

Tarrant County, Texas

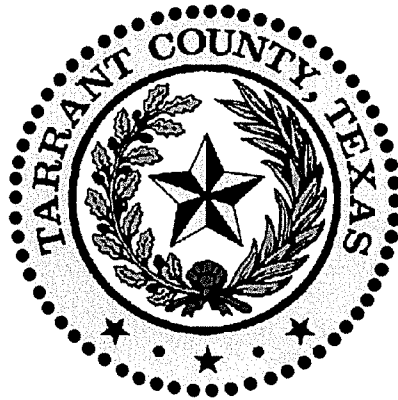


Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2016

TARRANT COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2016



Prepared By
County Auditor's Office

S. Renee Tidwell, CPA

County Auditor

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 YEAR ENDED SEPTEMBER 30, 2016
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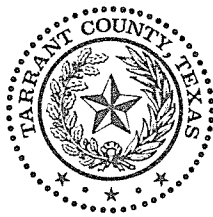
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INTRODUCTORY SECTION



TARRANT COUNTY

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FORT WORTH, TEXAS 76196-0103
817/884-1205
Fax 817/884-1104**

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COUNTY AUDITOR
rtidwell@tarrantcounty.com**

**CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
cmaxwell@tarrantcounty.com**

March 28, 2017

The Honorable Board of District Judges
The Honorable Commissioners Court
Tarrant County, Texas

The comprehensive annual financial report of Tarrant County, Texas (the "County") for the fiscal year ended September 30, 2016 is submitted herewith. This report is submitted in compliance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

This report consists of management's representation concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Deloitte & Touche LLP, independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2016 are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County’s MD&A can be found immediately following the report of the independent auditors.

Profile of the County

Tarrant County is a political subdivision of the State of Texas and was organized in 1849. The County is an urban county located in the north central part of Texas. Fort Worth serves as the county seat to a county population of approximately 1,991,639 citizens. It is one of the fastest growing urban counties in the United States today.

The Commissioners Court is the general governing body of the County. The Court is made up of the four County Commissioners, each elected from one of the County’s four precincts, and the County Judge who is elected countywide and presides over the full Court. The Commissioners and the County Judge are elected to four-year staggered terms. Despite the name, the Commissioners Court is not a judicial court, but is the general governing body of the County. Among the major duties of the Court, the Court is to: 1) Set the tax rate and adopt the County budget; 2) Appoint County officials and hire personnel; 3) Fill elective and appointee vacancies; 4) Establish voting precincts, appoint precinct judges and call County bond elections; 5) Let contracts and authorize payment of all County bills; 6) Build and maintain County roads and bridges; 7) Build, maintain and improve County facilities, including jails; 8) Provide for hospitals, public welfare and veterans assistance; and 9) Provide for the data service and archival needs of the County.

The County provides those services allowed by the Constitution and Statutes of the State of Texas. Services include, but are not limited to, law enforcement, judicial proceedings, probation monitoring services, juvenile services, recording services related to judicial proceedings, public health and welfare, maintaining road and bridges, principally within the unincorporated areas of the County, and other related governmental functions. The Tarrant County Hospital District, Mental Health and Mental Retardation of Tarrant County, Tarrant County Housing Finance Corporation, Tarrant County Industrial Development Corporation, Tarrant County Cultural Education Facilities Development Corporation, and the Tarrant County Health Facilities Development Corporation are considered component units and reported, as appropriate, within the County’s financial statements. Additional information on all these legally separate entities can be found in Note 1.a in the notes to the financial statements.

The annual budget serves as the foundation for the County’s financial planning and control. Departmental annual budget requests are submitted to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1. The County Auditor prepares an estimate of available resources for the upcoming fiscal year. The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration.

Public hearings are held on the proposed budget. The Commissioners Court must adopt an annual operating budget by a majority vote before September 30. The legal level of budgetary control is at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons at the department level are presented on pages 85-87 as part of the required supplementary information. The other budget comparisons at the department level are presented on pages 105-112 as part of budgetary compliance. A separate budget report detailed at the legal level of control is available upon request.

Local Economy

Historically, the County's economic environment has been characterized by steady, yet modest growth. This has been in part because of the diverse nature of the business sectors making up the local economy, without an overwhelming dominance by any one industry. Similarly, local real estate values have demonstrated steady yet modest increases over the past decade.

The other segments of the local economy include aircraft, automobile and electronic manufacturing, tourism, livestock and agri-business, transportation including major railroad services, financial services and tourism. Because of this diversity, the outlook for stable economic conditions seems favorable.

Major factors of this continued stability include:

AllianceTexas: AllianceTexas is an 18,000-acre master-planned, mixed use community located in north Fort Worth. AllianceTexas offers a variety of commercial real estate options, including new industrial, office and retail. Anchored by the inland port known as the Alliance Global Logistics Hub, AllianceTexas is home to 425 companies, 44,000 employees. Located within AllianceTexas is: BNSF Railway, FedEx, UPS Ground Hub, Deloitte, Fidelity Investments, TD Ameritrade, Mercedes-Benz, AT&T, DynCorp International, Facebook, Amazon, Hillwood Properties, Carolina Beverage, Wal-Mart.com, and others.

Mercantile Center Business Park: Mercantile is currently home to the Federal Aviation Administration's \$20 million Southwest Regional Headquarters, Dillard's Department Store distribution center, Sprint PCS, MillerCoors, American Paint Horse, The Buxton Company, Virbac, and Campfire, U.S.A.'s state-of-the-art Childcare Center and National Training Center for childcare providers.

Facebook: built a \$1 billion datacenter campus at AllianceTexas and is expanding from three buildings to five 250,000 square foot buildings located on 110 acres.

Amazon: Amazon built a 1.1 million square-foot distribution center. This center is one of three new e-commerce fulfillment sites in Texas employing 1,000 in Tarrant County.

NGC Renewables: a North American subsidiary of a Chinese wind turbine equipment manufacturer, will construct a new \$96 million headquarters and factory in the Alliance development.

GE Transportation: constructed a one million square foot locomotive manufacturing facility which employs over 400 people. The factor produces 1.2 locomotives per day.

personal property value to the County.

Meacham International Airport: The City of Fort Worth has approved a \$17.5 million renovation and expansion of the airport. The airport is 850-acres, has three runways and 100 tenants and subtenants.

GM Arlington is building a 1.2 million square feet expansion contiguous to the existing plant. This addition could double production at the plant.

GM Financial Service: opened a \$35 million addition to its Arlington operations center campus for an additional 1300 employees.

Fort Worth Stockyards: tax increment finance (TIF) district will generate about \$40 million over its 20 year life. An estimated \$385 million in development will occur in the district, including as much as \$185 million from a planned redevelopment. The project is expected to spur another \$200 million in private investment over 20 years.

Fort Worth Arena: the City of Worth plans to build a \$450 million multi-purpose arena to house the Fort Worth Stock Show and Rodeo as well as concerts and other performances in the city's museum district. The City's funding will be capped at \$225 million, the remaining funds will come from private sector participants.

American Airlines: American completed construction of a new \$88 million reservation center near Dallas/Fort Worth International Airport that will retain employment of over 1,300 full time employees.

Tarleton State University: construction has started on a new campus in the southwest portion of Tarrant County. The campus is set to open in January 2019.

TCU-UNTHSC: Texas Christian University and the University of North Texas Health Science Center is joining forces to open a new medical school. They expect to accept the first class in 2018.

Lockheed Martin: In October 2001, the U.S. Department of Defense awarded a contract valued at \$200 billion to Lockheed Martin for the production of aircrafts that will be used by the U.S. Air Force, Navy, and Marines, as well as the United Kingdom's Royal Air Force and Navy. The contract, which is the largest defense contract in U.S. history, provides 13,700 jobs for Tarrant County.

Texas Ranger Ballpark: The citizens of the City of Arlington approved a 50/50 cost-sharing plan to build a \$1 billion new ballpark with a retractable roof for the Texas Rangers. The stadium is expected to be open for the 2021 season.

Dallas Cowboy Stadium: The Dallas Cowboy Stadium opened in 2009 and has played host to numerous professional, college and high school football games, as well as basketball, pro bull riding, boxing, and concert events. The stadium hosted in 2015 the first College Football Playoff National Championship and will host the 2017 semifinals of the CONCACAF Gold Cup.

Texas Motor Speedway: Located in far north Fort Worth, the speedway was completed in the Spring of 1997. NASCAR Sprint Cup races have been held at the speedway as well as sanctioned IRL Indy Car races. NASCAR has sanctioned two Sprint Cup races for the speedway. The facility has hosted several major music concerts and other large events since opening.

Other major businesses: Other major businesses recently locating to or expanding in Tarrant County include Chesapeake Energy Corporation, Cypress Equities, Carter Distribution Center, Touchstone Wireless, National Presort, Inc., Baylor All Saints Medical Center, Tarrant County College District, and Legoland Discovery Centre.

Relevant financial policies and long-term planning

The County issues debt to finance acquisition of personal property, capital renovations and improvements to County facilities. The ad valorem tax rate for the fiscal year 2016 totaled \$0.264 with \$0.0267 per \$100 valuation to fund the annual debt service requirements. On May 7, 2006, the Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

Major Initiatives

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of

Transportation, will be used for transportation issues. To date, the County has issued \$418,120,000 of bonds for these purposes.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting for the County’s comprehensive annual financial report for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it for review to the GFOA.

I wish to express my thanks to Commissioners Court and the District Judges for their interest and support in planning and conducting the financial affairs of the County in a responsible and professional manner.

The timely completion of this report could not have been achieved without the dedicated efforts of the County Auditor’s staff and the professional services provided by our Independent Auditors, Deloitte & Touche LLP.

Sincerely,

A handwritten signature in cursive script that reads "S. Renee Tidwell".

S. Renee Tidwell, CPA
County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

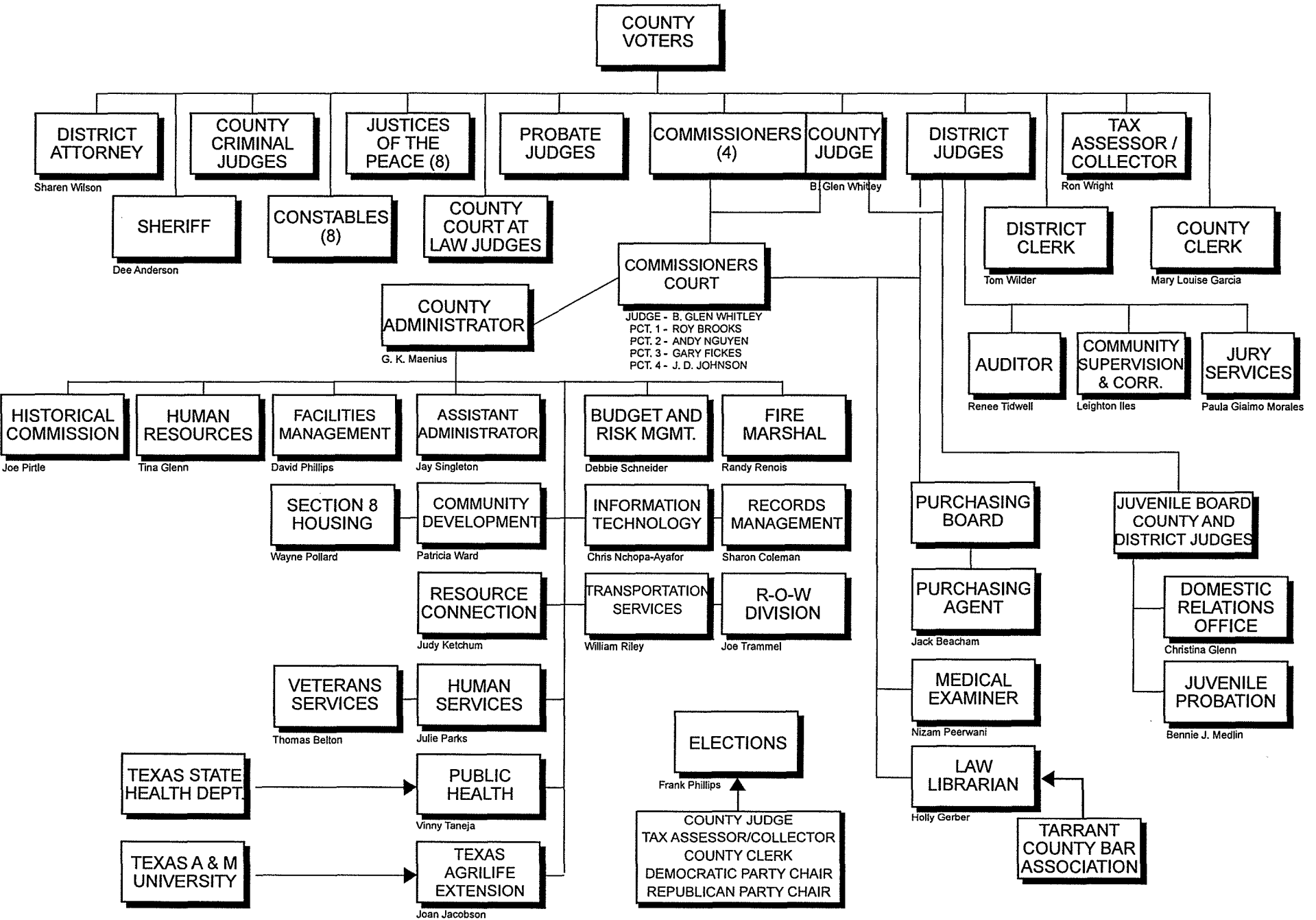
**Tarrant County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

TARRANT COUNTY ORGANIZATION



**TARRANT COUNTY, TEXAS
PRINCIPAL OFFICIALS**

Commissioners Court:

B. Glen Whitley
Roy Brooks
Andy H. Nguyen
Gary Fickes
J. D. Johnson

County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

Board of District Judges:

Elizabeth Beach
Wayne Salvant
Robb Catalano
Mike Thomas
Melody Wilkinson
David Evans
Don Cosby
R. H. Wallace, Jr.
John P. Chupp
Susan McCoy
Louis Sturns
Jesus Nevarez, Jr.
William Harris
Tom Lowe
David Hagerman
Nancy Berger
Timothy Menikos
Jerome S. Hennigan
Judith Wells
James Birdwell
Dana Womack
Mark Pittman
Michael Sinha
Mollee Westfall
Scott Wisch
George Gallagher
Ruben Gonzalez

Judge, Criminal District Court No. 1
Judge, Criminal District Court No. 2
Judge, Criminal District Court No. 3
Judge, Criminal District Court No. 4
Judge, 17th Judicial District
Judge, 48th Judicial District
Judge, 67th Judicial District
Judge, 96th Judicial District
Judge, 141st Judicial District
Judge, 153rd Judicial District
Judge, 213th Judicial District
Judge, 231st Judicial District
Judge, 233rd Judicial District
Judge, 236th Judicial District
Judge, 297th Judicial District
Judge, 322nd Judicial District
Judge, 323rd Judicial District
Judge, 324th Judicial District
Judge, 325th Judicial District
Judge, 342nd Judicial District
Judge, 348th Judicial District
Judge, 352nd Judicial District
Judge, 360th Judicial District
Judge, 371st Judicial District
Judge, 372nd Judicial District
Judge, 396th Judicial District
Judge, 432nd Judicial District

County Judges:

David Cook
Carey Walker
Bob McCoy
Deborah Nekhom
Jamie Cummings
Molly Jones
Cheril Hardy
Charles Vanover
Brent Carr
Phillip Sorrells
Don Pierson
Jennifer Rymell
Mike Hrabal
Steve M. King
Vacant

Judge, County Criminal Court No. 1
Judge, County Criminal Court No. 2
Judge, County Criminal Court No. 3
Judge, County Criminal Court No. 4
Judge, County Criminal Court No. 5
Judge, County Criminal Court No. 6
Judge, County Criminal Court No. 7
Judge, County Criminal Court No. 8
Judge, County Criminal Court No. 9
Judge, County Criminal Court No. 10
Judge, County Court at Law No. 1
Judge, County Court at Law No. 2
Judge, County Court at Law No. 3
Judge, Probate Court No. 1
Judge, Probate Court No. 2

**TARRANT COUNTY, TEXAS
PRINCIPAL OFFICIALS**

County Judges: (continued)

Ralph Swearingin, Jr.	Justice of the Peace, Precinct 1
Mary Tom Curnutt	Justice of the Peace, Precinct 2
Russ Casey	Justice of the Peace, Precinct 3
Jacquelyn Wright	Justice of the Peace, Precinct 4
Sergio L. DeLeon	Justice of the Peace, Precinct 5
Gary Ritchie	Justice of the Peace, Precinct 6
Matt Hayes	Justice of the Peace, Precinct 7
Lisa R. Woodard	Justice of the Peace, Precinct 8

Law Enforcement:

Dee Anderson	Sheriff
Sharen Wilson	Criminal District Attorney
Bennie J. Medlin*	Chief Juvenile Probation Officer
Leighton Iles*	Community Supervision & Corrections Director
Harry D. Clark III	Constable, Precinct 1
David Woodruff	Constable, Precinct 2
Darrell Huffman	Constable, Precinct 3
Dub Bransom	Constable, Precinct 4
Ruben Garcia, Jr.	Constable, Precinct 5
Jon Siegel	Constable, Precinct 6
Clint Burgess	Constable, Precinct 7
Michael R. Campbell	Constable, Precinct 8
Christina Glenn*	Domestic Relations Director

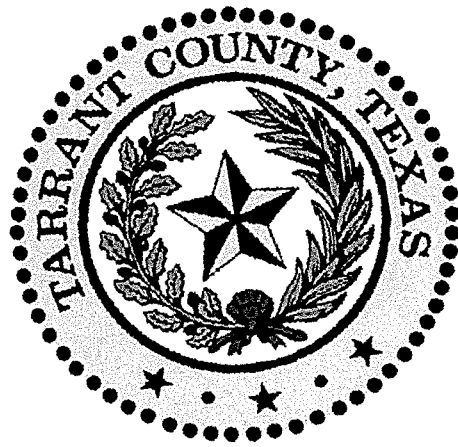
Administrative Officials:

G.K. Maenius*	County Administrator
S. Renee Tidwell*	County Auditor
Ron Wright	Tax Assessor-Collector
Jack Beacham*	Purchasing Agent
Debbie Schneider*	Budget and Risk Management Director
Christopher Nchopa-Ayafor*	Chief Information Officer

Recording Officials:

Mary Louise Garcia	County Clerk
Tom Wilder	District Clerk

*Appointed officials. All others listed are elected officials.



FINANCIAL SECTION



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2200 Ross Avenue
Suite 1600
Dallas, TX 75201-6778
USA

Tel: +1 214 840 7000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and Commissioners Court
Tarrant County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tarrant County Hospital District (TCHD) or the Mental Health and Mental Retardation of Tarrant County (MHMRTC), which represent all of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for TCHD and MHMRTC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas, as of September 30, 2016, 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, the Budgetary Comparison Schedules- General Fund and Road and Bridge Fund, the Schedule of County Pension Contributions, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Funding Progress – Other Postemployment Benefits Plans, the Schedule of Change in Net Pension Liability and Related Ratios – TCHD, and the Schedule of Pension Contributions – TCHD 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements, budgetary compliance schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and budgetary compliance schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary compliance schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

March 28, 2017

Management's Discussion and Analysis

As management of Tarrant County, we offer readers of Tarrant County's financial statements this narrative overview and analysis of the financial activities of Tarrant County for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of the County exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$23,666,000 (*net position*). This is a decrease of \$10,500,000.
- Total net position of the County is comprised of the following:
 1. Net investment in capital assets of \$247,184,000 includes land, buildings, infrastructure, construction in progress and other capital assets, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent bond proceeds, related to the purchase or construction of capital assets.
 2. Net position of \$27,460,000 is restricted by constraints imposed from outside the County such as debt obligations, laws, regulations, contractual or donor imposed constraints.
 3. Unrestricted net position of a negative \$250,978,000, primarily due to the pension and other postemployment benefit liabilities.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$335,546,000, an increase of \$5,957,000 in comparison with the prior year. Approximately 15 percent of this total amount, \$51,170,000, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$52,861,000, or approximately 14 percent of total general fund expenditures.
- The County's bonded debt decreased by \$17,235,000 (approximately 5 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Tarrant County's basic financial statements. Tarrant County's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Tarrant County's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of Tarrant County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Tarrant County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position 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*. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Tarrant County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, transportation support, judicial, and community services. The business-type activities of Tarrant County include the Resource Connection.

The government-wide financial statements include not only Tarrant County, but also a legally separate hospital district, mental health mental retardation authority, housing finance, and industrial development corporations. Financial information for the hospital district and mental health mental retardation authority are reported separately from the financial information presented for the primary government itself. The Housing Finance (“TCHFC”) and Industrial Development Corporations (“TCIDC”), although legally separate, function for all practical purposes as a department of the County, and therefore have been blended as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-19 of this report.

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. Tarrant County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, debt service, capital projects fund, and grants fund, which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Tarrant County adopts an annual appropriated budget for all its funds except TCHFC, TCIDC and grants fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-26 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its Resource Connection. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the internal service funds are presented in the aggregate. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 30 of this report.

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 on pages 31-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes budget to actual schedules for general fund and road and bridge fund. Also included are schedules regarding the funding, contributions and unfunded liabilities of pension and other postemployment benefits to employees. Required supplementary information can be found on pages 85-95 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 100-103 and 114-116 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets and deferred outflows exceeded liabilities and deferred inflows by \$23,666,000 at the close of the most recent fiscal year.

The largest portion of the County's net position \$247,184,000 reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding, excluding unspent proceeds. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it

should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another balance of net position represents resources that are subject to external restriction on how they may be used. Restricted net position include \$14,433,000 for records management, \$4,248,000 contractual or donor imposed restrictions, and \$8,779,000 for other purposes. The remaining portion of the net position is unrestricted net position, which is a negative \$250,978,000.

Tarrant County's Net Position

(Amounts in thousands)

	September 30, 2016			September 30, 2015		
	Governmental Activities	Business-type Activitites	Total	Governmental Activities	Business-type Activitites	Total
	Current and other assets	\$ 414,581	\$ 2,059	\$ 416,640	\$ 429,324	\$ 1,912
Capital assets	469,289	4,480	473,769	473,634	4,302	477,936
Total assets	883,870	6,539	890,409	902,958	6,214	909,172
Deferred outflows	142,032	414	142,446	46,043	122	46,165
Other liabilities	52,415	280	52,695	65,393	284	65,677
Long-term liabilities	941,540	1,262	942,802	853,840	905	854,745
Total liabilities	993,955	1,542	995,497	919,233	1,189	920,422
Deferred inflows	13,651	41	13,692	747	2	749
Net position:						
Net investment in capital assets	242,704	4,480	247,184	205,217	4,302	209,519
Restricted	27,460	-	27,460	35,733	-	35,733
Unrestricted	(251,868)	890	(250,978)	(211,929)	843	(211,086)
Total net position	\$ 18,296	\$ 5,370	\$ 23,666	\$ 29,021	\$ 5,145	\$ 34,166

While the County is able to report a positive balance of net position for the government as a whole, as well as for its governmental activities, the unrestricted net position is negative. The negative unrestricted net position is a result of the required accounting and reporting for pension and other postemployment benefit liabilities. The net pension liability of the governmental activities of \$362,104,000 is now recorded on the financial statements. More information regarding contributions and net pension liability can be found in the required supplemental information on pages 90-92.

The County’s net position decreased by \$10,500,000, or approximately 31 percent during the current fiscal year. This decrease represents the degree to which increases in ongoing expenses have surpassed ongoing revenues. Revenues increased approximately 2 percent, related to increases in grant revenues and property taxes resulting from increased property values. Expenses increased 6 percent. This increase was due to salary raises and increased pension costs.

Governmental activities. Governmental activities decreased the County’s net position by \$10,725,000, thereby accounting for the decrease in the net position of the County. Revenue increased \$13,276,000 or

approximately 2 percent from prior year and expenditures increased \$32,765,000 or approximately 6 percent from prior year.

Business-type activities. Business-type activities net position increased \$225,000. Expenses decreased \$282,000 or approximately 8 percent as the prior year expenses included one-time expenses related to renovation to tenant lease space, current year revenues increased \$386,000 or approximately 12 percent, due to a revenue settlement over mineral royalties.

