

TRINITY RIVER VISION AUTHORITY
FORT WORTH, TEXAS

Annual Financial Report
As of and for the year ended
September 30, 2015

**Trinity River Vision Authority
Fort Worth, Texas**

As of and for the Year Ended September 30, 2015

Board of Directors

G.K. Maenius – President

David Cooke – Vice President

Bob Riley – Treasurer

Victor W. Henderson

James M. Oliver

Roy C. Brooks

Sal Espino

Executive Director/Secretary

J.D. Granger

Chief Financial Officer

Sandra Newby

**TRINITY RIVER VISION AUTHORITY
FORT WORTH, TEXAS**

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Trinity River Vision Authority
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the major funds of Trinity River Vision Authority ("TRVA"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise TRVA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major funds of Trinity River Vision Authority as of September 30, 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the General Fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TRVA's basic financial statements. The accompanying Introductory Section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

January 8, 2016

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TRINITY RIVER VISION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015 (UNAUDITED)

This section of Trinity River Vision Authority's (TRVA) annual financial report presents our discussion and analysis of TRVA's financial performance during the fiscal year ended September 30, 2015. Please read this analysis in conjunction with the TRVA's audited financial statements, which follows this discussion.

FINANCIAL HIGHLIGHTS

The assets of TRVA exceeded the liabilities at the close of the 2015 fiscal year by \$30 thousand (*net position*). The whole amount is unrestricted and may be used to meet TRVA's ongoing obligations.

Total revenues for the fiscal year ended September 30, 2015 were \$24.5 million and total expenditures were \$24.5 million, a decrease of \$12.4 million and \$14.1 million over 2014, respectively, due to the contribution of the White Settlement Bridge (\$18 million) in fiscal year 2014 and increased activity in the work on the Trinity River Vision Project during fiscal year 2015.

OVERVIEW OF THE CENTRAL CITY PROJECT

The United States Army Corps of Engineers (USACE) and the Tarrant Regional Water District (the District) have been partnering to address water resource needs associated with the Trinity River for more than fifty years. After severe flooding in the late 1940s Congress authorized the Fort Worth Floodway Program which allowed the USACE to construct a flood protection system on the Trinity River in Fort Worth. This created the Fort Worth Floodway as we know it today. The District is the local sponsor of the Fort Worth Floodway and responsible for operation and maintenance of thirty miles of river and trail system. In the mid-1980s, the USACE, in cooperation with the District and other regional sponsors, began a series of Trinity River planning and flood plan management initiatives basin-wide, which ultimately led to the Trinity River Vision Project (TRV).

This project is a multi-agency collaboration between the District, the City of Fort Worth, and Tarrant County, bringing flood protection and related infrastructure to an 800 acre area north of downtown Fort Worth between the Tarrant County Courthouse and Northside Drive. The key component is the construction of a bypass channel, approximately 1.5 miles long, which will divert flood flows around the segment of the Trinity River adjacent to downtown. Construction of this new bypass channel and related dam and isolation gates will allow the existing river to function as a "quiescent watercourse"-a calm, constant-level, lake-like body that can be enjoyed all year round. The public improvements of this project

