

TRINITY RIVER VISION AUTHORITY
Fort Worth, Texas

Annual Financial Report
As of and for the Year
Ended September 30, 2008

(A COMPONENT UNIT OF THE TARRANT REGIONAL WATER DISTRICT)

**TRINITY RIVER VISION AUTHORITY
FORT WORTH, TEXAS**

As of and for the Year Ended September 30, 2008

Board of Directors

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Dale Fisseler – Vice President

Elanie Petrus – Treasurer

Victor W. Henderson

James M. Oliver

Glen Whitley

Kathleen Hicks

Executive Director/Secretary

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Chief Financial Officer

Sandra Swinnea

TRINITY RIVER VISION AUTHORITY FORT WORTH, TEXAS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Trinity River Vision Authority
Fort Worth, Texas

We have audited the accompanying financial statements of the governmental activities and 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, 2008, 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 these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trinity River Vision Authority as of September 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal

controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information for the General Fund are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

December 29, 2008

TRINITY RIVER VISION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2008 (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, 2008. Please read this analysis in conjunction with the Trinity River Vision Authority's audited financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

CREATION OF TRINITY RIVER VISION AUTHORITY

House Bill 2639 of the 79th Texas Legislature authorized the Board of Directors of Tarrant Regional Water District (TRWD) to create one or more nonprofit corporations to act on behalf of TRWD as TRWD's authority and instrumentality. By resolution dated July 18, 2006, the Board of Directors of TRWD authorized the incorporation of Trinity River Vision Authority. 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 TRWD as TRWD'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.

BACKGROUND

The Trinity River is a major part of Fort Worth's rich and colorful history. In 1849, an army outpost was established on the banks of the river at the confluence of the West Fork and the Clear Fork, and that convergence anchors our downtown today.

The "Master Plan" for the Trinity River is a concept literally decades in the making. Encouraged by community volunteers in the 1980s, developed by urban designers and specialty consultants in the 1990s, and adopted by City Council in 2003, the Trinity River Vision Master Plan encompasses 88 miles of the Trinity River and its greenbelts and tributaries throughout the Fort Worth area. The "vision" has always been to advocate for this natural resource, keeping the river beautiful, accessible, enjoyable, and productive and to make sure it remains a valuable asset for the entire community.

The master plan addressed such issues as the environment, ecosystems, flood protection, recreational opportunities, access to the waterfront, preserving green space, and urban revitalization based around the river.

The plan focuses on eight segments of the Trinity River and its tributaries: Clear Fork North, Clear Fork South, Marine Creek, Mary's Creek, Sycamore Creek, West Fork East, West Fork West, and the **Central City** area now called **Trinity Uptown**. It considers environmental quality, conservation, recreation facilities, trail developments, reforestation, beautification, and linkage to neighborhoods, downtown, and other special districts. The plan also addresses adjoining land uses, transportation and how other facilities best complement and benefit from the greenways.

OVERVIEW OF THE CENTRAL CITY PROJECT

The public improvements of this project - sometimes referred to as the "Central City Project" - include flood protection and related infrastructure. The U.S. Army Corps of Engineers 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 a bypass channel is now the preferred method of urban flood control.

The flood control project is the catalyst for Trinity Uptown. Because of it, an exciting new addition to the waterfront will be a mile-and-a-half-long bypass channel running parallel to the Fort Worth & Western Railroad tracks and connecting the river west of North Main to south of White Settlement. This new bypass channel will allow the inadequate levees to come down, providing modern, efficient flood protection for the area, and making the river accessible for recreation. 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 balance after decades of industrial use.