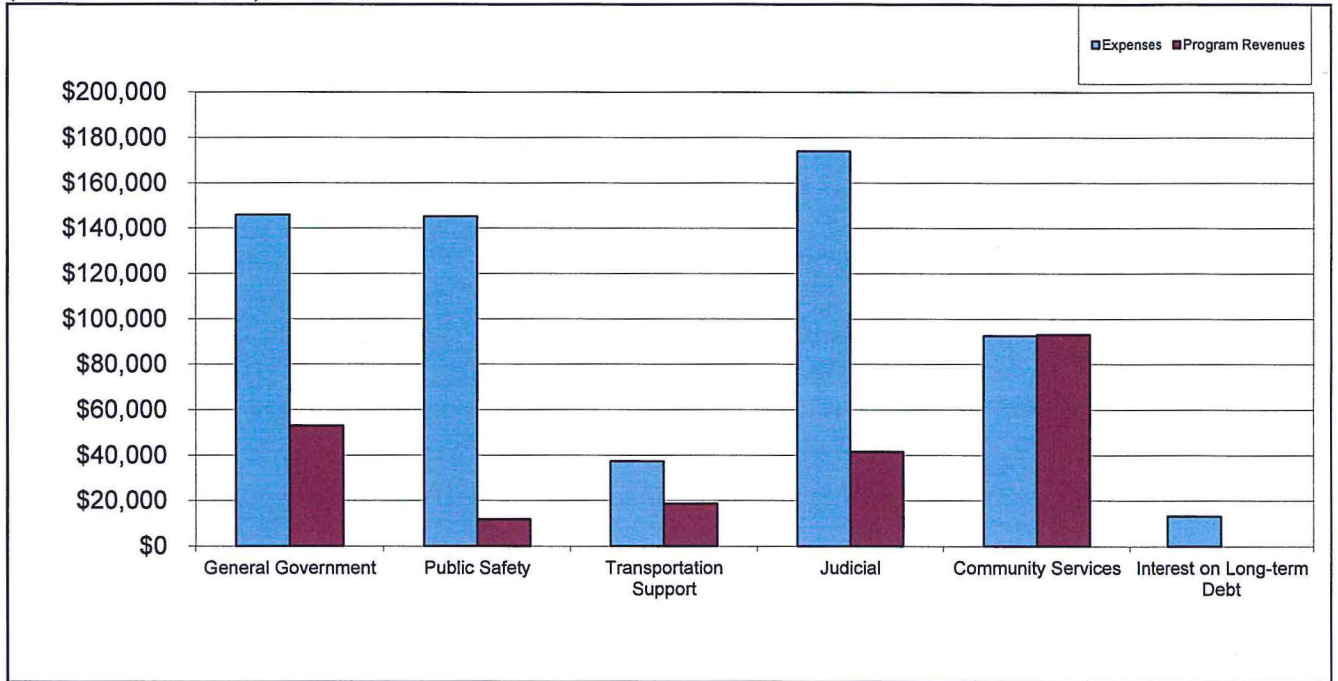
Tarrant County's Changes in Net Position

(Amounts in thousands)

	For the year ended September 30, 2016			For the year ended September 30, 2015		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 131,550	\$ 3,253	\$ 134,803	\$ 126,633	\$ 3,092	\$ 129,725
Operating grants and contributions	85,747	-	85,747	88,776	-	88,776
Capital grants and contributions	1,318	39	1,357	1,728	-	1,728
General revenues:						
Property taxes	363,964	-	363,964	350,708	-	350,708
Alcohol, bingo, and other taxes	10,953	-	10,953	11,136	-	11,136
Investment earnings	2,188	9	2,197	1,134	5	1,139
Other general revenue	1,993	377	2,370	4,322	195	4,517
Total revenues	597,713	3,678	601,391	584,437	3,292	587,729
Expenses:						
General government	145,969	-	145,969	143,920	-	143,920
Public safety	145,216	-	145,216	132,926	-	132,926
Transportation	37,363	-	37,363	38,500	-	38,500
Judicial	174,043	-	174,043	162,219	-	162,219
Community services	92,572	-	92,572	82,042	-	82,042
Interest and fiscal charges	13,275	-	13,275	16,066	-	16,066
Resource Connection	-	3,453	3,453	-	3,735	3,735
Total expenses	608,438	3,453	611,891	575,673	3,735	579,408
Increase (decrease) in net position	(10,725)	225	(10,500)	8,764	(443)	8,321
Net position-beginning, as previously stated	29,021	5,145	34,166	250,007	6,205	256,212
Restatement	-	-	-	(229,750)	(617)	(230,367)
Net position-beginning, restated	29,021	5,145	34,166	20,257	5,588	25,845
Net position-ending	\$ 18,296	\$ 5,370	\$ 23,666	\$ 29,021	\$ 5,145	\$ 34,166

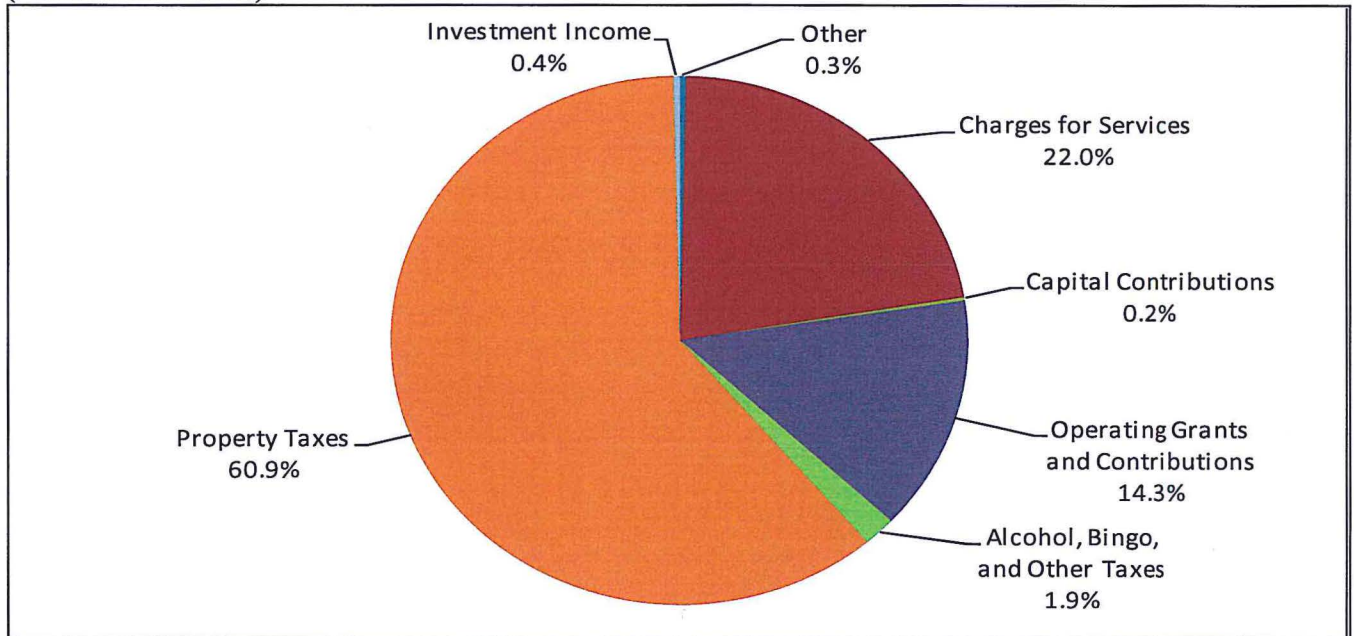
Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



Revenues by Source – Governmental Activities

(Amounts in thousands)



Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$335,546,000, an increase of \$5,957,000. Approximately 15 percent of this total amount, \$51,170,000, constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because 1) \$3,185,000 is not in spendable form, 2) \$144,294,000 is restricted for a specific purpose externally imposed by bond covenants, grantors and contributors, or by enabling legislation, 3) \$102,048,000 has been committed by a formal action of the Commissioners Court for a specific purpose, and 4) \$34,849,000 has been assigned for a specific purpose, generally used to liquidate outstanding purchase orders, to fund next year's budget, and economic development.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$52,861,000, while total fund balance was \$85,632,000. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 14 percent of total general fund expenditures, while total fund balance represents approximately 23 percent of that same amount.

The fund balance of the County's general fund increased \$4,188,000 during the current fiscal year. Expenditures and revenues were closely matched for the year. Revenues increased about 3 percent from prior year mostly due to increased tax collections from increased property values as well as sales tax collection commissions. The County Clerk also had increased fees due to deeds of trust transactions. Expenses increased about 3 percent, mostly due to employee raises.

The road and bridge fund accounts for monies designated for the acquisition, construction and maintenance of county roads and bridges. The fund has a total fund balance of \$12,258,000 of which \$547,000 is in nonspendable form, the remainder is committed by the Commissioners Court. The fund balance decreased \$2,355,000, while expenses increased 4 percent, due to salary raises and revenues decreased 3 percent due to decrease in refunds from Texas Department of Transportation for right of way projects from prior year.

The debt service fund has a total fund balance of \$1,421,000, all of which is committed for the payment of debt service. The net increase in fund balance during the current year in the debt service was \$270,000. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$37,497,000 in the current fiscal year. The County maintains a reserve of at least \$1,000,000 in this fund.

The capital projects fund has a total fund balance of \$187,336,000, all of which is either nonspendable, restricted or committed for the payment of capital projects. The net decrease in fund balance during the current year was \$5,251,000. The fund balance decreased due to payments for construction projects, software development, furniture, equipment, and transportation projects. Details of the bond projects are further described in the long-term debt section on page 12-13.

The grants fund has no fund balance as all expenditures should be reimbursed by state and federal funds. Also, any excess revenues received are deferred until earned.

Other governmental funds are for specific purposes and expenditures are closely aligned with revenues, however fund balance increased \$9,105,000. Records preservation and automation fund increased \$1,185,000 with the execution of projects to enhance public access and to make records searchable and available online. Public health contract increased \$4,108,000 due to increased revenues from Medicaid 1115 waiver. District Attorney Contracts increased \$1,099,000 due to increased forfeitures and Miscellaneous Contracts increased \$2,005,000 due to contracts with pharmacies for 340B prescription rebates.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide business type activities financial statements, but in more detail.

Total net position of the Resource Connection fund at the end of the year amounted to \$5,370,000. The total increase in net position for the fund was \$225,000. The expenses decreased as the prior year expenses included one-time expenses related to renovation to tenant lease space. Also, revenue increased due to the revenue settlement over mineral royalties.

General Fund Budgetary Highlights

There are no differences between the original budget and the final amended budget in total, however, transfers were made within and between departments. Many of the transfers were to transfer court costs amongst the numerous courts and the allocation of employee raises and pension costs to each department. There were two large budget transfers from undesignated. One transfer was for \$655,532 to hire a consulting firm to perform long range planning for the Tarrant County Hospital District. The other budget transfer was to provide an advance of \$7,000,000 to the Tarrant County Tax Assessor-Collector to refund taxpayers for overpayments due to the supplemental tax roll from the Tarrant Appraisal District. This loan was paid back in October 2016.

Actual revenues were slightly greater than budgetary estimates and expenditures were less than budgeted. These differences are highlighted as follows:

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$31,986,228, contingency of \$4,958,300 and undesignated balance of \$6,736,569.
- Several departments' expenses were less than budgeted for building operations, elections, district attorney's office, information technology, sheriff, and jail operations.
- Actual revenue was greater than budgeted revenue. Most of the increase was fees of office for the County Clerk for deeds of trust filing, tax office fees due to increased sales tax collection commissions, and increased collection of property taxes. Other revenue was less than budgeted because the budget includes a contingency of \$4,958,300

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of September 30, 2016 amounted to \$473,769,000 net of accumulated depreciation. This

investment in capital assets includes land, buildings, equipment, roads and bridges and construction in progress. The total decrease in the County's investment in capital assets for the current fiscal year was \$4,167,000.

Major capital asset events during the current fiscal year included the following:

- Continued construction of the subcourthouse expansion
- Completion of development of prosecutor software
- Continued development of criminal justice software

Additional information on the County's capital assets can be found in Note 5 on pages 43-44 of this report.

Tarrant County's Capital Assets

(Net of depreciation)
(Amounts in thousands)

	September 30, 2016			September 30, 2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 55,033	\$ 2,071	\$ 57,104	\$ 55,038	\$ 2,071	\$ 57,109
Buildings and improvements	312,430	1,379	313,809	326,090	1,114	327,204
Furnishings and equipment	24,434	91	24,525	21,765	83	21,848
Software	13,849	-	13,849	10,420	-	10,420
Infrastructure	48,284	939	49,223	46,572	1,013	47,585
Construction in progress	5,194	-	5,194	622	21	643
Software in development	10,065	-	10,065	13,127	-	13,127
Total	<u>\$ 469,289</u>	<u>\$ 4,480</u>	<u>\$ 473,769</u>	<u>\$ 473,634</u>	<u>\$ 4,302</u>	<u>\$477,936</u>

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$344,185,000. All of this debt represents bonds payable solely on future ad valorem tax revenue. The remainder of the County's long-term debt obligation is comprised of a capital lease with a balance of \$3,064,000.

Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities 2016	Governmental Activities 2015
	General Obligation	\$ 12,160
Limited Tax Refunding Bonds	332,025	273,485
Capital Lease	3,064	4,441
Total	<u>\$ 347,249</u>	<u>\$ 365,861</u>

The County's bonded debt decreased by \$17,235,000 or 5 percent during the current fiscal year. The County issued \$70,905,000 for the refunding of portions of the 2008 bond issue for an economic gain of over \$11 million. This increase was offset by existing debt retirements and defeasance of debt.

On May 13, 2006, the voters of Tarrant County approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County has issued \$418,120,000 Limited Tax Bonds for this purpose. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation projects to improve mobility in the county. On March 7, 2006, the Tarrant County Commissioners Court approved a resolution expressing its intent to be fiscally responsible for the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

The County maintains an “AAA” rating from Standard and Poor’s and an Aaa rating from Moody’s.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the County is \$7,052,971,000, which is in excess of the County’s outstanding obligation debt.

Additional information on the County’s long-term debt can be found in Note 6 on pages 44-47 of this report.

Economic Factors and Next Year’s Budgets and Rates

Tarrant County’s economic condition remains positive.

- The unemployment rate remained the same for Tarrant County at 4.1 percent. The state’s average unemployment rate increased to 4.9 compared to the prior year of 4.5 percent. The national unemployment rate is 4.8 percent.
- Continued increase in the tax rolls in Tarrant County, due to both new construction and increase in values.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County’s budget for the 2017 fiscal year.

At September 30, 2016, the unassigned fund balance in the general fund was \$52,861,000. Total assigned fund balance, \$31,146,000, includes \$29,105,000 assigned for the purpose of spending in the 2017 fiscal year budget. This available fund balance enabled the County to lower the tax rate for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Tarrant County’s finances for all those with an interest the government’s finances. Questions concerning any of the information provided should be addressed to the Tarrant County Auditor, 100 E. Weatherford, Fort Worth, TX 76196.



BASIC FINANCIAL STATEMENTS



TARRANT COUNTY, TEXAS

STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash, cash equivalents, and investments	\$ 362,302	\$ 2,336	\$ 364,638
Taxes receivable, net of allowance for uncollectibles	7,755	-	7,755
Other receivables, net of allowance for uncollectibles	40,796	67	40,863
Internal balances	349	(349)	-
Prepaid expenses and inventory	3,313	5	3,318
Long-term receivable	66	-	66
Other assets	-	-	-
Capital assets, net:			
Not subject to depreciation	70,292	2,071	72,363
Subject to depreciation	398,997	2,409	401,406
Total assets	<u>883,870</u>	<u>6,539</u>	<u>890,409</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions after measurement date	32,725	105	32,830
Difference in projected and actual earnings on pension assets	85,881	256	86,137
Changes of assumptions	17,711	53	17,764
Differences between expected and actual experience	-	-	-
Deferred charge on refunding	5,715	-	5,715
Total deferred outflows of resources	<u>142,032</u>	<u>414</u>	<u>142,446</u>
LIABILITIES			
Accounts payable	17,703	202	17,905
Accrued interest payable	2,421	-	2,421
Other liabilities	18,587	21	18,608
Unearned revenue	13,704	57	13,761
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	28,706	102	28,808
Capital lease	794	-	794
Bonds & notes payable	25,940	-	25,940
Other noncurrent liabilities	3,616	-	3,616
Portion due or payable after one year:			
Compensated absences payable	14,863	78	14,941
Capital lease payable	2,270	-	2,270
Bonds and notes payable	339,054	-	339,054
Net pension liability	361,022	1,082	362,104
Other post employment benefit liability	160,291	-	160,291
Other noncurrent liabilities	4,984	-	4,984
Total liabilities	<u>993,955</u>	<u>1,542</u>	<u>995,497</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual pension experience	13,651	41	13,692
Changes of assumptions	-	-	-
Total deferred inflows of resources	<u>13,651</u>	<u>41</u>	<u>13,692</u>
NET POSITION			
Net investment in capital assets	242,704	4,480	247,184
Restricted:			
Records management	14,433	-	14,433
Contractual or donor imposed	4,248	-	4,248
Other purposes	8,779	-	8,779
Unrestricted	(251,868)	890	(250,978)
Total net position	<u>\$ 18,296</u>	<u>\$ 5,370</u>	<u>\$ 23,666</u>

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 575,820	\$ 32,901
4,169	-
87,376	13,246
21,969	1,032
-	-
195	-
54,918	3,926
<u>215,966</u>	<u>16,315</u>
<u>960,413</u>	<u>67,420</u>
13,579	-
8,581	-
4,016	-
1,353	-
-	-
<u>27,529</u>	<u>-</u>
37,129	3,223
-	-
43,487	6,720
-	941
-	217
-	241
2,985	-
5,240	-
-	2,562
-	266
40,092	-
22,613	-
-	-
2,514	-
<u>154,060</u>	<u>14,170</u>
433	-
<u>3,855</u>	<u>-</u>
<u>4,288</u>	<u>-</u>
227,824	19,734
-	-
2,008	-
315	-
<u>599,447</u>	<u>33,516</u>
<u>\$ 829,594</u>	<u>\$ 53,250</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

Activities:	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental:				
General government	\$ 145,969	\$ 52,059	\$ 677	\$ 377
Public safety	145,216	7,468	3,961	482
Transportation support	37,363	18,484	31	256
Judicial	174,043	29,827	11,776	-
Community services	92,572	23,712	69,302	203
Interest and fiscal charges	13,275	-	-	-
Total governmental activities	608,438	131,550	85,747	1,318
Business-type:				
Resource Connection	3,453	3,253	-	39
Total primary government	<u>\$ 611,891</u>	<u>\$ 134,803</u>	<u>\$ 85,747</u>	<u>\$ 1,357</u>
Component units				
Tarrant County Hospital District	\$ 890,735	\$ 576,036	\$ 9,476	\$ 106
MHMR of Tarrant County	143,849	29,822	112,725	-
	<u>\$1,034,584</u>	<u>\$ 605,858</u>	<u>\$ 122,201</u>	<u>\$ 106</u>

General revenues:
Property taxes
Alcoholic beverage, bingo, and other taxes
Unrestricted investment earnings
Other general revenue
Total general revenues
Change in net position
Net position-beginning
Net position-ending

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (92,856)	\$ -	\$ (92,856)	\$ -	\$ -
(133,305)	-	(133,305)	-	-
(18,592)	-	(18,592)	-	-
(132,440)	-	(132,440)	-	-
645	-	645	-	-
(13,275)	-	(13,275)	-	-
(389,823)	-	(389,823)	-	-
-	(161)	(161)	-	-
<u>\$ (389,823)</u>	<u>\$ (161)</u>	<u>\$ (389,984)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (305,117)	\$ -
			-	(1,302)
			<u>\$ (305,117)</u>	<u>\$ (1,302)</u>
363,964	-	363,964	319,611	-
10,953	-	10,953	-	-
2,188	9	2,197	4,070	137
1,993	377	2,370	-	1,919
379,098	386	379,484	323,681	2,056
(10,725)	225	(10,500)	18,564	754
29,021	5,145	34,166	811,030	52,496
<u>\$ 18,296</u>	<u>\$ 5,370</u>	<u>\$ 23,666</u>	<u>\$ 829,594</u>	<u>\$ 53,250</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash, cash equivalents, and investments	\$ 75,461	\$ 12,740	\$ 1,359	\$ 192,520
Receivables				
Taxes, net of allowance for uncollectibles	6,894	7	854	-
Other receivables, net of allowance for uncollectibles	14,454	86	10	142
Due from other funds	14,184	-	-	-
Advance to proprietary fund	-	-	-	349
Supplies and prepaid items	830	547	-	-
Long-term receivable	-	-	-	66
TOTAL ASSETS	\$ 111,823	\$ 13,380	\$ 2,223	\$ 193,077
 <u>LIABILITIES</u>				
Accounts payable	\$ 6,484	\$ 820	\$ -	\$ 5,741
Other liabilities	9,516	295	-	-
Due to other funds	-	-	-	-
Unearned revenue	1	-	-	-
Total liabilities	16,001	1,115	-	5,741
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-property taxes	6,439	7	802	-
Unavailable revenue-other receivables	3,751	-	-	-
Total deferred inflows of resources	10,190	7	802	-
 <u>FUND BALANCES</u>				
Nonspendable	830	547	-	66
Restricted	-	-	-	115,437
Committed	795	11,711	1,421	71,833
Assigned	31,146	-	-	-
Unassigned	52,861	-	-	-
Total fund balances	85,632	12,258	1,421	187,336
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 111,823	\$ 13,380	\$ 2,223	\$ 193,077

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 14,429	\$ 50,687	\$ 347,196
-	-	7,755
16,200	8,603	39,495
-	-	14,184
-	-	349
1,691	51	3,119
-	-	66
<u>\$ 32,320</u>	<u>\$ 59,341</u>	<u>\$ 412,164</u>
\$ 3,231	\$ 888	\$ 17,164
1,320	3,170	14,301
14,158	26	14,184
13,611	32	13,644
<u>32,320</u>	<u>4,116</u>	<u>59,293</u>
-	-	7,248
-	6,326	10,077
<u>-</u>	<u>6,326</u>	<u>17,325</u>
1,691	51	3,185
-	28,857	144,294
-	16,288	102,048
-	3,703	34,849
(1,691)	-	51,170
<u>-</u>	<u>48,899</u>	<u>335,546</u>
<u>\$ 32,320</u>	<u>\$ 59,341</u>	<u>\$ 412,164</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - total governmental funds	\$ 335,546
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	469,289
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	17,325
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	3,116
Deferred outflows of resources are not an available resource and, therefore are not reported in the funds.	142,032
Deferred inflows of resources are not an available resource and, therefore are not reported in the funds.	(13,651)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (Note 2)	<u>(935,361)</u>
Net position - governmental activities	<u>\$ 18,296</u>

See accompanying notes to the financial statements.



TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	General	Road and Bridge	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 326,849	\$ 1	\$ 37,497	\$ -
Licenses and permits	1,198	-	-	-
Fees of office	57,791	18,483	-	-
Intergovernmental	21,417	31	-	-
Investment income	934	63	78	875
Other revenues	12,029	187	-	989
	<u>420,218</u>	<u>18,765</u>	<u>37,575</u>	<u>1,864</u>
EXPENDITURES:				
Current:				
General government	104,778	3,498	-	-
Public safety	121,127	-	-	-
Transportation support	-	22,449	-	-
Judicial	149,223	-	-	-
Community services	5,381	-	-	-
Capital outlay	-	-	-	38,158
Debt service:				
Principal payments	-	-	22,990	-
Interest and fiscal charges	-	-	14,542	-
	<u>380,509</u>	<u>25,947</u>	<u>37,532</u>	<u>38,158</u>
Excess (deficiency) of revenues over (under) expenditures	39,709	(7,182)	43	(36,294)
OTHER FINANCING SOURCES (USES):				
Transfers in	664	4,827	-	31,043
Transfers out	(36,185)	-	-	-
Refunding bonds issued	-	-	70,905	-
Payment to refunded bond escrow agent	-	-	(70,678)	-
	<u>(35,521)</u>	<u>4,827</u>	<u>227</u>	<u>31,043</u>
Change in fund balance	4,188	(2,355)	270	(5,251)
FUND BALANCES, beginning of year	<u>81,444</u>	<u>14,613</u>	<u>1,151</u>	<u>192,587</u>
FUND BALANCES, end of year	<u>\$ 85,632</u>	<u>\$ 12,258</u>	<u>\$ 1,421</u>	<u>\$ 187,336</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 138	\$ 364,485
-	-	1,198
1,122	13,407	90,803
70,884	27,726	120,058
37	201	2,188
<u>395</u>	<u>5,072</u>	<u>18,672</u>
72,438	46,544	597,404
513	6,323	115,112
4,293	1,722	127,142
74	-	22,523
9,297	2,552	161,072
53,053	25,452	83,886
5,163	1,166	44,487
-	-	22,990
<u>-</u>	<u>-</u>	<u>14,542</u>
72,393	37,215	591,754
45	9,329	5,650
-	440	36,974
(45)	(664)	(36,894)
-	-	70,905
<u>-</u>	<u>-</u>	<u>(70,678)</u>
(45)	(224)	307
-	9,105	5,957
<u>-</u>	<u>39,794</u>	<u>329,589</u>
<u>\$ -</u>	<u>\$ 48,899</u>	<u>\$ 335,546</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ 5,957
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2)	(4,088)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note 2)	(257)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	566
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	24,140
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2)	(28,622)
The change in net position of certain activities of internal service funds is reported with governmental activities.	<u>(8,421)</u>
Change in net position - governmental activities	<u>\$ (10,725)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,336	\$ 15,106
Other receivables, net of allowance for uncollectibles	67	1,301
Prepaid expenses and inventory	5	194
Total current assets	2,408	16,601
Noncurrent assets:		
Capital assets		
Land	2,071	-
Building and improvements, net	1,379	-
Equipment, net	91	-
Infrastructure, net	939	-
Total noncurrent assets	4,480	-
Total assets	6,888	16,601
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions after measurement date	105	-
Difference in projected and actual earnings on pension asset	256	-
Changes in assumptions	53	-
Total deferred outflows of resources	414	-
LIABILITIES		
Current liabilities:		
Accounts payable	202	539
Other liabilities	21	7,902
Advance from capital projects fund	349	-
Unearned revenue	57	60
Compensated absences payable	102	-
Total current liabilities	731	8,501
Noncurrent liabilities:		
Other noncurrent liabilities	-	4,984
Net pension liability	1,082	-
Compensated absences payable	78	-
Total noncurrent liabilities	1,160	4,984
Total liabilities	1,891	13,485
DEFERRED INFLOWS OF RESOURCES		
Difference in expected and actual pension experience	41	-
Total deferred inflows of resources	41	-
NET POSITION		
Investment in capital assets	4,480	-
Unrestricted	890	3,116
Total net position	\$ 5,370	\$ 3,116

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<u>OPERATING REVENUES</u>		
Building rental	\$ 3,253	\$ -
Charges for services - external	-	15,397
Charges for services - internal	-	44,653
Oil and gas royalties	370	-
Other revenues	7	6,344
	<hr/>	<hr/>
Total operating revenues	3,630	66,394
<u>OPERATING EXPENSES</u>		
Personnel	1,347	-
Building and equipment	1,546	152
Depreciation and amortization	311	-
Self insurance claims	-	67,356
Insurance premiums	28	2,570
Other expenses	216	4,740
	<hr/>	<hr/>
Total operating expenses	3,448	74,818
Operating income (loss)	<hr/>	<hr/>
	182	(8,424)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Investment income	9	83
Loss on disposal of property	(5)	-
	<hr/>	<hr/>
Total nonoperating revenues	4	83
Income (loss) before capital contributions and transfers	<hr/>	<hr/>
	186	(8,341)
Capital contributions	39	-
Transfers in	-	275
Transfers out	-	(355)
	<hr/>	<hr/>
Change in net position	225	(8,421)
Net position - beginning of year	<hr/>	<hr/>
	5,145	11,537
Net position - ending	<hr/>	<hr/>
	\$ 5,370	\$ 3,116

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 2,465	\$ 21,499
Receipts from interfund charges	1,154	44,653
Payments to suppliers	(1,751)	-
Payments on behalf of employees	-	(74,741)
Payments to employees	<u>(1,273)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>595</u>	<u>(8,589)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	<u>9</u>	<u>83</u>
Net cash provided by investing activities	<u>9</u>	<u>83</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in	-	275
Transfers out	<u>-</u>	<u>(355)</u>
Net cash used in noncapital financing activities	<u>-</u>	<u>(80)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital asset	1	-
Purchase of capital assets	<u>(107)</u>	<u>-</u>
Net cash used in capital and related financial activities	<u>(106)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	498	(8,586)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,838</u>	<u>23,692</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,336</u>	<u>\$ 15,106</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:		
Income (loss) from operations	\$ 182	\$ (8,424)
Net cash provided by operating activities:		
Depreciation & amortization	311	-
Changes in assets and liabilities:		
Supplies & prepaid items	-	(37)
Other receivables	2	(247)
Pension related outflows	(292)	-
Accounts payable	39	(67)
Other liabilities	(30)	181
Unearned revenue	(13)	5
Pension liability	339	-
Pension related inflows	39	-
Compensated absences	<u>18</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 595</u>	<u>\$ (8,589)</u>
Schedule of non-cash capital and related financing activities:		
Contribution of capital asset	\$ 39	

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 62,881
Other receivables	713
Restricted cash, cash equivalents, and investments	<u>68,269</u>
TOTAL ASSETS	<u>\$ 131,863</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 507
Due to third parties	<u>131,356</u>
TOTAL LIABILITIES	<u>\$ 131,863</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tarrant County, Texas (the “County”) is a political subdivision of the State of Texas and was organized in 1849. The County provides those services allowed by state statutes. These services include, but are not limited to, law enforcement, judicial proceedings, probation monitoring services, juvenile services, recording services related to judicial proceedings, public health and welfare, maintaining roads and bridges (principally within the unincorporated areas of the County) and other related governmental functions.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. GASB periodically updates its codification of the existing standards. In fiscal year 2016, the County implemented GASB statements No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of these statements did not have a significant impact to the County. The following is a summary of the significant policies:

(a) Reporting Entity

The accompanying financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the County.

BLENDED COMPONENT UNITS

The Tarrant County Housing Finance Corporation (“TCHFC”) provides financing for purchase of single family home mortgages and multifamily projects, both relating to low and moderate income residents. The County Commissioners Court created the TCHFC, but it is not a political subdivision of the County under state law. The criteria used to include the TCHFC as a blended component unit of the County include: the County is able to impose its will, as the TCHFC’s board of directors and the Commissioners Court are the same and County staff maintain the books and records of the corporation. The TCHFC is reported in the other governmental column in the fund financial statements. All debt issued through TCHFC was conduit debt (see Note 6).

The Tarrant County Industrial Development Corporation (“TCIDC”) provides financing through the issuance of industrial and manufacturing bonds, which promotes and encourages employment and the public welfare in the County. The criteria used to include the TCIDC as a blended component unit of the County include: the County is able to impose its will, as the TCIDC’s board of directors and the Commissioners Court are the same and County staff maintain the books and records of the corporation. TCIDC is reported in the other governmental column in the fund financial statements. All debt issued through TCIDC was conduit debt (see Note 6).

DISCRETELY PRESENTED COMPONENT UNITS

The Tarrant County Hospital District (“TCHD”) d/b/a JPS Health Network serves the citizens of the County by providing medical, dental and hospital care for the indigent and needy. The criteria used to determine

inclusion as a discretely presented component unit are: TCHD is governed by a board of directors, which the County Commissioners Court appoints and removes at will, the County Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD's assets, and TCHD cannot issue bonded debt without County Commissioners Court approval. Services provided by TCHD are to the citizenry and not to the County. TCHD's financial statements include the JPS Physicians Group and JPS Foundation as component units within the reporting entity. TCHD is reported in the government-wide financial statements.

The Mental Health and Mental Retardation of Tarrant County ("MHMRTC") serves the citizens of the County by providing services to people with mental illness, substance abuse disorders, and intellectual or developmental disabilities. The criteria used to determine inclusion as a discretely presented component unit are: MHMRTC is governed by a board of directors which the County Commissioners Court may appoint and remove at will, the County Commissioners Court approves the MHMRTC budget, but does not hold title to any of its assets, MHMRTC can issue bonded debt without the approval of the County Commissioners Court. The fiscal year end of MHMRTC is August 31 and the financial statements presented herein are as of August 31, 2016. MHMRTC has two component units, MHMR Visions which is included in their financial statements and Trinity Behavior Rehabilitation Corporation, which has had no financial activity and therefore not included. MHMRTC is reported in the government-wide financial statements.

The Tarrant County Health Facilities Development Corporation ("TCHFDC") was created to provide, expand, and improve health facilities to improve the adequacy, cost and accessibility of health care, research, and education. TCHFDC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC had no material balance sheet or results of operations as of and for the year ended September 30, 2016 and therefore are not included in the County's financial statements. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

The Tarrant County Cultural Education Facilities Finance Corporation ("TCCEFFC") was created to promote the health, education, and general welfare of citizens by providing financing for cultural, health and educational facilities. TCCEFFC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC had no material balance sheet or results of operations as of and for the year ended September 30, 2016, and therefore are not included in the County's financial statements. All debt issued through TCCEFFC was conduit debt (see Note 6). TCCEFFC had no other operations.

Complete financial statements for each of the following individual component units may be obtained at the units' administrative offices:

TCHD	MHMRTC
1500 S. Main	3840 Hulen Street
Fort Worth, Texas 76104	Fort Worth, Texas 76107

Separate financial statements of TCHFC, TCIDC, TCHFDC and TCCEFFC are not prepared.

(b) Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements, except for the rental charges from the Resource Connection. The elimination of these charges would distort the direct costs reported for the various functions concerned. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other

nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that specifically associate with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) 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, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented in the combining financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds, internal service funds and fiduciary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include cost of services, administrative expenses and depreciation on capital assets. Any expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the County. It is used to account for all financial resources of the general government, except for those required to be accounted for in another fund.

Road and Bridge Fund – The Road and Bridge Fund accounts for the collection and expenditure of those monies designated to be spent for acquisition, construction, and maintenance of county roads and bridges. This constitutional fund is primarily financed with fees associated with vehicle registration.

Debt Service Fund – The Debt Service Fund accounts for the property tax revenues restricted for payment of principal and interest on long-term debt associated with the acquisition and/or construction of facilities, equipment, and infrastructure for the County.

Capital Projects Fund – The Capital Projects Fund accounts for bond proceeds and other committed resources to be used for the acquisition and/or construction of facilities, equipment and infrastructure for the County.

Grants Fund – The Grants Fund accounts for the activities conducted under the many grant agreements between the County and various state and federal organizations.

The County reports the following proprietary funds:

Resource Connection – The Resource Connection fund accounts for the activities of the Resource Connection, a campus of 16 buildings, one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The County is the owner/landowner of the property and leases space to the various entities. The Resource

Connection has a permanent gas pipeline easement and oil and gas lease agreement. The royalties from the oil and gas leases are used to finance capital improvements and capital purchases for the Resource Connection.

Internal Service Funds – These funds account for the County’s self-insurance programs – employee benefits, general liability, and workers’ compensation.

Additionally, the County reports the following fiduciary funds:

Agency Funds – These funds account for assets held by the County in a agent capacity, in the Registry of the Court, or as an agent for others. They include the Payroll Clearing fund for payroll deductions, the Fee Office fund for moneys in the custody of the fee office of the County, and Community Supervision and Corrections fund for activities of a state agency with funds in the County depository.

(c) Basis of Accounting

GOVERNMENT-WIDE, PROPRIETARY, AND FIDUCIARY FUND FINANCIAL STATEMENTS

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus*. The government-wide, proprietary and fiduciary fund financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred regardless of when the related cash flow takes place. Non-exchange transactions, in which the County receives (or gives) value without directly giving (or receiving) equal value in exchange, include: property taxes, alcoholic beverage taxes, bingo taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The County generally considers revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The primary revenue sources susceptible to accrual are property taxes, which is recorded as unavailable revenue if not collected within sixty days. Fees of office revenue is recorded as unavailable revenue until cash is received. Grant and certain contract revenue is recognized when the legal and contractual requirements of the individual programs are met. Expenditures are recorded when incurred. However, expenditures for principal and interest on general long-term debt, compensated absences, and claims and judgments are recorded when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary funds are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

(d) Cash and Cash Equivalents and Investments

Cash and cash equivalents of the County are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments in governmental pools are recorded at amortized cost or at net asset value, which is designed to approximate the share value. All other investments of the County are recorded at fair value within the fair value hierarchy established by generally accepted accounting principles and made pursuant to the Texas

Public Funds Investments Act and investment policy established and approved by the Commissioners Court. Authorized investments include the following:

- a. Obligations of the United States or its agencies and instrumentalities;
- b. Direct obligations of the State of Texas;
- c. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States;
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; certificates of deposit issued by state and national banks that has its main office or a branch office in Texas that are:
 - (1) Guaranteed or insured by the FDIC, or its successor; or
 - (2) Secured by obligation described by Items a-d above and that have a market value of not less than the principal amount of the certificate;
- e. Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by item a. above, pledged with a third party selected or approved by the County, and placed through a primary government securities dealer or a financial institution doing business in the State of Texas;
- f. Commercial paper with a stated maturity of 270 days or less from the date of issuance that either:
 - (1) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
 - (2) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.
- g. Mutual funds and money market mutual funds
 - (1) No-load money market mutual funds if regulated by the SEC; have a dollar-weighted average stated maturity of 90 days or fewer; and its objective is to maintain a stable net asset value of \$1 for each share
 - (2) No-load mutual funds if regulated by the SEC; have a dollar-weighted average stated maturity of two years; invested exclusively in obligations approved by this policy and rated no less than AAA or its equivalent
- h. Investment pool as defined in Section 2256.016 of the Texas Government Code and rated no lower than AAA or its equivalent.

(e) Supplies and Prepaid Items

Supplies are recorded by the County at cost using the average cost method. The cost of governmental fund type inventories is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

(f) Restricted Cash, Cash Equivalents, and Investments

Restricted cash, cash equivalents, and investments represent monies held by the County in an agent capacity, in the Registry of the Court, or for others and are reported in the fiduciary funds. The funds typically are court-ordered trust accounts and securities posted by bondsmen to secure bail bonds.

(g) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide and

proprietary fund financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs are charged to operations when incurred. Betterments and improvements that add to the value of the asset, change capacity, or materially extend assets lives are capitalized.

Capital assets of the County are depreciated or amortized (including assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives. There is no salvage value for infrastructure since these assets will not be sold, although, some benefit may still be provided by fully depreciated roads and bridges.

The following presents the estimated useful lives for capital assets of the County:

Infrastructure	7 - 35 years
Buildings and improvements	20 - 40 years
Furnishings and equipment	5 - 8 years

(h) Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(i) Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, County specific information about its fiduciary net position in Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of accumulated earned but unpaid vacation and sick pay benefits and related fringe benefits associated with the payment of the compensated absences. Vacation pay is accrued, to a maximum amount of twice the employee's current accrual rate, and the vested portion of the sick leave is accrued for the employees eligible to receive payment upon termination, in accordance with County policy. Compensated absences are generally liquidated from the following funds: General, Road and Bridge, Grants, Resource Connection and Other Governmental funds.

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Changes of actuarial assumptions used to determine pension liability – This difference is deferred and amortized over a closed six year period.
- Deferred charge on refunding - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt, using the straight line method, which approximates the effective interest method.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Unavailable revenue - The Governmental Fund Balance Sheet reports unavailable revenues from two sources: property taxes and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience - This difference is deferred and amortized over a closed six year period.

(l) Property Taxes

Property subject to taxation is real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations are exempt from taxation. In addition, other special exemptions are allowed by the Commissioners Court of the County.

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.264 (\$0.2373 for the maintenance and operations and \$0.0267 for interest and sinking fund) per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after January 31 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received within 60 days after year end.

The County's taxes on real property are a lien (as of the date of levy) against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the property title.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes became delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

(m) Fund Balance Classifications

In the fund financial statements, fund balances are classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance

This classification includes amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants) grantor and contributors, or laws or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Committed Fund Balance

This classification includes amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the County, a Commissioners Court order is the highest level of action.

Assigned Fund Balance

This classification includes amounts that are constrained by the County's intent to be used for specific purposes, but neither restricted nor committed. The Commissioners Court has not delegated this responsibility to anyone. Assigned fund balance consists of open purchase orders at year end.

Unassigned Fund Balance

This classification includes amounts that are available for any purpose; these amounts can be reported only in the County's general fund.

The County typically uses restricted fund balance first, followed by committed resources, and then assigned resources before unassigned resources.

(n) Net Position

Net position: Net Investment in Capital Assets

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt and related accounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvements of these capital assets.

Net position: Restricted

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that are restricted for specific use by legal or external restrictions. The County has three categories of restrictions: records management, which is restricted by state statute, contractual or donor imposed restrictions, and other restrictions imposed by state statute for a variety of purposes.

Net position: Unrestricted

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that is not reported in the

other categories of net position; net invested in capital assets or restricted.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$935,361 difference are as follows (in thousands):

Bonds payable	\$ 344,185
Plus: Premium on issuance (to be amortized as interest expense)	20,809
Accrued interest payable	2,421
Capital lease payable	3,064
Compensated absences	43,569
Pension liability	361,022
Other postemployment benefits liability	<u>160,291</u>
Net adjustment to fund balance	<u><u>\$ 935,361</u></u>

Another element of that reconciliation explains that “Deferred outflows of resources are not reported in the funds.” The details of this \$142,032 difference are as follows (in thousands):

Deferred charges on debt refunding	\$ 5,715
Pension contributions after measurement date	32,725
Difference in projected and actual earnings	85,881
Change in assumptions	<u>17,711</u>
Net adjustment to fund balance	<u><u>\$ 142,032</u></u>

(b) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,088 difference are as follows (in thousands):

Capital outlay	\$ 24,222
Depreciation expense	<u>(28,310)</u>
Net adjustment to fund balance	<u><u>\$ (4,088)</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.” The details of this \$257 difference are as follows (in thousands):

In the statement of activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (489)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>232</u>
Net adjustment to fund balance	<u><u>\$ (257)</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$24,140 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of refunding notes	\$ (70,905)
Principal repayments:	
General obligation debt	10,625
Limited tax refunding and general obligation debt	12,365
Payment to escrow agent for refunding	70,678
Capital lease	<u>1,377</u>
Net adjustment to fund balance	<u><u>\$ 24,140</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$28,622 difference are as follows (in thousands):

Changes in:	
Compensated absences	\$ (750)
Other postemployment benefits	(14,649)
Net pension liability	(96,117)
Deferred inflows-experience	(12,904)
Deferred outflows-contributions	2,489
Deferred outflows-investments	74,316
Deferred outflows-change in assumptions	17,711
Accrued interest payable	395
Interest expense on refunding	(536)
Amortization of deferred charge on refunding	(597)
Amortization of bond premiums	<u>2,020</u>
Net adjustment to fund balance	<u><u>\$ (28,622)</u></u>

3. CASH AND INVESTMENTS

Cash

At year-end, the County's carrying amount of cash (including restricted cash in the fiduciary funds) was \$364,745,542 and the bank balance was \$373,656,842, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County's agent in the County's name.

Investments

As of September 30, 2016, the County had the following investments and maturities (in thousands):

Investment Type	Carrying Amount	Maturity in Years		% of total Portfolio
		less than 1	1 - 5	
Governmental funds:				
U.S. Agency obligations	\$ 48,222	\$ 44,200	\$ 4,022	36.8%
Certificate of deposit	2,316	1,551	765	1.8%
Investment pools:				
TexPool	11,784	11,784	-	9.0%
Lone Star	9,404	9,404	-	7.2%
TexStar	13,765	13,765	-	10.5%
Fiduciary funds:				
Certificates of deposit	45,378	18,474	26,904	34.6%
Interest bearing accounts	174	162	12	0.1%
Total Investments	<u>\$ 131,043</u>	<u>\$ 99,340</u>	<u>\$ 31,703</u>	<u>100%</u>

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2016, the County's recurring fair value measurements for US Agency obligations of \$48,221,743 are valued using quoted prices for similar assets in markets that are not active (Level 2 inputs). Certificates of deposit, interest bearing accounts and investment pools are not classified in the fair value hierarchy. The recorded position of the pools for TexPool and Lone Star are measured at amortized cost as the pool meets the requirements of GASB Statement No. 79. The recorded position of TexStar is measured at net asset value and is designed to approximate the share value, however the net asset value is not guaranteed or insured. All pools offer same day access to investments.

Regulatory oversight for the operations of these investment pools is found in the Public Funds Investment Act of the State of Texas. Required oversight for pools includes compliance with investment guidelines, annual independent audits and the establishment of oversight boards.

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment holdings to maturities of less than 60 months. All investments will be in high quality securities with no perceived default risk.

Credit risk: In accordance with the County's investment policy, the primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market

value. All external investment pools in which the County participates have a credit quality rating of “AAA” by Standard and Poor’s. The debt securities of the U.S. Government sponsored entities, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association, are rated “AA+” by Standard and Poor’s rating agency.

Custodial credit risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. County policy requires all investments to be acquired on a delivery vs. payment basis at the custodial agent from brokers independent of the custodial agent. As of September 30, 2016, all of the County’s investments are held in the County’s name.

Concentration of credit risk: The County will diversify its investments by institution. With the exception of US Treasury securities, no more than 50% of the County's total investment portfolio will be invested with a single financial institution.

Debt proceeds may be invested in a single security or investment if such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation. The County has more than 5% of its investments in several pools and securities, the amount, type of investment, and percentage in the portfolio is listed in the table above.

The following is a reconciliation of cash and investments to the statement of net position (in thousands):

Cash	\$ 364,745
Investments	131,043
Total	<u>\$ 495,788</u>
Cash and investments per Statement of Net Position:	
Unrestricted	\$ 364,638
Cash and investments per Statement of Fiduciary Net Position:	
Unrestricted	62,881
Restricted	<u>68,269</u>
Total	<u>\$ 495,788</u>

4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The following is a summary of property taxes receivable and allowance for uncollectible accounts (in thousands):

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>
Taxes Receivable	\$ 27,350	\$ 18	\$ 4,108	\$ 31,476
Allowance for uncollectibles	<u>(20,456)</u>	<u>(11)</u>	<u>(3,254)</u>	<u>(23,721)</u>
Net Taxes Receivable	<u>\$ 6,894</u>	<u>\$ 7</u>	<u>\$ 854</u>	<u>\$ 7,755</u>

The following is a summary of other accounts receivable for the County's individual major funds, nonmajor funds, internal service funds, and component units, including the allowance for uncollectible accounts (in thousands):

Governmental Funds	General	Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental	
						Funds	Total
Accounts receivable	\$ 2,100	\$ 86	\$ 10	\$ 142	\$ 1,048	\$ 5,108	\$ 8,494
Fee office receivable	78,868	-	-	-	-	-	78,868
Intergovernmental receivable	8,751	-	-	-	15,388	3,495	27,634
Allowance for uncollectible	(75,265)	-	-	-	(236)	-	(75,501)
Net accounts receivable	<u>\$ 14,454</u>	<u>\$ 86</u>	<u>\$ 10</u>	<u>\$ 142</u>	<u>\$ 16,200</u>	<u>\$ 8,603</u>	<u>\$ 39,495</u>
						Internal	
Business-type Activities					Enterprise	Service	Total
Accounts receivable					\$ 84	\$ 1,304	\$ 1,388
Allowance for uncollectible					(17)	(3)	(20)
Net accounts receivable					<u>\$ 67</u>	<u>\$ 1,301</u>	<u>\$ 1,368</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows (in thousands):

	Balance October 1, 2015	Additions	Disposals	Transfers	Balance September 30, 2016
Governmental activities:					
Capital assets; not depreciated:					
Land	\$ 55,038	\$ -	\$ (5)	\$ -	\$ 55,033
Software in development	13,127	2,333	-	(5,395)	10,065
Construction in progress	622	4,602	-	(30)	5,194
Total capital assets not depreciated	<u>68,787</u>	<u>6,935</u>	<u>(5)</u>	<u>(5,425)</u>	<u>70,292</u>
Capital assets; being depreciated:					
Buildings and improvements	475,057	163	(805)	11	474,426
Furnishings and equipment	87,042	9,498	(8,299)	-	88,241
Software	42,093	1,258	-	5,395	48,746
Infrastructure	108,544	6,610	(753)	19	114,420
Total capital assets; being depreciated	<u>712,736</u>	<u>17,529</u>	<u>(9,857)</u>	<u>5,425</u>	<u>725,833</u>
Less accumulated depreciation for:					
Buildings and improvements	(148,967)	(13,775)	746	-	(161,996)
Furnishings and equipment	(65,277)	(6,576)	8,046	-	(63,807)
Software	(31,673)	(3,224)	-	-	(34,897)
Infrastructure	(61,972)	(4,735)	571	-	(66,136)
Total accumulated depreciation	<u>(307,889)</u>	<u>(28,310)</u>	<u>9,363</u>	<u>-</u>	<u>(326,836)</u>
Total capital assets; being depreciated, net	<u>404,847</u>	<u>(10,781)</u>	<u>(494)</u>	<u>5,425</u>	<u>398,997</u>
Governmental activities capital assets, net	<u>\$ 473,634</u>	<u>\$ (3,846)</u>	<u>\$ (499)</u>	<u>\$ -</u>	<u>\$ 469,289</u>

Depreciation expense was charged to functions as follows (in thousands):

Governmental activities:	
General government	\$ 15,788
Public safety	4,347
Transportation	7,581
Judicial	420
Community services	<u>174</u>
Total governmental activities depreciation expense	<u>\$ 28,310</u>

	Balance October 1, 2015	Additions	Disposal	Adjustment	Balance September 30, 2016
Business-type activities:					
Capital assets; not depreciated:					
Land	\$ 2,071	\$ -	\$ -	\$ -	\$ 2,071
Construction in progress	21	-	-	(21)	-
Total capital assets not depreciated	<u>2,092</u>	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>2,071</u>
Capital assets; being depreciated:					
Buildings and improvements	5,995	453	-	21	6,469
Furnishings and equipment	451	42	(35)	-	458
Infrastructure	<u>1,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392</u>
Total capital assets; being depreciated	7,838	495	(35)	21	8,319
Less accumulated depreciation for:					
Buildings and improvements	(4,881)	(209)	-	-	(5,090)
Furnishings and equipment	(368)	(28)	29	-	(367)
Infrastructure	<u>(379)</u>	<u>(74)</u>	<u>-</u>	<u>-</u>	<u>(453)</u>
Total accumulated depreciation	(5,628)	(311)	29	-	(5,910)
Total capital assets; being depreciated, net	2,210	184	(6)	21	2,409
Business-type activities capital assets, net	<u>\$ 4,302</u>	<u>\$ 184</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ 4,480</u>

6. LONG-TERM DEBT AND LIABILITIES

General obligation debt and limited tax refunding bonds are generally payable from property tax revenues. Capital leases are payable from the capital projects fund. Pension liability, OPEB obligations and compensated absences are generally liquidated from the general fund, but could be liquidated from other funds with employees.

