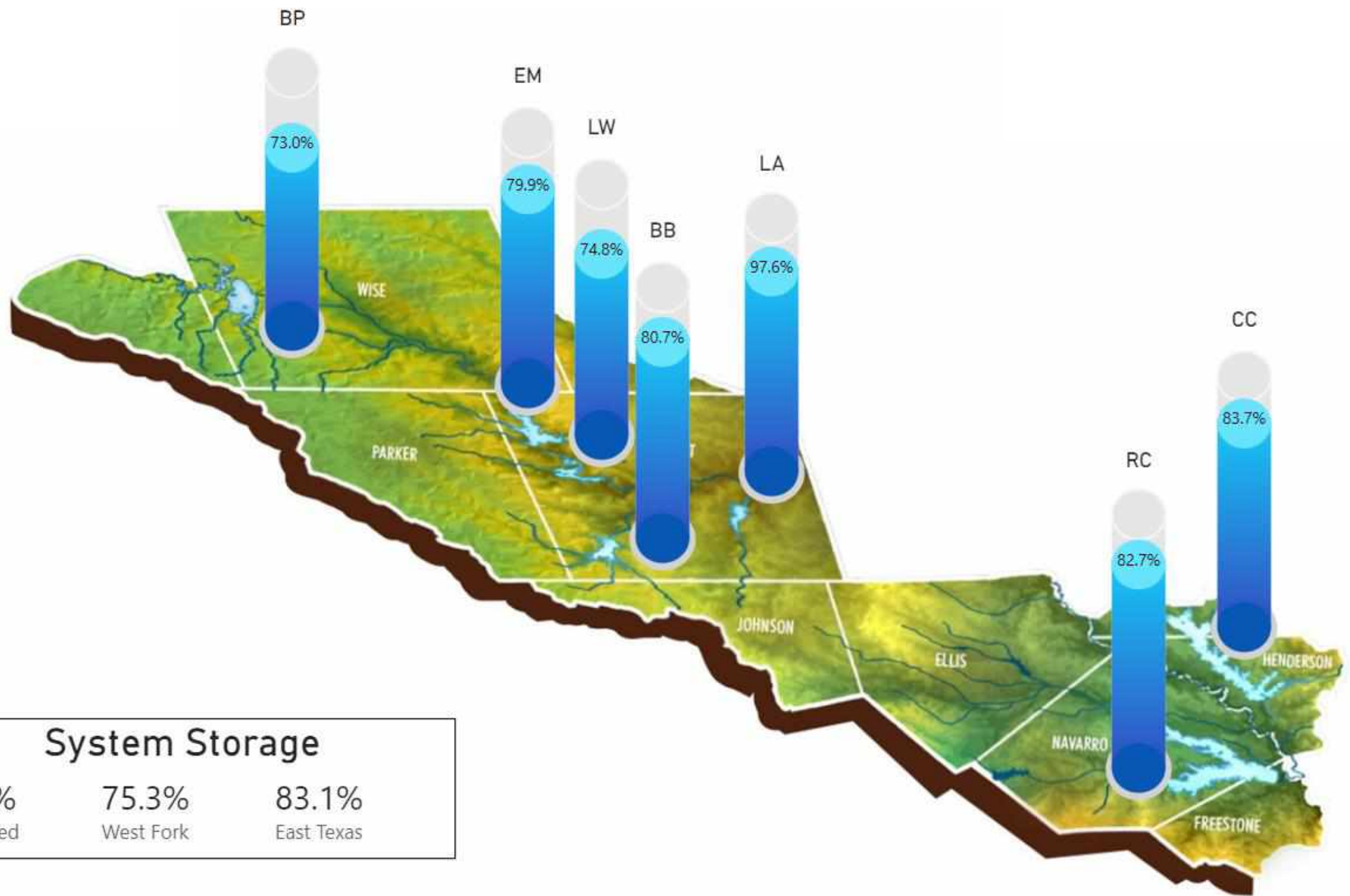
Precipitation totals are obtained from NOAA's NWS. The totals displayed are estimated by the WGRFC. The data is processed and displayed using ESRI ArcGIS.