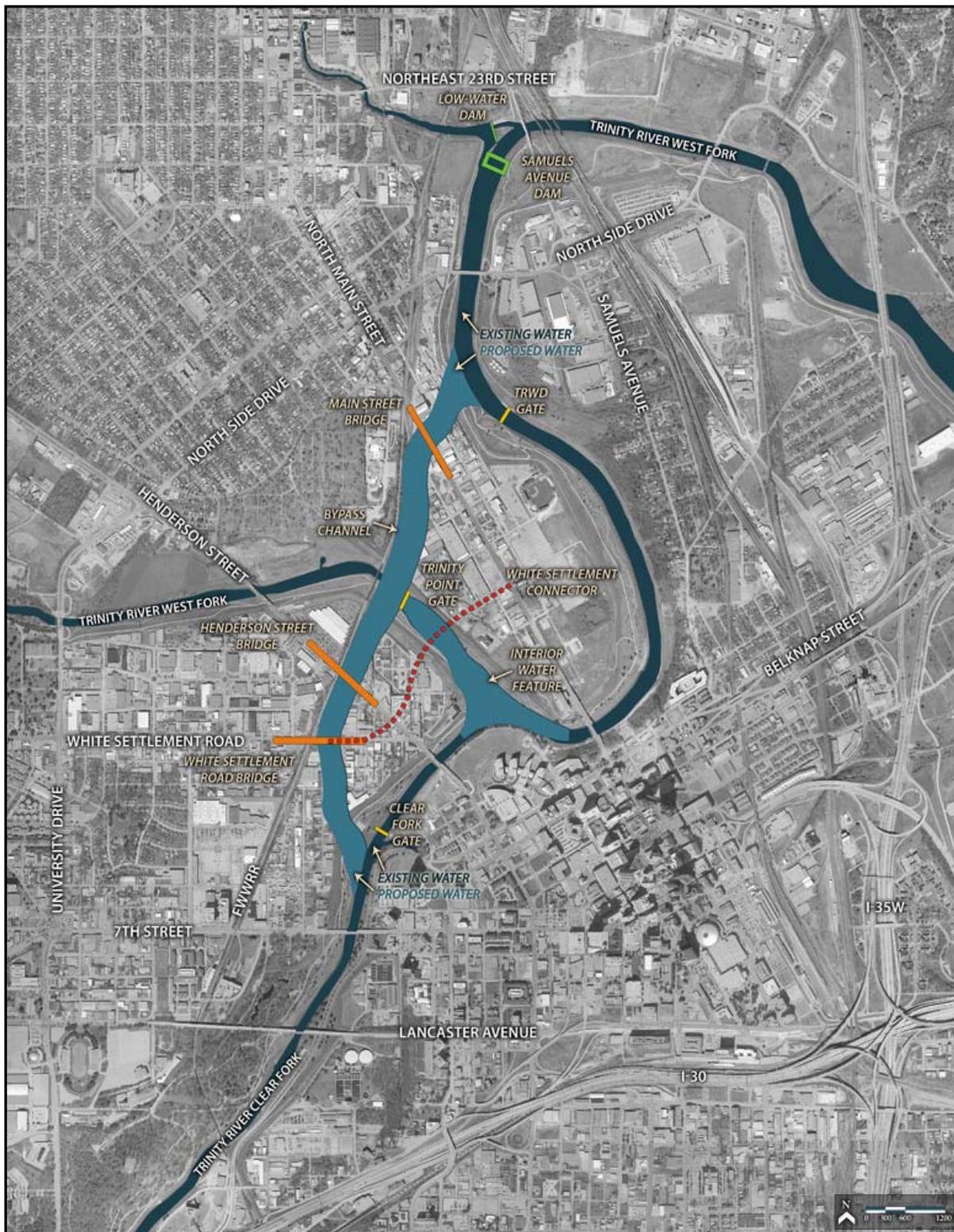
Another exciting component of the Central City portion of the Trinity River Vision is the revitalization of Gateway Park which held its Master Plan Kickoff Celebration on November 22, 2008. The plan will include a major renovation to the Park's ecosystem, provide numerous and diverse recreational amenities and provide the necessary flood storage to ensure the viability of the Central City flood control project. The plans are likely to spur economic development around the park. The project meets the needs of the community by connecting neighborhoods of the east and southeast of Fort Worth to the Trinity River.

At just over 1,000 acres, Gateway Park will become the largest urban-programmed park in the area. Park goers can expect the new and improved Gateway to be fully equipped with first class recreational amenities, making the park a regional destination for outdoor activities.

On May 21, 2008 the US Army Corps of Engineers signed a record of decision on the Central City Project, which added the Gateway Park Component, determining the Project was technically sound and environmentally acceptable. Subsequently on September 5, 2008, Tarrant Regional Water District signed a Project Participation Agreement with the US Army Corps of Engineers allowing construction of the project to begin.

The public portion of the Trinity Uptown project is a cooperative effort financially sponsored by the Tarrant Regional Water District, the City of Fort Worth, Tarrant County, the U.S. Army Corps of Engineers, and the Texas Department of Transportation.

Highlights the public improvements of the Central City Project



Central City development plan for the Riverside/Gateway Area



OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Trinity River Vision Authority's basic financial statements. TRVA's basic financial statements contain two components: government-wide/fund financial statements, and notes to the financial statements. The report also contains Management's Discussion and Analysis.

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 the 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.

Statement of Revenue, Expenditures, and changes in Fund Balance- General Fund/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, governmental.

Governmental Funds

Governmental funds are used to account for the same functions shown in the governmental activities on the Statement of Activities 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 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 14-18 of this report.