All the long-term debt was issued to provide funds for the acquisition of land, buildings, materials and supplies, equipment, machinery and motor vehicles and for improvements, renovations, repairs and construction of County buildings, and for purchasing, constructing, reconstructing, renovating, rehabilitating, improving and maintaining streets, roads, highways and bridges within the County, including city, county and state roads, highways and bridges.

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County has issued \$418,120,000 Limited Tax Bonds for this purpose.

During the fiscal year, the County issued Limited Tax Refunding Bonds, Series 2016 through a private placement in the amount of \$70,905,000. This issuance was a refunding of General Obligation Bonds, Series 2008. The funds

were placed in an irrevocable trust to provide for all future debt service payments totaling \$65,150,000. As a result all refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$2,070,361. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$12,648,415 and resulted in an economic gain of \$11,297,217.

At fiscal year-end, \$135,756,695 of debt related proceeds have not been used in the calculation of net investment in capital assets. This amount includes proceeds that are not related to County capital projects, as these expenditures are related to interlocal agreements with municipalities for road and bridge improvements, not future assets owned by the County and other unspent bond proceeds.

Long-term debt of the County consisted of the following at September 30, 2016 (in thousands):

General Obligation Bonds - Series 2007	
Original amount of \$52,510 dated Aug. 15, 2007, with interest rate of 5.0%, payable in annual installments in varying amounts plus interest through 2017; \$32,455,000 was refunded from the 2015 issuance	\$ 2,435
General Obligation Bonds - Series 2008	
Original amount of \$107,480 dated Aug. 15, 2008, with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2018. \$65,150 was refunded from the 2016 issuance	9,725
Limited Tax Refunding and General Obligation - Series 2010	
Original amount of \$70,045 dated Sept. 15, 2010, with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2030	52,350
Limited Tax Refunding and General Obligation - Series 2013	
Original amount of \$72,260 dated Sept. 1, 2013, with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2033	62,870
Limited Tax Refunding and General Obligation - Series 2015	
Original amount of \$67,075 dated August 1, 2015, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2035	66,935
Limited Tax Refunding and General Obligation - Series 2015A	
Original amount of \$82,980 dated August 1, 2015, with interest rate of 1.97%, payable in annual installments in varying amounts plus interest through 2026	78,965
Limited Tax Refunding - Series 2016	
Original amount of \$70,905 dated August 1, 2016, with interest rate of 1.48%, payable in annual installments in varying amounts plus interest through 2028	70,905
	<u>344,185</u>
Less - current maturities	<u>25,940</u>
Long-term debt, net of current maturities	318,245
Plus unamortized amounts:	
For issuance premiums	<u>20,809</u>
Long-term debt, net of current maturities, and premium	<u><u>\$ 339,054</u></u>

The premium is amortized over the life of the debt using the straight line method, which approximates the effective interest method.

The annual debt service payments to maturity for the County's bonds are as follows (in thousands):

Fiscal Year	General Obligation		Limited Tax Refunding Bonds		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2017	\$ 7,180	\$ 558	\$ 18,760	\$ 11,213	\$ 37,711
2018	4,980	199	21,680	10,782	37,641
2019	-	-	27,620	10,018	37,638
2020	-	-	25,415	9,145	34,560
2021	-	-	26,240	8,329	34,569
2022-2026	-	-	129,460	29,005	158,465
2027-2031	-	-	60,970	12,024	72,994
2032-2035	-	-	21,880	2,445	24,325
Total	<u>\$ 12,160</u>	<u>\$ 757</u>	<u>\$ 332,025</u>	<u>\$ 92,961</u>	<u>\$ 437,903</u>

The County has entered into lease agreements for financing the acquisition of computer equipment. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The carrying value of the equipment acquired through the lease agreement is \$3,958,368, which is \$6,337,014 plus trade-in amount of \$522,451 less accumulated depreciation of \$2,901,097.

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2016 is as follows (in thousands):

Fiscal Year	Governmental Activities
2017	\$ 794
2018	757
2019	757
2020	756
Total minimum lease payments	<u>\$ 3,064</u>
Less: amount representing interest	<u><1</u>
Present value of minimum lease payments	<u>\$ 3,064</u>

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2016 (in thousands):

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2016</u>	<u>Amounts Due within One year</u>
Governmental activities:					
Bonds payable	\$ 361,420	\$ 70,905	\$ (88,140)	\$ 344,185	\$ 25,940
Deferred amounts:					
Premium	25,751	-	(4,942)	20,809	-
Total bonds payable	387,171	70,905	(93,082)	364,994	25,940
Capital lease	4,441	-	(1,377)	3,064	794
Net pension liability	264,905	177,084	(80,967)	361,022	-
OPEB obligation	145,642	21,611	(6,962)	160,291	-
Claims and judgements	8,862	3,354	(3,616)	8,600	3,616
Compensated absences	42,819	31,713	(30,963)	43,569	28,706
Total	<u>\$ 853,840</u>	<u>\$ 304,667</u>	<u>\$ (216,967)</u>	<u>\$ 941,540</u>	<u>\$ 59,056</u>
Business-type activities:					
Net pension liability	\$ 743	\$ 625	\$ (286)	\$ 1,082	\$ -
Compensated absences	162	168	(150)	180	102
Total	<u>\$ 905</u>	<u>\$ 793</u>	<u>\$ (436)</u>	<u>\$ 1,262</u>	<u>\$ 102</u>

CONDUIT DEBT

Occasionally the Corporations established by Tarrant County issue conduit debt in the name of the Corporations to provide financial assistance to private sector entities for various purposes of public interest. The obligation for repayment of the debt rests with the private party benefiting from the proceeds of such debt. Neither the County nor the Corporations are obligated in any manner for repayment of the debt. Accordingly, the borrowings are not reported as liabilities in the accompanying financial statements.

The estimated amount of conduit debt outstanding at September 30, 2016 is as follows (in thousands):

Tarrant County Housing Finance Corporation	\$ 144,899
Tarrant County Industrial Development Corporation	2,515
Tarrant County Health Facilities Development Corporation	237,580
Tarrant County Cultural Education Facilities Finance Corporation	<u>4,715,320</u>
Total Conduit Debt	<u>\$ 5,100,314</u>

7. DEFICIT NET POSITION

The following County fund had a deficit net position as of September 30, 2016 (in thousands):

Worker's Compensation \$ 5,888

The deficit net position is due to the accrual of future year liabilities of \$8,031,943. This liability is based on an actuarial study. The County plans to continue to fund the current year workers compensation claims and maintain a \$1,000,000 reserve for any unforeseen expenditures.

8. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2016 and for the year then ended (in thousands):

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Explanation</u>
General Fund	\$ 31,043	Capital Projects Fund	Supplement capital funds
General Fund	4,827	Road and Bridge	Supplement transportation services
General Fund	40	Other Governmental Funds	Supplement fund sources
General Fund	275	Internal Service Funds	Supplement self insurance fund
Grant Fund	45	Other Governmental Funds	Residual transfer
Internal Service Funds	355	Other Governmental Funds	Supplement fund sources
Other Governmental Funds	590	General Fund	Supplement courthouse security activity
Other Governmental Funds	74	General Fund	Residual transfer
	<u>\$ 37,249</u>		

<u>Funds Due From</u>	<u>Amount</u>	<u>Funds Due To</u>	<u>Explanation</u>
Grants Fund	\$ 14,158	General Fund	Short-term loan
Other Governmental Funds	26	General Fund	Short-term loan
	<u>\$ 14,184</u>		

<u>Advance From</u>	<u>Amount</u>	<u>Advance To</u>	<u>Explanation</u>
Capital Project Fund	<u>\$ 349</u>	Enterprise	Repayment for Medium Voltage Distribution Project to be repaid as funds are available.

9. DEFERRED COMPENSATION PLANS

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Various investment companies administer the plan. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with the investment companies, which administer the plan. Under these trust arrangements, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts invested with these investment companies are not included in the County's financial statements.

10. PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS

a. General Information about the Pension Plan

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or viewed at www.tcdrs.org.

Benefits Provided

Plan provisions are adopted by the Commissioners Court, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,182
Inactive employees entitled but not yet receiving benefits	1,625
Active employees	<u>4,136</u>
Total	<u><u>7,943</u></u>

Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed 17.5% for the calendar year 2015, which was 2.9% greater than the actuarially required contribution rate of 14.6% and continued contributing 17.5% for the calendar year 2016, which was 3.32% greater than the actuarially required contribution rate of 14.18%. The contribution rate payable by the employee members for calendar years 2015 and 2016 is the rate of 7% as adopted by the governing body of the County.

b. Net Pension Liability

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5%
Investment rate of return	8.1% (includes 0.1% to be gross of administrative expenses)

The County has a history of granting cost-of-living adjustments, therefore cost-of-living adjustments are considered to be substantively automatic under GASB 68. An annual 50% CPI cost-of-living adjustment is included in the calculations.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate scale. Service retirees, beneficiaries and non-depositing members were based on RP-2000 Combined Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate scale. Disabled retirees were based on RP-2000 Disabled Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate scale.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2016 information for a 7-10 year time horizon and are re-assessed at a minimum every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target asset allocation was adopted by the TCDRS board in April 2016. The geometric real rate of return is net of inflation, assumed at 1.6%.

Asset Class	Target Allocation	Geometric Real Rate of Return
US equities	14.5%	5.45%
Private equity	14.0%	8.45%
Global equities	1.5%	5.75%
International equities - developed	10.0%	5.45%
International equities - emerging	8.0%	6.45%
Investment-grade bonds	3.0%	1.00%
High-yield bonds	3.0%	5.10%
Opportunistic Credit	2.0%	5.09%
Direct lending	5.0%	6.40%
Distressed debt	3.0%	8.10%
REIT equities	3.0%	4.00%
Master limited partnerships	3.0%	6.80%
Private real estate partnerships	5.0%	6.90%
Hedge funds	25.0%	5.25%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the unfunded actuarial accrued liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the County is legally required to make the contribution specified in the funding policy.
3. The County's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the County is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future year, the discount rate for purposes of calculating the total pension liability and the net pension liability of the County is equal to the long-term assumed rate of return on investments.

c. Changes in Net Pension Liability (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2014	\$ 1,403,223	\$ 1,137,575	\$ 265,648
Changes for the year:			
Service cost	37,283	-	37,283
Interest on total pension liability	113,517	-	113,517
Effect of plan changes ¹	(7,351)	-	(7,351)
Effect of assumption changes or inputs	21,317	-	21,317
Difference between expected and actual activity ²	(15,711)	-	(15,711)
Refunds of contributions	(2,989)	(2,989)	-
Benefit payments	(54,948)	(54,948)	-
Employer contributions	-	41,529	(41,529)
Member contributions	-	16,662	(16,662)
Investment income (loss) net of investment expenses	-	(3,788)	3,788
Administrative expenses	-	(818)	818
Other	1,503	517	986
Net changes	92,621	(3,835)	96,456
Balances as of December 31, 2015	\$ 1,495,844	\$ 1,133,740	\$ 362,104

¹ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018. Also reflects that assumed substantively automatic COLA was not adopted for 2016.

² Updated mortality assumptions

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate (in thousands):

	1% Decrease <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total pension liability	\$ 1,700,369	\$ 1,495,844	\$ 1,326,581
Fiduciary net position	<u>1,133,740</u>	<u>1,133,740</u>	<u>1,133,740</u>
Net pension liability	<u>\$ 566,629</u>	<u>\$ 362,104</u>	<u>\$ 192,841</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

d. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the County recognized pension expense of \$58,615,896. As of September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 13,692
Changes of assumptions	17,764	-
Net difference between projected and actual earnings	86,137	-
Contributions subsequent to the measurement date	<u>32,830</u>	<u>-</u>
Total	<u>\$ 136,731</u>	<u>\$ 13,692</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension, other than contributions subsequent to the measurement date, will be recognized in pension expense as follows (in thousands):

Year ended September 30:	
2017	\$ 23,044
2018	23,044
2019	23,044
2020	20,143
2021	934

e. Payable to the Pension Plan

At September 30, 2016, the County reported a payable of \$4,881,528 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2016.

f. Postemployment Healthcare Benefits

Plan Description

Tarrant County provides medical and dental insurance benefits, as well as access to an employee assistance program (EAP) to its retired employees and their dependents. The single employer plan provides medical and dental insurance to plan members. A separate audited report is not available. Membership in the plan at October 2015, data used for the latest actuarial valuation, consists of the following:

Retired participants and surviving spouses	875
Retiree dependents	319
Active members	4,018

Funding Policy

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to Commissioners Court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners Court on a year-to-year basis.

For retirements effective on or prior to September 30, 2005, retirees and spouses pay contributions equal to 16% of gross pre-65 costs. Retirements effective on or after October 1, 2005, pre-65 retiree contributions will be based on years of service at retirement, according to the chart below.

<u>Years of service at retirement</u>	<u>Retiree contribution percentage</u>
0-9	100%
10-14	75%
15-19	55%
20-24	40%
25+	20%

For post-65 retirees, there is no subsidy for participants with less than 10 years of service at retirement. For participants with 10+ years of service, the County provides a subsidy that varies between the Medicare Supplement and Medicare Advantage plans. Additionally, beginning with plan year 2014, the County adopted a 3% soft cap for its post-65 retirees. The County will have increases of no more than 3% year-over-year from 2014 forward, with the remainder of any annual increase passed on to the retirees.

The rates are set annually by the Commissioners Court based on the combination of premiums and prior year costs of the self-funded portion of the plan. The plan is funded on a pay-as-you-go basis. For the year ended, September 30, 2016, the County contributed \$6,962,287, while the retirees' contributions were \$4,147,362 for a total contribution of \$11,109,649. Total contributions included actual medical claims paid, as well as, premiums for certain other insurances.

Annual OPEB Cost

For 2016, the County’s annual OPEB cost (expense) was \$21,611,007 for the postemployment healthcare plan. The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows (in thousands):

Annual required contribution	\$ 22,869
Add interest on net OPEB obligation	4,369
Less adjustment to annual required contribution	<u>(5,627)</u>
Annual OPEB cost	21,611
Less contributions made	<u>(6,962)</u>
Change in Net OPEB obligation	14,649
Net OPEB Obligation beginning of the year	<u>145,642</u>
Net OPEB Obligation end of the year	<u><u>\$ 160,291</u></u>

Tarrant County Trend Information
(in thousands)

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2014	\$ 15,803	\$ 5,165	32.68%	\$ 135,656
2015	15,712	5,726	36.44%	145,642
2016	21,611	6,962	32.22%	160,291

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2015 was as follows (in thousands):

Schedule of Funding

Actuarial accrued liability (AAL)	\$ 237,145
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	237,145
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	251,567
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll	94.27%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are made on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In order to perform the valuation, it was necessary for the County and the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare trend and interest rates.

In the October 1, 2015 actuarial valuation, a 3.0% discount rate was used along with an investment rate of return of 3.0%, inflation rate of 3.0% and projected salary increases of 2.0%. The 2015 health care cost trends were assumed to be 7.0%, reducing 0.5% each year, reaching 5.0% in the year 2019 and after.

The actuarial cost method used in valuing the County's liabilities was the projected unit credit method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years. The unfunded actuarial accrued liability is being amortized as a level percentage of pay, on an open basis. The amortization period is 30 years.

Medical Reimbursements

The federal government may provide the County subsidies per the Medicare Part D Prescription Drug Subsidy Program for providing healthcare for Medicare eligible employees. Any current and future year subsidies are recorded as revenue in the year received and is not recognized as a reduction to the actuarial accrued liability.

Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the County by permitting covered employees to purchase continued health benefits coverage in retirement. Texas Law does not require counties to fund all or any portion of such coverage.

Because the County is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as the county follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. Tarrant County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the costs associated with OPEB on a current "pay as you go" basis for a single fiscal year through an annual appropriation authorized by Commissioners Court during the County's annual budget adoption process.

GAAP requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits.

The County implemented GASB 45 during fiscal year 2008. Accordingly, information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

The schedule of funding progress, presented as Required Supplementary Information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

11. COMMITMENTS

Construction and other significant commitments

The County has several active construction and software development projects as of September 30, 2016. The Precinct 1 maintenance facility expansion will be complete in early 2017. The projects in the early design stage consist of the expansion of a subcourthouse and the juvenile justice complex facility. The software development projects include a court case management system and the implementation of a disaster management continuity of operations project. The County has entered into agreements with cities and the Texas Department of Transportation to assist with the funding of transportation projects to mitigate congestion and improve air quality within Tarrant County. At fiscal year end the County's commitments with contractors and municipalities are as follows (in thousands):

<u>Project</u>	<u>Spent to date</u>	<u>Commitment</u>
Maintenance facility expansion	\$ 4,658	\$ 2,459
Juvenile justice complex	364	282
Southwest subcourthouse expansion	617	453
Software development	9,622	1,765
Transportation projects	132,717	9,550
Total	<u>\$ 147,978</u>	<u>\$ 14,509</u>

These commitment amounts were encumbered at year end.

The County has no material future operating lease commitments. Total rental expense incurred for the County for fiscal year 2016 was \$2,760,335.

12. CONTINGENCIES

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2016 have not yet been completed. Accordingly, the County's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, and, accordingly, no accrual has been made for them, as management believes these to be immaterial.

The County is party to lawsuits and claims in the ordinary course of operations. Some areas such as law enforcement and the judicial process generate increased opportunities for claims and suits. County management believes the outcome of these legal matters would not have a material adverse effect on the County's financial position.

The County is self-insured for workers' compensation, automobile bodily injury and property damage, comprehensive general liability and all self-insured retentions for existing policies. It is the opinion of County management that the amounts accrued at September 30, 2016 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

13. SELF-INSURANCE PROGRAMS

The County is exposed to various risks of loss in its normal daily operations. These risks include tort claims, theft/damage of County assets, errors and omissions, injury to employees and natural disasters. Additionally, the County self-insures a portion of the employee group health care plans.

The County has established three separate self-insurance funds (Internal Service) to account for these operations. The three funds are:

Employee Benefits Fund – accounts for County employee benefits including retirees.

Self-Insurance Fund – accounts for general liability, law enforcement, public officials’ errors and omissions, medical malpractice and automobile physical damage.

Workers Compensation Fund – accounts for workers compensation claims.

Commercial insurance has been obtained for most instances of physical property damage. Coverage and deductible amounts are as follows:

	<u>Coverage</u>	<u>Deductible</u>
Buildings	\$ 500,000,000	\$ 250,000
Boilers and machinery	100,000,000	25,000
Scheduled heavy equipment	22,184,249	15,000
Scheduled equipment	43,800,105	2,500

The County purchases full coverage insurance on vehicles that operate under certain grants. The County also purchases several crime policies to cover exposure to employee dishonesty in different departments. These carry a coverage amount of \$2,000 to \$2,000,000 with a deductible of \$500 to \$20,000.

The District Clerk Errors and Omissions Fund and the County Clerk Errors and Omissions Fund were established pursuant to state law and provide for the collection of a fee for certain cases filed with the respective clerks.

During fiscal year 2016, the County purchased an excess workers’ compensation policy with a \$1,000,000 per occurrence retention.

Beginning in fiscal 1994, the County elected to self-insure a portion of the employee/retiree group health care program. Specifically, employees and retirees are offered options for group health coverage, some of which provide an insured coverage based on fixed premiums while others are self-insured programs. The self-insured options are re-insured to prevent extraordinary or catastrophic losses. Dental coverage is offered with one option being a self-insured indemnity plan, and all other options being fixed premium Dental Maintenance Organization plans. At September 30, 2016, 3,536 and 3,242 employees participate in health care coverage and dental coverage, respectively.

Change in the accrued liability in the Employee Benefits Fund for the last two years is as follows (in thousands):

	<u>2015</u>	<u>2016</u>
Beginning liability	\$ 3,179	\$ 3,822
New claims/adjustments	55,872	64,898
Claims paid/adjustments	<u>(55,229)</u>	<u>(64,450)</u>
Ending liability	<u>\$ 3,822</u>	<u>\$ 4,270</u>

For the year ended September 30, 2016, an actuarial study was obtained for the Workers’ Compensation Fund and the Self-Insurance Fund. This study was used as a basis for determining the liability at September 30, 2016.

Change in the accrued liability in the Workers' Compensation Fund and Self-insurance Fund for the last two years is as follows (in thousands):

	<u>2015</u>	<u>2016</u>
Beginning liability	\$ 8,728	\$ 8,862
New claims/adjustments	3,624	3,354
Claims paid/adjustments	(3,624)	(3,354)
Other - change in estimate	134	(262)
	<u>\$ 8,862</u>	<u>\$ 8,600</u>
Ending liability		
Amount due within 1 year	\$ 3,635	\$ 3,616

There were no significant reductions in insurance coverage from the prior year, nor did any settlement exceed coverage for the past three years.

14. OPERATING LEASES - LESSOR

The County is the lessor in several cancelable operating leases to various entities for space at the Resource Connection, a 16-building, one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The lease agreements are for only one year, therefore there are no guaranteed future revenues. The County's investment in the property on the operating leases is as follows (in thousands):

	<u>Carrying Value</u>
Buildings	\$ 5,305
Less: accumulated depreciation	(4,173)
Net carrying value	<u>\$ 1,132</u>

15. TAX INCREMENT FINANCING AGREEMENTS

The County participates in several Tax Increment Financing ("TIF") Districts with other governmental entities through Interlocal Agreements. TIF is an economic development tool used by local governments to finance public improvements within a defined geographic area. For the year a TIF District is created, the taxable assessed value of real property located in the District is generally frozen for the duration of the District. The subsequent development and redevelopment of properties within the District increases taxable appraised values. The incremental taxes collected are returned to the entity that initially financed the improvements, e.g., city contributions, city bond fund or developer advances. The Texas Property Tax Code, Chapter 311 represents legislation governing Tax Increment Financing. The TIF contribution is recorded as a reduction of tax revenue.

On May 17, 2011, the County entered into an Interlocal Agreement with the City of Grapevine to refund, on an annual basis, of the County's contribution to the TIF District No. 1. The refund for tax year 2015 totaled \$685,099.

On June 7, 2016, the County approved Amendment No.1 to the Town of Trophy Club TIF #1 Participation Agreement, which corrected the definition of Tax Increment Base to the proper year of January 1, 2013.

On July 12, 2016, the County approved Amendment No. 1 to the City of Fort Worth TIF #13 Participation Agreement, which amended the Project and Financing Plan.

Subsequent to year end, the County rescinded court order 121314 and approved a Participation Agreement with the City of Fort Worth TIF #15, beginning with tax year 2015, at a rate of 50% of its collected incremental tax revenue up to a maximum cumulative contribution of \$8,305,115.

