

TRINITY RIVER VISION AUTHORITY  
Fort Worth, Texas

Annual Financial Report  
As of and for the year ended  
September 30, 2018

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

As of and for the Year Ended September 30, 2018

**Board of Directors**

G.K. Maenius - President

David Cooke - Vice President

Bob Riley - Treasurer

James Hill

Jim 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"), a discretely presented component unit of the Tarrant Regional Water District, as of and for the year ended September 30, 2018, 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.

### **Auditors' 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 auditors' 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the General Fund schedule of expenditures budget to actual 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

December 21, 2018

# **TRINITY RIVER VISION AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2018**

This section of Trinity River Vision Authority's (TRVA) annual financial report presents our discussion and analysis of the TRVA's financial performance during the fiscal year ended September 30, 2018. Please read this analysis in conjunction with the TRVA's audited financial statements, which follows this discussion.

### **FINANCIAL HIGHLIGHTS**

#### **NET POSITION**

The assets of the TRVA exceeded the liabilities at the close of the fiscal year 2018 by \$141 thousand (net position). The whole amount is unrestricted and may be used to meet the TRVA's ongoing obligations.

Total revenues for the fiscal year ended September 30, 2018 were \$5.4 million and total expenditures were \$5.4 million. The change in net position of \$24 thousand was due to interest income offset by a loss in recreation events in 2018.

### **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 1940's, 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-1980's, 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 spaces will accompany the channel.

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, providing numerous and diverse recreational amenities, and necessary flood storage to ensure the viability of the Central City flood control project.



(Construction progress at Gateway Park)

The design of Gateway Park sites H & I was finalized and construction is expected to begin early fiscal year 2019. Construction on valley storage at Gateway Park sites A & C and Riverside Park achieved substantial completion during fiscal year 2018. Construction work for the three bridges continued with the pouring of the V-piers at White Settlement and Main Street.



(Construction progress at Riverside Park)



(White Settlement V-Piers for bridges under construction)

As of 2018 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 \$215.8 million on the project and has an outstanding loan of \$186.7 million with the District.

Additionally, at the confluence of the Clear Fork and West Fork (Panther Island Pavilion), where the urban lake will be created, the TRVA held the Rockin' 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 34,000 attendees to Panther Island Pavilion during fiscal year 2018. The Panther Island Ice event, which brings a winter wonderland to the area, brought an additional 19,800 attendees.



(Rockin' the River July/August 2018)

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the TRVA's basic financial statements. The 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 the 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 the 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 the TRVA is improving or deteriorating.

## **Statement of Activities**

The Statement of Activities presents information showing how the 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. The 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.

## **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 20 of this report.

**FINANCIAL ANALYSIS - GOVERNMENT-WIDE STATEMENTS**

**CONDENSED SCHEDULE OF NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Total Assets	\$ 4,035,827	\$ 2,976,040	\$ 232,663	\$ 245,825	\$ 4,268,490	\$ 3,221,865
Total Liabilities	3,961,093	2,858,378	191,221	222,839	4,152,314	3,081,217
Net position:						
Unrestricted	<u>74,734</u>	<u>117,662</u>	<u>41,442</u>	<u>22,986</u>	<u>116,176</u>	<u>140,648</u>
Total Net Position	<u>\$ 74,734</u>	<u>\$ 117,662</u>	<u>\$ 41,442</u>	<u>\$ 22,986</u>	<u>\$ 116,176</u>	<u>\$ 140,648</u>

**Government-wide**

• **Assets**

A decrease of \$1.0 million is due to the decrease of transfers from the District in fiscal year 2018 and an increase of \$433 thousand in the new inventory of Thurber bricks, which will be sold to contractors for use in the project.

• **Liabilities**

A decrease of \$1.1 million is due to the decrease in deferred revenues from decreased transfers from the District and a decrease in accounts payable from fiscal year 2018.

