

TRINITY RIVER VISION AUTHORITY
Fort Worth, Texas

Annual Financial Report
As of and for the year ended
September 30, 2017

Trinity River Vision Authority
Fort Worth, Texas

As of and for the Year Ended September 30, 2017

Board of Directors

G.K. Maenius - President

David Cooke - Vice President

Bob Riley - Treasurer

Victor W. Henderson

James M. Oliver

Roy C. Brooks

Carlos Flores

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, 2017, 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, 2017, 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 Schedule of Expenditures—Budget to Actual—General Fund 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.

Deloitte & Touche LLP

January 5, 2018

TRINITY RIVER VISION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2017 (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, 2017. Please read this analysis in conjunction with the TRVA's audited financial statements, which follows this discussion.

FINANCIAL HIGHLIGHTS

NET POSITION

The assets of TRVA exceeded the liabilities at the close of the 2017 fiscal year by \$116 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, 2017 were \$16.16 million and total expenditures were \$16.09 million. The change in net position of \$66.9 thousand was due to recreation events producing a profit in 2017.

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, Tarrant County, the USACE, and the Texas Department of Transportation 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. 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.

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 1960's. Technology has changed substantially since the levees were erected in the 1950's and the bypass channel is now the preferred method of urban flood control. 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.

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.



(Excavation work at Gateway Park)

The design of Gateway Park sites H & I was finalized and construction is expected to begin early fiscal year 2018. Construction on valley storage at Gateway Park Sites A & C and Riverside Park continued during fiscal year 2017. Construction work for the three bridges continued with the pouring of the V-piers at White Settlement. Environmental, demolition and relocation work was completed for the bridge related properties in fiscal year 2017.

As of 2017 fiscal year-end, the District has spent a total of \$64.4 million on this project. The City of Fort Worth Tax Increment Reinvestment Zone Number Nine in accordance with the project cost funding agreement as described in Note 1, which accompanies the financial statements, has spent \$196.7 million on the project and has an outstanding loan of \$171.4 million with the District.



(White Settlement 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, the Sunday Funday series, and Oktoberfest. These events promote the river as a recreational area for the community, and brought approximately 85,900 attendees to Panther Island Pavilion during the 2017 fiscal year.



(Rockin' the River July/August 2017)

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 financial statements, 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.

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 19 of this report.

FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

CONDENSED SCHEDULE OF NET POSITION

	<u>2016</u>	<u>2017</u>
Current and other assets	\$ 1,660,384	\$ 4,268,490
Total Assets	<u>1,660,384</u>	<u>4,268,490</u>
Total Liabilities	<u>1,611,062</u>	<u>4,152,314</u>
Net position:		
Unrestricted	<u>49,322</u>	<u>116,176</u>
Total Net Position	<u>\$ 49,322</u>	<u>\$ 116,176</u>

Government-wide

- **Current and Other Assets**

An increase of \$2.6 million is due to the timing of transfers from the District, in fiscal year 2017 a \$4.0 million transfer was made at the end of the fourth quarter.

- **Liabilities**

An increase of \$2.5 million is due to an increase in deferred revenues netted with a decrease in accounts payable from FY16. The increase in deferred revenue is due to the \$4 million transfer the District made at the end of the fourth quarter

CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Program Revenues:						
Project development revenue	\$ 16,227,967	\$ 15,438,293			\$ 16,227,967	\$ 15,438,293
Recreational revenue			588,645	695,691	588,645	695,691
General Revenues:						
Investment income and other income	19,255	25,412			19,255	25,412
Total Revenues	16,247,222	15,463,705	588,645	695,691	16,835,867	16,159,396
Expenses:						
Project development expense	16,203,813	15,438,293			16,203,813	15,438,293
Recreation expense			612,799	654,249	612,799	654,249
Total Expenses	16,203,813	15,438,293	612,799	654,249	16,816,612	16,092,542
Transfers	(24,154)		24,154			
Changes in Net Position	19,255	25,412		41,442	19,255	66,854
Net Position - Beginning	30,067	49,322	—		30,067	49,322
Net Position - Ending	\$ 49,322	\$ 74,734	\$ —	\$ 41,442	\$ 49,322	\$ 116,176

Governmental Activities

- **Project Development Revenue**

The project receives contributions that are earned as the project incurs costs. Therefore, the decrease of \$790 thousand is largely due to the decrease in environmental costs in fiscal year 2017. In fiscal year 2016 environmental expenses were \$8.3 million compared to fiscal year 2017 environmental total of \$7.5 million.

- **Investment income and other income**

Investment income and other income is made up of investment income as well as contracting workshop revenues. The increase of \$6 thousand is due to an increase in interest rates.

- **Project Development Expense**

The decrease of \$766 thousand is largely due to the decrease in environmental expenses in fiscal year 2017. In fiscal year 2016 environmental expenses were \$8.3 million compared to fiscal year 2017 environmental total of \$7.5 million. These costs are funded by Tax Increment Reinvestment Zone #9.

- **Net Position**

The net position increase of \$25 thousand in fiscal year 2017 is due to the interest income and income from the contract workshop classes.