FINANCIAL ANALYSIS: GOVERNMENT-WIDE STATEMENTS

CONDENSED STATEMENT OF NET ASSETS

	<u>2007</u>	<u>2008</u>
Total Current and Other Assets	\$ 4,342,478	\$ 3,177,484
Total Liabilities	\$ 102,801	\$ 398,428
Net Assets		
Unrestricted	<u>4,239,677</u>	<u>2,779,056</u>
Total Net Assets	<u>\$ 4,239,677</u>	<u>\$ 2,779,056</u>

Government-Wide

- Unrestricted Net Assets

All of the net assets of TRVA are considered unrestricted and may be used to meet TRVA's ongoing liabilities. Total assets and net assets decreased from 2007 to 2008 due to net contributions of capital assets out of TRVA to TRWD.

CONDENSED STATEMENT OF CHANGES IN NET ASSETS

	Governmental Activities	
	2007	2008
General Revenues:		
Unrestricted investment income	\$ 83,219	\$ 108,254
Other revenues	1,800	4,150
Contributed revenue	<u>5,289,624</u>	<u>3,032,550</u>
Total Revenues	<u>5,374,643</u>	<u>3,144,954</u>
Expenses:		
General government	458,556	2,163,421
Contributed expense	<u>676,410</u>	<u>2,442,154</u>
Total Expenses	<u>1,134,966</u>	<u>4,605,575</u>
Changes in Net Assets	4,239,677	(1,460,621)
Net Assets - Beginning	<u> </u>	<u>4,239,677</u>
Net Assets - Ending	<u>\$ 4,239,677</u>	<u>\$ 2,779,056</u>

Governmental Activities

- **Contributed Revenue**

The majority of this balance was cash contributed by Tarrant Regional Water District (TRWD) as part of its TRWD'S share to build the Trinity River Vision Project.

- **General Government Expenses**

This increase over last year was due to a contract for review of the project schedule and costs.

- **Contributed Expenses**

This line item represents costs related to land acquisition (i.e. relocation and environmental testing) for the Trinity River Vision Project that were contributed to TRWD.

FINANCIAL ANALYSIS: FUND STATEMENTS

As of the end of the 2008 and 2007 fiscal years, TRVA's general fund reported an ending fund balance of \$2,779,056 and \$4,239,677, respectively.

CONDENSED BALANCE SHEET-GENERAL FUND

	2007	2008
TOTAL ASSETS	\$ 4,342,478	\$ 3,177,484
TOTAL LIABILITIES	\$ 102,801	\$ 398,428
FUND BALANCES		
Unreserved:		
Unrestricted	4,239,677	2,779,056
TOTAL FUND BALANCE	4,239,677	2,779,056
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,342,478	\$ 3,177,484

CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

	2007	2008
TOTAL REVENUES	\$ 5,374,643	\$ 3,144,954
TOTAL EXPENDITURES	(1,134,966)	(4,605,575)
EXCESS OF REVENUES OVER EXPENDITURE	4,239,677	(1,460,621)
FUND BALANCE, BEGINNING OF YEAR		4,239,677
FUND BALANCE, END OF YEAR	\$ 4,239,677	\$ 2,779,056

ECONOMIC FACTORS AND BUDGETARY HIGHLIGHTS – GENERAL FUND

The fiscal year 2008 expenditure budget for TRVA was \$18,242,110. Actual expenses for the year were \$4,605,575.

The variance of budget to actual is due to the unpredictability of relocating tenants from property needed to build the public project, the related demolition of the buildings on these properties and the environmental testing. The budget for these items was \$16,000,000 and actual was only \$2,442,154.

The budget for the fiscal year 2009 expenditures is \$19,130,200. This is made up of relocation costs of \$10,000,000, demolition of \$6,771,000, and environmental costs of \$1,521,000. The remaining amount of \$2,242,110 is for program management.

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 this report or requests for additional financial information should be addressed to the 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, 2008**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities Statement of Net Assets</u>
ASSETS:			
Cash and cash equivalents	\$ 3,174,196		\$ 3,174,196
Accounts receivable	3,288		3,288
TOTAL ASSETS	<u>3,177,484</u>		<u>3,177,484</u>
LIABILITIES:			
Accounts payable	398,428		398,428
TOTAL LIABILITES	<u>398,428</u>		<u>398,428</u>
FUND BALANCE/NET ASSETS			
Fund balance-unreserved	2,779,056	(2,779,056)	
Net Assets-unrestricted		2,779,056	2,779,056
TOTAL FUND BALANCE/NET ASSETS	<u>\$ 2,779,056</u>		<u>\$ 2,779,056</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, 2008**