Past 30 Days (12/14/2022 – 1/13/2023)



Watershed Average Rainfall Accumulation (inches)				
Name	Observed	Normal	Departure	% of Normal
Bridgeport	Trace	1.7	-1.7	0
Eagle Mountain	Trace	1.9	-1.9	0
Lake Worth	Trace	2.0	-2.0	0
Ft. Worth Floodway	Trace	2.1	-2.1	0
Benbrook	Trace	2.0	-2.0	0
Arlington	Trace	2.2	-2.2	0
Cedar Creek	0.7	3.2	-2.5	22
Richland-Chambers	0.5	2.8	-2.3	18





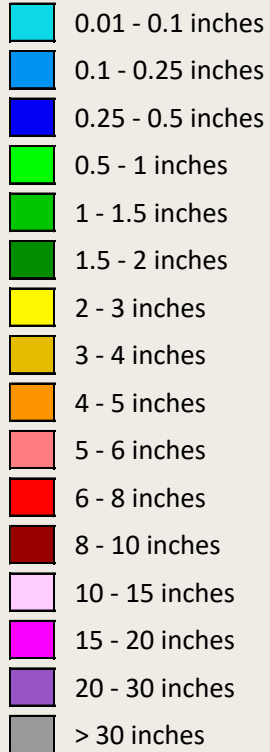
System Storage

81.2%	75.3%	83.1%
Combined	West Fork	East Texas

Rainfall Forecast



LEGEND



Note on QPF - QPFs depict the amount of liquid precipitation expected to fall during a specified time period in the future. Because precipitation can vary significantly over short distances, QPFs are reported as the expected "areal average" on a 20-kilometer (12.4 mile) grid. Several factors contribute to QPF estimates, including the current state of the atmosphere, modeled pressure systems, satellite trends, and manual adjustments made by forecasters.