The following table illustrates the County's participation (in thousands):

<u>Name</u>	<u>Percentage Committed</u>	<u>Taxes Forgone During 2016</u>
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 175
City of Arlington #4	75%	414
City of Arlington #5	70%	178
City of Arlington #6	75%	387
City of Benbrook #1	100%	260
City of Euless #3	75%	153
City of Everman #1	50%	<1
City of Fort Worth #3	40%	674
City of Fort Worth #4	50%	485
City of Fort Worth #6	100%	42
City of Fort Worth #7	80%	1,183
City of Fort Worth #8	40%	306
City of Fort Worth #9	80%	650
City of Fort Worth #10	50%	80
City of Fort Worth #12	100%	154
City of Fort Worth #13	80%	47
City of Fort Worth #14	50%	179
City of Keller	66.20%	332
City of Mansfield #1	30%	76
City of North Richland Hills #2	100%	775
City of Haltom City #1	75%	<1
Town of Trophy Club #1	60%	7
Total taxes forgone		<u>\$ 6,557</u>

The following TIF's had either a taxable value decrement valuation or negative amounts due to adjustments:

City of Kennedale #1	75%
City of Mansfield #2	75%
City of North Richland Hills #1	100%
City of Richland Hills #1	75%

16. FUND BALANCES

The following is the detail of the County's fund balances at September 30, 2016 (in thousands):

	General	Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental Funds	Total
Nonspendable:							
Supplies/prepaid items	\$ 830	\$ 547	\$ -	\$ -	\$ 1,691	\$ 51	\$ 3,119
Long-term receivable	-	-	-	66	-	-	66
	<u>830</u>	<u>547</u>	<u>-</u>	<u>66</u>	<u>1,691</u>	<u>51</u>	<u>3,185</u>
Restricted:							
Law library	-	-	-	-	-	500	500
Records management	-	-	-	-	-	14,632	14,632
Education	-	-	-	-	-	234	234
Public health	-	-	-	-	-	3,231	3,231
Law enforcement and prosecution	-	-	-	-	-	5,313	5,313
Contractual agreement	-	-	-	-	-	2,014	2,014
Court designated	-	-	-	-	-	2,517	2,517
VIT administration	-	-	-	-	-	416	416
Construction and equipment	-	-	-	39,924	-	-	39,924
Transportation project	-	-	-	75,513	-	-	75,513
	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,437</u>	<u>-</u>	<u>28,857</u>	<u>144,294</u>
Committed:							
Law library	-	-	-	-	-	109	109
Records management	-	-	-	-	-	582	582
Public health	-	-	-	-	-	14,637	14,637
Law enforcement and prosecution	85	-	-	-	-	178	263
Contractual agreement	710	-	-	-	-	567	1,277
Court designated	-	-	-	-	-	215	215
Construction and equipment	-	-	-	70,493	-	-	70,493
Transportation project	-	11,711	-	1,340	-	-	13,051
Debt service	-	-	1,421	-	-	-	1,421
	<u>795</u>	<u>11,711</u>	<u>1,421</u>	<u>71,833</u>	<u>-</u>	<u>16,288</u>	<u>102,048</u>
Assigned:							
Economic development	-	-	-	-	-	3,703	3,703
Purchases on order	2,041	-	-	-	-	-	2,041
Subsequent year's budget: appropriation of fund balance	29,105	-	-	-	-	-	29,105
	<u>31,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,703</u>	<u>34,849</u>
Unassigned	52,861	-	-	-	(1,691)	-	51,170
Total Fund Balance	<u>\$ 85,632</u>	<u>\$ 12,258</u>	<u>\$ 1,421</u>	<u>\$ 187,336</u>	<u>\$ -</u>	<u>\$ 48,899</u>	<u>\$ 335,546</u>

17. RECENT ACCOUNTING PRONOUNCEMENTS

The County is currently reviewing the following GASB statements and has not determined the impact these statements will have on its financial statements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, is effective for the County beginning fiscal year 2018. This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date.

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for the County beginning fiscal year 2017. This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments.

GASB Statement No. 80, *Blending Requirement for Certain Component Units – an Amendment of GASB Statement No. 14*, is effective for the County beginning fiscal year 2017. The statement requires the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for the County beginning fiscal year 2018. This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for the County beginning fiscal year 2019. This statement addresses accounting and financial reporting when there is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 84, *Fiduciary Activities*, is effective for the County beginning fiscal year 2020. This statement establishes criteria for identifying activities that should be reported and clarifies whether and how business-type activities should report their fiduciary activities.

18. TARRANT COUNTY HOSPITAL DISTRICT NOTES

(a) Nature of Operations and Summary of Significant Accounting Policies

Cash and Cash Equivalents and Investments

TCHD considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2016, cash equivalents consisted primarily of money market accounts with brokers and state investment pools.

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one-year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. Investments in external investment pools qualify for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share. All other investments are carried at fair value.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

TCHD reports patient account receivable for services rendered at net realizable amounts from third-party payers, patients and others. TCHD provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	10 - 40 years
Equipment	3 - 20 years
Computer software	3 - 10 years

TCHD capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was \$1,444,000.

Compensated Absences

TCHD policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments as social security and Medicare taxes computed using rates in effect at that date.

Defined Benefit Pension Plan

TCHD sponsors a defined benefit pension plan (Plan) as more fully described in Note (k). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources. As of September 30, 2016, TCHD's deferred outflows and deferred inflows of resources were related to TCHD's defined benefit pension plan as described more fully in Note (k).

Net Patient Service Revenue

TCHD has agreements with third-party payers that provide for payments to TCHD at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments, and a provision for uncollectible accounts. Retroactive adjustments are considered

in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. During the year ended September 30, 2016 the TCHD received approximately \$4,680,000 related to the settlement. This revenue is recognized as other revenue.

Charity Care

TCHD provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because TCHD does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue.

Income Taxes

As an essential government function of the County, TCHD is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law.

Risk Management

TCHD is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice, employee health and workers' compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

TCHD is self-insured for a portion of its exposure to risk of loss from medical malpractice, employee health and workers' compensation claims. Annual estimated provisions are accrued for the self-insured portion of these risks and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the American Recovery and Reinvestment Act of 2009, provides for one time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS). Payments under both programs are contingent on TCHD continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the administrative contractor. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

TCHD recognized revenue under the grant accounting model using the cliff recognition approach. Under this approach, revenue is recognized once meaningful use status has been met for the full reporting period.

In 2016, TCHD recorded revenue from the Medicare program of approximately \$1,085,000. In 2016, TCHD recorded revenue from the Medicaid program of approximately \$468,000. The revenue earned from these programs is included as other operating revenue.

(b) Net Patient Service Revenue

TCHD has agreements with third-party payers that provide for payments to TCHD at amounts different from its established rates. These payment arrangements include:

Medicare – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. TCHD is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicare administrative contractor. TCHD’s Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2012.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system. Inpatient reimbursement is inclusive of an add-on for trauma care that is based on the Medicaid Standards Dollar Amount. Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. TCHD is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicaid administrative contractor. TCHD’s Medicaid cost reports have been audited through September 30, 2009.

Approximately 78 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended September 30, 2016. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that the recorded estimates will change materially in the near term. Net patient service revenue increased in 2016 by approximately \$4,885,000 due to changes in previous estimates.

TCHD has also entered into payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations. The basis for payment to TCHD under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

(c) Supplemental Medicaid Funding Revenue

Supplemental Medicaid funding revenue includes revenue received from the Medicaid Disproportionate Share Program of approximately \$34,489,000 for the year ended September 30, 2016. The amounts that TCHD may expect to receive from this program in future years could be impacted by the Medicaid section 1115(a) demonstration program discussed below.

On December 12, 2011, the United States Department of Health & Human Services (HHSC) approved a new Medicaid section 1115(a) demonstration entitled “Texas Health Transformation and Quality Improvement Program”. This demonstration expanded existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. During 2016, TCHD recognized approximately \$65,034,000 and \$55,862,000 from the UC Pool and the DSRIP Pool, respectively. The funding TCHD has received is subject to audit and is not representative of funding to be received in future years. The Waiver was effective from December 12, 2011 to September 30, 2016. On May 2, 2016, HHSC announced that CMS agreed to extend the demonstration through December 2017, at current funding levels. During the extension period, HHSC and CMS will continue negotiating a longer term extension.

The programs described above are subject to review and scrutiny by both the Texas Legislature and CMS, and the programs could be modified or terminated based upon new legislation or regulation in future periods.

(d) Property Tax Revenue

TCHD received approximately 35 percent of its support from property taxes. Property taxes are levied on October 1, based on assessed property values on the preceding January 1. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and TCHD records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year. TCHD recorded an allowance for uncollectible property taxes of approximately \$9,212,000 at September 30, 2016.

TCHD's property tax rate was \$0.226491 per \$100 valuation for the maintenance and operation fund and property tax revenue for this fund was \$317,640,000. TCHD's property tax rate was \$0.001406 per \$100 valuation for the interest and sinking fund and property tax revenue for this fund was \$1,971,000.

(e) Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. TCHD's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposit with federal depository insurance or other qualified investments. At September 30, 2016, TCHD's deposits were either insured or collateralized in accordance with state law.

At September 30, 2016, a blended component unit of TCHD's cash accounts exceeded federally insured limits by \$2,185,000.

Investments

TCHD may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At September 30, 2016, TCHD's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>	
		<u>less than 1</u>	<u>1-5</u>
Investment pools	\$ 105,728	\$ 105,728	\$ -
U.S. Treasury obligations	30,712	30,712	-
U.S. Agencies obligations	38,085	24,116	13,969
Municipal bonds	5,564	-	5,564
Commercial paper	180,391	180,391	-
		<u>\$ 340,947</u>	<u>\$ 19,533</u>
Mutual funds	<u>375</u>		
Total Investments	<u>\$ 360,855</u>		

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, TCHD investment policy requires that total investments have a weighted average maturity of five years or less. TCHD's investments in U.S. Treasury and agency obligations include fixed rate notes and bonds with a weighted average maturity of three years. The longer the maturity of a fixed rate obligation, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the obligations decrease. Likewise, when interest rates decrease, the fair value of the obligations increase. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. TCHD's policy is to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restriction of the Texas Public Funds Investment Act. TCHD's investments in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. The debt securities of the U.S. agencies are rated Aa1 to AAA by Moody's rating agency. TCHD's investments in municipal bonds were rated AA Standard & Poor's rating agency.

TCHD also invests in TexPool and TexStar, state investment pools (Pools), which are considered investments for financial reporting. The Texas State Comptroller of Public Accounts oversees TexPool. Federated Investors provides asset management and participant services for TexPool's operations under a contract with the Comptroller. TexSTAR is a local government investment pool offering professionally managed portfolios to government entities in the state of Texas. The governing board of directors selects co-administrators for TexSTAR that provide fund management. TCHD has an undivided beneficial interest in the pool of assets held by the Pools. Investments must be in compliance with the Texas Public Funds Investment Act and include obligations of the United States or its agencies, direct obligation of the State of Texas or its agencies, certificates of deposit and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool.

The Pools, as well as the money market mutual funds invested in by TCHD, are rated as AAAm by Standard & Poor's. TCHD's investments in commercial paper was rated A- to AA- by Standard & Poor's rating agency.

TCHD also invests in certificates of deposit, which are classified as deposits for financial reporting purposes. These certificates of deposit are fully collateralized by the various financial institutions.

Custodial credit risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, TCHD would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of TCHD's investments are held in safekeeping or trust accounts.

Concentration of credit risk: TCHD places no limit on the amount that may be invested in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed.

The following table reflects TCHD's investments in single issuers that represent more than five percent of total investments:

Federal Farm Credit Bank	1.4%
Federal Home Loan Mortgage Association	5.8%
Toyota Motor Credit Commercial Paper	8.2%
JP Morgan Securities Commercial Paper	14.0%
Kaiser Foundation Hospital Commercial Paper	12.4%
Nestle Finance International Commercial Paper	8.3%
Philadelphia, PA - Airport Revenue Commercial Paper	6.9%

Investment Income

Investment income for the fiscal year ended September 30, 2016 consisted of interest and dividend income of \$4,594,000 and a net decrease in fair value of investments of \$641,000 for a total of \$3,953,000.

(f) Patient Accounts Receivable

TCHD grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, 2016 consisted of (in thousands):

Medicare	\$	16,559
Medicaid		17,768
Other third-party payers		30,126
Patients		92,821
		<u>157,274</u>
Less allowance for uncollectible accounts		<u>(107,429)</u>
Total	\$	<u>49,845</u>

(g) Capital Assets

A summary of TCHD capital assets at year-end is as follows (in thousands):

	<u>Balance</u> <u>October 1,</u> <u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>September 30,</u> <u>2016</u>
Land and improvements	\$ 54,510	\$ -	\$ -	\$ 46	\$ 54,556
Buildings and improvements	247,538	-	-	2,305	249,843
Equipment	430,640	17,512	(9,211)	3,993	442,934
Construction in progress	2,025	4,681	-	(6,344)	362
	<u>734,713</u>	<u>22,193</u>	<u>(9,211)</u>	<u>-</u>	<u>747,695</u>
Less accumulated depreciation	<u>(445,667)</u>	<u>(39,715)</u>	<u>8,571</u>	<u>-</u>	<u>(476,811)</u>
Capital assets, net	<u>\$ 289,046</u>	<u>\$ (17,522)</u>	<u>\$ (640)</u>	<u>\$ -</u>	<u>\$ 270,884</u>

(h) Self-Insurance Programs

Medical Malpractice and General Liability Risks

TCHD is self-insured for medical malpractice and general liability claims. TCHD's maximum liability for professional and general liability claims as a governmental unit under the Tort Claims Act is generally \$100,000 per individual and \$300,000 per occurrence. Losses from asserted and unasserted claims identified in TCHD's incident reporting system are accrued based on estimates that incorporate TCHD's past experience, as well as other considerations, including the nature of each claim or incident and

relevant trend factors. It is reasonably possible that TCHD's estimate of losses will change by a material amount in the near term.

Activity in the TCHD's accrued medical malpractice liability for the last two years is as follows (in thousands):

	<u>2015</u>	<u>2016</u>
Balance, beginning of year	\$ 485	\$ 590
Current year claims incurred and changes in estimates for claims incurred in prior years	254	226
Claims and expenses paid	<u>(149)</u>	<u>(255)</u>
Balance, end of year	<u>\$ 590</u>	<u>\$ 561</u>

Employee Health Claims

Substantially all of TCHD's employees and their dependents are eligible to participate in the TCHD's employee health insurance plan. Commercial stop-loss insurance coverage is purchased for claims in excess of \$500,000. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the TCHD's estimate will change by a material amount in the near term.

Activity in the TCHD's accrued employee health claims liability for the last two years is as follows (in thousands):

	<u>2015</u>	<u>2016</u>
Balance, beginning of year	\$ 4,260	\$ 4,050
Current year claims incurred and changes in estimates for claims incurred in prior years	38,434	44,228
Claims and expenses paid	<u>(38,644)</u>	<u>(44,238)</u>
Balance, end of year	<u>\$ 4,050</u>	<u>\$ 4,040</u>

Worker's Compensation Claims

The TCHD is self-insured for workers' compensation claims. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the TCHD's estimate will change by a material amount in the near term.

Activity in the TCHD's accrued workers' compensation claims liability for the last two years is as follows (in thousands):

	<u>2015</u>	<u>2016</u>
Balance, beginning of year	\$ 1,982	\$ 2,263
Current year claims incurred and changes in estimates for claims incurred in prior years	2,027	1,870
Claims and expenses paid	<u>(1,746)</u>	<u>(1,944)</u>
Balance, end of year	<u>\$ 2,263</u>	<u>\$ 2,189</u>

(i) Long-Term Debt

Long-term debt of TCHD consisted of the following at September 30, 2016 (in thousands):

General Obligation Refunding Bonds - Series 2016:

Original amount of \$22,415 dated January 1, 2016, which bears interest at a rate of 2.24%, payable annually with installments ranging from \$1,500 to \$1,955 through 2029. The bonds are secured by property tax revenue.

The proceeds from the bonds were used to advance refund the Series 2006 bonds.

\$ 22,335

Revenue Bonds - Senior Lien Revenue Refunding Bonds, Series 2012:

Original amount of \$25,890 dated September 1, 2012, which bear interest at rates ranging from 3.0% to 5.0%, payable annually with installments ranging from \$1,485 to \$2,205 through 2027. The bonds are secured by the net revenues of TCHD, excluding property tax revenue. All of the bonds still outstanding may be redeemed at TCHD's option on or after August 15, 2023, at par value plus accrued interest. The proceeds from the bonds were used to advance refund the Series 2002 bonds.

20,150

42,485

Less - current maturities

2,985

Long-term debt, net of current maturities

39,500

Plus premium

592

Long-term debt, net of current maturities and premium

\$ 40,092

During the year, TCHD advance refunded the outstanding obligation on the Series 2006 Bonds with proceeds from the Series 2016 Bonds. The loss on the advance refunding was approximately \$70,000. The present value of cash flow savings from the advanced refunding is approximately \$3,960,000.

The indenture agreements require TCHD to comply with certain restrictive covenants including minimum insurance coverage and debt service requirements.

TCHD has a current Aa3 rating from Moody's and a current AAA rating from Standard & Poor's.

TCHD's debt service payments to maturity are as follows (in thousands):

Fiscal Year	Principal	Interest	Total Principal & Interest
2017	\$ 2,985	\$ 1,270	\$ 4,255
2018	3,070	1,192	4,262
2019	3,140	1,111	4,251
2020	3,255	997	4,252
2021	3,375	878	4,253
2022-2026	18,710	2,547	21,257
2027-2029	<u>7,950</u>	<u>267</u>	<u>8,217</u>
Total	<u>\$ 42,485</u>	<u>\$ 8,262</u>	<u>\$ 50,747</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2016 (in thousands):

Beginning liability	\$ 45,035
Additions	-
Retirements	<u>(2,550)</u>
Ending Liability	<u>42,485</u>
Amount due within one year	\$ 2,985

(j) Uncompensated Care

In support of its mission, TCHD voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The cost of charity care provided under the charity care policy was \$141,344,000. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

(k) Retirement Plans

Plan Description

TCHD sponsors an agent multiple-employer defined benefit pension plan for eligible employees within a multiemployer retirement program sponsored for member hospitals by the Texas Hospital Association (THA). HealthShare/THA, a wholly owned subsidiary of THA, is the plan administrator of the pension plan. The Plan's assets are invested as a portion of the THA's master pension trust fund. The Plan provides retirement, death, and disability benefits. Amendments to the Plan are made only with the authority of TCHD's Board of Managers.

The Plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from TCHD or HealthShare/THA. The report may be obtained by writing HealthShare/THA at 1108 Lavaca, Suite 700, Austin, Texas 78701.

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for eligible employees are calculated as 1.4% of the employee's final five-year average compensation plus 0.7% of the employee's final five-year average compensation, if any, that exceeds \$75,000, with the sum multiplied times the employee's years of service.

Participants with five years of participation service are eligible to retire at age 65. Participants may retire at any age after 55 if they have ten years or vesting service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. Death benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. An employee who leaves the employer's service may withdraw his or her contributions, plus any accumulated interest.

Effective October 1, 2006, participation in the pension plan became mandatory for full-time employees competing one-year of service on or after October 1, 2006. An amendment effective October 1, 2011, made plan participation voluntary for employees hired after that date.

The employees covered by the Plan at October 1, 2015 (measurement date), are:

Inactive employees or beneficiaries currently receiving benefits	269
Inactive employees entitled to but not yet receiving benefits	1,020
Active employees	<u>3,014</u>
Total	<u><u>4,303</u></u>

Contributions

The TCHD Board has the sole authority to establish and amend the contribution requirements of the active employees. TCHD's contributions are based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the established amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. TCHD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For TCHD's fiscal year ended September 30, 2016, the average active employee contribution rate was 1.0% of annual pay, and TCHD's average contribution rate was 6.75% of annual payroll.

TCHD's contribution is set to be 6.75% of participant payroll effective October 1, 2015, and will remain at that level as long as the amount thus determined is sufficient to pay the Employer Normal Cost and amortize the Unfunded Actuarial Liability (Net Pension Liability) over a period of not more than 25 years.

The employer contributions were 6.75% of estimated participant compensation for the year ended September 30, 2016. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

Net Pension Liability

TCHD's net pension liability was measured as of October 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the October 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	5.0%, average, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.25%, net of pension plan investment expense, including inflations

Mortality rates were based on the Society of Actuaries RP-2014 Mortality Table with Projection Scale MP-2015.

The actuarial assumptions used in the October 1, 2015, valuation were based on the results of an actuarial experience study for the period 2010-2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

target asset allocation percentage and by adding expected inflation (3.25%). In addition, the final 7.25% assumption reflected a reduction of 0.08% for adverse deviation.

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	65.0%	5.2%
International equity	10.0%	5.5%
Fixed income	25.0%	1.7%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% at October 1, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, Plan fiduciary net position on the net pension liability for the year ended September 30, 2016, are (in thousands):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2015	\$ 194,004	\$ 184,459	\$ 9,545
Changes for the year:			
Service cost	12,181	-	12,181
Interest on total pension liability	14,805	-	14,805
Difference between expected and actual experience	1,720	-	1,720
Contributions - employee	-	1,641	(1,641)
Contributions - employer	-	12,313	(12,313)
Net investment loss	-	(2,629)	2,629
Benefit payments, including refunds of employee contributions	(6,069)	(6,069)	-
Administrative expenses	-	(587)	587
Assumption changes	(4,900)	-	(4,900)
Net changes	17,737	4,669	13,068
Balances as of September 30, 2016	\$ 211,741	\$ 189,128	\$ 22,613

The net pension liability of TCHD has been calculated using a discount rate of 7.25% at October 1, 2015. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate (in thousands).

	1% Decrease <u>6.25%</u>	Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
Net pension liability	<u>\$ 49,486</u>	<u>\$ 22,613</u>	<u>\$ 424</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, TCHD recognized pension expense of \$14,048,000. At September 30, 2016, TCHD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,353	\$ 433
Employer contributions subsequent to the measurement date	13,579	-
Changes of assumptions	4,016	3,855
Net difference between projected and actual earnings on plan investments	<u>8,581</u>	<u>-</u>
	<u>\$ 27,529</u>	<u>\$ 4,288</u>

At September 30, 2016, TCHD reported \$13,579,000 as deferred outflows of resources related to pensions resulting from TCHD's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2017. Other amounts reported as deferred inflows of resources and deferred outflows of resources at September 30, 2016, related to pensions will be recognized in pension expense as follows (in thousands):

Year ended September 30:

2017	\$ 2,240
2018	2,240
2019	2,240
2020	<u>2,942</u>
	<u>\$ 9,662</u>

Pension Plan Fiduciary Net Position

As of October 1, 2015, the Plan's fiduciary net position was comprised of the following (in thousands):

Cash and cash equivalents	<u>\$ 274</u>
Investments, at fair value	
Common stocks	75,508
Mutual funds	316,089
Common/collective trust funds	243,276
103-12 investment fund	28,283
Government securities	<u>103</u>
Total investments at fair value	<u>663,259</u>
Total plan fiduciary net position	<u><u>\$ 663,533</u></u>

TCHD's interest in the Plan net position as of the measurement date of October 1, 2015 was \$189,128,000.

Investment policy: Investment policy decisions are established and maintained by the Trustees of the THA Retirement Plan for Member Hospitals. The Trustees have several asset mix alternatives from which participating employers may choose in order to control risk. The Trustees employ and select investment managers with the advice of investment counsel which is completely independent of the investment managers.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the Plan. As a consequence, two important dimensions of a pension plan's investment program are expected return and expected risk.

The Plan's trustees diversify Plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables to balance risk and return. The fund's diversification guidelines are set forth below:

<u>Asset Class/Style</u>	<u>Target Asset Mix</u>
Large Cap U.S. Equities	50%
Small Cap U.S. Equities	15%
International Equities	<u>10%</u>
Total Equities	<u><u>75%</u></u>
Intermediate fixed income	25%
Long duration fixed income	<u>0%</u>
Total fixed income	<u><u>25%</u></u>

The Trustees maintain a portfolio structure that may combine active and passive management in order to balance the objectives of enhanced return and cost control.

Passive equity and fixed income portfolios invest in a substantially similar manner as that of the underlying benchmark.

Active equity managers have the following requirements:

- The equity portion of the portfolio should not be less than 90 percent of the portfolio, measured at market value.
- Equity holdings in any one economic sector should not exceed the greater of 30 percent of the portfolio or 10 percentage points above the sector weight in the benchmark.
- Equity holdings in any single company (including common stock and convertible securities) should not exceed 10 percent of the portfolio.

Active Fixed Income managers have the following requirements:

- The primary investments should be government, corporate and mortgage securities.
- Holdings in obligations of any single entity (with the exception of the U.S. government and/or its agencies) should not exceed 5 percent of the portfolio.

The common collective trust fund investment objective is to approximate as closely as practicable, before expenses, to the performance of the S&P 500 Index over the long term.

The 103-12 investment fund objective is to approximate as closely as practicable to the performance of the MSCI EAFE Index.

Investment Rate of Return: The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was (1.8%) for the 12 months ended October 1, 2015.

Credit Risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Plan's policy to limit its holdings in obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the Plan's investments are held in trust accounts.

Concentration of Credit Risk: It is the Plan's policy to limit equity holdings in any one economic sector to the greater of 30% of the portfolio or 10% above the sector weight in the benchmark and limit equity holdings in any single company to 10% of the portfolio. Additionally, the Plan's policy limits holdings in fixed income obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio.

The following reflects the Plan's investments in single issuers that represent more than 5% of total investment:

State Street S&P 500 Index NL Fund	36.7%
Vanguard Small Cap Index	14.4%
Dodge & Cox International Stock	4.2%
State Street Aggregate Bond Index NL Fund	13.8%
PIMCO Total Return	14.9%

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets

pursuant to the valuation hierarchy. The fair value of the pension plan assets at October 1, 2015 were as follows (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Common stocks	\$ 75,508	\$ 75,508	\$ -	\$ -
Mutual funds	316,089	316,089	-	-
Government securities	103	-	103	-
Total investments by fair value level	<u>391,700</u>	<u>\$ 391,597</u>	<u>\$ 103</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) (A)				
Common/collective trust fund	243,276			
103-12 investment fund	28,283			
Total investments measured at the NAV	<u>271,559</u>			
Total investments at fair value	<u>\$ 663,259</u>			

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts disclosed for total plan investments at fair value.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at October 1, 2015. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

Other Benefit Plans

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution up to 4% of pay. The contributions for the employer match on the plan were approximately \$4,314,000 for the fiscal year ended September 30, 2016.

In addition, TCHD offers its employees a tax deferred annuity plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan and income attributable to those amounts are solely the property of the employee. Thus, the plan amounts are not reported in the financial statements.