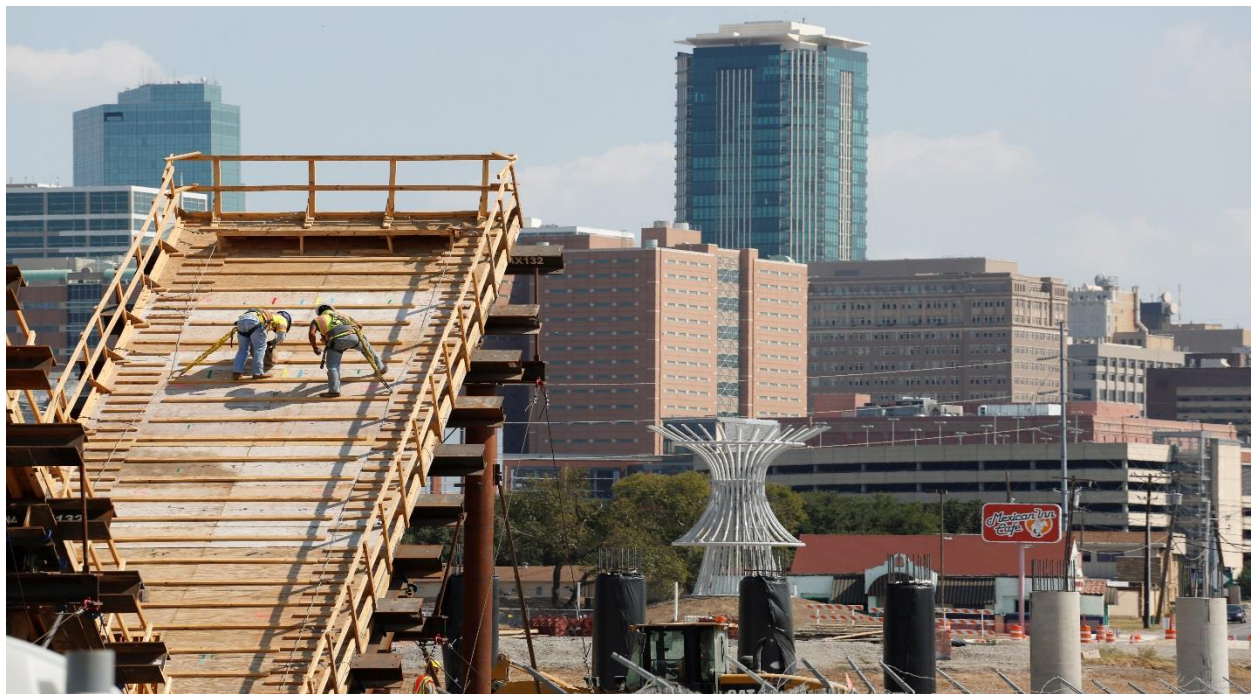
– sometimes referred to as the “Central City Project” – include flood protection and related infrastructure. The United States Army Corps of Engineers (USACE) has identified this area as “at risk” due to an aging levee system that was designed for a population of the 1960s. Technology has changed substantially since the levees were erected in the 1940s and the bypass channel is now the preferred method of urban flood control.

Numerous trails and open space will accompany the channel. The other tremendous addition is a small urban lake at the confluence of the Clear and West forks that will support a variety of boating and water activities.

Improved roads and bridges will provide access to the area; upgraded utilities will improve the existing infrastructure; and ecosystem enhancement will restore the balance after decades of industrial use.

Another exciting component of the Central City portion of the Trinity River Vision is the revitalization of Gateway Park. The plan will include a major renovation to the Park’s ecosystem, provide numerous and diverse recreational amenities, and provide necessary flood storage to ensure the viability of the Central City flood control project.

The public portion of the Central City Project is a cooperative effort financially sponsored by the Tarrant Regional Water District (the “District”), the City of Fort Worth, Tarrant County, the USACE, and the Texas Department of Transportation.



(Henderson Street Bridge and Roundabout construction with Public Art progress)

During fiscal year 2015 the TRV project continued work for acquisition, relocation, environmental, and demolition of properties on the north segment of the bypass channel and the remaining properties for all three bridges. In fiscal year 2015 four properties were successfully relocated, 272 total properties have been successfully relocated from inception of the TRV project. TxDot continued construction for all three bridges and the Henderson Street roundabout and the public art piece for the roundabout was installed in fiscal year 2015. Water, sanitary sewer lines, and franchise utilities relocations were completed in the areas required for bridge construction to continue.

Design work for valley storage at Gateway Park Sites A & C was completed during fiscal year 2015. The construction portion was bid and awarded in fiscal year 2015 and construction will begin in fiscal year 2016. The design work for Riverside Park is 98% complete at the end of fiscal year 2015. The bypass channel is in the final design phase and design work on the pedestrian bridges is 60% complete.



