



(A Discretely Presented Component Unit of the  
Tarrant Regional Water District)  
**Annual Financial Report**  
**As of and for the year ended**  
**September 30, 2012**

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

As of and for the Year Ended September 30, 2012

**Board of Directors**

G.K. Maenius – President

Tom Higgins – Vice President

Elaine Petrus – 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

We have audited the accompanying financial statements of the governmental activities and the general fund of the Trinity River Vision Authority (the Authority), a component unit of the Tarrant Regional Water District, as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trinity River Vision Authority's management. Our responsibility is to express an opinion on the respective 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 general fund of the Trinity River Vision Authority as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Expenditures – Budget to Actual (GAAP Basis) – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers 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 11, 2013

## **TRINITY RIVER VISION AUTHORITY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2012 (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, 2012. 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, 2012 were \$5 million and expenditures were \$4.4 million, an increase of \$3.2 million and \$1.5 million, 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 multi-agency collaboration between the District, the City of Fort Worth, and Tarrant County is 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. 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, 2012 the TRV project has accomplished the following:

- 188 businesses and tenants have been successfully relocated.
- Property continues to be acquired based on project schedule needs; currently in year six of a nine year acquisition program.
- Demolition work continues with buildings being demolished in the Henderson Street and Main Street areas, clearing the way for the bypass channel and bridge construction.
- Henderson Street Bridge design is 100% complete; construction was advertised and bids were accepted by the Texas Department of Transportation shortly after year-end. (See rendering on page 5)
- Final design continues on the remaining Trinity Uptown bridges. Main Street went to a 60% level of design completion and White Settlement went to a 90% level.
- Final design began on the bypass channel by the USACE.
- Water and sanitary sewer lines were relocated by the City of Fort Worth in preparation for the Henderson Street Bridge construction. Design of municipal and franchise utility relocations continue on the remainder of the project. Franchise agreements were finalized with Oncor, Atmos and AT&T.

- Design work for USACE valley storage at Gateway Park, Rockwood Park and Riverside Park continues and recreational components design at Gateway Park has commenced.

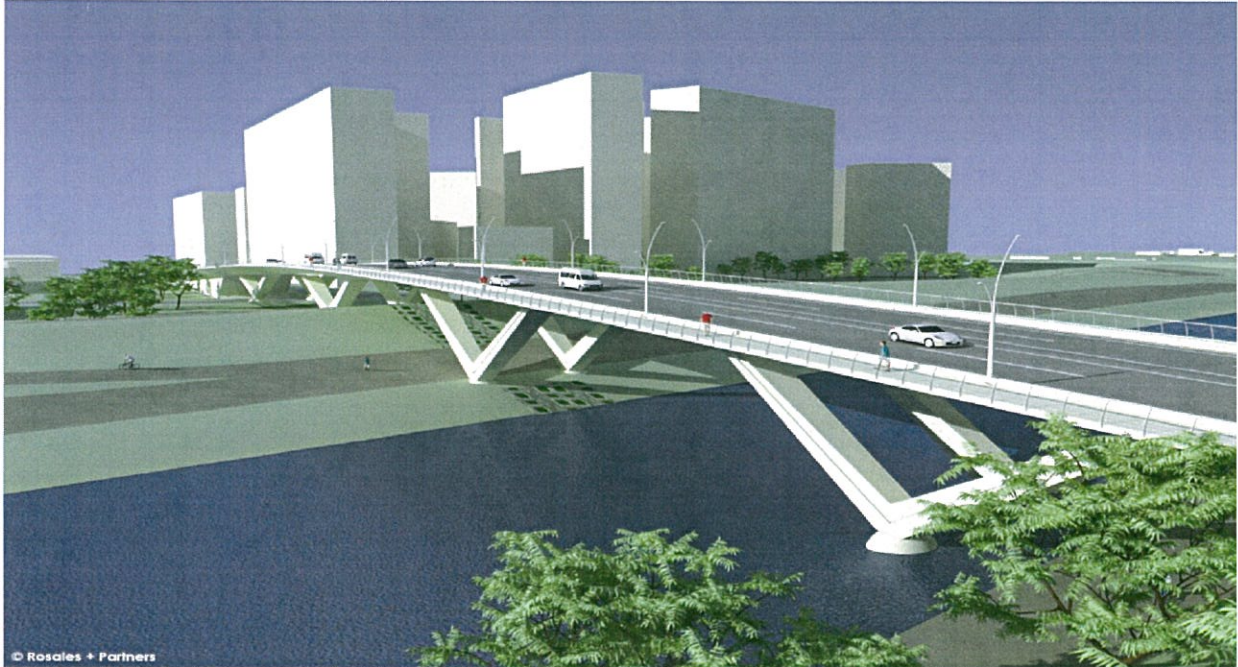
Additionally, at the confluence of the Clear Fork and West Fork, where the urban lake will be created, TRVA held the Rocking the River event series. This event promotes the river as a recreational area for the community, and had an average estimate of 1,200 people attending each of the events.