Also, TCHD offers its employees a tax deferred annuity plan created in accordance with IRC Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan and income attributable to those amounts are solely the property of the employee. Thus, the plan amounts are not reported in the financial statements.

TCHD has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board of Managers. This plan is to provide participants in the defined benefit plan that portion of a participant's benefits that would otherwise be payable under the terms of the defined benefit plan except for the limitations on benefits imposed by Section 415(b) of the IRC. Contributions to this plan are included in cash and investments and the plan liability is recorded in other long-term liabilities in the balance sheet. As of September 30, 2016, \$824,000 in contributions are included in noncurrent cash and investments and approximately \$877,000 was due under this plan. Approximately \$478,000 of benefit expense was recognized in fiscal year 2016.

(I) Disclosure About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2016 (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 30,712	\$ -	\$ 30,712	\$ -
U.S. Agency obligations	38,085	-	38,085	-
Investment pool	104,610	-	104,610	-
Municipal bonds	5,564	-	5,564	-
Commercial paper	180,391	-	180,391	-
Mutual funds	375	375	-	-
Total investments by fair value level	359,737	\$ 375	\$ 359,362	\$ -
Investment pool carried at amortized cost	1,118			
Total Investments	\$ 360,855			

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. TCHD held no Level 3 investments as of September 30, 2016.

19. MENTAL HEALTH MENTAL RETARDATION OF TARRANT COUNTY NOTES

(a) Summary of Significant Accounting Policies

Deposits and Investments

MHMRTC's 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 from the date of acquisition. Interest revenue is recorded in the applicable fund.

The Public Funds Investment Act generally permits MHMRTC to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of state, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended August 31, 2016, MHMRTC did not own any types of securities other than those permitted by statute.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

Receivables

MHMRTC accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. MHMRTC provides for an amount of uncollectible patient fees using the reserve method based on past history. At the year ended August 31, 2016, accounts receivable for client services were \$9,132,168 less the allowance for doubtful accounts in the amount of \$6,082,705 for a net realizable value of \$3,049,463.

Inventories and Prepaid Expenditures

Inventories consist of expendable supplies and drugs held for consumption and medications supplied at various area retail pharmacies for MHMRTC's clients which are valued at cost on a first-in, first-out basis. Under the consumption method of accounting for inventories, supplies are capitalized as inventory until used. Once consumed, inventories are charged to expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets include property, plant and equipment. Capital assets are defined as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and improvements	10-40 years
Furniture and equipment	3-10 years
Vehicles	5 years

Source Funds

Some funds from federal and other state sources represent fee for service reimbursements, as well as project grants. The funds that are specifically for individual patient service reimbursements are reported as local funds under patient fees or insurance reimbursements identified by source.

Compensated Absences

Full-time employees earn personal time off (PTO) each pay period of work performed. Accrual rate is based on the number years of service. Employees may carryover PTO from year to year in graduated amounts ranging from 204 hours for employee with two years of service to 372 hours for employees with 15 years of service.

After two years of employment, vested PTO is paid upon termination in graduated amounts ranging from 50% of their balance up to a maximum of 126 hours for employee with two years of service to 100% of their balance up to maximum of 372 hours for employees with 15 years of service.

Certain employees hired prior to September 12, 2003 participate in an extended leave bank (ELB). While these employees do not accrue any additional ELB hours, ELB hours accrued prior to September 12, 2003 may be used for personal illness, illness of a family member or health related appointments. ELB hours that are not used may be carried forward to subsequent years until fully utilized. ELB hours are not paid upon termination of employment.

Risk Management

MHMRTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters. During fiscal 2016, MHMRTC was covered under a general liability insurance plan with a combined single limit of \$3,000,000 at a cost it considered to be economically justifiable.

MHMRTC has commercial insurance for all other risks of loss, including employee health benefits, workers' compensation and employee life and dental and accident insurance. Settlements have not exceeded insurance coverage for the past three fiscal years.

(b) Cash and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, deposits may not be returned or MHMRTC will not be able to recover collateral securities in the possession of an outside party. MHMRTC's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to the deposit of funds. The Board of Trustees approves authorized depository institutions based on the recommendations of MHMRTC management.

Deposits of MHMRTC were fully insured or collateralized with securities held by MHMRTC, its agent or by the pledging financial institution's trust department or agent in the name of MHMRTC at all times during the year ended August 31, 2016.

Certificates of deposit held by MHMRTC in the amount of \$12,490,000 at year-end had a weighted average maturity of 227 days.

Investment Policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, MHMRTC's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. MHMRTC's investment policy requires maturities of investments to correspond with projected cash flow needs. Remaining maturities shall be no longer than two years, except as specifically authorized by the Board of Trustees. MHMRTC policy further provides that maturities on investments exceeding one year shall not exceed 15% of the total portfolio. During the fiscal year ended August 31, 2016, MHMRTC did not own investments other than those permitted by policy.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Throughout the year and at year-end, MHMRTC had no investments subject to the fair value hierarchy established by generally accepted accounting principles.

(c) Receivables From Other Governments

Receivables from other governments represent reimbursement of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. At year-end, MHMRTC had \$9,930,310 of receivables from other governments.

(d) Capital Assets

A summary of changes in capital asset balances for the fiscal year ended August 31, 2016, is as follows (in thousands):

	<u>Balance</u> <u>September 1,</u> <u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>August 31,</u> <u>2016</u>
Nondepreciable assets					
Land	\$ 3,703	\$ 32	\$ -	\$ -	\$ 3,735
Land-restricted	191	-	-	-	191
Total nondepreciable assets	<u>3,894</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>3,926</u>
Depreciable assets					
Buildings and improvements	18,023	2,316	(64)	-	20,275
Buildings and improvements-restricted	905	-	-	-	905
Vehicles	3,191	175	(302)	-	3,064
Furniture and equipment	11,942	1,187	(287)	-	12,842
Total depreciable assets	<u>34,061</u>	<u>3,678</u>	<u>(653)</u>	<u>-</u>	<u>37,086</u>
Less accumulated depreciation					
Buildings and improvements	(8,192)	(755)	-	-	(8,947)
Buildings and improvements-restricted	(145)	(23)	-	-	(168)
Vehicles	(1,941)	(294)	266	-	(1,969)
Furniture and equipment	(8,072)	(1,694)	79	-	(9,687)
Total accumulated depreciation	<u>(18,350)</u>	<u>(2,766)</u>	<u>345</u>	<u>-</u>	<u>(20,771)</u>
Capital assets, net	<u>\$ 19,605</u>	<u>\$ 944</u>	<u>\$ (308)</u>	<u>\$ -</u>	<u>\$ 20,241</u>

Total depreciation expense was \$2,766,015.

(e) Lease Obligations

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2016. The gross amount of assets acquired by capital lease included in the statement of net position is \$706,369 and \$209,999 of depreciation expense in the statement of activities. Net book value of these assets was \$496,640.

During 2016, operating lease payments by MHMRTC were \$2,162,003. The future minimum lease payments under operating and capital leases and the present value of the future minimum capital lease payments for MHMRTC as of August 31, 2016 are as follows (in thousands):

<u>Year Ending August 31,</u>	<u>Operating</u>	<u>Capital Leases</u>	
	<u>Leases</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,481	\$ 241	<1
2018	900	241	<1
2019	270	25	<1
2020	219	-	-
2021	219	-	-
and thereafter	<u>66</u>	<u>-</u>	<u>-</u>
Total minimum lease payment	<u>\$ 3,155</u>	<u>\$ 507</u>	<u>\$ <1</u>

(f) Long-Term Obligations

The following is a summary of the changes in long-term obligations for MHMRTC for the fiscal year ended August 31, 2016 (in thousands):

	<u>Balance September 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2016</u>	<u>Due Within One Year</u>
Compensated absences	\$ 2,739	\$ 233	\$ (193)	\$ 2,779	\$ 217
Capital lease obligations	580	706	(779)	507	241
Total	<u>\$ 3,319</u>	<u>\$ 939</u>	<u>\$ (972)</u>	<u>\$ 3,286</u>	<u>\$ 458</u>

Interest expense for the year ended August 31, 2016, was \$89.

(g) Pension Plan

MHMRTC maintains a defined contribution money purchase pension plan under code section 401(a) of the Internal Revenue Code identified as the Tarrant County Mental Health Mental Retardation Money Purchase Plan. Participation in the plan is available to full-time employees who have completed one year of service and contribute 5% of compensation to the plan. MHMRTC contributes 8% of employee compensation on behalf of participating employees. The plan is administered by ICMA Retirement Corporation. Participants begin to vest in the employer's contribution at the completion of one year of service with 100% vesting occurring after five years (20% per year). During 2016, \$63,218 of employee forfeitures were used to reduce employer contributions for the year. Forfeited contributions of \$67,348 as of August 31, 2016, are held in a separate account and can be used to reduce future contributions.

Amounts contributed are invested in various investments, including equity securities, mutual funds and cash management funds. The required contributions in dollars and the percentage of that amount contributed for the current fiscal year and each of the two preceding fiscal years are as follows (in thousands):

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Percentage Contributed</u>
2014	\$ 2,082	\$ 1,465	100%
2015	2,465	1,555	100%
2016	2,813	1,757	100%

(h) Deferred Compensation Plan

MHMRTC offered its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan is available to all MHMRTC employees. Employee elective deferrals are voluntary and permit them to defer a portion of their salary in accordance with maximum limits established by the Internal Revenue Code. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employee contributions to these deferred compensation plans were \$439,144 during the fiscal year.

(i) Commitments and Contingencies

MHMRTC has participated in a number of state and federally assisted grants, Medicare, and Medicaid programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. MHMRTC's management believes that any liability for reimbursement, which may arise as the result of these audits, will not be material to the financial position of MHMRTC.

MHMRTC is involved in certain lawsuits arising in the ordinary course of business. It is MHMRTC management's belief that any liability resulting from such lawsuits would not be material in relation to MHMRTC's financial position.

(j) Partially Self-Funded Health Benefit Plan

MHMRTC established a partially self-funded health benefits plan for employee health benefits. MHMRTC purchases commercial stop-loss coverage through Unimerica Insurance Company for medical claims in excess of \$175,000 per plan participant, per policy period with an annual aggregate limit of \$14,755,380. Settled claims have not exceeded insurance coverage for the fiscal year. Liabilities for health benefits are calculated considering known claims and estimates of future claims based on the lag time for medical claims. The claim liability at year end was \$1,716,534. This claims liability is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. MHMRTC does not discount its claims liabilities.

Changes in the balance of the claims liability is as follows (in thousands):

	<u>2015</u>	<u>2016</u>
Beginning liability	\$ 1,160	\$ 1,588
Expenses incurred	12,062	16,003
Expenses paid	<u>(11,634)</u>	<u>(15,874)</u>
Ending liability	<u>\$ 1,588</u>	<u>\$ 1,717</u>

Claims liability is expected to be paid within one year of August 31, 2016.

(k) Tarrant-Harris Software Solution

MHMRTC entered into an agreement with The Harris Center for Mental Health and IDD, (MHMRA) to form a joint administrative agency for the acquisition and licensing of computer software to improve and enhance the delivery of behavioral health, intellectual developmental disabilities, early childhood intervention and substance-abuse disorder services to their respective communities. The name of this administrative agency is Harris-Tarrant Software Solution (HTSS) formerly known as Tarrant-Harris Software Authority (THSA). HTSS is governed by a five member board. MHMRTC and MHMRA each appoint two members to the Board, with the fifth member appointed by the four board members selected by MHMRTC and MHMRA.

THSA had contracted with COCENTRIX, a software company, to build out software for MHMRTC and MHMRA with each community center sharing equally in the cost and any potential revenues associated with the build out, implementation, integration, and marketing of any resulting software products.

In April of 2015, now operating as HTSS, it was determined that it was in the best interest of MHMRTC and MHMRA to cease the initiative with COCENTRIX and to enter into an agreement with Dallas County Mental Health and Mental Retardation Center, doing business as XenatiX, for the purchase of licenses of fully developed software. Under the terms of the licensing agreement, upon substantial completion of the software by XenatiX, MHMRTC is committed to incur an estimated \$552,000 for the successful implementation of the product, most of which will likely be incurred before the end of the fiscal year 2018. In addition to implementation fees, MHMRTC would be responsible for an estimated \$228,000 in annual support and maintenance fees for a period of five years with a scheduled increase of 5% for the subsequent five years.

Under the terms of the licensing agreement, HTSS would receive royalties equal to 5% of any gross sales of the XenatiX software to community centers located in Texas, should they occur.

As a result of the change in business plan, MHMRTC wrote off its equity interest in THSA in the amount of \$608,428 which represented the cost of intangible software assets capitalized under GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*. Other than this write-down, HTSS total revenues were \$19,017 and total expenses were \$19,017 for the year ending August 31, 2016. MHMRTC's carrying value of HTSS was zero at year-end. Separate financial statements for HTSS may be obtained from the finance department of MHMRTC.

(I) Permanently Restricted Capital Assets

The Department of Aging and Disability Services (DADS) transferred title to five separate real estate properties to MHMRTC in return for the payoff of DADS bonded indebtedness in the year ended August 31, 2016. These properties are used by MHMRTC to provide group home services to its clients and were previously leased from DADS. The deed received from DADS contains a restriction that states if the properties ever cease to be utilized by MHMRTC to provide community-based mental health or intellectual development disability services for a continuous period of more than 180 days, then title to the property reverts to DADS. In accordance with this deed restriction, MHMRTC reports these properties in the amount of \$928,938 as restricted capital assets within the building and improvements – restricted and land – restricted caption in the capital asset footnote.

REQUIRED SUPPLEMENTARY
INFORMATION

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ 325,118	\$ 325,118	\$ 327,370	\$ 2,252
Licenses and permits	1,010	1,010	1,198	188
Fees of office	53,222	53,264	57,792	4,528
Intergovernmental	20,397	20,397	21,417	1,020
Investment income	1,295	1,295	1,694	399
Other revenues	17,158	17,116	12,031	(5,085)
Transfers	600	600	664	64
Total Revenues	<u>\$ 418,800</u>	<u>\$ 418,800</u>	<u>\$ 422,166</u>	<u>\$ 3,366</u>
EXPENDITURES:				
County Judge	\$ 1,031	\$ 1,034	\$ 1,029	\$ 5
County Administrator	2,228	2,232	2,030	202
Non-Departmental	101,652	101,711	56,941	44,770
Auditor	6,743	6,743	6,544	199
Budget/Risk Management	765	765	688	77
Tax Assessor / Collector	14,685	14,685	14,284	401
Elections Administration	6,108	6,108	5,436	672
Information Technology	38,084	37,856	34,430	3,426
Human Resources	3,076	3,076	2,968	108
Purchasing	2,244	2,244	2,208	36
Facilities	4,275	4,335	4,142	193
Sheriff	42,699	43,121	41,480	1,641
Sheriff - Confinement	76,645	76,470	71,478	4,992
Constable Precinct 1	1,237	1,237	1,207	30
Constable Precinct 2	1,168	1,168	1,153	15
Constable Precinct 3	1,358	1,358	1,275	83
Constable Precinct 4	962	965	946	19
Constable Precinct 5	824	824	810	14
Constable Precinct 6	924	925	916	9
Constable Precinct 7	1,177	1,184	1,156	28
Constable Precinct 8	1,120	1,124	1,101	23
Medical Examiner	8,936	8,936	8,897	39
Fire Marshal	385	385	370	15
Community Supervision	123	124	43	81
Juvenile Services	21,354	21,354	20,737	617
Pretrial Services	1,305	1,327	1,292	35
Buildings	22,613	22,582	21,309	1,273
17TH District Court	287	291	290	1
48TH District Court	268	266	264	2
67TH District Court	269	269	268	1
96TH District Court	273	285	282	3
141ST District Court	268	268	266	2
153RD District Court	275	278	275	3
236TH District Court	307	318	303	15
342ND District Court	268	268	266	2
348TH District Court	267	267	265	2
352ND District Court	276	277	276	1
Criminal District Court 1	1,208	1,474	1,469	5
Criminal District Court 2	1,341	1,403	1,379	24
Criminal District Court 3	1,325	1,434	1,424	10
Criminal District Court 4	1,302	1,373	1,362	11
213TH District Court	1,515	1,642	1,608	34

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	1,379	1,517	1,485	32
371ST District Court	1,413	1,750	1,747	3
372ND District Court	1,534	1,780	1,755	25
396TH District Court	1,581	1,958	1,928	30
432nd District Court	1,578	1,900	1,866	34
Magistrate Court	895	895	884	11
231ST District Court	617	626	612	14
233RD District Court	767	747	724	23
322ND District Court	615	590	570	20
323RD District Court	3,155	2,840	2,798	42
324TH District Court	712	705	676	29
325TH District Court	639	647	628	19
360TH District Court	615	575	554	21
Special Judges	273	273	267	6
Criminal Court Administration	1,296	1,303	1,297	6
Grand Jury	174	174	173	1
Criminal Attorney Appointment	601	608	604	4
Criminal Mental Health Court	159	209	187	22
County Court at Law #1	556	556	551	5
County Court at Law #2	555	559	557	2
County Court at Law #3	542	558	534	24
County Criminal Court #1	918	873	843	30
County Criminal Court #2	824	894	869	25
County Criminal Court #3	764	839	826	13
County Criminal Court #4	829	829	798	31
County Criminal Court #5	1,300	1,194	1,088	106
County Criminal Court #6	727	737	717	20
County Criminal Court #7	888	903	888	15
County Criminal Court #8	756	769	747	22
County Criminal Court #9	727	757	737	20
County Criminal Court #10	775	775	750	25
Probate Court 1	2,014	2,088	2,079	9
Probate Court 2	2,098	2,191	2,130	61
Justice of the Peace Pct. 1	709	710	708	2
Justice of the Peace Pct. 2	695	697	692	5
Justice of the Peace Pct. 3	673	689	684	5
Justice of the Peace Pct. 4	723	723	713	10
Justice of the Peace Pct. 5	506	506	492	14
Justice of the Peace Pct. 6	661	661	655	6
Justice of the Peace Pct. 7	791	791	688	103
Justice of the Peace Pct. 8	671	675	672	3
District Attorney	38,488	38,120	35,450	2,670
District Clerk	10,087	10,087	9,993	94
County Clerk	9,992	9,992	9,194	798
Domestic Relations	7,357	7,357	7,180	177
Jury Services	1,892	1,892	1,745	147
Courts / Judiciary	2,415	588	571	17
Human Services	4,735	4,732	3,832	900
Child Protective Services	2,426	2,426	2,260	166
Public Assistance	352	368	367	1
TX Cooperative Extension	753	753	728	25
Veterans Services	366	366	357	9
Historical Commission	127	127	127	-
Total Expenditures	<u>\$ 489,865</u>	<u>\$ 489,865</u>	<u>\$ 424,844</u>	<u>\$ 65,021</u>

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Fees of office	16,965	16,965	18,483	1,518
Intergovernmental	30	30	31	1
Investment income	36	36	63	27
Other revenues	62	62	187	125
Transfers	<u>4,827</u>	<u>4,827</u>	<u>4,827</u>	<u>-</u>
Total Revenues	<u>\$ 21,920</u>	<u>\$ 21,920</u>	<u>\$ 23,592</u>	<u>\$ 1,672</u>
EXPENDITURES:				
Buildings	\$ 31	\$ 37	\$ 32	\$ 5
Commissioner Precinct 1	7,623	7,623	6,638	985
Commissioner Precinct 2	4,311	4,311	3,636	675
Commissioner Precinct 3	5,383	5,383	5,028	355
Commissioner Precinct 4	7,080	7,080	6,694	386
Right of Way	4,619	2,532	496	2,036
Transportation	3,345	5,426	4,777	649
Road and Bridge Non-Departmental	<u>1,070</u>	<u>1,070</u>	<u>373</u>	<u>697</u>
Total Expenditures	<u>\$ 33,462</u>	<u>\$ 33,462</u>	<u>\$ 27,674</u>	<u>\$ 5,788</u>

TARRANT COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016

1. Budgets and Budgetary Accounting

Tarrant County adheres to the following procedures in its consideration and adoption of its annual operating budget:

- Departmental annual budget requests are submitted by the department head to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1.
- The County Auditor prepares an estimate of available resources for the upcoming fiscal year.
- The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.
- Public hearings are held on the proposed budget.
- The Commissioners Court must adopt an annual operating budget by a majority vote of the Commissioners Court before September 30. To support the budget, property taxes are assessed on October 1, creating a legal enforceable claim. The adopted budget must be balanced; that is, available resources must be sufficient to support annual appropriations.
- The legal level of budgetary control is 10 categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriations between categories even within the same department.
- A separate budget report detailed to the legal level of control is available upon request. The detailed budget report has “sub-funds” and contains more detail than the budget information provided within this report.
- Annual appropriated budgets are legally adopted for all funds except TCHFC, TCIDC and Grants Fund. The budget is prepared utilizing a modified cash basis of accounting, as allowed by state statutes. Beginning fund balance is budgeted as revenue, as required by state statutes.
- Encumbrances are used for budgetary basis accounting for the appropriated budgets. Encumbrances consume budget as an actual when a purchase order is issued. Encumbrances do not represent expenditures or liabilities for modified accrual basis until the goods or services are received.
- Unencumbered appropriations lapse at year-end for all funds.
- The financial statements are prepared in accordance with GAAP and, accordingly, there are differences between the amounts reported as revenues and expenditures in the financial statements and the amounts reflected in the budgetary comparison schedule.

- Supplemental appropriations were made for certain funds and may only be budgeted at only one level.

2. Reconciliation to Fund Statements

For GAAP purposes, transfers are considered as other financing sources and are not considered revenues or expenditures. Also, for GAAP purposes, revenues are considered when measurable and available, therefore, some accruals are made for revenues. Additionally, encumbrances are not considered expenditures or liabilities. These are the primary differences in the financial statements prepared in accordance with GAAP and the budgetary comparison schedule. The following table illustrates the various components of these differences and their impact on the excess of revenues over expenditures for the governmental fund types (in thousands):

	General Fund	Road and Bridge
Revenues		
Budgetary Basis	\$ 422,166	\$ 23,592
Transfers in	(664)	(4,827)
Market value adjustment for securities not budget relevant	34	-
Available in 2016, received in 2017	454	-
Accrued in prior years, received in 2016	<u>(1,772)</u>	<u>-</u>
Revenues on modified accrual (GAAP) basis	420,218	18,765
Expenditures		
Budgetary Basis	424,844	27,674
Transfers out	(36,185)	-
Incurred in prior years, paid in 2016	1,311	106
Incurred during 2016, payable in future years	(2,465)	(1,861)
Reclassification of expenditure to receivable	(7,000)	-
Prepaid, bad debt & inventory adjustments not budget relevant	<u>4</u>	<u>28</u>
Expenditures on modified accrual (GAAP) basis	<u>380,509</u>	<u>25,947</u>
Other Financing Sources (Uses)	<u>(35,521)</u>	<u>4,827</u>
Changes in Fund Balance	<u>\$ 4,188</u>	<u>\$ (2,355)</u>

A separate budget report detailed to the legal level of control is available upon request. The detailed budget report has "sub-funds" and contains more detail than the budget information provided within this report.

**TARRANT COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS

(Amounts in thousands)

(Unaudited)

	Year ended September 30				
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 35,941	\$ 34,260	\$ 32,472	\$ 29,612	\$ 27,321
Contributions in relation to the actuarially determined contribution	<u>44,024</u>	<u>39,342</u>	<u>38,235</u>	<u>32,372</u>	<u>27,321</u>
Contribution (excess)	<u>(8,083)</u>	<u>(5,082)</u>	<u>(5,763)</u>	<u>(2,760)</u>	<u>-</u>
Covered payroll	\$ 251,567	\$ 234,785	\$ 225,829	\$ 217,492	\$ 213,321
Contributions as a percentage of covered-employee payroll	17.50%	16.76%	16.93%	15.18%	12.83%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8.3 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset valuation method	5 year smoothed
Inflation	3.0%
Salary increases	Varies by age and service. 4.9% average over career, including inflation
Investment rate of return	8%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule	Effective with the 2015 calendar year, employer contributions reflect that a 50% CPI COLA was adopted.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 26,366	\$ 24,815	\$ 23,223	\$ 21,488	\$ 20,234
<u>26,366</u>	<u>24,815</u>	<u>23,223</u>	<u>21,488</u>	<u>20,234</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 216,495	\$ 212,965	\$ 211,127	\$ 200,564	\$ 190,123
12.18%	11.65%	11.00%	10.71%	10.64%

**TARRANT COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(Amounts in thousands)

(Unaudited)

	Plan	
	Year ended	
	December 31	
	2015	2014
Total Pension Liability		
Service cost	\$ 37,283	\$ 35,951
Interest on total pension liability	113,517	105,804
Effect of plan changes	(7,351)	-
Effect of assumption changes or inputs	21,317	-
Difference between expected and actual activity	(15,711)	(898)
Refunds of contributions	(2,989)	(2,207)
Benefit payments	(54,948)	(49,258)
Other	1,503	
Net change in total pension liability	92,621	89,392
Total pension liability, beginning	1,403,223	1,313,831
Total pension liability, ending (a)	\$ 1,495,844	\$ 1,403,223
Fiduciary Net Position		
Employer contributions	\$ 41,529	\$ 33,317
Member contributions	16,662	16,120
Investment income (loss) net of investment expenses	(3,788)	72,724
Refunds of contributions	(2,989)	(2,207)
Benefit payments	(54,948)	(49,258)
Administrative expenses	(818)	(850)
Other	517	31
Net change in fiduciary net position	(3,835)	69,877
Fiduciary net position, beginning	1,137,575	1,067,698
Fiduciary net position, ending (b)	\$ 1,133,740	\$ 1,137,575
Net pension liability, ending = (a) - (b)	\$ 362,104	\$ 265,648
Fiduciary net position as a percentage of total pension liability	75.79%	81.07%
Covered payroll	\$ 237,309	\$ 228,675
Net pension liability as a percentage of covered payroll	152.59%	116.17%

TCDRS Comprehensive Annual Financial Report is available at www.tcdrs.com or PO Box 2034, Austin, Texas 78768-2034
The County implemented GASB 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available, therefore, ten years of data will accumulate over time.