(Fiscal year 2015 progress map)

- ① Construction of the Main St. bridge has started and the expected completion time is in 2018.
- ② Environmental remediation work happening along the location where the USACE will construct the proposed bypass channel.
- ③ Construction of Henderson St. bridge is currently in progress, and expected to complete in 2018.
- ④ Henderson St. Roundabout Public Art Installation
- ⑤ Asbestos abatement and demolition work in progress along the proposed bypass channel
- ⑥ Construction of White Settlement bridge is currently in progress, and expected to complete in 2018.
- ⑦ Asbestos abatement and demolition work in progress the Main St. corridor.
- ⑧ Significant progress of Franchise Utility, Water and Sanitary Sewer relocations continue in preparation of future bypass channel construction.

As of 2015 fiscal year-end, the District and TRVA have spent a total of \$64.4 million on this project. The City of Fort Worth Tax Increment Reinvestment Zone Number Nine in accordance with the project cost funding agreement as described in Note 1, which accompanies the financial statements, has spent \$144.1 million on the project and has an outstanding loan of \$124.3 million with the District. Pictures depicting the concept for the Henderson Street Bridge and the construction progress on the Henderson Street Bridge during fiscal year 2015 are shown below.

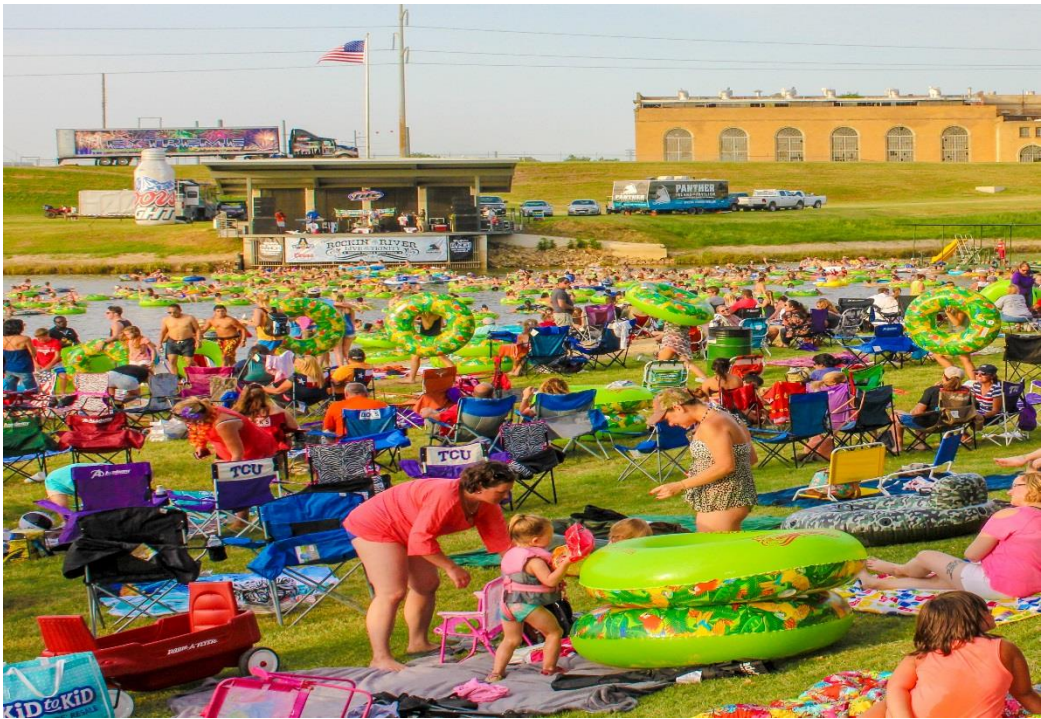


(Henderson Street Bridge concept)



(Henderson Street Bridge construction)

Additionally, at the confluence of the Clear Fork and West Fork (Panther Island Pavilion), where the urban lake will be created, TRVA held Panther Island Ice, the Rocking the River event series, Fort Worth’s Fourth, the Sunday Funday series, and Oktoberfest. These events promote the river as a recreational area for the community. The events brought over 135,000 attendees to Panther Island Pavilion in the 2015 fiscal year.