16JAN2023 (MON) - 20JAN2023 (FRI) Duration: 5 Days



Main Takeaway



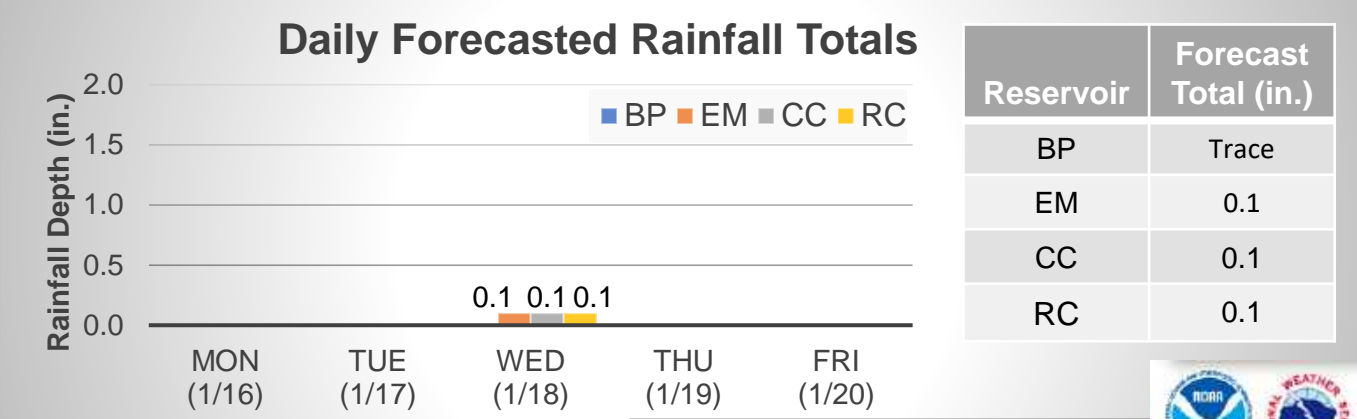
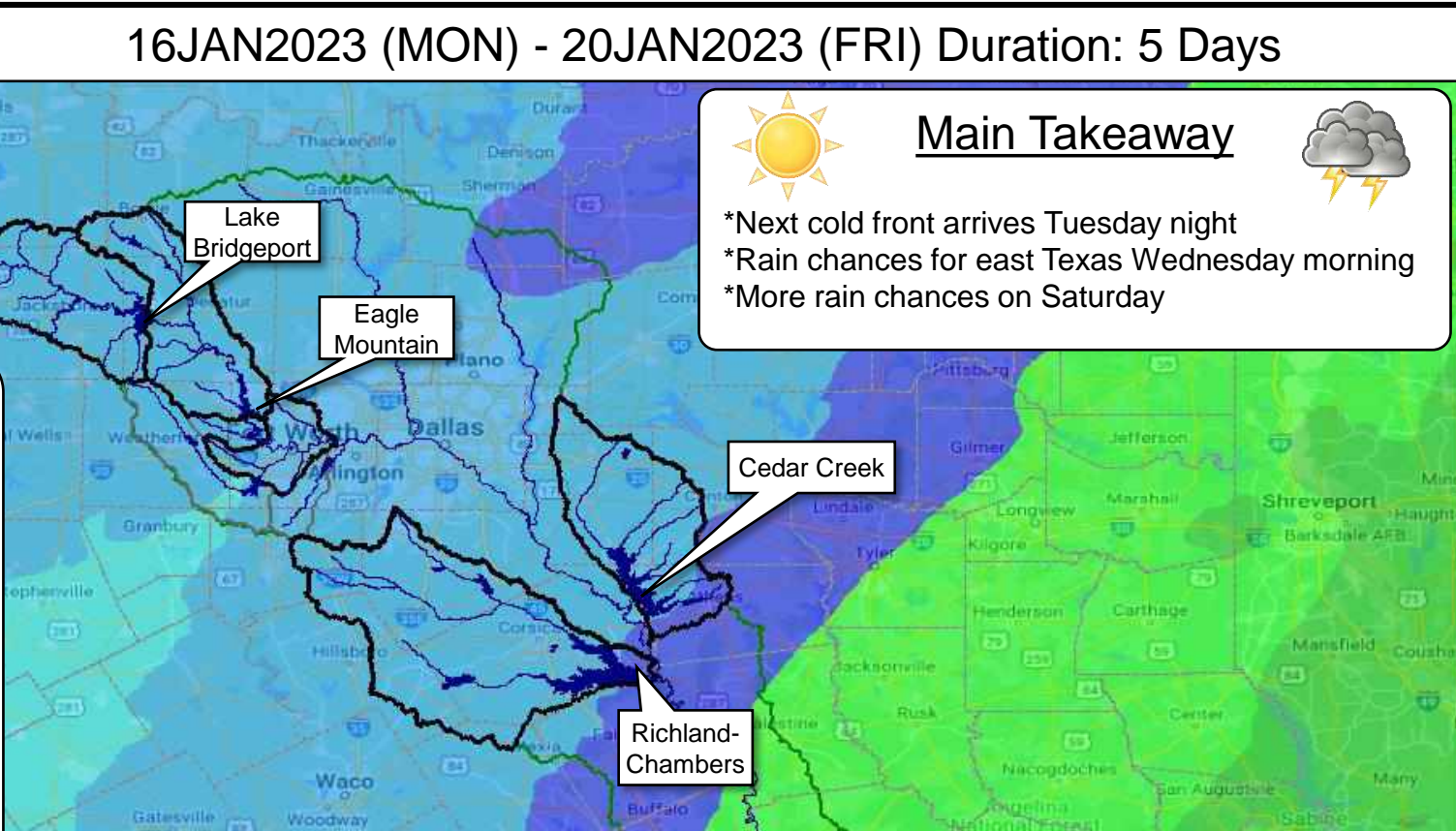
- *Next cold front arrives Tuesday night
- *Rain chances for east Texas Wednesday morning
- *More rain chances on Saturday

8 to 14 Day Outlook

Below normal temperatures and above average rainfall. (Jan 23 - Jan 29)