**TARRANT COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

OTHER POSTEMPLOYMENT BENEFITS PLAN

Primary Government

(Amounts in thousands)

(UNAUDITED)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
2012	10/1/2011	\$ -	\$ 354,393	\$ 354,393	0.00%	\$214,190	165.46%
2014	10/1/2013	-	177,775	177,775	0.00%	226,616	78.45%
2016	10/1/2015	-	237,145	237,145	0.00%	251,567	94.27%

Discretely Presented Component Unit - TCHD
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(Amounts in thousands)

(Unaudited)

	Year ended September 30	
	2016	2015
Total Pension Liability		
Service cost	\$ 12,181	\$ 11,556
Interest on total pension liability	14,805	12,953
Effect of plan changes	-	-
Effect of assumption changes or inputs	(4,900)	6,650
Difference between expected and actual activity	1,720	(717)
Benefit payments, including refunds of employee contributions	(6,069)	(7,021)
Net change in total pension liability	17,737	23,421
Total pension liability, beginning	194,004	170,583
Total pension liability, ending (a)	\$ 211,741	\$ 194,004
Fiduciary Net Position		
Employer contributions	\$ 12,313	\$ 11,625
Member contributions	1,641	1,574
Investment income (loss) net of investment expenses	(2,629)	20,134
Benefit payments, including refunds of employee contributions	(6,069)	(7,021)
Administrative expenses	(587)	(407)
Net change in fiduciary net position	4,669	25,905
Fiduciary net position, beginning	184,459	158,554
Fiduciary net position, ending (b)	\$ 189,128	\$ 184,459
Net pension liability, ending = (a) - (b)	\$ 22,613	\$ 9,545
Fiduciary net position as a percentage of total pension liability	89.32%	95.08%
Covered payroll	\$ 182,418	\$ 178,847
Net pension liability as a percentage of covered payroll	12.40%	5.34%

Notes to schedule:

Changes of assumptions:

- 1) Investment return reduced to 7.25%
- 2) Mortality updated to RP-2014 projected from 2006 base year using MP-2015
- 3) Withdrawal/Termination and retirement rates changed to reflect recent experience
- 4) Aggregate payroll growth assumption and form of payment assumption change to reflect recent experience

This schedule is presented as of October 1, which is the measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, TCHD will present information for those years for which information is available.

**DISCRETELY PRESENTED COMPONENT UNIT - TCHD
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF PENSION CONTRIBUTIONS - TCHD

(Amounts in thousands)
(Unaudited)

Year ended September 30,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 13,579	\$ 13,579	\$ -	\$ 201,170	6.75%
2015	12,313	12,313	-	182,418	6.75%

Notes to Schedule

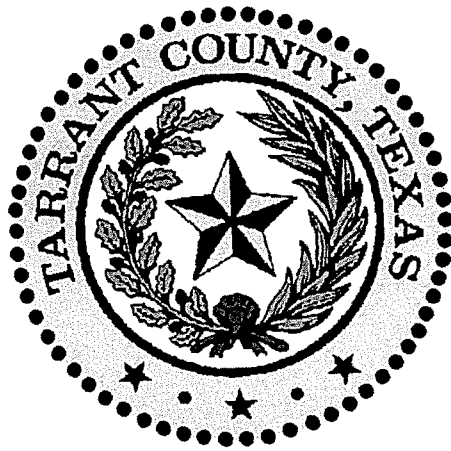
Valuation date: October 1, 2015

Actuarially determined contribution rates are calculated as of October 1, which is the most recent valuation date prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	9 years at October 1, 2015; recalculated annually; employer contribution rate constant unless amortization period > 25 years or ≤ 0 years
Asset valuation method	5 year smoothed market
Inflation	3.3%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Retirement age	60
Mortality	RP-2014 Total Employee Mortality Table, projected from 2006 base year with Scale MP-2015 mortality improvement scale

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, TCHD will present information for those years for which information is available.



NONMAJOR GOVERNMENTAL FUNDS

**TARRANT COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FUND DESCRIPTIONS**

LAW LIBRARY FUND

This fund was established, pursuant to State statutes, to account for the collection and expenditure of monies collected in civil cases supporting the Tarrant County Law Library.

RECORDS PRESERVATION & AUTOMATION FUNDS

This fund was established, pursuant to State statutes, to account for the collection and expenditure of monies collected in court cases and from filing fees to allow for the preservation and automation of County records.

EDUCATION FUND

This fund was established, pursuant to State statutes, to account for the collection and expenditure of monies collected to provide for the continuing education of those officials and employees associated with the probate courts and certain law enforcement officers.

PUBLIC HEALTH CONTRACT

The Tarrant County Hospital District provides funding for the operation of the Tarrant County Health Department in an effort to aggregate the cost of health service to Tarrant County residents. These funds are restricted. This fund also includes the Medicaid 1115 Waiver, this waiver is to enhance access to health care, increase the quality of care, improve the cost-effectiveness of care provided and better serve the health of the patients and their families. These funds are committed.

DISTRICT ATTORNEY CONTRACTS

These funds are used to account for monies collected by the District Attorney which are used in the investigation of criminal activities. These monies consist primarily of fees for bad checks and forfeited monies resulting from narcotics related convictions. These funds are restricted by State statutes.

SHERIFF CONTRACTS

These funds are used to account for monies collected by activities in the Sheriff Department. These activities include fees from operation of the jail commissary which are used for the benefit of the jail inmates. Some of these funds are the custody of the Sheriff. Monies are also collected from forfeitures resulting from narcotics related activities. These funds are restricted by State statutes.

MISCELLANEOUS CONTRACTS

These funds are used to account for monies received by Tarrant County as contributions for specified purposes. These funds may be restricted by the donor if not; they are committed for a specific purpose by the Commissioners Court.

COURT DESIGNATED FUNDS

These funds were established to account for the collection and expenditure of court ordered fees, pursuant to State statutes.

VEHICLE INVENTORY TAX FUND

This fund was established, pursuant to State statutes, to account for any earnings generated from the vehicle inventory tax, which the collector shall retain to defray the cost of collecting this tax.

CONSUMER HEALTH FUND

This fund was established, pursuant to State statutes, to account for the collection of food permit fees and expenditures incurred in connection with issuing permits and conducting inspections.

HOUSING FINANCE CORPORATION

The Housing Finance Corporation was organized exclusively for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the County, by financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the County at prices they can afford.

INDUSTRIAL DEVELOPMENT CORPORATION

The Industrial Development Corporation was organized to promote and develop commercial, industrial and manufacturing enterprises to promote and encourage employment and public welfare.



TARRANT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
<u>ASSETS</u>					
Cash, cash equivalents, and investments	\$ 702	\$ 15,205	\$ 234	\$ 15,705	\$ 4,077
Other receivables, net of allowance for uncollectibles	8	53	-	3,414	1
Supplies and prepaid items	-	5	-	15	-
TOTAL ASSETS	<u>\$ 710</u>	<u>\$ 15,263</u>	<u>\$ 234</u>	<u>\$ 19,134</u>	<u>\$ 4,078</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 95	\$ 4	\$ -	\$ 244	\$ 14
Other liabilities	6	40	-	222	2,752
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>101</u>	<u>44</u>	<u>0</u>	<u>466</u>	<u>2,766</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue-other receivables	-	-	-	3,414	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,414</u>	<u>-</u>
<u>FUND BALANCES</u>					
Nonspendable	-	5	-	15	-
Restricted:					
Law library	500	-	-	-	-
Records management	-	14,632	-	-	-
Education	-	-	234	-	-
Public health	-	-	-	2,685	-
Law enforcement and prosecution	-	-	-	-	1,307
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
VIT administration	-	-	-	-	-
Committed:					
Law library	109	-	-	-	-
Records management	-	582	-	-	-
Public health	-	-	-	12,554	-
Law enforcement and prosecution	-	-	-	-	5
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
Assigned:					
Economic development	-	-	-	-	-
Total fund balances	<u>609</u>	<u>15,219</u>	<u>234</u>	<u>15,254</u>	<u>1,312</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 710</u>	<u>\$ 15,263</u>	<u>\$ 234</u>	<u>\$ 19,134</u>	<u>\$ 4,078</u>

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 4,259	\$ 3,618	\$ 2,191	\$ 418	\$ 575	\$ 3,653	\$ 50	\$ 50,687
25	4,997	105	-	-	-	-	8,603
30	1	-	-	-	-	-	51
<u>\$ 4,314</u>	<u>\$ 8,616</u>	<u>\$ 2,296</u>	<u>\$ 418</u>	<u>\$ 575</u>	<u>\$ 3,653</u>	<u>\$ 50</u>	<u>\$ 59,341</u>
\$ 57	\$ 429	\$ 44	\$ -	\$ 1	\$ -	\$ -	\$ 888
61	68	5	2	14	-	-	3,170
-	26	-	-	-	-	-	26
-	32	-	-	-	-	-	32
118	555	49	2	15	-	-	4,116
-	2,912	-	-	-	-	-	6,326
-	2,912	-	-	-	-	-	6,326
30	1	-	-	-	-	-	51
-	-	-	-	-	-	-	500
-	-	-	-	-	-	-	14,632
-	-	-	-	-	-	-	234
-	33	-	-	513	-	-	3,231
3,993	13	-	-	-	-	-	5,313
-	2,014	-	-	-	-	-	2,014
-	414	2,103	-	-	-	-	2,517
-	-	-	416	-	-	-	416
-	-	-	-	-	-	-	109
-	-	-	-	-	-	-	582
-	2,036	-	-	47	-	-	14,637
173	-	-	-	-	-	-	178
-	567	-	-	-	-	-	567
-	71	144	-	-	-	-	215
-	-	-	-	-	3,653	50	3,703
4,196	5,149	2,247	416	560	3,653	50	48,899
<u>\$ 4,314</u>	<u>\$ 8,616</u>	<u>\$ 2,296</u>	<u>\$ 418</u>	<u>\$ 575</u>	<u>\$ 3,653</u>	<u>\$ 50</u>	<u>\$ 59,341</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	1,184	4,698	24	1,106	25
Intergovernmental	-	-	91	23,884	-
Investment income	3	67	-	65	4
Other revenues	34	1	-	4	1,550
Total revenues	1,221	4,766	115	25,059	1,579
EXPENDITURES:					
Current:					
General government	-	2,690	-	180	-
Public safety	-	-	35	-	-
Judicial	146	695	25	-	375
Community services	995	-	-	20,642	-
Capital outlay	-	196	-	129	105
Total expenditures	1,141	3,581	60	20,951	480
Excess (deficiency) of revenues over (under) expenditures	80	1,185	55	4,108	1,099
OTHER FINANCING SOURCES (USES) -					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balance	80	1,185	55	4,108	1,099
FUND BALANCES, beginning of year	529	14,034	179	11,146	213
FUND BALANCES, end of year	\$ 609	\$ 15,219	\$ 234	\$ 15,254	\$ 1,312

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 138	\$ -	\$ -	\$ -	\$ 138
-	3,634	1,622	27	1,087	-	-	13,407
-	3,571	180	-	-	-	-	27,726
18	14	11	1	2	16	-	201
<u>1,909</u>	<u>970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604</u>	<u>-</u>	<u>5,072</u>
1,927	8,189	1,813	166	1,089	620	-	46,544
-	2,941	430	82	-	-	-	6,323
1,096	583	8	-	-	-	-	1,722
1	679	631	-	-	-	-	2,552
-	2,210	100	-	991	511	3	25,452
<u>402</u>	<u>137</u>	<u>150</u>	<u>15</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>1,166</u>
1,499	6,550	1,319	97	1,023	511	3.00	37,215
428	1,639	494	69	66	109	(3)	9,329
-	440	-	-	-	-	-	440
<u>-</u>	<u>(74)</u>	<u>(590)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(664)</u>
-	366	(590)	-	-	-	-	(224)
428	2,005	(96)	69	66	109	(3)	9,105
<u>3,768</u>	<u>3,144</u>	<u>2,343</u>	<u>347</u>	<u>494</u>	<u>3,544</u>	<u>53</u>	<u>39,794</u>
<u>\$ 4,196</u>	<u>\$ 5,149</u>	<u>\$ 2,247</u>	<u>\$ 416</u>	<u>\$ 560</u>	<u>\$ 3,653</u>	<u>\$ 50</u>	<u>\$ 48,899</u>



BUDGETARY COMPLIANCE

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Debt Service Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ 37,369	\$ 37,369	\$ 37,553	\$ 184
Investment income	32	32	78	46
Total Revenues	<u>\$ 37,401</u>	<u>\$ 37,401</u>	<u>\$ 37,631</u>	<u>\$ 230</u>
EXPENDITURES:				
Debt service	<u>\$ 38,307</u>	<u>\$ 38,307</u>	<u>\$ 37,305</u>	<u>\$ 1,002</u>
Total Expenditures	<u>\$ 38,307</u>	<u>\$ 38,307</u>	<u>\$ 37,305</u>	<u>\$ 1,002</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Investment income	\$ 295	\$ 295	\$ 875	\$ 580
Other revenues	-	234	1,059	825
Transfers/bond proceeds	30,712	31,043	31,043	-
Total Revenues	\$ 31,007	\$ 31,572	\$ 32,977	\$ 1,405
EXPENDITURES:				
County Judge	\$ 3	\$ 3	\$ 1	\$ 2
County Administrator	19	17	17	-
Non-Departmental	8,972	5,894	4	5,890
Auditor	17	18	15	3
Budget/Risk Management	1	3	-	3
Tax Assessor / Collector	67	67	49	18
Information Technology	19,416	21,783	13,646	8,137
Human Resources	1	8	7	1
Purchasing	2	2	2	-
Facilities	61	31	29	2
Sheriff	74	93	74	19
Sheriff - Confinement	18	18	18	-
Medical Examiner	178	178	171	7
Fire Marshal	-	20	20	-
Community Supervision	12	11	10	1
Juvenile Services	105	105	100	5
Buildings	87,269	87,281	6,775	80,506
Criminal District Court 1	1	1	1	-
231ST District Court	-	5	5	-
Criminal Court Administration	3	2	2	-
Grand Jury	1	1	-	1
Criminal Attorney Appointment	77	77	65	12
County Court at Law #1	4	4	4	-
County Criminal Court #1	-	1	1	-
County Criminal Court #6	1	1	1	-
County Criminal Court #8	-	1	-	1
Probate Court 1	4	4	4	-
Probate Court 2	1	1	1	-
Justice of the Peace Pct. 3	-	1	1	-
Justice of the Peace Pct. 4	1	1	1	-
District Attorney	36	42	42	-
District Clerk	10	10	5	5
Domestic Relations	17	20	20	-
Jury Services	58	58	58	-
Courts / Judiciary	12	10	-	10
Human Services	10	11	11	-
Veterans Services	2	2	2	-
Historical Commission	2	2	2	-
Commissioner Precinct 1	8,641	8,722	6,548	2,174
Commissioner Precinct 2	975	986	912	74
Commissioner Precinct 3	632	766	453	313
Commissioner Precinct 4	508	516	153	363
Transportation	73,966	74,966	10,787	64,179
Total Expenditures	\$ 201,177	\$ 201,743	\$ 40,017	\$ 161,726

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Law Library</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,125	\$ 1,125	\$ 1,184	\$ 59
Investment income	1	1	3	2
Other revenues	<u>26</u>	<u>26</u>	<u>34</u>	<u>8</u>
Total Revenues	<u>\$ 1,152</u>	<u>\$ 1,152</u>	<u>\$ 1,221</u>	<u>\$ 69</u>
EXPENDITURES:				
Law Library	\$ 1,384	\$ 1,384	\$ 1,008	\$ 376
Judicial Law Library	<u>175</u>	<u>175</u>	<u>149</u>	<u>26</u>
Total Expenditures	<u>\$ 1,559</u>	<u>\$ 1,559</u>	<u>\$ 1,157</u>	<u>\$ 402</u>

	<u>Records Preservation and Automation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 4,341	\$ 4,341	\$ 4,698	\$ 357
Investment income	34	34	66	32
Other revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	<u>\$ 4,375</u>	<u>\$ 4,375</u>	<u>\$ 4,765</u>	<u>\$ 390</u>
EXPENDITURES:				
Information Technology	\$ 1,656	\$ 1,656	\$ 470	\$ 1,186
Buildings	-	12	9	3
District Clerk	1,695	1,695	635	1,060
County Clerk	<u>12,882</u>	<u>12,870</u>	<u>2,040</u>	<u>10,830</u>
Total Expenditures	<u>\$ 16,233</u>	<u>\$ 16,233</u>	<u>\$ 3,154</u>	<u>\$ 13,079</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 19	\$ 19	\$ 24	\$ 5
Intergovernment	-	91	91	-
Total Revenues	<u>\$ 19</u>	<u>\$ 110</u>	<u>\$ 115</u>	<u>\$ 5</u>
EXPENDITURES:				
Sheriff	\$ 110	\$ 180	\$ 35	\$ 145
Sheriff-Confinement	12	27	3	24
Constable Precinct 1	1	2	-	2
Constable Precinct 2	1	2	-	2
Constable Precinct 3	2	4	3	1
Constable Precinct 4	10	11	-	11
Constable Precinct 5	1	3	-	3
Constable Precinct 6	3	4	-	4
Constable Precinct 7	3	5	-	5
Constable Precinct 8	1	2	2	-
Fire Marshal	-	1	-	1
Probate Court 1	24	23	7	16
Probate Court 2	22	21	5	16
District Attorney	2	5	5	-
Total Expenditures	<u>\$ 192</u>	<u>\$ 290</u>	<u>\$ 60</u>	<u>\$ 230</u>
	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,177	\$ 1,177	\$ 1,106	\$ (71)
Intergovernmental	23,581	23,581	23,884	303
Investment income	7	7	65	58
Other revenues	-	-	4	4
Transfer	460	460	460	-
Total Revenues	<u>\$ 25,225</u>	<u>\$ 25,225</u>	<u>\$ 25,519</u>	<u>\$ 294</u>
EXPENDITURES:				
Non-Departmental	\$ 10,811	\$ 10,378	\$ 460	\$ 9,918
Buildings	190	249	205	44
Public Health	24,274	24,648	20,651	3,997
Total Expenditures	<u>\$ 35,275</u>	<u>\$ 35,275</u>	<u>\$ 21,316</u>	<u>\$ 13,959</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>District Attorney</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 25	\$ 25	\$ 24	\$ (1)
Investment	1	1	4	3
Other revenues	<u>483</u>	<u>687</u>	<u>1,550</u>	<u>863</u>
Total Revenues	<u>\$ 509</u>	<u>\$ 713</u>	<u>\$ 1,578</u>	<u>\$ 865</u>

EXPENDITURES:				
District Attorney	<u>\$ 618</u>	<u>\$ 821</u>	<u>\$ 425</u>	<u>\$ 396</u>
Total Expenditures	<u>\$ 618</u>	<u>\$ 821</u>	<u>\$ 425</u>	<u>\$ 396</u>

	<u>Sheriff Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment income	\$ 8	\$ 8	\$ 18	\$ 10
Other revenues	<u>1,500</u>	<u>1,500</u>	<u>1,909</u>	<u>409</u>
Total Revenues	<u>\$ 1,508</u>	<u>\$ 1,508</u>	<u>\$ 1,927</u>	<u>\$ 419</u>
EXPENDITURES:				
Sheriff	\$ 751	\$ 894	\$ 289	\$ 605
Sheriff - Confinement	<u>4,244</u>	<u>4,244</u>	<u>1,197</u>	<u>3,047</u>
Total Expenditures	<u>\$ 4,995</u>	<u>\$ 5,138</u>	<u>\$ 1,486</u>	<u>\$ 3,652</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 620	\$ 2,133	\$ 4,066	\$ 1,933
Intergovernmental	906	4,696	3,571	(1,125)
Investment income	3	3	14	11
Other revenues	629	787	970	183
Transfer	118	118	440	322
	<u>118</u>	<u>118</u>	<u>440</u>	<u>322</u>
Total Revenues	<u>\$ 2,276</u>	<u>\$ 7,737</u>	<u>\$ 9,061</u>	<u>\$ 1,324</u>
EXPENDITURES:				
Non-Departmental	\$ 27	\$ 25	\$ 25	\$ -
Elections Administration	531	4,257	3,160	1,097
Self Insurance	572	572	48	524
Sheriff	1	1	-	1
Constable Precinct 7	6	6	-	6
Medical Examiner	43	43	2	41
Fire Marshal	77	78	78	-
Community Supervision	552	552	504	48
Juvenile Services	311	311	34	277
Criminal Court Administration	52	52	38	14
District Attorney	561	561	461	100
Domestic Relations	7	8	8	-
8th Admin Judicial Region	104	104	103	1
Public Health	512	2,217	2,156	61
Human Services	100	235	197	38
Child Protective Services	193	270	114	156
Public Assistance	2	27	11	16
Historical Commission	38	39	-	39
Peace Officers Memorial Monument	20	20	-	20
	<u>20</u>	<u>20</u>	<u>-</u>	<u>20</u>
Total Expenditures	<u>\$ 3,709</u>	<u>\$ 9,378</u>	<u>\$ 6,939</u>	<u>\$ 2,439</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,489	\$ 1,576	\$ 1,622	\$ 46
Intergovernmental	140	140	179	39
Investment income	5	5	11	6
Total Revenues	\$ 1,634	\$ 1,721	\$ 1,812	\$ 91
EXPENDITURES:				
Non Departmental	\$ 1,945	\$ 2,031	\$ 1,021	\$ 1,010
Information Technology	339	339	159	180
Facilities	2	2	-	2
Community Supervision	27	27	8	19
323rd District Court	564	564	201	363
Appeals Court	170	170	160	10
Criminal Court Administration	432	432	150	282
Probate Court 1	210	210	59	151
Probate Court 2	90	90	60	30
Public Assistance	100	100	100	-
Total Expenditures	\$ 3,879	\$ 3,965	\$ 1,918	\$ 2,047

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 40	\$ 40	\$ 138	\$ 98
Fees of office	8	8	27	19
Investment income	1	1	1	-
Total Revenues	\$ 49	\$ 49	\$ 166	\$ 117
EXPENDITURES:				
Tax Assessor/Collector	\$ 384	\$ 384	\$ 87	\$ 297
Total Expenditures	\$ 384	\$ 384	\$ 87	\$ 297

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 975	\$ 975	\$ 1,087	\$ 112
Investment income	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
Total Revenues	<u>\$ 976</u>	<u>\$ 976</u>	<u>\$ 1,089</u>	<u>\$ 113</u>
EXPENDITURES:				
Public Health	<u>\$ 1,395</u>	<u>\$ 1,395</u>	<u>\$ 1,024</u>	<u>\$ 371</u>
Total Expenditures	<u>\$ 1,395</u>	<u>\$ 1,395</u>	<u>\$ 1,024</u>	<u>\$ 371</u>

INTERNAL SERVICE FUNDS

**TARRANT COUNTY, TEXAS
INTERNAL SERVICE FUNDS
FUND DESCRIPTIONS**

EMPLOYEE BENEFITS FUND

This fund was established to account for Tarrant County employee benefits (e.g., medical, dental and life insurance).

SELF INSURANCE FUND

These funds were established to account for County self-insured general liability, law enforcement, public officials' error and omissions, medical malpractice and automobile physical damage.

WORKERS' COMPENSATION FUND

This fund was established to account for workers' compensation claims.