(July 2, 2015 at Rockin’ the River)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to TRVA's basic financial statements. TRVA's basic financial statements contain three components: government-wide, fund financial statements, and notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of TRVA's finances, presented in a manner similar to that of a private-sector business.

Statement of Net Position

The statement of net position presents information on all of TRVA's assets and liabilities. The difference between those assets and liabilities is reported as net position. Over time, increases and decreases in net position could provide a useful indicator of whether the financial position of TRVA is improving or deteriorating.

Statement of Activities

The Statement of Activities presents information showing how TRVA'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.

Project development revenue and interest income support the governmental activities. These activities are to educate the general public regarding the "Trinity River Vision" project in Fort Worth, Texas, publishing educational materials about said project, and assisting in the coordination and implementation of the project.

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. TRVA has two funds, the General Fund, which is a governmental fund, and the Enterprise fund, which is a proprietary fund.

Governmental Funds

Governmental funds are used to account for the same functions shown in the governmental activities in the government-wide financial statements 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. In 2015 TRVA created a proprietary fund to account for the programming and events TRVA puts on. The events have grown over the years and in 2015 TRVA feels that the events are self-sustaining.

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 23 of this report.

FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

CONDENSED SCHEDULE OF NET POSITION

	<u>2014</u>	<u>2015</u>
Current and Other Assets	\$ 3,015,590	\$ 2,931,464
Total Assets	<u>3,015,590</u>	<u>2,931,464</u>
Total Liabilities	<u>2,991,251</u>	<u>2,901,397</u>
Net Position		
Unrestricted	<u>24,339</u>	<u>30,067</u>
Total Net Position	<u>\$ 24,339</u>	<u>\$ 30,067</u>

Government-wide

• **Current and Other Assets**

Current and other assets had only a slight decrease of \$84 thousand as the timing of transfers from the District was consistent from fiscal year 2014 to fiscal year 2015.

• **Liabilities**

A decrease of \$90 thousand is due to a decrease in deferred revenue netted with an increase of outstanding invoices.

CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Program Revenues						
Project development revenue	\$ 36,140,562	\$ 23,581,313	\$ -	\$ -	\$ 36,140,562	\$ 23,581,313
Recreational revenue	744,620	-	-	901,088	744,620	901,088
General Revenue:						
Investment income and other income	2,443	5,728	-	-	2,443	5,728
Total Revenue	36,887,625	23,587,041	-	901,088	36,887,625	24,488,129
Expenses						
Project development expense	37,801,538	23,581,313	-	-	37,801,538	23,581,313
Recreation expense	744,620	-	-	901,088	744,620	901,088
Total Expense	38,546,158	23,581,313	-	901,088	38,546,158	24,482,401
Changes in Net Position	(1,658,533)	5,728	-	-	(1,658,533)	5,728
Net Position - Beginning	1,682,872	24,339	-	-	1,682,872	24,339
Net Position - Ending	<u>\$ 24,339</u>	<u>\$ 30,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,339</u>	<u>\$ 30,067</u>

Governmental Activities

- **Project Development Revenue**

The project receives contributions that are earned as the project incurs costs. Therefore, the decrease of \$12.6 million is due the \$18 million contribution of the White Settlement Bridge and local street modifications design in fiscal year 2014, a onetime contribution, which is offset by the increased activity in project development in 2015.

- **Recreational Revenue**

The balance of \$0 due to the recreation component of TRVA moving to a business-type activity in fiscal year 2015.

- **Project Development Expense**

The decrease of \$14.2 million is due to the onetime \$18 million contribution of the White Settlement Bridge and local street modifications design in fiscal year 2014 offset by the increased activity of the relocation, environmental, and demolition expenses for the bypass channel segment A. These costs are funded by Tax Increment Reinvestment Zone #9.

