

TRINITY RIVER VISION AUTHORITY
FORT WORTH, TEXAS

Annual Financial Report
As of and for the year ended
September 30, 2013

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

As of and for the Year Ended September 30, 2013

Board of Directors

G.K. Maenius – President

Tom Higgins – 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 and the major fund of Trinity River Vision Authority, a component unit of Tarrant Regional Water District (the "Authority"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority'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 and the major fund of Trinity River Vision Authority as of and for the year ended September 30, 2013, and the respective changes in financial position 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 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.

Deloitte & Touche LLP

January 8, 2014

TRINITY RIVER VISION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (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, 2013. Please read this analysis in conjunction with the TRVA's audited financial statements, which follows this discussion.

FINANCIAL HIGHLIGHTS

Revenues for the fiscal year ended September 30, 2013 were \$11.9 million and expenditures were \$10.9 million, an increase of \$6.9 million and \$6.5 million over 2012, respectively due to increased activity in the work on the Trinity River Vision Project.

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 resources 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. A dam and isolation gates will allow the existing river to function as a calm, constant-level body of water that can be enjoyed year-round. 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 Trinity Uptown 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.

Trinity River Vision Progress

As of September 30, 2013 the TRV project has accomplished the following:

- 233 businesses and tenants have been successfully relocated.
- Property continues to be acquired based on project schedule needs; currently in year seven of a nine year acquisition program.
- Demolition work was completed in the Henderson Street, White Settlement, and Main Street corridors in preparation for bridge construction.
- Henderson Street, White Settlement, and Main Street Bridge design is 95 - 100% complete; construction will begin in spring of 2014.
- Significant progress was made on construction of a traffic re-route that will be put in place on Henderson Street during bridge construction.
- Final design on bypass channel continues as does, H & H analysis.
- Water and sanitary sewer lines were relocated by the City of Fort Worth in preparation for the Henderson Street Bridge construction. Utility relocation is nearing completion in the areas required for bridge construction.
- Design work for valley storage at Gateway Park, Rockwood Park and Riverside Park continues.
- Ham Branch Valley Storage design was completed in preparation for construction in 2014.
- Design work on pedestrian bridges are at 12%.

Additionally, at the confluence of the Clear Fork and West Fork (Panther Island Pavilion), where the urban lake will be created, TRVA held the Rocking the River event series. This event promotes the river as a recreational area for the community, and had an average estimate of 1,500 people attending each of the events. Fort Worth Fourth drew a crowd of approximately 73,000 people.



(Johnny Cooper Band, August 8, 2013 at Rockin' the River)

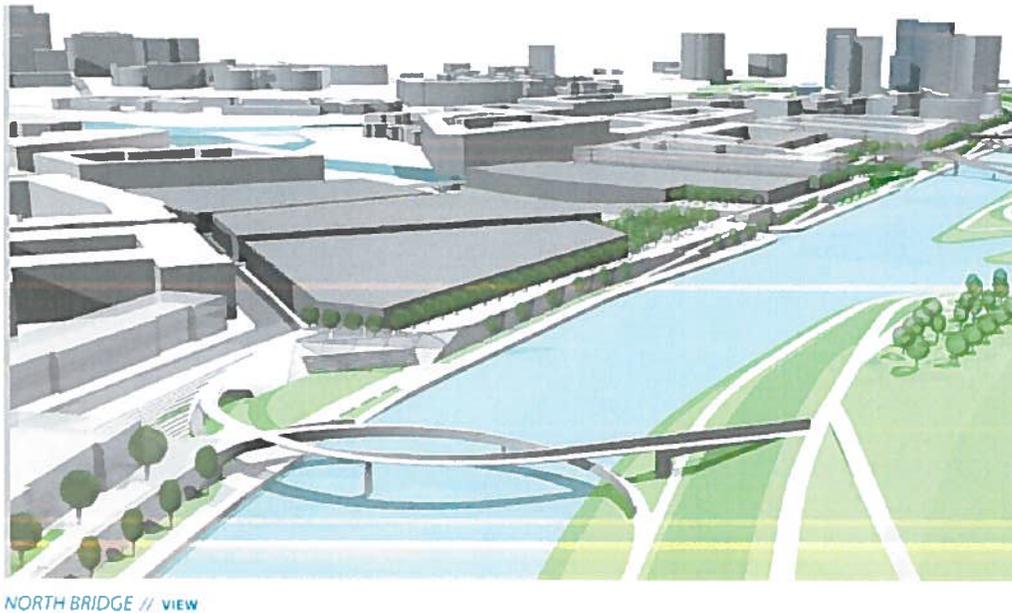
As of year-end, the District and the Trinity River Vision Authority (TRVA) have spent a total of \$64.4 million on this project. The City of Fort Worth Tax Increment Reinvestment Zone Number Nine in accordance with the project cost funding agreement as described in Note 1, which accompanies the financial statements, has spent \$64.3 million on the project and owes TRWD \$50.9 million for the outstanding loan. Pictures depicting before and after demolition on White Settlement and the concept for a pedestrian bridge for the TRV project are shown below and on the following pages.