Business-Type Activities

- **Recreational Revenue**

The increase of \$107 thousand is largely due to the increase in revenue for the Panther Island Ice and Oktoberfest events in fiscal year 2017.

- **Recreation Expense**

The increase of \$41 thousand is largely due to increased costs associated with the Panther Island Ice and Oktoberfest events and additional programming expenses as compared to last fiscal year.

FINANCIAL ANALYSIS: FUND STATEMENTS

General Fund

As of the end of the 2017 fiscal year, TRVA's general fund ending fund balance increased from \$49 thousand to \$75 thousand. The increase is due in revenues from the contracting workshops as well as the interest income. The General Fund includes project development expenses which is made up of program management and land acquisition costs (i.e. relocation, demolition, and environmental work).

Enterprise Fund

TRVA's Enterprise Fund ending fund balance increased to \$41 thousand as of the end of the 2017 fiscal year mainly due to Panther Island Ice and Oktoberfest events. The Enterprise Fund includes the programming expenses and revenues.

ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS

General Fund

The fiscal year 2017 program management budget for TRVA was \$1.9 million. Actual expenditures for the year were \$1.9 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 2018 expenditures is \$2.0 million. The majority of the expenditures are for scheduling and staff expenses, which makes up \$1.3 million of the balance.

Enterprise Fund

The fiscal year 2018 Enterprise Fund budgeted expenses of \$657 thousand is slightly increased from fiscal year 2017 budget of \$618 thousand. The fiscal year 2018 budgeted revenues of \$657 thousand is also a slight increase from the 2017 budget of \$653 thousand. This increase is due to a increase in the scope of the and Panther Island and Oktoberfest Ice events.

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,877,246	\$ 169,071	\$ 4,046,317
Accounts receivables	30,116	163,592	193,708
Internal balances	100,000	(100,000)	—
Prepaid items	28,465	—	28,465
Total Assets	<u>4,035,827</u>	<u>232,663</u>	<u>4,268,490</u>
LIABILITIES			
Accounts payable	985,955	174,721	1,160,676
Other liabilities	2,975,138	16,500	2,991,638
Total Liabilities	<u>3,961,093</u>	<u>191,221</u>	<u>4,152,314</u>
NET POSITION			
Net Position-unrestricted	<u>74,734</u>	<u>41,442</u>	<u>116,176</u>
TOTAL NET POSITION	<u><u>\$ 74,734</u></u>	<u><u>\$ 41,442</u></u>	<u><u>\$ 116,176</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, 2017

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:							
General government-project development	\$ 15,438,293	\$ —		\$ 15,438,293	\$ —		\$ —
Total governmental activities	<u>15,438,293</u>	<u>—</u>	<u>—</u>	<u>15,438,293</u>	<u>—</u>		<u>—</u>
Business type activities-recreation	654,249	588,591	107,100			41,442	41,442
TOTAL	<u>\$ 16,092,542</u>	<u>\$ 588,591</u>	<u>\$ 107,100</u>	<u>\$ 15,438,293</u>		<u>\$ 41,442</u>	<u>\$ 41,442</u>
GENERAL REVENUES:							
Investment income					20,312	—	20,312
Miscellaneous revenue					5,100	—	5,100
Total general revenues					<u>25,412</u>	<u>—</u>	<u>25,412</u>
CHANGES IN NET POSITION					25,412	41,442	66,854
NET POSITION - Beginning of year					<u>49,322</u>	<u>—</u>	<u>49,322</u>
NET POSITION - End of year					<u>\$ 74,734</u>	<u>\$ 41,442</u>	<u>\$ 116,176</u>

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

TRINITY RIVER VISION AUTHORITY

**BALANCE SHEET—GENERAL FUND
SEPTEMBER 30, 2017**

ASSETS

Cash and cash equivalents	\$	3,877,246
Accounts receivable		30,116
Due from Enterprise Fund		100,000
Prepaid items		28,465
TOTAL ASSETS		<u>4,035,827</u>

LIABILITIES

Accounts payable		985,955
Other liabilities		2,975,138
TOTAL LIABILITIES		<u>3,961,093</u>

FUND BALANCE

Nonspendable:		
Prepaid items		28,465
Fund balance-unassigned		46,269
		<u>74,734</u>

TOTAL FUND BALANCE	\$	<u>74,734</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
BALANCE—GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

PROGRAM REVENUES

Project development revenues	\$ 15,438,293
Investment and other income	25,412
Total revenues	<u>15,463,705</u>

EXPENDITURES

Current	
Program management	1,877,746
Project development	13,560,547
Total expenditures	<u>15,438,293</u>

EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN FUND BALANCE 25,412

FUND BALANCE - Beginning of year 49,322

FUND BALANCE - End of year \$ 74,734

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

TARRANT REGIONAL WATER DISTRICT

**STATEMENT OF NET POSITION—ENTERPRISE FUND
SEPTEMBER 30, 2017**

ASSETS	
Cash and cash equivalents	\$ 169,071
Accounts receivable	<u>163,592</u>
TOTAL ASSETS	<u>332,663</u>
LIABILITIES	
Accounts payable	174,721
Other liabilities	16,500
Due to General Fund	<u>100,000</u>
TOTAL LIABILITIES	<u>291,221</u>
NET POSITION	
Unrestricted net position	<u>41,442</u>
TOTAL NET POSITION	<u><u>\$ 41,442</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, 2017**