Temperature

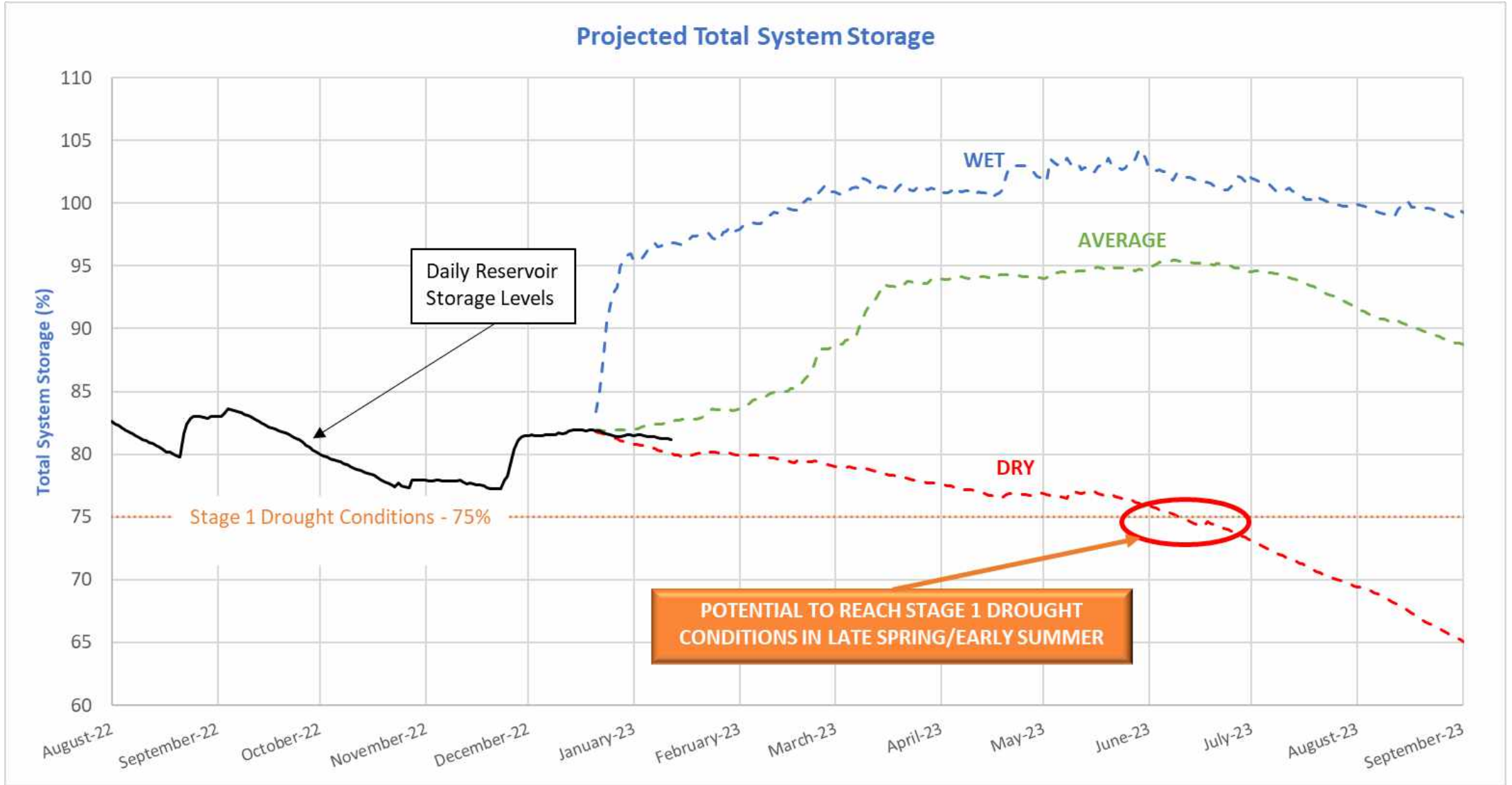
Precipitation



Precipitation forecast is obtained from NOAA's NWS and provided by the Weather Prediction Center (WPC). The data is processed and displayed using USACE Met-Vue software

NWS Forecast Time: 2023-01-16 0000 GMT





20

Consider Approval of Settlement of Claims in the Integrated Pipeline Project - Cherry (891) Lawsuit

Steve Christian, *Real Property Director*

21

Consider Approval of Settlement of Claims in the Victory Shops at Broad Street, LLC and Cygnus, LLC Lawsuit

Steve Christian, *Real Property Director*



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Future Agenda Items





23

**Next Board Meeting
February 21, 2023 at 9:00 AM**





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Adjourn v