As of year-end, the District and the Trinity River Vision Authority (TRVA) have spent a total of \$86 million on this project. Of this amount \$64 million was contributed by the District, the remaining balance of \$22 million was contributed by the City of Fort Worth Tax Increment Reinvestment Zone Number Nine (TIF) in accordance to the project cost funding agreement as described in Note 1 which accompanies the financial statements. Pictures depicting work in progress on a valley storage site and design of the Henderson Street Bridge for the TRV project are shown below and on the following page:



(Samuels Avenue North Valley Storage Site)





(Henderson Street Bridge Rendering)

## **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.

### **General Fund Balance Sheet/Statement of Net Assets**

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

## **General Fund Statement of Revenue, Expenditures, and Changes in Fund Balance – Statement of Activities**

The Statement of Activities presents information showing how TRVA's net assets have changed during the most recent fiscal year. All changes in net assets 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 12-18 of this report.

**FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS**

**CONDENSED SCHEDULE OF NET ASSETS**

	<u>2011</u>	<u>2012</u>
Current and Other Assets	\$ 555,298	\$ 1,520,936
Capital Assets	<u>-</u>	<u>619,066</u>
Total Assets	<u>\$ 555,298</u>	<u>\$ 2,140,002</u>
Total Liabilities	<u>\$ 555,298</u>	<u>\$ 1,520,031</u>
Net Assets		
Unrestricted	\$ -	\$ 905
Invested in Capital Assets	<u>-</u>	<u>619,066</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 619,971</u>

**Government-wide**

- **Current and Other Assets**

Increase from \$555,298 to \$1,520,936 is mainly due to a receivable due from TRWD in the amount of \$762,615 for land related items.

- **Capital Assets**

Increase of \$619,066 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. See Footnote 4 regarding Capital Assets.

- **Liabilities**

Increase of \$964,733 is due to outstanding invoices at September 30, 2012.

- **Invested in Capital Assets**

Increase of \$619,066 for the design of the White Settlement Bridge.

**CONDENSED SCHEDULE OF CHANGES IN NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2012</b>
Program Revenues		
Project development revenue	\$ 1,805,666	\$ 4,956,552
Recreational revenue	-	64,178
General Revenue:		
Investment income and other income	3,499	905
<b>Total Revenue</b>	<b>1,809,165</b>	<b>5,021,635</b>
Expenditures/Expenses/Project development expenditures		
Project development expense	2,938,630	4,337,486
Recreation expense	-	64,178
<b>Total Expense</b>	<b>2,938,630</b>	<b>4,401,664</b>
<b>Changes in Net Assets</b>	<b>(1,129,465)</b>	<b>619,971</b>
<b>Net Assets - Beginning</b>	<b>1,129,465</b>	<b>-</b>
<b>Net Assets - Ending</b>	<b>\$ -</b>	<b>\$ 619,971</b>

**Governmental Activities**

- **Project Development Revenue**

Increase of \$3,150,886 is related to the increased activity in project development in 2012. These costs are funded by TIF #9.

- **Recreational Revenue**

Revenues of \$64,178 from the Rocking the River series of events which were new in 2012.

- **Project Development Expense**

This line item represents costs related to land acquisition for the Trinity River Vision Project that were contributed to the District.

- **Program**

Costs related to the Rocking the River series of events.

- **Net Assets**

TRVA expended \$619,066 on the White Settlement Bridge design, which resulted 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 2011 and 2012 fiscal years, TRVA's general fund reported an ending fund balance of zero and \$905, respectively. The governmental activities net assets increased from zero to \$619,971 mainly due to the White Settlement Bridge asset.