### CONDENSED SCHEDULE OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Program Revenues:						
Project contributions	\$ 15,438,293	\$ 4,629,393			\$ 15,438,293	\$ 4,629,393
Recreation			695,691	703,119	695,691	703,119
General Revenues:						
Investment income and other income	25,412	42,928		105	25,412	43,033
Total Revenues	15,463,705	4,672,321	695,691	703,224	16,159,396	5,375,545
Expenses:						
Project development	15,438,293	4,629,393			15,438,293	4,629,393
Recreation			654,249	721,680	654,249	721,680
Total Expenses	15,438,293	4,629,393	654,249	721,680	16,092,542	5,351,073
Changes in Net Position	25,412	42,928	41,442	(18,456)	66,854	24,472
Net Position - Beginning of year	49,322	74,734		41,442	49,322	116,176
Net Position - End of year	\$ 74,734	\$ 117,662	\$ 41,442	\$ 22,986	\$ 116,176	\$ 140,648

#### Governmental Activities

- **Project Contribution Revenues**

The project receives contributions that are earned as the project incurs costs. Therefore, the decrease of \$10.8 million is largely due to the decrease in relocation and environmental costs in fiscal year 2018. In fiscal year 2018, relocation expenses decreased by \$3.9 million and environment expenses decreased by \$7.1 million from fiscal year 2017.

- **Investment income and other income**

Investment income increased by \$18 thousand due to an increase in interest rates.

- **Project Development Expenses**

The decrease of \$10.8 million is largely due to the decrease in relocation and environmental expenses in fiscal year 2018. In fiscal year 2018, relocation expenses decreased by \$3.9 million and environment expenses decreased by \$7.1 million from fiscal year 2017. Relocation and environmental costs are contributed to the Tarrant Regional Water District which holds and maintains the project asset.

- **Net Position**

The net position increase of \$43 thousand in fiscal year 2018 is mainly due to interest income.

## **Business-Type Activities**

- **Recreational Revenue**

The increase of \$7 thousand is largely due to the increase in revenue for the Rockin' the River and Sunday Funday events in fiscal year 2018.

- **Recreation Expense**

The increase of \$67 thousand is largely due to increased costs associated with the Panther Island Ice, Rockin' the River and Oktoberfest events as compared to last fiscal year.

## **FINANCIAL ANALYSIS: FUND STATEMENTS**

### **General Fund**

As of the end of fiscal year 2018, The TRVA's general fund ending fund balance increased from \$75 thousand to \$118 thousand. The increase is due to interest income earned during the year. 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**

The TRVA's Enterprise Fund ending fund balance decreased from \$41 thousand to \$23 thousand as of the end of fiscal year 2018 mainly due to the Rockin' the River events and overall programming expenses. The Enterprise Fund includes the programming expenses and revenues.

## **ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS**

### **General Fund**

The fiscal year 2018 program management budget for the TRVA was \$2.0 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 2019 expenditures is \$2.1 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 2019 Enterprise Fund budgeted revenues and expenses of \$707 thousand is increased slightly from fiscal year 2018 budget of \$657 thousand. This increase is due to an increase in the scope of the Panther Island Ice, Rockin' the River and Oktoberfest 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, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,415,185	\$ 98,122	\$ 2,513,307
Accounts receivables	2,960	244,686	247,646
Internal balances	100,000	(100,000)	
Inventory	432,955		432,955
Prepaid items	24,940	3,017	27,957
Total Assets	<u>2,976,040</u>	<u>245,825</u>	<u>3,221,865</u>
<b>LIABILITIES</b>			
Accounts payable	759,483	207,839	967,322
Other liabilities	2,098,895	15,000	2,113,895
Total Liabilities	<u>2,858,378</u>	<u>222,839</u>	<u>3,081,217</u>
<b>NET POSITION</b>			
Net Position-unrestricted	<u>117,662</u>	<u>22,986</u>	<u>140,648</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 117,662</u></u>	<u><u>\$ 22,986</u></u>	<u><u>\$ 140,648</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, 2018

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
<b>PRIMARY GOVERNMENT</b>						
Governmental activities:						
Trinity River Vision Project	\$ 4,629,393			\$ 4,629,393		
Total governmental activities	<u>4,629,393</u>			<u>4,629,393</u>		
Business type activities-recreation	721,680	565,119	138,000		(18,561)	(18,561)
<b>TOTAL</b>	<u>\$ 5,351,073</u>	<u>\$ 565,119</u>	<u>\$ 138,000</u>	<u>\$ 4,629,393</u>	<u>\$ (18,561)</u>	<u>\$ (18,561)</u>
<b>GENERAL REVENUES:</b>						
Investment income				42,425		42,425
Miscellaneous revenue				503	105	608
Total general revenues				<u>42,928</u>	<u>105</u>	<u>43,033</u>
CHANGES IN NET POSITION				42,928	(18,456)	24,472
NET POSITION - Beginning of year				<u>74,734</u>	<u>41,442</u>	<u>116,176</u>
NET POSITION - End of year				<u>\$ 117,662</u>	<u>\$ 22,986</u>	<u>\$ 140,648</u>

