

TRINITY RIVER VISION AUTHORITY
FORT WORTH, TEXAS

Annual Financial Report
As of and for the year ended
September 30, 2016

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

As of and for the Year Ended September 30, 2016

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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TRINITY RIVER VISION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016 (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, 2016. 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 2016 fiscal year by \$49 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, 2016 were \$16.8 million and total expenditures were \$16.8 million, a decrease of \$7.7 million and \$7.7 million over 2015, respectively. The decrease is due to a decrease in previous owner relocation expenses in fiscal year 2016.

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.

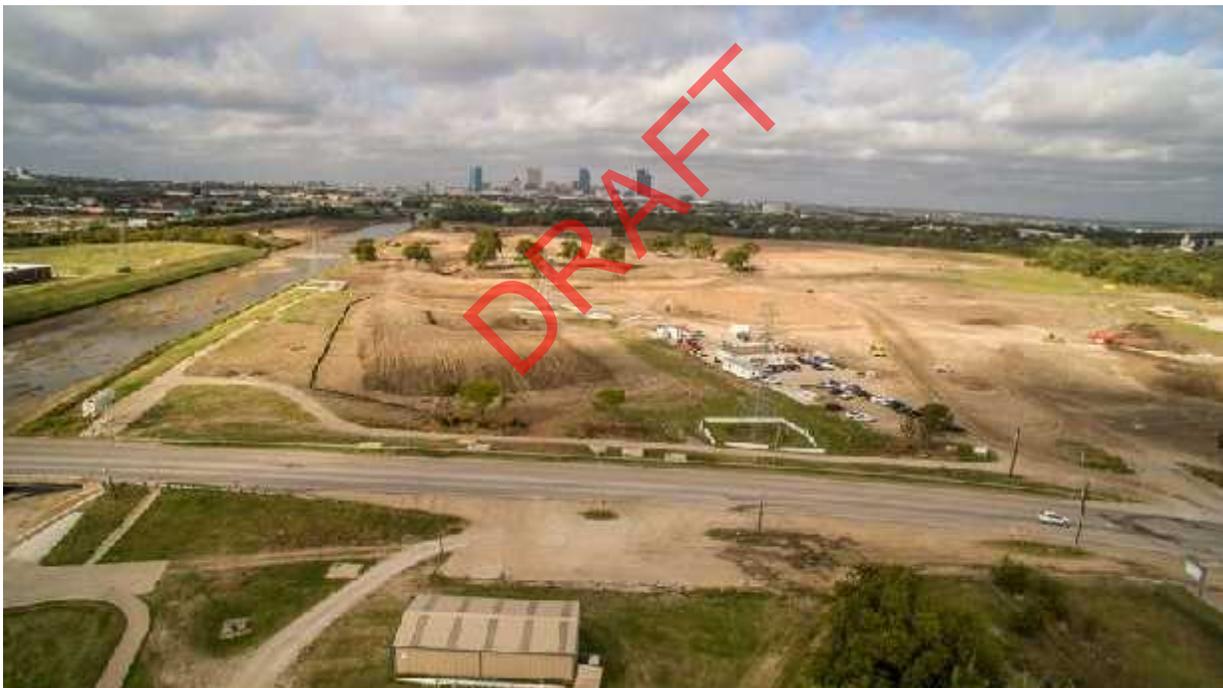


(TRVA bridge construction progress)

During fiscal year 2016 the TRV project continued work on acquisition, relocation, environmental, and demolition of properties on the north segment of the bypass channel and the remaining properties for all three bridges. The TRV project has successfully relocated 272 total properties through fiscal year 2016. TxDot continued construction for all three bridges and the Henderson Street roundabout. Water, sanitary sewer lines, and franchise utilities relocations were completed in the areas required for bridge construction to continue.

Construction work for valley storage at Gateway Park Sites A & C and Riverside Park began during fiscal year 2016. Design work for the North Bypass channel began in fiscal year 2016. Bridge construction work continued in in fiscal year 2016.

As of 2016 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 \$176.1 million on the project and has an outstanding loan of \$153.9 million with the District.