## **ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS – GENERAL FUND**

The fiscal year 2012 expenditure budget for TRVA was \$1.9 million. Actual expenses for the year were \$4.4 million. The budget for 2012 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 2013 expenditures is \$2 million. The majority of the expenditures are for consulting which makes up \$1.5 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 ASSETS  
 SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities Statement of Net Assets</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 748,367		\$ 748,367
Prepaid items	9,954		9,954
Accounts receivable	762,615		762,615
Construction in progress	-	619,066	619,066
	<u>1,520,936</u>	<u>619,066</u>	<u>2,140,002</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	1,511,827		1,511,827
Other liabilities	8,204		8,204
	<u>1,520,031</u>		<u>1,520,031</u>
<b>TOTAL LIABILITIES</b>			
<b>FUND BALANCE/NET ASSETS</b>			
Fund balance-unassigned	905	(905)	-
Net Assets-unrestricted		905	905
Invested in capital assets		619,066	619,066
	<u>905</u>	<u>619,066</u>	<u>619,971</u>
<b>TOTAL FUND BALANCE/NET ASSETS</b>	<u>\$ 905</u>	<u>\$ 619,066</u>	<u>\$ 619,971</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, 2012

	General Fund	Adjustments	Governmental Activities Statement of Activities
EXPENDITURES/EXPENSES			
Project development expenditures/expenses	\$ 4,956,552	\$ (619,066)	\$ 4,337,486
Recreation expenditures/expenses	64,178		64,178
Total expenditures/expenses	<u>5,020,730</u>	<u>(619,066)</u>	<u>4,401,664</u>
PROGRAM REVENUES			
Project development revenues	4,956,552		4,956,552
Recreation revenues	64,178		64,178
Total revenues	<u>5,020,730</u>	<u>-</u>	<u>5,020,730</u>
NET PROGRAM REVENUE	-	619,066	619,066
GENERAL REVENUES			
Investment and other income	<u>905</u>		<u>905</u>
EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	905	619,066	619,971
FUND BALANCE/NET ASSETS- BEGINNING OF YEAR	<u>-</u>		<u>-</u>
FUND BALANCE/NET ASSETS-END OF YEAR	<u>\$ 905</u>	<u>\$ 619,066</u>	<u>\$ 619,971</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, 2012**

**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.

**Measurement Focus and Basis of Accounting**-TRVA's accounts are organized on the basis of funds, each of which are considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise each fund's assets, liabilities, fund balance, revenues and expenditures, or expenses. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus. The governmental fund financial statements are reported using the current financial resources measurement focus.

**Government-Wide Financial Statements**-Government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the activities of TRVA.

The statement of activities presents a comparison between direct expenses and program revenues of TRVA. 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 (1) charges paid by the recipients of goods or services offered by the programs and (2) 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.

**Governmental Fund**-The General Fund, the only governmental fund reported by TRVA, is used to account for all 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.

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.

**Cash and Cash Equivalents** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less. Cash and cash equivalents for fiscal 2012 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.

**Deferred Revenue** - unearned amounts are reported as deferred revenue. In governmental funds, earned amounts are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**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 Fund Balances** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which TRVA is bound to honor constraints on the specific purposes for which amounts in the

respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Non-Spendable fund balance** - assets that will never convert to cash, such as inventory and prepaid items. At September 30, 2012, TRVA had no non-spendable fund balances.

**Restricted fund balance** - the portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside TRVA at September 30, 2012. TRVA has no Restricted Fund Balance.

**Committed fund balance** - the portion of fund balance that reflects resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. At September 30, 2012, TRVA had no committed fund balance.

**Assigned fund balance** – the portion of fund balance that reflects resources intended for a specific purpose. Intent is expressed or authorized by the Board of Directors. At September 30, 2012 TRVA had no assigned fund balance.

**Unassigned fund balance** – the portion of fund balances in excess of non-spendable, restricted, committed, and assigned.

**Spending Prioritization in Using Available Resources** – when both restricted and unrestricted (i.e. assigned, and unassigned) resources are available to be used for the same purpose, TRVA considers the restricted resources to be expended first. When all categories of unrestricted fund balance are available, the flow assumption is as follows: the assigned resources get expended first, and the unassigned resources get expended last.

**Implementation of New Accounting Standard** - GASB issued Statement No. 59, Financial Instruments Omnibus became effective to TRVA in fiscal year 2012. This standard had no impact on TRVA.

## **2. CASH AND CASH EQUIVALENTS**

The balance per bank of cash on deposit at September 30, 2012, was \$138,046 and was entirely covered by FDIC insurance. The carrying value was \$2,615.

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. The TRVA invests in the Texas Local Government Investment Pool (“TexPool”). TexPool 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 pool balance as of September 30, 2012 was \$0.745 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 cash equivalents at September 30, 2012 were in TexPool.