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

**TRINITY RIVER VISION AUTHORITY**

**BALANCE SHEET—GENERAL FUND  
SEPTEMBER 30, 2018**

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ASSETS

Cash and cash equivalents	\$	2,415,185
Accounts receivable		2,960
Due from Enterprise Fund		100,000
Inventory		432,955
Prepaid items		24,940
TOTAL ASSETS		<u>2,976,040</u>

LIABILITIES

Accounts payable		759,483
Unearned revenue		2,098,895
TOTAL LIABILITIES		<u>2,858,378</u>

FUND BALANCE

Nonspendable:		
Inventory		432,955
Prepaid items		24,940
Fund balance-unassigned		<u>(340,233)</u>

TOTAL FUND BALANCE	\$	<u>117,662</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, 2018**

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PROJECT REVENUES	
Project contributions	\$ 4,629,393
Investment and other income	42,928
Total revenues	<u>4,672,321</u>
PROJECT EXPENDITURES	
Program management	1,884,933
Project development	2,744,460
Total expenditures	<u>4,629,393</u>
EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN FUND BALANCE	42,928
FUND BALANCE - Beginning of year	<u>74,734</u>
FUND BALANCE - End of year	<u>\$ 117,662</u>

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

**TRINITY RIVER VISION AUTHORITY**

**STATEMENT OF NET POSITION—ENTERPRISE FUND  
SEPTEMBER 30, 2018**

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ASSETS	
Cash and cash equivalents	\$ 98,122
Accounts receivable	244,686
Prepaid items	<u>3,017</u>
TOTAL ASSETS	<u>345,825</u>
LIABILITIES	
Accounts payable	207,839
Other liabilities	15,000
Due to General Fund	<u>100,000</u>
TOTAL LIABILITIES	<u>322,839</u>
NET POSITION	
Unrestricted net position	<u>22,986</u>
TOTAL NET POSITION	<u><u>\$ 22,986</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, 2018**

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OPERATING REVENUES	
Recreation	\$ 703,119
Other revenues	105
	<hr/>
Total revenues	703,224
	<hr/>
OPERATING EXPENSES	
Recreation	721,680
	<hr/>
Total expenses	721,680
	<hr/>
NET OPERATING LOSS	(18,456)
NET POSITION - Beginning of year	41,442
	<hr/>
NET POSITION - End of year	\$ 22,986
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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, 2018**

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CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$	620,630
Payments to vendors		(670,201)
Payments of sales taxes		<u>(21,378)</u>
Net cash used by operating activities		<u>(70,949)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(70,949)
CASH AND CASH EQUIVALENTS - Beginning of year		<u>169,071</u>
CASH AND CASH EQUIVALENTS - End of year	\$	<u><u>98,122</u></u>

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

OPERATING LOSS	\$	(18,456)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Accounts and other receivables		(81,094)
Prepaid expenses		(3,017)
Accounts payable		33,118
Unearned revenue		(1,500)
NET CASH USED BY OPERATING ACTIVITIES	\$	<u><u>(70,949)</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, 2018

##### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 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, the 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 the 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.

**Government-wide Financial Statements** — Government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the activities of the TRVA. Eliminations have been made to these statements to prevent double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues of the business-type activities of the TRVA and for each function of the TRVA's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of

cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund-level Financial Statements** — The fund financial statements provide information about the TRVA's individual funds, which are used to account for the TRVA's various activities. Separate financial statements are provided for the General Fund (a governmental fund) and the Enterprise Fund (a proprietary fund) which are each classified as major funds.

**Governmental Fund**-The General Fund, the only governmental fund reported by the TRVA, is used to account for financial resources of the 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. The TRVA considers revenues as available if they are collected within 60 days after year end.

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 decreases (expenditures) in net current assets. Accordingly, it is said to present a summary of sources and uses of "available spendable resources" during a period. In fiscal year 2018 there were no reconciling items between government wide financial statements and the fund level financial statements.

**Proprietary Fund** - The Proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The TRVA's proprietary fund accounts for the recreation event expenses and revenues.

**Financial Reporting Entity** - The 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 2018 consist of deposits (principally interest-bearing accounts) with one financial institution and in a public funds investment pool.