(Valley Storage work at Gateway Park)



(Rendering of canal walkways)

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. The events brought approximately 66,000 attendees to Panther Island Pavilion in the 2016 fiscal year.



(June 23, 2016 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 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 22 of this report.

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FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

CONDENSED SCHEDULE OF NET POSITION

	<u>2015</u>	<u>2016</u>
Current and Other Assets	\$ 2,931,464	\$ 1,660,384
Total Assets	<u>2,931,464</u>	<u>1,660,384</u>
Total Liabilities	<u>2,901,397</u>	<u>1,611,062</u>
Net Position		
Unrestricted	<u>30,067</u>	<u>49,322</u>
Total Net Position	<u>\$ 30,067</u>	<u>\$ 49,322</u>

Government-wide

- **Current and Other Assets**

A decrease of \$1.3 million is due to the timing of transfers from the District, in fiscal year 2016 a transfer was not made in the fourth quarter.

- **Liabilities**

A decrease of \$1.3 million is largely due to the decrease in accounts payable, in fiscal year 2015 the accounts payable balance was \$2.5 million compared to \$1.3 million in fiscal year 2016.

CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Program Revenues						
Project development revenue	\$ 23,581,313	\$ 16,227,967	\$ -	\$ -	\$ 23,581,313	\$ 16,227,967
Recreational revenue			901,088	588,645	901,088	588,645
General Revenue:						
Investment income and other income	5,728	19,255			5,728	19,255
Total Revenue	23,587,041	16,247,222	901,088	588,645	24,488,129	16,835,867
Expenses						
Project development expense	23,581,313	16,203,813			23,581,313	16,203,813
Recreation expense			901,088	612,799	901,088	612,799
Total Expense	23,581,313	16,203,813	901,088	612,799	24,482,401	16,816,612
Transfers		(24,154)		24,154		-
Changes in Net Position	5,728	19,255	-	-	5,728	19,255
Net Position - Beginning	24,339	30,067	-	-	24,339	30,067
Net Position - Ending	\$ 30,067	\$ 49,322	\$ -	\$ -	\$ 30,067	\$ 49,322

Governmental Activities

• **Project Development Revenue**

The project receives contributions that are earned as the project incurs costs. Therefore, the decrease of \$7.4 million is largely due to the decrease in previous owner relocation costs in fiscal year 2016. In fiscal year 2015 relocation expenses were \$12.8 million compared to fiscal year 2016 relocation total of \$4.9 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 \$14 thousand is due to an increase in the contracting workshops in fiscal year 2016, the contracting workshops earned \$6 thousand more than fiscal year 2015. Investment income also increased \$8 thousand due to higher interest rates.

• **Project Development Expense**

The decrease of \$7.4 million is largely due to the decrease in relocation in fiscal year 2016. In fiscal year 2015 relocation expenses were \$12.8 million compared to fiscal year 2016 relocation total of \$4.9 million. These costs are funded by Tax Increment Reinvestment Zone #9.

- **Net Position**

The net position increase of \$19 thousand in fiscal year 2016 is due to the interest income and income from the contract workshop classes.

Business-Type Activities

- **Recreational Revenue**

The decrease of \$312 thousand is largely due to TRVA not producing the Fort Worth's Fourth of July event. In fiscal year 2015 the Fort Worth's Fourth earned \$223 thousand.

- **Recreation Expense**

The decrease of \$288 thousand is largely due to TRVA not producing the Fort Worth's Fourth of July event. In fiscal year 2015 the Fort Worth's Fourth's total expense was \$292 thousand.

FINANCIAL ANALYSIS: FUND STATEMENTS

General Fund

As of the end of the 2016 fiscal year, TRVA's general fund ending fund balance increased from \$30,067 to \$49,322. The increase is due to the increase 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 remained \$0 as of the end of the 2016 fiscal year. The Enterprise Fund includes the programming expenses and revenues.

ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS

General Fund

The fiscal year 2016 program management budget for TRVA was \$2.0 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 2017 expenditures is \$1.9 million. The majority of the expenditures are for scheduling and staff expenses, which makes up \$1.1 million of the balance.