(The 100 block of White Settlement businesses before demolition)



(The 100 block of White Settlement after demolition)



(Pedestrian Bridge Conceptual Design)

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 two 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.

Contributed 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 only has one fund, the General Fund, which is a governmental 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. Since TRVA has only one fund, the fund statement has been combined with the government-wide financial statements with a column provided for adjustments.

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/fund financial statements. The notes to the financial statements can be found on pages 15-19 of this report.

FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

CONDENSED SCHEDULE OF NET POSITION

	<u>2012</u>	<u>2013</u>
Current and Other Assets	\$ 1,520,936	\$ 4,629,587
Capital Assets	<u>619,066</u>	<u>1,660,976</u>
Total Assets	<u>\$ 2,140,002</u>	<u>\$ 6,290,563</u>
Total Liabilities	<u>\$ 1,520,031</u>	<u>\$ 4,607,691</u>
Net Position		
Unrestricted	\$ 905	\$ 21,896
Net Investment in Capital Assets	<u>619,066</u>	<u>1,660,976</u>
Total Net Position	<u>\$ 619,971</u>	<u>\$ 1,682,872</u>

Government-wide

- **Current and Other Assets**

Increase from \$1.5 million to \$4.6 million is mainly due to timing of a \$4 million transfer from Tarrant Regional Water District's General fund, in September 2013 for project costs.

- **Capital Assets**

Increase of \$1 million is due to in-process design costs for the White Settlement Bridge that were not yet transferred to the City of Fort Worth as of year-end and local street modifications. See Footnote 4 regarding Capital Assets.

- **Liabilities**

Increase of \$3 million is mostly due to \$1.4 million of outstanding invoices as of 9/30/13 and \$1.6 million for unavailable revenue.

- **Net Investment in Capital Assets**

Increase of \$1 million for the design of the White Settlement Bridge and local street modifications noted in the Capital Asset section above.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities	
	2012	2013
Program Revenues		
Project development revenue	\$ 4,956,552	\$ 11,624,260
Recreational revenue	64,178	302,890
General Revenue:		
Investment income and other income	905	14,107
Total Revenue	5,021,635	11,941,257
Expenses		
Project development expense	4,337,486	10,582,350
Recreation expense	64,178	296,006
Total Expense	4,401,664	10,878,356
Changes in Net Position	619,971	1,062,901
Net Position - Beginning	-	619,971
Net Position - Ending	\$ 619,971	\$ 1,682,872

Governmental Activities

- **Project Development Revenue**

Increase of \$6.7 million is related to the increased activity in project development in 2013. These costs are funded by Tax Increment Reinvestment Zone #9.

- **Recreational Revenue**

Increase in recreational revenue of \$239 thousand was due to increase in the number of events at Panther Island Pavilion. There was an increase in the Rockin' the River revenue as well as several additional events, such as the Fort Worth Fourth and the Toadies.

- **Project Development Expense**

This represents land related to cost and program management for the Trinity River Vision Project. The increase of \$6.3 million was due to land acquisitions and related expenses.

- **Recreation Expense**

Increase in recreational expense of \$232 thousand was due to increase in the number and magnitude of the events at Panther Island Pavilion.