**Inventory** - Inventory, which is held for resale, is valued at the lower of cost or market and uses the consumption method to report its inventory.

**Other Liabilities** - 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.

**Project Contribution Revenues** - TRVA receives project contribution revenues that represent payments made by the District to TRVA. These payments are to reimburse TRVA for the project costs incurred and are recognized as revenues when related project expenditures are incurred.

**Project Expenditures** - TRVA incurs project expenditures representing project management fees, relocation, environmental, and demolition costs. These expenditures are capital in nature and are considered a contribution back to the District, as the District has title to the assets.

**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** - During the fiscal year, GASB 86, *Certain Debt Extinguishment Issues*; and GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* were implemented with no effect on the TRVA's financial statements.

## **2. CASH AND CASH EQUIVALENTS FOR THE TRVA**

The balance per bank of cash on deposit at September 30, 2018 was \$179 thousand and was covered by FDIC insurance and collateral. The carrying value for the TRVA was \$134 thousand as of September 30, 2018.

Legal provisions generally permit the 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, 2018, the TRVA did not own any type 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. The 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. The TRVA's balance in TexPool as of September 30, 2018 was \$2.4 million.

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

**Concentration of Credit Risk** - The TRVA places no limit on the amount the TRVA may invest in one issuer. All investments at September 30, 2018 were in TexPool.

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

**SUMMARY OF INVESTMENTS AND RELATED WEIGHTED AVG. MATURITY**

	Fair Value**	Weighted Avg. Maturity (Years)	S & P Rating	Level of Fair Value***
<b>Investments Pools*</b>				
TexPool	\$ 2,379,636	N/A	AAA-m	N/A
Total cash equivalents	<u>\$ 2,379,636</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, 2018 the TRVA's investment pool, Texpool, measures its investment at amortized cost in accordance with GASB Cod. 150.118, and maintains a stable net asset value (NAV) of \$1 per share. The TRVA has no unfunded commitments to Texpool and may redeem investments at any time.

**3. COMMITMENTS AND CONTINGENCIES FOR THE TRVA**

**Commitments** - The General Fund had remaining commitments estimated at \$1.9 million due to on-going construction contracts as of September 30, 2018.

**Insurance** - The TRVA has employee blanket bond insurance. The TRVA also participates in a risk pool for its general liability, automotive liability, and errors and omissions liability coverage. Coverage comes from a policy issued to the Tarrant Regional Water District through the Texas Water Conservation Association Risk Management Fund (the "Trust") in which the TRVA is listed as "additional insured".

#### 4. RECENTLY ISSUED GASB STATEMENTS

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

**GASB Statement No. 83, *Certain Asset Retirement Obligations*** (issued 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 outflows 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 the TRVA in fiscal year 2019.

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

**GASB Statement No. 84, *Fiduciary Activities*** (issued 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 the TRVA in fiscal year 2020.

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

**GASB Statement No. 87, *Leases*** (issued 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 the TRVA in fiscal year 2021.

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

**GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*** (issued April 2018) - The objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. Additional information to be disclosed in the notes includes unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This standard becomes effective for the TRVA in fiscal year 2019.

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

**GASB Statement No. 90, *Majority Equity Interests*** (issued August 2018) - The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment and should be measured using the equity method. If the majority equity interest is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund, then it should be measured at fair value. For all other holdings, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This standard becomes effective for the TRVA in fiscal year 2020.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

TRINITY RIVER VISION AUTHORITY

SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Original/Final Budget</u>	<u>Actual</u>
<b><u>Program Management Expenditures</u></b>		
Scheduler	\$ 767,500	\$ 688,386
Engineering	100,000	
Additional Staff	549,052	526,269
Consulting		
Planning Review Design	40,000	14,132
Financial Assistance	25,000	23,463
Public Information Assistance	12,000	9,921
	<u>77,000</u>	<u>47,516</u>
Building, Structure, Grounds		5,906
Minority Contracting/Public Information	120,000	120,000
Legal	100,000	194,148
Office Rental	154,368	152,941
Community Education	176,500	149,767
	<u>2,044,420</u>	<u>1,884,933</u>
Total Program Management Expenditures	<u>\$ 2,044,420</u>	1,884,933
Project Development Expenditures (1)		<u>2,744,460</u>
Total Expenditures		<u>\$ 4,629,393</u>

(1) Project Development 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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