- **Recreation Expense**

The balance of \$0 is due to the recreation component of TRVA moving to a business-type activity in fiscal year 2015.

- **Net Position**

The net position increase of \$6 thousand in fiscal year 2015 due to the interest income and income from the Primavera classes.

Business-Type Activities

- **Recreational Revenue**

The balance of \$901 thousand in recreation revenue is due to moving the programming portion of TRVA to a business-type activity in fiscal year 2015. The overall increase in recreational revenue of \$156 thousand (\$745 thousand in governmental activities in fiscal year 2014 and \$901 thousand in business type activities in fiscal year 2015) is due to an increase in the number of events at Panther Island Pavilion. There was an increase in the Oktoberfest and Panther Island Ice revenue and sponsorships as well as additional events such as Pantherfest.

- **Recreation Expense**

The balance of \$901 thousand in recreation expense is due to moving the programming portion of TRVA to a business-type activity in fiscal year 2015. The overall increase in recreational expenses of \$156 thousand (\$745 thousand in governmental activities in fiscal year 2014 and \$901 thousand in business type activities in fiscal year 2015) is due to an increase in the number of events at Panther Island Pavilion.

FINANCIAL ANALYSIS: FUND STATEMENTS

As of the end of the 2015 fiscal year, TRVA's general fund ending fund balance increased from \$24,339 to \$30,067 mainly due to the increase in revenue from the Primavera scheduling classes.

ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS

General Fund

The fiscal year 2015 program management budget for TRVA was \$1.9 million. Actual expenditures for the year were \$1.8 million. Costs related to land acquisition (i.e. relocation, demolition and environmental testing) are included in the overall project budget, not in the program management budget. This budget and related actuals are reviewed at the monthly TRVA board meetings.

The program management budget for the fiscal year 2016 expenditures is \$2.0 million. The majority of the expenditures are for scheduling and engineering expenses, which makes up \$1.0 million of the balance.

Enterprise Fund

In fiscal year 2015 the programming component of TRVA was moved from the general fund to the newly created enterprise fund. The fiscal year 2015 programming budget for TRVA was \$958 thousand and actuals were \$901 thousand. For fiscal year 2016 the programming budget for TRVA is \$733 thousand. The decrease in the budget is due to the Fort Worth's Fourth event becoming a District expense in fiscal year 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Trinity River Vision Authority's finances. Questions concerning any of the information provided in the report or requests for additional information should be addressed to:

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

TRINITY RIVER VISION AUTHORITY

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,672,017	\$ 200,679	\$ 2,872,696
Accounts receivable	31,936	2,842	34,778
Internal balances	70,279	(70,279)	-
Prepaid items	23,410	580	23,990
Total Assets	<u>2,797,642</u>	<u>133,822</u>	<u>2,931,464</u>
LIABILITIES			
Accounts payable	2,317,155	133,822	2,450,977
Other liabilities	450,420		450,420
Total Liabilities	<u>2,767,575</u>	<u>133,822</u>	<u>2,901,397</u>
NET POSITION			
Net Position-unrestricted	<u>30,067</u>	<u>-</u>	<u>30,067</u>
TOTAL NET POSITION	<u><u>\$ 30,067</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,067</u></u>

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

TRINITY RIVER VISION AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business Type Activities	Total
PRIMARY GOVERNMENT						
Governmental activities:						
General government	\$ 23,581,313		\$ 23,581,313	\$ -		\$ -
Total governmental activities	<u>23,581,313</u>	<u>-</u>	<u>23,581,313</u>	<u>-</u>		<u>-</u>
Business type activities	901,088	618,690	282,398		\$ -	-
TOTAL	<u>\$ 24,482,401</u>	<u>\$ 618,690</u>	<u>\$ 23,863,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GENERAL REVENUES:						
Investment income				928		928
Miscellaneous				4,800		4,800
Total general revenues and transfers				<u>5,728</u>	<u>-</u>	<u>5,728</u>
CHANGES IN NET POSITION				5,728	-	5,728
NET POSITION-----September 30, 2014				<u>24,339</u>	<u>-</u>	<u>24,339</u>
NET POSITION-----September 30, 2015				<u>\$ 30,067</u>	<u>\$ -</u>	<u>\$ 30,067</u>