- **Net Position**

TRVA expended \$1 million on the White Settlement Bridge design and local street modifications, which results in a construction in progress balance. Once the design is completed, the asset will be contributed to the City of Fort Worth.

FINANCIAL ANALYSIS: FUND STATEMENTS

As of the end of the 2012 and 2013 fiscal years, TRVA's general fund reported an ending fund balance of \$905 and \$21,896, respectively. The governmental activities net position increased from \$620 thousand to \$1.7 million mainly due to the White Settlement Bridge asset.

ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS – GENERAL FUND

The fiscal year 2013 expenditure budget for TRVA was \$2 million. Actual expenses for the year were \$1.3 million. The budget for 2013 only includes project management type expenditures. Costs related to land acquisition (i.e. relocation, demolition and environmental testing) were not included in the budget due to these costs being reallocated to TRWD since that is where land costs are recorded. This budget and related actuals are reviewed at the monthly TRVA board meetings.

The budget for the fiscal year 2014 expenditures is \$1.9 million. The majority of the expenditures are for consulting which makes up \$1.4 million of the balance.

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

GENERAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
 SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities Statement of Net Position</u>
ASSETS:			
Cash and cash equivalents	\$ 4,536,645	\$ -	\$ 4,536,645
Prepaid items	11,839	-	11,839
Accounts receivable	81,103	-	81,103
Construction in progress	-	1,660,976	1,660,976
TOTAL ASSETS	<u>4,629,587</u>	<u>1,660,976</u>	<u>6,290,563</u>
LIABILITIES:			
Accounts payable	2,962,969	-	2,962,969
Other liabilities	1,644,722	-	1,644,722
TOTAL LIABILITIES	<u>4,607,691</u>	<u>-</u>	<u>4,607,691</u>
FUND BALANCE/NET POSITION			
Fund balance-unassigned	21,896	(21,896)	-
Net Investment in capital assets	-	1,660,976	1,660,976
Net Position-unrestricted	-	21,896	21,896
TOTAL FUND BALANCE/NET POSITION	<u>\$ 21,896</u>	<u>\$ 1,660,976</u>	<u>\$ 1,682,872</u>

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/STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities Statement of Activities</u>
EXPENDITURES/EXPENSES			
Project development expenditures/expenses	\$ 11,624,260	\$ (1,041,910)	\$ 10,582,350
Recreation expenditures/expenses	<u>296,006</u>	<u>-</u>	<u>296,006</u>
Total expenditures/expenses	11,920,266	(1,041,910)	10,878,356
PROGRAM REVENUES			
Project development revenues	11,624,260	-	11,624,260
Recreation revenues	<u>302,890</u>	<u>-</u>	<u>302,890</u>
Total revenues	11,927,150	-	11,927,150
NET PROGRAM REVENUE	6,884	1,041,910	1,048,794
GENERAL REVENUES			
Investment and other income	<u>14,107</u>	<u>-</u>	<u>14,107</u>
EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN NET POSITION	20,991	1,041,910	1,062,901
FUND BALANCE/NET POSITION- BEGINNING OF YEAR	<u>905</u>	<u>619,066</u>	<u>619,971</u>
FUND BALANCE/NET POSITION-END OF YEAR	<u>\$ 21,896</u>	<u>\$ 1,660,976</u>	<u>\$ 1,682,872</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, 2013**

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.

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 2013 cash and cash equivalents 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 City of Fort Worth upon completion. Construction in Progress is recorded for any capital assets not completed as of year-end.

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.

Governmental Accounting Standards Board Statements Implemented in Current Fiscal Year – GASB 60, 61, 62, and 63 were implemented in the current fiscal year, with negligible effect on the Authority’s financial statements.

2. CASH AND CASH EQUIVALENTS FOR TRVA

The balance per bank of cash on deposit at September 30, 2013 was \$267,497 and was entirely covered by FDIC insurance. The carrying value for TRVA was \$73,602 as of September 30, 2013.

