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Trinity River Authority, Texas: Fitch New Issue Report

The system serves a total of 21 members and the purchaser credit quality assessment is based upon the 'AAA' water and sewer bond ratings of Arlington, Mansfield, Carrollton and Grand Prairie. In fiscal 2022, the system had a very low operating cost burden of \$1,976 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 29% in fiscal 2022. Annual capital spending relative to depreciation is robust, averaging 330% from fiscal years 2018 to 2022. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio. The system had moderate leverage of 10.3x as of fiscal 2022, which is generally in line with recent years' performance. The system consistently retains funds restricted for construction and, in consideration of those funds, leverage has typically fallen below 9.0x. The liquidity profile is neutral to the overall assessment with current days cash on hand of 122 and coverage of full obligations of 1.0x.

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