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

TRINITY RIVER VISION AUTHORITY

BALANCE SHEET—GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

ASSETS

Cash and cash equivalents	\$ 2,672,017
Accounts Receivable	31,936
Due from Enterprise Fund	70,279
Prepays	23,410
TOTAL ASSETS	<u>2,797,642</u>

LIABILITIES

Accounts payable	2,317,155
Other liabilities	450,420
TOTAL LIABILITIES	<u>2,767,575</u>

FUND BALANCE

Nonspendable:	
Prepaid items	23,410
Fund balance-unassigned	6,657

TOTAL FUND BALANCE	<u>\$ 30,067</u>
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The accompanying notes are an integral part of these financial statements.

TRINITY RIVER VISION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES—GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

PROGRAM REVENUES	
Project development revenues	\$ 23,581,313
Investment and other income	<u>5,728</u>
Total revenues	<u>23,587,041</u>
EXPENDITURES	
Project development expenditures	<u>23,511,034</u>
Total expenditures	<u>23,511,034</u>
Interfund transfer to Enterprise Fund	(70,279)
EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN FUND BALANCE	5,728
FUND BALANCE- BEGINNING OF YEAR	<u>24,339</u>
FUND BALANCE-SEPTEMBER 30, 2015	<u><u>\$ 30,067</u></u>

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

TRINITY RIVER VISION AUTHORITY

STATEMENT OF NET POSITION—ENTERPRISE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

ASSETS	
Cash and cash equivalents	\$ 200,679
Accounts Receivable	2,842
Prepaid Items	<u>580</u>
TOTAL ASSETS	<u>204,101</u>
LIABILITIES	
Accounts payable	133,822
Due to General Fund	<u>70,279</u>
TOTAL LIABILITES	<u>204,101</u>
NET POSITION	
Unrestricted net position	<u><u>-</u></u>
TOTAL NET POSITION	<u><u>\$ -</u></u>

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

TRINITY RIVER VISION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION —ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30,2015

PROGRAM REVENUES	
Recreation revenues	<u>\$ 830,809</u>
Total revenues	830,809
EXPENDITURES/EXPENSES	
Recreation expenditures/expenses	<u>901,088</u>
Total expenditures/expenses	901,088
Interfund transfer form General fund	70,279
NET INCOME	<u>-</u>
NET POSITION BEGINNING OF YEAR	<u>-</u>
NET POSITION END OF YEAR	<u><u>\$ -</u></u>

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

TRINITY RIVER VISION AUTHORITY
STATEMENT OF CASH FLOWS-ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 898,589
Receipts from general fund	70,279
Payments to vendors	(741,572)
Payments of sales taxes	<u>(26,617)</u>
Net cash provided by operating activities	<u>200,679</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>200,679</u>
CASH AND CASH EQUIVALENTS-Beginning of year	-
CASH AND CASH EQUIVALENTS-End of year	<u><u>\$ 200,679</u></u>

(CONTINUED)

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

TRINITY RIVER VISION AUTHORITY
STATEMENT OF CASH FLOWS-ENTERPRISE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

RECONCILIATION OF PROGRAMMING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating Income	\$	-
Adjustments to reconcile operating income to net cash provided by operating activities:		
Accounts and other receivables		(2,842)
Prepaid expenses		(580)
Accounts payable		133,822
Interfund payable		70,279
Net Cash provided by Operating Activities	\$	<u>200,679</u>

(CONCLUDED)

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

**TRINITY RIVER VISION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR TRVA

Reporting Entity – By resolution dated July 18, 2006, the Board of Directors of the Tarrant Regional Water District (the “District”) authorized the incorporation of the Trinity River Vision Authority (TRVA). Subsequently, TRVA was incorporated by the Texas Secretary of State on July 21, 2006 and is governed, in part, by the Texas Development Corporation Act of 1979 (the “Act”). The TRVA is authorized to act on behalf of the District and the District’s authority and instrumentality for the public purposes of educating the general public regarding the Trinity River Vision Project in Fort Worth, Texas, publishing educational materials about said Project, assisting in the coordination and implementation of the Project, and performing such other activities and purposes as permitted by applicable law or authorized by the Board of Directors of TRVA.