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, 2013, 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, 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, 2013 was \$4.46 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, 2013 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

	<u>Fair Value **</u>	<u>Weighted Avg. Maturity (Years)</u>	<u>S & P Rating</u>
Investment Pools*			
Texpool	\$ 4,463,043	N/A	AAA-m
Total investments	\$ 4,463,043		

*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. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>October 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>September 30, 2013</u>
Construction in progress	\$ 619,066	\$ 1,041,910	\$ -	\$ -	\$ 1,660,976
TOTAL NONDEPRECIABLE ASSETS	<u>619,066</u>	<u>1,041,910</u>	<u>-</u>	<u>-</u>	<u>1,660,976</u>
TOTAL CAPITAL ASSETS	<u>\$ 619,066</u>	<u>\$ 1,041,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660,976</u>

Upon completion of the design phase of the White Settlement Bridge it will be contributed to the City of Fort Worth.

4. 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, 2013, there were no settlements paid from the insurance coverage on behalf of the TRVA.

5. RECENTLY ISSUED GASB STATEMENTS

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

GASB Statement No. 66: Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62 - was issued in March 2012 and amends Statement No. 10, Accounting and Financial Report for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. GASB 66 also modifies the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold

when the stated service fee rate differs significantly from a current (normal) servicing fee rate. This standard becomes effective for the District in fiscal year 2014.

GASB Statement 67: Financial Reporting for Pension Plans - was issued in June 2012. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. Most significantly, this statement requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. This standard becomes effective for the District in fiscal year 2014.

GASB Statement No. 68: Accounting and Financial Reporting for Pensions - was also issued in June 2012 and establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This statement requires the recognition of the entire net pension liability and a more comprehensive measure of pension expense, along with additional required footnote disclosures. This standard becomes effective for the District in fiscal year 2015 but is not applicable to the District practices.

GASB Statement No. 69: Government Combinations and Disposals of Government Operations - was issued in January 2013 and establishes accounting and financial reporting standards for government combinations and disposals of government operations. This statement distinguishes between government mergers and acquisitions and provides guidance on the appropriate accounting treatment of each. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. GASB 69 becomes for the District in fiscal year 2015, and should be applied on a prospective basis.

GASB Statement No. 70: Accounting and Financial Reporting for Nonexchange Financial Guarantees - was issued in April 2013 and requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also requires the government assuming the obligation or paying the obligor to continue recognizing a liability until legally released by the obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. Additional disclosures are also required related to nonexchange financial guarantees and nonfinancial guarantees. This statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. GASB 70 is effective for the District beginning in fiscal 2014.

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

GASB Statement No. 71: Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68 - was issued in November 2013 and addresses the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68. This statement becomes effective for the District in 2015.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TRINITY RIVER VISION AUTHORITY

SCHEDULE OF EXPENDITURES- BUDGET TO ACTUAL—GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013 (UNAUDITED)

	Original/Final Budget	Actual
<u>Project Development Expenditures</u>		
Scheduler	\$ 650,000	\$ 631,569
Engineering	300,000	58,188
Additional Staff	300,000	158,501
Consulting		
Planning Review Design	30,000	5,256
Financial Assistance	25,000	8,600
Public Information Assistance	18,000	11,939
	<u>73,000</u>	<u>25,795</u>
Minority Contracting/Public Information	180,000	125,750
Legal	75,000	81,117
Office Rental	131,000	135,086
Community Education	<u>241,000</u>	<u>109,131</u>
Total Program Management Expenditures	<u>\$ 1,950,000</u>	1,325,137
		9,257,213
		296,006
		<u>1,041,910</u>
Total Expenditures		<u>\$ 11,920,266</u>

Notes to RSI

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

Excess of Budget over Expenditures - for year ended September 30, 2013, expenditures were under budget by \$0.6 million. The variance of budget versus actual is due mainly to engineering, additional staff, and community education expenses being lower than expected (budget \$.8 million; actual \$.3 million).

- (1) Transfer to Tarrant Regional Water District is not budgeted since it is associated with the acquisition land cost.
- (2) Recreational expenditures are not budgeted as they are expected to be offset with Recreational Revenues.
- (3) Capital expenditures for bridge development are not budgeted, as they are expected to be contributed to the City of Fort Worth.

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