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

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

	Fair Value **	Weighted Avg. Maturity (Years)	S & P Rating
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Investment Pools*			
Texpool	\$ 745,752	0.0027	AAA-m
Total investments	<u>\$ 745,752</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. Pools are rated AAA-m 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. TRVA presents all investments at fair value.

### 3. COMMITMENTS AND CONTINGENCIES

**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, 2012, there were no settlements paid from the insurance coverage on behalf of the TRVA.

#### 4. CAPITAL ASSETS

	<u>October 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>September 30, 2012</u>
Construction in progress	\$ -	\$ 619,066	\$ -	\$ -	\$ 619,066
<b>TOTAL NONDEPRECIABLE ASSETS</b>	<u>-</u>	<u>619,066</u>	<u>-</u>	<u>-</u>	<u>619,066</u>
<b>TOTAL TRV ACTIVITIES</b>	<u>\$ -</u>	<u>\$ 619,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619,066</u>

#### 5. RECENTLY ISSUED GASB STATEMENTS

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

**GASB 60: Accounting and Financial Reporting for Service Concession Arrangements**--was issued in December 2010 to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard addresses SCAs in which there is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The statement also includes required disclosures about the SCAs. This standard becomes effective for TRVA in fiscal year 2013.

**GASB 61: The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34**-- was issued in November 2010 to improve financial reporting for a governmental reporting entity. The standard modifies certain requirements for inclusion of component units, amends criteria for blending, and clarifies the reporting of equity interests in legally separate entities. This standard becomes effective for TRVA in fiscal year 2013.

**GASB 62: Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements**--was issued in December 2010 to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This standard becomes effective for TRVA beginning in fiscal year 2013.

**GASB 63: Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**--was issued in June 2011 to improve financial reporting for a governmental reporting entity. The standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This standard becomes effective for TRVA in fiscal year 2013.

**GASB 65: Elements of Financial Statements** -- was issued to establish accounting and financial reporting standards that reclassify as deferred outflows or inflows, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows certain items that were previously reported as assets and liabilities. GASB Statement 65 will require debt issuance cost to be expensed in the period incurred instead of deferring and amortizing the cost over the life of the debt. This standard is effective for TRVA in fiscal year 2014.

**GASB 66: Accounting and Financial Statements** -- an amendment of GASB Statements 10 and 62, resolves conflicting guidance between GASB issued Statement 54 and 62 as well as amending GASB issued Statement 10 by removing the provision that limits fund based reporting of an entity's risk financing activities to the general fund and internal service fund type. This standard is effective for TRVA in fiscal year 2014.

**GASB 67: Financial Reporting for Pension Plans** -- an amendment to Statement 25, is designed to improve financial reporting by state and local governmental pension plans. Regarding Defined Contribution Plans, in the notes to the financial statements, defined contribution pension plans should disclose the classes of plan members covered, the number of plan members, as well as other information not applicable to TRVA. This standard is effective for TRVA in fiscal year 2014.

**GASB 68: Accounting and Financial Reporting for Pensions** -- an amendment of GASB Statement 27, is designed to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. An employer whose employees are provided with defined contribution pensions is required to recognize pension expense for the amount of contributions to the employees' accounts that are defined by the benefit terms as attributable to the employees' services in the period. This standard is effective for TRVA in fiscal year 2015.

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

# TRINITY RIVER VISION AUTHORITY

## SCHEDULE OF EXPENDITURES- BUDGET TO ACTUAL—GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	Original/Final Budget	Actual
<b><u>Project Development Expenditures</u></b>		
Scheduler	\$ 825,000	\$ 499,664
Engineering	300,000	60,941
Consulting		
Planning Review Design	50,000	250
Financial Assistance	25,000	19,450
Public Information Assistance	15,000	2,054
	<u>90,000</u>	<u>21,754</u>
Minority Contracting/Public Information	180,000	180,000
Legal	120,000	98,051
Office Rental	110,000	100,066
Community Education	<u>243,000</u>	<u>132,637</u>
Total Program Management Expenditures	<u>\$ 1,868,000</u>	1,093,113
Relocation, Demolition and Environmental Expenditures (1)		3,244,373
Recreational Expenditures (2)		64,178
Capital Expenditures (3)		<u>619,066</u>
Total Expenditures		<u>\$ 5,020,730</u>

**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, 2012, expenditures were under budget by \$0.7 million. The variance of budget to actual is mainly due to not as much engineering and scheduling being needed as expected (budget \$1.9 million actual \$1.1 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.
- (3) Capital expenditures for bridge development are not budgeted.



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