The accounting policies of the TRVA conform to accounting principles generally accepted in the United States of America as applicable to governmental units and promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

Governmental Fund—The General Fund, the only governmental fund reported by TRVA, is used to account for financial resources of TRVA.

The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “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. Expenditures are recorded when the related fund liability is incurred.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned.

The General Fund is reported using the current financial resources measurement focus. The reported fund balance is considered a measure of “available spending resources”. The General Fund operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds—Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. TRVA’s proprietary fund accounts for the programming expenses and revenues.

Financial Reporting Entity – TRVA is included as a discrete component unit in the financial statements of the District.

Cash and Cash Equivalents – Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less. Cash and cash equivalents for fiscal year 2015 consist of deposits (principally interest-bearing accounts) with one financial institution and in a public funds investment pool.

Capital Assets – Capital assets of TRVA are transferred to the District or the Texas Department of Transportation upon completion.

Other Liabilities – Generally consists of project contributions received in advance from the District. These amounts are recorded as contribution revenue when the funds have been spent on the project.

Budgets and Budgetary Accounting – Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the General Fund and Enterprise Fund.

Governmental Accounting Standards Board Statements Implemented in Current Fiscal Year – GASB 68, Accounting and Financial Reporting for Pensions; GASB 69, Government Combinations and Disposals of Government Operations; and GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date were implemented with negligible effect on the TRVA’s financial statements.

2. CASH AND CASH EQUIVALENTS FOR TRVA

The balance per bank of cash on deposit at September 30, 2015 was \$1.9 million and was entirely covered by FDIC insurance and collateral. The carrying value for TRVA was \$1.9 million as of September 30, 2015.

Legal provisions generally permit TRVA to invest in direct and indirect obligations of the United States or its agencies, certain certificates of deposit, repurchase agreements, public funds investment pools, and mutual funds. During the year ended September 30, 2015, TRVA did not own any types of securities other than those permitted by statute. The TRVA invests in the Texas Local Government Investment Pool (“TexPool”). TexPool is a public fund investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, and is empowered to invest funds and act as a custodian of investments purchased

with local investment funds. It has been organized and established pursuant to an Interlocal Agreement between participating government entities. TRVA has an undivided beneficial interest in the pool of assets held by this agency. These investments and deposits are fully insured by federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Company, the entity that created TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies (TexPool only), certificates of deposit, and repurchase agreements. TRVA's balance in TexPool as of September 30, 2015 was \$1.0 million.

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

Concentration of Credit Risk – TRVA places no limit on the amount the TRVA may invest in one issuer. All investments at September 30, 2015 were in TexPool.

Custodial Credit Risk – TRVA policy requires that all securities be held in TRVA's name.

SUMMARY OF INVESTMENTS AND RELATED WEIGHTED AVERAGE MATURITY

	Fair Value **	Weighted Avg. Maturity (Years)	S & P Rating
Investment Pools*			
Texpool	\$ 1,040,766	N/A	AAA-m
Total investments	\$ 1,040,766		

*Local government pools operate as a money market fund under the Public Funds Investment Act, which requires that it maintain an AAA, AAA-m or equivalent rating from a nationally recognized rating service. The pools are rated AAA-m by Standard & Poors and operate in full compliance with the PFIA and rating agency requirements. The pools are exempted from SEC registration pertaining to registered money market funds; however, they seek to maintain a stable net asset value of \$1 per unit.

**Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. All investments are recorded at fair value.

3. COMMITMENTS AND CONTINGENCIES FOR TRVA

Insurance – The TRVA has employee blanket bond insurance. The TRVA also participates in a public entity risk pool for its general liability, automotive reliability, and errors and omissions liability coverage. The TRVA has such insurance coverage as an additional insured on a policy issued to the Tarrant Regional Water District through the Texas Water Conservation Association Risk Management Fund (the “Trust”). The general policy conditions provide as follows:

In the event of an occurrence, wrongful act, or personal injury, written notice containing particulars of the incident or injury shall be promptly provided to the Trust. If a claim is made or a suit is brought against the TRVA, the TRVA shall immediately forward to the Trust every demand, notice, summons, or other processes received. TRVA 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 TRVA because of injury or damage with respect to which insurance is afforded under the agreement. The TRVA shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The TRVA 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 TRVA all sums that TRVA shall become legally obligated to pay arising out of an occurrence that takes place during the Trust year and within the agreement. The Trust reserves the right to deny any and all claims that are not reported. The Trust shall have the right and the duty to defend any suit against the TRVA, even if the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit it deems expedient, but the Trust shall not be obligated to pay any claim or judgment, or to defend a suit, after the applicable limit of the Trust’s liability has been exhausted.

As of September 30, 2015, there were no settlements paid from the insurance coverage on behalf of the TRVA.

4. RECENTLY ISSUED GASB STATEMENTS

The GASB has issued a number of standards that will become effective for TRVA in future years.

Statement No. 72 - Fair Value Measurement and Application – was issued in February 2015 and addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard becomes effective for TRVA in fiscal year 2016.

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

Statement No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 – was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This standard becomes effective for TRVA in fiscal year 2016 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for TRVA in fiscal year 2017. This standard is not applicable to TRVA practices.

Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans – was issued in June 2015 and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This standard becomes effective for TRVA's in fiscal year 2017.

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

Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – was issued in June 2015 and replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This standard becomes effective for TRVA in fiscal year 2018.

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

Statement No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments – was issued in June 2015 and supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This standard becomes effective for TRVA in fiscal year 2016.

Statement No. 77 - Tax Abatement Disclosures – was issued in August 2015 and defines a tax abatement as resulting from an agreement between a government and an individual or entity in

which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement also requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This standard becomes effective for TRVA in fiscal year 2017.

Statement No. 78 – Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans – was issued in December 2015 and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This standard becomes effective for TRVA in fiscal year 2016.

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TRINITY RIVER VISION AUTHORITY

SCHEDULE OF EXPENDITURES-
 BUDGET TO ACTUAL—GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015 (UNAUDITED)

	Original/Final Budget	Actual
<u>Program Management Expenditures</u>		
Scheduler	\$ 700,000	\$ 690,662
Engineering	160,406	262,463
Additional Staff	350,000	198,418
Consulting		
Planning Review Design	20,000	32,093
Financial Assistance	30,000	32,000
Public Information Assistance	12,000	11,033
	<u>62,000</u>	<u>75,126</u>
Minority Contracting/Public Information	120,000	120,000
Legal	75,000	119,040
Office Rental	135,000	146,393
Community Education	<u>292,500</u>	<u>235,183</u>
Total Program Management Expenditures	<u>\$ 1,894,906</u>	1,847,285
Project Expenditures (1)		21,731,115
Local Street Modifications Expenditures (1)		<u>2,913</u>
Total Expenditures		<u>\$ 23,581,313</u>

(1) Land and bridge design is budgeted in the Project budget, not the program management budget, since it is associated with the acquisition land cost.

Notes to RSI

Presentation - As TRVA's Board does not adopt budgeted revenues for governmental activities, only a schedule of expenditures is presented.

Excess of Budget over Expenditures - For year ended September 30, 2015, expenditures were under budget by \$48 thousand. The variance of budget versus actual is due to the engineering expenses going over budget offset by the internal positions that were budgeted but not filled for all or part of the fiscal year.

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