PROGRAM REVENUES	
Recreation revenues	\$ 695,691
	<hr/>
Total revenues	695,691
	<hr/>
EXPENSES	
Recreation expenses	654,249
	<hr/>
Total expenses	654,249
	<hr/>
NET INCOME	41,442
NET POSITION - Beginning of year	<hr/> —
NET POSITION - End of year	<hr/> \$ 41,442 <hr/> <hr/>

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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$	545,024
Receipts from general fund		24,154
Payments to vendors		(569,215)
Payments of sales taxes		<u>(29,529)</u>
Net cash used by operating activities		<u>(29,566)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(29,566)
CASH AND CASH EQUIVALENTS - Beginning of year		<u>198,637</u>
CASH AND CASH EQUIVALENTS - End of year	\$	<u><u>169,071</u></u>

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

OPERATING INCOME	\$	41,442
Adjustments to reconcile operating income to net cash provided by operating activities:		
Accounts and other receivables		(162,103)
Prepaid expenses		200
Accounts payable		55,305
Unearned revenue		11,436
Interfund payable		<u>24,154</u>
NET CASH USED BY OPERATING ACTIVITIES	\$	<u><u>(29,566)</u></u>

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, 2017

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 TRVA board is made up of two members each from Tarrant Regional Water District, City of Fort Worth, Tarrant County and one member appointed by Streams and Valley.

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 Fund - The Proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. TRVA’s proprietary fund accounts for the recreation event 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 2017 consist of deposits (principally interest-bearing accounts) with one financial institution and in a public funds investment pool.

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 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans; GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions; GASB 77, Tax Abatement Disclosures; GASB 80, Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14; GASB 82, Pension Issues;and GASB 85, Omnibus 2017; were implemented during fiscal year 2017. The implementation of these standards has no impact on the financial statements.

2. CASH AND CASH EQUIVALENTS FOR TRVA

The balance per bank of cash on deposit at September 30, 2017 was \$419 thousand and was covered by FDIC insurance and collateral. The carrying value for TRVA was \$191 thousand as of September 30, 2017.

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, 2017, 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, 2017 was \$3.9 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, 2017 were in TexPool.

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

SUMMARY OF INVESTMENTS AND RELATED WEIGHTED AVG. MATURITY

	Fair Value**	Weighted Avg. Maturity (Years)	S & P Rating	Level of Fair Value***
Investments Pools*				
TexPool	\$ 3,854,827	N/A	AAA-m	N/A
Total cash equivalents	<u>3,854,827</u>			

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

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

***As of September 30, 2017 TRVA's investment pool, Texpool, is valued at amortized cost and is therefore exempt from the level of fair value disclosure.

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").

4. RECENTLY ISSUED GASB STATEMENTS

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

No. 81, Irrevocable Split-Interest Agreements - was issued in March 2016 and defines Split-interest agreements as a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split interest agreements can be created through trusts-or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements-in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This standard becomes effective for TRVA in fiscal year 2018, however this standard is not applicable to TRVA's practices.

GASB Statement No. 83, Certain Asset Retirement Obligations - was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and should be adjusted for the effects of general inflation or deflation at least annually. The Statement requires disclosure of information about the nature of a government's AROS, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

This standard becomes effective for TRVA in fiscal year 2019.

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

GASB Statement No. 84, Fiduciary Activities - was issued in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the

beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

This standard becomes effective for TRVA in fiscal year 2020.

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

GASB Statement No. 86, *Certain Debt Extinguishment Issues* - was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources--resources other than the proceeds of refunding debt--are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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.

GASB Statement No. 87, *Leases* - was issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract.

This standard becomes effective for TRVA in fiscal year 2021.

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, 2017 (UNAUDITED)

	Original/Final Budget	Actual
<u>Program Management Expenditures</u>		
Scheduler	\$ 742,000	\$ 707,117
Engineering	100,000	—
Additional Staff	389,028	481,715
Consulting		
Planning Review Design	30,000	3,244
Financial Assistance	25,000	57,938
Public Information Assistance	10,000	29,129
	<u>65,000</u>	<u>90,311</u>
Minority Contracting/Public Information	120,000	120,000
Legal	100,000	117,439
Office Rental	165,000	154,544
Community Education	207,972	206,620
	<u>1,889,000</u>	<u>1,877,746</u>
Total Program Management Expenditures	<u>\$ 1,889,000</u>	1,877,746
Project Expenditures (1)		<u>13,560,547</u>
Total Expenditures		<u>\$ 15,438,293</u>

(1) Project expenditures are costs associated with land acquisition (relocation, environmental, and demolition costs) are budgeted in the Project budget, not the program management budget.

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