Enterprise Fund

The fiscal year 2017 Enterprise Fund budgeted expenses of \$618 thousand is slightly decreased from fiscal year 2016 budget of \$733 thousand. The fiscal year 2017 budgeted revenues of \$653 thousand is also a slight decrease for the 2016 budget of \$733 thousand. This decrease is due to a decrease in the scope of the Panther Fest event.

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

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TRINITY RIVER VISION AUTHORITY

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 608,764	\$ 198,637	\$ 807,401
Accounts receivable	833,818	1,489	835,307
Internal balances	75,846	(75,846)	-
Prepaid items	17,476	200	17,676
Total Assets	<u>1,535,904</u>	<u>124,480</u>	<u>1,660,384</u>
LIABILITIES			
Accounts payable	1,164,851	119,416	1,284,267
Other liabilities	321,731	5,064	326,795
Total Liabilities	<u>1,486,582</u>	<u>124,480</u>	<u>1,611,062</u>
NET POSITION			
Net Position-unrestricted	<u>49,322</u>	<u>-</u>	<u>49,322</u>
TOTAL NET POSITION	<u><u>\$ 49,322</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,322</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, 2016

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	\$ 16,203,813		\$ 16,227,967	\$ 24,154		\$ 24,154
Total governmental activities	<u>16,203,813</u>		<u>16,227,967</u>	<u>24,154</u>		<u>24,154</u>
Business type activities	612,799	\$ 475,644	113,001		\$ (24,154)	(24,154)
TOTAL	<u>\$ 16,816,612</u>	<u>\$ 475,644</u>	<u>\$ 16,340,968</u>	<u>\$ 24,154</u>	<u>\$ (24,154)</u>	<u>\$ -</u>
GENERAL REVENUES:						
Investment income				8,755		8,755
Miscellaneous				10,500		10,500
TRANSFERS				<u>(24,154)</u>	<u>24,154</u>	<u>-</u>
Total general revenues and transfers				(4,899)	24,154	19,255
CHANGE IN NET POSITION				19,255	-	19,255
NET POSITION-----September 30, 2015				<u>30,067</u>	<u>-</u>	<u>30,067</u>
NET POSITION-----September 30, 2016				<u>\$ 49,322</u>	<u>\$ -</u>	<u>\$ 49,322</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, 2016

ASSETS

Cash and cash equivalents	\$ 608,764
Accounts Receivable	833,818
Due from Enterprise Fund	75,846
Prepays	17,476
TOTAL ASSETS	<u>1,535,904</u>

LIABILITIES

Accounts payable	1,164,851
Other liabilities	321,731
TOTAL LIABILITIES	<u>1,486,582</u>

FUND BALANCE

Nonspendable:	
Prepaid items	17,476
Fund balance-unassigned	31,846
	<u>49,322</u>

TOTAL FUND BALANCE	<u>\$ 49,322</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, 2016

PROGRAM REVENUES

Project development revenues	\$ 16,227,967
Investment and other income	19,255
Total revenues	<u>16,247,222</u>

EXPENDITURES

Current

Program management	1,804,174
Project development	14,399,639
Total expenditures	<u>16,203,813</u>

Interfund transfer to Enterprise Fund	<u>(24,154)</u>
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EXCESS OF REVENUES

OVER EXPENDITURES/CHANGE IN FUND BALANCE	19,255
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FUND BALANCE-

BEGINNING OF YEAR	<u>30,067</u>
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FUND BALANCE-SEPTEMBER 30, 2016	<u>\$ 49,322</u>
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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, 2016

ASSETS

Cash and cash equivalents	\$ 198,637
Accounts Receivable	1,489
Prepaid Items	200
	<hr/>

TOTAL ASSETS 200,326

LIABILITIES

Accounts payable	119,416
Other liabilities	5,064
Due to General Fund	75,846
	<hr/>

TOTAL LIABILITES 200,326

NET POSITION

Unrestricted net position	<u><u>-</u></u>
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TOTAL NET POSITION \$ -

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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 30,2016