	General Fund	Adjustments	Governmental Activities Statement of Activities
EXPENDITURES/EXPENSES			
General and administrative	\$ 2,163,421		\$ 2,163,421
CONTRIBUTIONS TO PROJECT	<u>2,442,154</u>	<u> </u>	<u>2,442,154</u>
Total general and administrative and contribution to projects	<u>4,605,575</u>	<u> </u>	<u>4,605,575</u>
GENERAL REVENUES			
Investment and other income	112,404		112,404
CONTRIBUTIONS	<u>3,032,550</u>	<u> </u>	<u>3,032,550</u>
Total general revenues and contributions	<u>3,144,954</u>	<u> </u>	<u>3,144,954</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,460,621)		(1,460,621)
FUND BALANCE/NET ASSETS- BEGINNING OF YEAR	<u>4,239,677</u>	<u> </u>	<u>4,239,677</u>
FUND BALANCE/NET ASSETS-END OF YEAR	<u>\$ 2,779,056</u>	<u> </u>	<u>\$ 2,779,056</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, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity—By resolution dated July 18, 2006, the Board of Directors of the Tarrant Regional Water District (TRWD) authorized the incorporation of 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 TRWD as TRWD’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 TRWD. TRVA received a cash contribution of \$3,000,000 from TRWD to be used for the project in 2008. TRVA contributed \$2,442,154 back to TRWD, the amount expended for land related items such as relocation, demolition and environmental expenses in the current fiscal year.

Measurement Focus and Basis of Accounting—TRVA’s accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. It currently has only one fund, the General Fund. The operations of the fund are accounted for by providing self-balancing accounts, which comprise the fund’s assets, liabilities, fund equity, revenues and expenditures. The accounting and financial reporting treatment applied to the 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 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 spendable 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, Cash Equivalents, and Investments—Cash and cash equivalents consist of deposits (principally interest-bearing accounts) with one financial institution and in a public funds investment pool.

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.

Excess of Budget over Expenditures—For the year ended September 30, 2008, expenditures were under budget by \$13,636,535. The variance of budget to actual is due to the unpredictability of relocating tenants from property needed to build the public project, the related demolition of the buildings on these properties and the environmental clean up (budget \$16,000,000, actual \$2,442,154).

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The balance per bank of cash on deposit at September 30, 2008, was \$110,041 and was entirely covered by FDIC insurance or collateral under depository contract.

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, 2008, 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 funds 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 Trust 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, 2008 was \$3,078,487.

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, 2008 were in TexPool.

SUMMARY OF INVESTMENTS AND RELATED WEIGHTED AVG. MATURITY

	Carrying Value	Fair Value **	Weighted Avg. Maturity (Years)	S & P Rating
Investment Pools*				
Texpool	\$ 3,078,487	\$ 3,078,487	0.0027	AAA
Total investments	\$ 3,078,487	\$ 3,078,487		

*Local government pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools used amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

**Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. Under GASB 31, all investments are recorded at fair value.

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

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 liability, and errors and omissions liability coverages. The TRVA has such insurance coverages 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 TRVA, the TRVA shall immediately forward to the Trust every demand, notice, summons, or other process 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, 2008, there were no settlements paid from the insurance coverage on behalf of TRVA for 2007 or 2008 fiscal year.

4. RECENTLY ISSUED GASB STATEMENTS

The GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will be effective in the fiscal year ending September 30, 2009. GASB 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures, related liabilities, and note disclosures in the financial statements of state and local governments.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was also issued and is effective beginning in fiscal year 2009.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. This standard is effective for the District in fiscal year 2010.

The GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and

other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This Statement is effective for the District in fiscal year 2009.

The GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009.

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

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REQUIRED SUPPLEMENTARY INFORMATION

TRINITY RIVER VISION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--
BUDGET TO ACTUAL—GENERAL FUND
AS OF SEPTEMBER 30, 2008 (UNAUDITED)**

	Original/Final Budget	Actual
REVENUES:		
General Revenues		
Interest income	\$ 50,000	\$ 108,254
Building lease rentals		4,150
Total General Revenues	<u>50,000</u>	<u>112,404</u>
Contributions	<u>18,192,110</u>	<u>3,032,550</u>
TOTAL GENERAL REVENUE AND CONTRIBUTIONS	<u>18,242,110</u>	<u>3,144,954</u>
EXPENDITURES:		
Current:		
General and administrative	2,242,110	2,163,421
Contribution to Project	<u>16,000,000</u>	<u>2,442,154</u>
TOTAL GENERAL AND CONTRIBUTION EXPENSES	<u>18,242,110</u>	<u>4,605,575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,460,621)
FUND BALANCE—Beginning of year	<u>4,239,677</u>	<u>4,239,677</u>
FUND BALANCE—End of year	<u>\$ 4,239,677</u>	<u>\$ 2,779,056</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Trinity River Vision Authority
Fort Worth, Texas

We have audited the financial statements of Trinity River Vision Authority (the "Authority"), as of and for the year ended September 30, 2008, and have issued our report thereon dated December 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

December 29, 2008