PROGRAM REVENUES	
Recreation revenues	\$ 588,645
Total revenues	588,645
EXPENDITURES/EXPENSES	
Recreation expenditures/expenses	612,799
Total expenditures/expenses	612,799
Interfund transfer form General fund	24,154
NET INCOME	-
NET POSITION BEGINNING OF YEAR	-
NET POSITION END OF YEAR	\$ -

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

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TRINITY RIVER VISION AUTHORITY
STATEMENT OF CASH FLOWS-ENTERPRISE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 616,516
Receipts from general fund	29,721
Payments to vendors	(636,011)
Payments of sales taxes	<u>(12,268)</u>
Net cash provided by operating activities	(2,042)
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(2,042)</u>
CASH AND CASH EQUIVALENTS-Beginning of year	200,679
CASH AND CASH EQUIVALENTS-End of year	<u><u>\$ 198,637</u></u>

(CONTINUED)

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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, 2016

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		1,353
Prepaid expenses		380
Accounts payable		(14,405)
Deferred revenue		5,064
Interfund payable		5,566
Net Cash provided by Operating Activities	\$	<u>(2,042)</u>

(CONCLUDED)

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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, 2016**

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 2016 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 72, Fair Value Measurement and Application; GASB 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 except those provisions that address employers and governmental nonemployer contributing entities; GASB 76, the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; and GASB 78 Pensions provided through certain multiple employer defined benefit pension plans 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, 2016 was \$364 thousand and was covered by FDIC insurance and collateral. The carrying value for TRVA was \$247 thousand as of September 30, 2016.

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, 2016, 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, 2016 was \$560 thousand.

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, 2016 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

	<u>Fair Value**</u>	<u>Weighted Avg. Maturity (Years)</u>	<u>S & P Rating</u>	<u>Level of Fair Value***</u>
Investment Pools*				
TexPool	<u>\$559,621</u>	N/A	AAA-m	N/A
Total cash equivalents	<u>\$559,621</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.

***Under GASB72 TRVA's Investment Pool is exempt from the level of fair value disclosure due to its valuation at amortized cost. Under GASB 79 TRVA's investment pool continued reporting assets at amortized cost, and TRVA mirrored the valuation.

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, 2016, 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. 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 the District 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 the District in fiscal year 2017. This standard is not applicable to TRVA practices.

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 in fiscal year 2017.

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

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.

No. 77, Tax Abatement Disclosures - was issued in August 2015 and is meant to provide financial statement users about certain limitations on governments' revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. For financial reporting purposes, this Statement 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 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.

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

No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* – was issued in January 2016 and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This standard becomes effective for TRVA in fiscal year 2017.

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

No. 81, *Irrevocable Split-Interest Agreements*, and No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* – was issued in March 2016 and defines Split-interest agreements are 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 the District in fiscal year 2018, however this standard is not applicable to TRVA's practices.

GASB Statement No. 82, *Pension Issues* – was issued in March 2016 with the objective of addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard becomes effective for the District in fiscal year 2017, however this standard is not applicable to TRVA's practices.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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TRINITY RIVER VISION AUTHORITY

SCHEDULE OF EXPENDITURES-
 BUDGET TO ACTUAL—GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Original/Final Budget	Actual
<u>Program Management Expenditures</u>		
Scheduler	\$ 725,000	\$ 673,840
Engineering	300,000	149,531
Additional Staff	350,000	335,455
Consulting		
Planning Review Design	30,000	57,064
Financial Assistance	25,000	19,000
Public Information Assistance	15,000	16,665
	<u>70,000</u>	<u>92,729</u>
Minority Contracting/Public Information	120,000	120,000
Legal	100,000	150,151
Office Rental	150,000	144,118
Community Education	195,500	138,350
Interfund transfer to TRVR		24,154
Total Program Management Expenditures	<u>\$ 2,010,500</u>	<u>1,828,328</u>
Project Expenditures (1)		<u>14,399,639</u>
Total Expenditures		<u>\$ 16,227,967</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.

Notes to RSI

Excess of Budget over Expenditures - For year ended September 30, 2016, expenditures were under budget by \$182 thousand. The variance of budget versus actual is due to a decrease in the need for engineering for project management.

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