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 10,468	\$ 2,409	\$ 2,229	\$ 15,106
Other receivables, net of allowance for uncollectibles	1,295	6	-	1,301
Supplies and prepaid items	194	-	-	194
Total current assets	<u>11,957</u>	<u>2,415</u>	<u>2,229</u>	<u>16,601</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	366	88	85	539
Other liabilities	4,286	366	3,250	7,902
Unearned revenue	60	-	-	60
Total current liabilities	<u>4,712</u>	<u>454</u>	<u>3,335</u>	<u>8,501</u>
Noncurrent liabilities:				
Other noncurrent liabilities	-	202	4,782	4,984
Total noncurrent liabilities	<u>-</u>	<u>202</u>	<u>4,782</u>	<u>4,984</u>
Total liabilities	<u>4,712</u>	<u>656</u>	<u>8,117</u>	<u>13,485</u>
<u>NET POSITION</u>				
Unrestricted	<u>7,245</u>	<u>1,759</u>	<u>(5,888)</u>	<u>3,116</u>
Total net position (deficit)	<u>\$ 7,245</u>	<u>\$ 1,759</u>	<u>\$ (5,888)</u>	<u>\$ 3,116</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
<u>OPERATING REVENUES</u>				
Charges for services - external	\$ 15,397	\$ -	\$ -	\$ 15,397
Charges for services - internal	41,777	-	2,876	44,653
Other revenues	6,047	53	244	6,344
Total operating revenues	<u>63,221</u>	<u>53</u>	<u>3,120</u>	<u>66,394</u>
<u>OPERATING EXPENSES</u>				
Building and equipment	32	120	-	152
Self insurance claims	64,450	183	2,723	67,356
Insurance premiums	2,570	-	-	2,570
Other expenses	4,412	107	221	4,740
Total operating expenses	<u>71,464</u>	<u>410</u>	<u>2,944</u>	<u>74,818</u>
Operating income (loss)	<u>(8,243)</u>	<u>(357)</u>	<u>176</u>	<u>(8,424)</u>
<u>NONOPERATING REVENUES</u>				
Investment income	63	11	9	83
Income (loss) before transfers	<u>(8,180)</u>	<u>(346)</u>	<u>185</u>	<u>(8,341)</u>
Transfers in	-	275	-	275
Transfers out	<u>(355)</u>	<u>-</u>	<u>-</u>	<u>(355)</u>
Change in net position	(8,535)	(71)	185	(8,421)
Total net position (deficit)-beginning	<u>15,780</u>	<u>1,830</u>	<u>(6,073)</u>	<u>11,537</u>
Total net position (deficit)-ending	<u>\$ 7,245</u>	<u>\$ 1,759</u>	<u>\$ (5,888)</u>	<u>\$ 3,116</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 21,197	\$ 55	\$ 247	\$ 21,499
Receipts from interfund charges	41,777	-	2,876	44,653
Payments on behalf of employees	<u>(71,207)</u>	<u>(417)</u>	<u>(3,117)</u>	<u>(74,741)</u>
Net cash provided by (used in) operating activities	<u>(8,233)</u>	<u>(362)</u>	<u>6</u>	<u>(8,589)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment income, net	<u>63</u>	<u>11</u>	<u>9</u>	<u>83</u>
Net cash provided by investing activities	<u>63</u>	<u>11</u>	<u>9</u>	<u>83</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in	-	275	-	275
Transfers out	<u>(355)</u>	<u>-</u>	<u>-</u>	<u>(355)</u>
Net cash provided by (used in) noncapital financing activities	<u>(355)</u>	<u>275</u>	<u>-</u>	<u>(80)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,525)	(76)	15	(8,586)
CASH AND CASH EQUIVALENTS, beginning of year	<u>18,993</u>	<u>2,485</u>	<u>2,214</u>	<u>23,692</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 10,468</u>	<u>\$ 2,409</u>	<u>\$ 2,229</u>	<u>\$ 15,106</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Income (loss) from operations	\$ (8,243)	\$ (357)	\$ 176	\$ (8,424)
Changes in assets and liabilities:				
Supplies and prepaid items	(37)	-	-	(37)
Other receivables	(252)	2	3	(247)
Accounts payable	(149)	34	48	(67)
Other liabilities	443	(41)	(221)	181
Unearned revenue	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Net cash provided by (used in) operating activities	<u>\$ (8,233)</u>	<u>\$ (362)</u>	<u>\$ 6</u>	<u>\$ (8,589)</u>

FIDUCIARY FUNDS

**TARRANT COUNTY, TEXAS
FIDUCIARY FUNDS
FUND DESCRIPTIONS**

AGENCY FUNDS:

PAYROLL CLEARING FUND

This fund was established to account for the routine receipts and disbursements associated with the payroll process.

FEE OFFICE FUND

This fund was established to account for the monies still in the custody of the several fee officers of the County that have not been remitted to the County Treasury and restricted assets of cash and investments held in the registry of the court and securities posted by bondsmen to secure bail bonds.

COMMUNITY SUPERVISION & CORRECTIONS FUND

This fund was established to account for the activities of a State agency with funds in the County depository.

TARRANT COUNTY, TEXAS

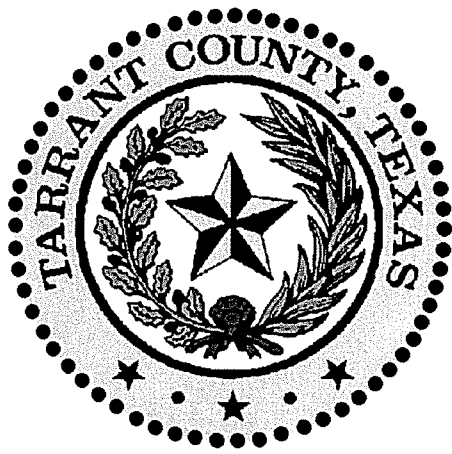
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	<u>Agency Funds</u>			
<u>ASSETS</u>	<u>Payroll Clearing</u>	<u>Fee Office</u>	<u>Community Supervision & Corrections</u>	<u>Total</u>
Current assets:				
Cash, cash equivalents, and investments	\$ 7,231	\$ 47,596	\$ 8,054	\$ 62,881
Other receivables	32	503	178	713
Restricted cash, cash equivalents, and investments	-	68,269	-	68,269
TOTAL ASSETS	<u>\$ 7,263</u>	<u>\$ 116,368</u>	<u>\$ 8,232</u>	<u>\$ 131,863</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 5	\$ 70	\$ 432	\$ 507
Due to third parties	7,258	116,298	7,800	131,356
TOTAL LIABILITIES	<u>\$ 7,263</u>	<u>\$ 116,368</u>	<u>\$ 8,232</u>	<u>\$ 131,863</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016 (AMOUNTS IN THOUSANDS)

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
PAYROLL CLEARING:				
Cash, cash equivalents, and investments	\$ 4,664	\$ 141,758	\$ 139,191	\$ 7,231
Other receivables	41	33	42	32
	<u>\$ 4,705</u>	<u>\$ 141,791</u>	<u>\$ 139,233</u>	<u>\$ 7,263</u>
Accounts payable	\$ 5	\$ -	\$ -	\$ 5
Due to third parties	4,700	141,716	139,158	7,258
	<u>\$ 4,705</u>	<u>\$ 141,716</u>	<u>\$ 139,158</u>	<u>\$ 7,263</u>
FEE OFFICE:				
Cash, cash equivalents, and investments	\$ 37,909	\$ 4,036,441	\$ 4,026,754	\$ 47,596
Other receivables	2	501	-	503
Restricted cash, cash equivalents, and investments	60,756	62,273	54,760	68,269
	<u>\$ 98,667</u>	<u>\$ 4,099,215</u>	<u>\$ 4,081,514</u>	<u>\$ 116,368</u>
Accounts payable	\$ -	\$ 235	\$ 165	\$ 70
Due to third parties	98,667	4,099,215	4,081,584	116,298
	<u>\$ 98,667</u>	<u>\$ 4,099,450</u>	<u>\$ 4,081,749</u>	<u>\$ 116,368</u>
COMMUNITY SUPERVISION & CORRECTIONS:				
Cash, cash equivalents, and investments	\$ 7,863	\$ 23,595	\$ 23,404	\$ 8,054
Other receivables	101	1,532	1,455	178
	<u>\$ 7,964</u>	<u>\$ 25,127</u>	<u>\$ 24,859</u>	<u>\$ 8,232</u>
Accounts payable	\$ 1,246	\$11,454	\$ 12,268	\$ 432
Due to third parties	6,718	13,673	12,591	7,800
	<u>\$ 7,964</u>	<u>\$ 25,127</u>	<u>\$ 24,859</u>	<u>\$ 8,232</u>
TOTAL:				
Cash, cash equivalents, and investments	\$ 50,436	\$ 4,201,794	\$ 4,189,349	\$ 62,881
Other receivables	144	2,066	1,497	713
Restricted cash, cash equivalents, and investments	60,756	62,273	54,760	68,269
	<u>\$ 111,336</u>	<u>\$ 4,266,133</u>	<u>\$ 4,245,606</u>	<u>\$ 131,863</u>
Accounts payable	\$ 1,251	\$ 11,689	\$ 12,433	\$ 507
Due to third parties	110,085	4,254,604	4,233,333	131,356
	<u>\$ 111,336</u>	<u>\$ 4,266,293</u>	<u>\$ 4,245,766</u>	<u>\$ 131,863</u>



STATISTICAL SECTION

**TARRANT COUNTY, TEXAS
STATISTICAL SECTION**

This part of the County’s comprehensive annual financial report presents detailed information to enhance the understanding of the information in the financial statements, note disclosures, and required supplementary information and what the data indicates about the County’s overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS	122
<p>These schedules contain trend information to aid in understanding how the County’s financial performance and well being have changed over time.</p> <p>The first three schedules relate to government wide; the remaining schedules relate to fund information.</p>	
REVENUE CAPACITY	132
<p>These schedules contain information to aid in assessing the factors affecting the County’s ability to generate its property taxes, its most significant local revenue source.</p>	
DEBT CAPACITY	140
<p>These schedules present information to aid in assessing the County’s current debt levels and its ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	148
<p>These schedules offer demographic and economic indicators to aid in understanding the environment within which the County’s financial activities take place.</p>	
OPERATING INFORMATION	150
<p>These schedules contain information about the County’s operations and resources to aid in understanding how the County’s financial information relates to the services the County provides and the activities it performs.</p>	

TARRANT COUNTY, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:					
Net investment in capital assets	\$ 195,824	\$ 185,168	\$ 200,501	\$ 236,273	\$ 224,257
Restricted	-	-	-	15,784	16,507
Unrestricted	114,985	147,789	144,382	84,830	66,016
Total governmental activities net position	<u>\$ 310,809</u>	<u>\$ 332,957</u>	<u>\$ 344,883</u>	<u>\$ 336,887</u>	<u>\$ 306,780</u>
Business-type activities:					
Net investment in capital assets	\$ 5,501	\$ 5,229	\$ 5,560	\$ 5,282	\$ 5,645
Unrestricted	(1,835)	340	(16)	481	988
Total business-type activities net position	<u>\$ 3,666</u>	<u>\$ 5,569</u>	<u>\$ 5,544</u>	<u>\$ 5,763</u>	<u>\$ 6,633</u>
Primary government:					
Net investment in capital assets	\$ 201,325	\$ 190,397	\$ 206,061	\$ 241,555	\$ 229,902
Restricted	-	-	-	15,784	16,507
Unrestricted	113,150	148,129	144,366	85,311	67,004
Total primary government net position	<u>\$ 314,475</u>	<u>\$ 338,526</u>	<u>\$ 350,427</u>	<u>\$ 342,650</u>	<u>\$ 313,413</u>

TABLE I

2012	2013	2014	2015	2016
\$ 213,102	\$ 187,832	\$ 214,058	\$ 205,217	\$ 242,704
17,780	20,967	23,439	35,733	27,460
19,401	11,749	12,510	(211,929)	(251,868)
<u>\$ 250,283</u>	<u>\$ 220,548</u>	<u>\$ 250,007</u>	<u>\$ 29,021</u>	<u>\$ 18,296</u>
\$ 5,256	\$ 4,922	\$ 4,567	\$ 4,302	\$ 4,480
1,043	1,519	1,638	843	890
<u>\$ 6,299</u>	<u>\$ 6,441</u>	<u>\$ 6,205</u>	<u>\$ 5,145</u>	<u>\$ 5,370</u>
\$ 218,358	\$ 192,754	\$ 218,625	\$ 209,519	\$ 247,184
17,780	20,967	23,439	35,733	27,460
20,444	13,268	14,148	(211,086)	(250,978)
<u>\$ 256,582</u>	<u>\$ 226,989</u>	<u>\$ 256,212</u>	<u>\$ 34,166</u>	<u>\$ 23,666</u>

TARRANT COUNTY, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 105,708	\$ 119,234	\$ 132,725	\$ 126,700	\$ 124,555
Public safety	99,860	109,282	111,314	118,807	120,881
Transportation support	33,753	42,741	44,690	42,121	54,329
Judicial	124,066	137,287	142,450	150,002	150,841
Community services	62,437	72,088	78,814	91,269	84,066
Interest and fiscal charges	9,529	11,751	14,966	14,612	15,108
Total governmental activities expenses	<u>435,353</u>	<u>492,383</u>	<u>524,959</u>	<u>543,511</u>	<u>549,780</u>
Business-type activities:					
Resource Connection	2,854	3,077	3,138	3,048	3,024
Total primary government expenses	<u>438,207</u>	<u>495,460</u>	<u>528,097</u>	<u>546,559</u>	<u>552,804</u>
Program Revenues (1)					
Governmental activities:					
Fees, Fines, and Charges for Services	98,334	104,965	103,120	103,510	110,503
Operating Grants and Contributions	62,090	76,291	89,858	90,914	77,519
Capital Grants and Contributions	7,512	6,740	3,597	1,566	3,339
Total governmental activities program revenues	<u>167,936</u>	<u>187,996</u>	<u>196,575</u>	<u>195,990</u>	<u>191,361</u>
Business-type activities:					
Resource Connection	2,662	4,940	2,923	2,880	2,745
Total primary government program revenues	<u>170,598</u>	<u>192,936</u>	<u>199,498</u>	<u>198,870</u>	<u>194,106</u>
Net (Expenses)/Revenue					
Governmental activities	(267,417)	(304,387)	(328,384)	(347,521)	(358,419)
Business-type activities	(192)	1,863	(215)	(168)	(279)
Total primary government net expenses	<u>\$ (267,609)</u>	<u>\$ (302,524)</u>	<u>\$ (328,599)</u>	<u>\$ (347,689)</u>	<u>\$ (358,698)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 282,491	\$ 303,474	\$ 321,868	\$ 327,566	\$ 315,441
Alcoholic beverage and bingo taxes	6,154	6,023	6,819	7,217	7,646
Unrestricted investment earnings	15,834	12,287	8,937	2,090	2,098
Other general revenue	2,432	4,751	2,686	2,652	3,127
Total governmental activities	<u>306,911</u>	<u>326,535</u>	<u>340,310</u>	<u>339,525</u>	<u>328,312</u>
Business-type activities:					
Unrestricted investment earnings	13	40	45	16	10
Other general revenue	-	-	145	371	1,139
Total business-type activities	<u>13</u>	<u>40</u>	<u>190</u>	<u>387</u>	<u>1,149</u>
Total primary government	<u>306,924</u>	<u>326,575</u>	<u>340,500</u>	<u>339,912</u>	<u>329,461</u>
Changes in Net Position					
Governmental activities	39,494	22,148	11,926	(7,996)	(30,107)
Business-type activities	(179)	1,903	(25)	219	870
Total primary government	<u>\$ 39,315</u>	<u>\$ 24,051</u>	<u>\$ 11,901</u>	<u>\$ (7,777)</u>	<u>\$ (29,237)</u>

(1) See schedule of Program Revenue by Function/Program Table III for detail.

TABLE II

2012	2013	2014	2015	2016
\$ 127,322	\$ 130,932	\$ 127,883	\$ 143,920	\$ 145,969
129,313	133,199	127,787	132,926	145,216
48,559	40,820	32,234	38,500	37,363
157,358	160,619	157,483	162,219	174,043
79,934	82,852	78,405	82,042	92,572
15,112	14,140	14,124	16,066	13,275
<u>557,598</u>	<u>562,562</u>	<u>537,916</u>	<u>575,673</u>	<u>608,438</u>
3,351	3,158	3,699	3,735	3,453
<u>560,949</u>	<u>565,720</u>	<u>541,615</u>	<u>579,408</u>	<u>611,891</u>
96,785	118,963	119,321	126,633	131,550
72,934	76,631	80,696	88,776	85,747
3,505	1,144	347	1,728	1,318
<u>173,224</u>	<u>196,738</u>	<u>200,364</u>	<u>217,137</u>	<u>218,615</u>
2,626	2,962	3,138	3,092	3,292
<u>175,850</u>	<u>199,700</u>	<u>203,502</u>	<u>220,229</u>	<u>221,907</u>
(384,374)	(365,824)	(337,552)	(358,536)	(389,823)
(725)	(196)	(561)	(643)	(161)
<u>\$ (385,099)</u>	<u>\$ (366,020)</u>	<u>\$ (338,113)</u>	<u>\$ (359,179)</u>	<u>\$ (389,984)</u>
\$ 317,016	\$ 325,106	\$ 335,242	\$ 350,708	\$ 363,964
6,392	6,694	9,110	11,136	10,953
825	816	1,151	1,134	2,188
3,644	3,473	5,205	4,322	1,993
<u>327,877</u>	<u>336,089</u>	<u>350,708</u>	<u>367,300</u>	<u>379,098</u>
4	4	5	5	9
387	334	320	195	377
<u>391</u>	<u>338</u>	<u>325</u>	<u>200</u>	<u>386</u>
328,268	336,427	351,033	367,500	379,484
(56,497)	(29,735)	13,156	8,764	(10,725)
(334)	142	(236)	(443)	225
<u>\$ (56,831)</u>	<u>\$ (29,593)</u>	<u>\$ 12,920</u>	<u>\$ 8,321</u>	<u>\$ (10,500)</u>

TARRANT COUNTY, TEXAS
PROGRAM REVENUE BY FUNCTION/PROGRAM
LAST TEN YEARS
(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

Function/Program	FISCAL YEAR				
	2007	2008	2009	2010	2011
Fees, Fines, and Charges for Services					
Governmental:					
General government	\$ 50,630	\$ 53,905	\$ 51,847	\$ 49,983	\$ 51,078
Public safety	4,293	4,532	3,052	3,607	5,274
Transportation support	-	-	-	-	-
Judicial	31,446	33,104	33,352	35,005	39,104
Community services	11,965	13,424	14,869	14,915	15,047
Total Governmental	98,334	104,965	103,120	103,510	110,503
Business-type	2,662	4,940	2,923	2,880	2,745
Total Fees, Fines and Charges for Service	\$ 100,996	\$ 109,905	\$ 106,043	\$ 106,390	\$ 113,248
Operating Grants and Contributions					
Governmental:					
General government	\$ 2,076	\$ 7,443	\$ 15,709	\$ 7,961	\$ 744
Public safety	2,630	3,707	3,435	3,308	3,359
Transportation support	33	49	30	75	33
Judicial	12,126	12,579	12,061	11,968	12,094
Community services	45,225	52,513	58,623	67,602	61,289
Total Governmental	62,090	76,291	89,858	90,914	77,519
Total Operating Grants and Contributions	\$ 62,090	\$ 76,291	\$ 89,858	\$ 90,914	\$ 77,519
Capital Grants and Contributions					
Governmental:					
General government	\$ 2,074	\$ -	\$ 1,326	\$ 302	\$ 2,163
Public safety	237	136	61	195	593
Transportation support	4,744	6,597	2,001	173	446
Judicial	457	7	4	477	76
Community services	-	-	205	419	61
Total Governmental	7,512	6,740	3,597	1,566	3,339
Business-type	-	-	-	-	-
Total Capital Grants and Contributions	\$ 7,512	\$ 6,740	\$ 3,597	\$ 1,566	\$ 3,339
Total Program Revenues					
Governmental:					
General government	\$ 54,780	\$ 61,348	\$ 68,882	\$ 58,246	\$ 53,985
Public safety	7,160	8,375	6,548	7,110	9,226
Transportation support	4,777	6,646	2,031	248	479
Judicial	44,029	45,690	45,417	47,450	51,274
Community services	57,190	65,937	73,697	82,936	76,397
Total Governmental	167,936	187,996	196,575	195,990	191,361
Business-type	2,662	4,940	2,923	2,880	2,745
Total Program Revenues	\$ 170,598	\$ 192,936	\$ 199,498	\$ 198,870	\$ 194,106

TABLE III

2012	2013	2014	2015	2016
\$ 39,776	\$ 44,789	\$ 47,345	\$ 51,688	\$ 52,059
5,884	6,383	6,621	6,915	7,468
19,633	19,419	18,851	17,449	18,484
14,954	30,646	29,311	28,103	29,827
16,538	17,726	17,193	22,478	23,712
96,785	118,963	119,321	126,633	131,550
2,626	2,962	3,138	3,092	3,253
<u>\$ 99,411</u>	<u>\$ 121,925</u>	<u>\$ 122,459</u>	<u>\$ 129,725</u>	<u>\$ 134,803</u>
\$ 2,499	\$ 1,962	\$ 2,263	\$ 8,873	\$ 677
3,818	3,896	3,892	3,902	3,961
33	153	217	137	31
11,186	11,390	12,614	11,626	11,776
55,398	59,230	61,710	64,238	69,302
72,934	76,631	80,696	88,776	85,747
<u>\$ 72,934</u>	<u>\$ 76,631</u>	<u>\$ 80,696</u>	<u>\$ 88,776</u>	<u>\$ 85,747</u>
\$ 1,080	\$ 1,083	\$ -	\$ -	\$ 377
156	33	325	229	482
2,166	28	-	1,392	256
-	-	22	107	-
103	-	-	-	203
3,505	1,144	347	1,728	1,318
-	-	-	-	39
<u>\$ 3,505</u>	<u>\$ 1,144</u>	<u>\$ 347</u>	<u>\$ 1,728</u>	<u>\$ 1,357</u>
\$ 43,355	\$ 47,834	\$ 49,608	\$ 60,561	\$ 53,113
9,858	10,312	10,838	11,046	11,911
21,832	19,600	19,068	18,978	18,771
26,140	42,036	41,947	39,836	41,603
72,039	76,956	78,903	86,716	93,217
173,224	196,738	200,364	217,137	218,615
2,626	2,962	3,138	3,092	3,292
<u>\$ 175,850</u>	<u>\$ 199,700</u>	<u>\$ 203,502</u>	<u>\$ 220,229</u>	<u>\$ 221,907</u>

TARRANT COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>
General Fund					
Reserved:					
For encumbrances	\$ 1,549	\$ 2,995	\$ 2,743	\$ 3,401	N/A
For supplies and prepaid items	865	761	800	878	N/A
For long-term receivable	6,115	5,570	4,995	4,390	N/A
Unreserved	44,975	38,347	39,802	56,306	N/A
Nonspendable	N/A	N/A	N/A	N/A	\$ 4,619
Committed	N/A	N/A	N/A	N/A	292
Assigned	N/A	N/A	N/A	N/A	17,868
Unassigned	N/A	N/A	N/A	N/A	36,642
Total General fund	<u>\$ 53,504</u>	<u>\$ 47,673</u>	<u>\$ 48,340</u>	<u>\$ 64,975</u>	<u>\$ 59,421</u>
All Other Governmental Funds					
Reserved:					
For debt service	\$ 1,020	\$ 492	\$ 895	\$ 1,611	N/A
For capital projects	159,179	243,413	238,905	178,068	N/A
For encumbrances	19,482	47,394	41,657	129,155	N/A
For supplies and prepaid items	1,289	825	1,073	961	N/A
For long-term receivable	2,099	2,099	2,099	2,099	N/A
Unreserved, reported in:					
Special revenue funds	31,261	27,761	23,774	28,072	N/A
Nonspendable	N/A	N/A	N/A	N/A	\$ 721
Restricted	N/A	N/A	N/A	N/A	185,117
Committed	N/A	N/A	N/A	N/A	68,129
Assigned	N/A	N/A	N/A	N/A	3,730
Unassigned	N/A	N/A	N/A	N/A	-
Total all other governmental funds	<u>\$ 214,330</u>	<u>\$ 321,984</u>	<u>\$ 308,403</u>	<u>\$ 339,966</u>	<u>\$ 257,697</u>

(1) The County implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Prior year amounts have not been restated for the implementation of Statement 54.

N/A-Not applicable

TABLE IV

	2012	2013	2014	2015	2016
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
\$	4,002	\$ 3,409	\$ 2,442	\$ 1,703	\$ 830
	63	603	307	244	795
	23,276	25,015	27,578	26,917	31,146
	38,499	49,101	48,616	52,580	52,861
\$	<u>65,840</u>	<u>\$ 78,128</u>	<u>\$ 78,943</u>	<u>\$ 81,444</u>	<u>\$ 85,632</u>

	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
\$	596	\$ 1,107	\$ 2,604	\$ 2,321	\$ 2,355
	145,765	146,653	114,877	153,572	144,294
	73,574	80,443	78,467	90,117	101,253
	3,352	3,357	3,488	3,597	3,703
	-	-	(1,482)	(1,462)	(1,691)
\$	<u>223,287</u>	<u>\$ 231,560</u>	<u>\$ 197,954</u>	<u>\$ 248,145</u>	<u>\$ 249,914</u>

TARRANT COUNTY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2007	2008	2009	2010	2011
Revenues:					
Taxes	\$ 283,255	\$ 299,894	\$ 320,593	\$ 327,003	\$ 316,206
Licenses and permits	804	793	903	1,159	851
Fees of office	72,136	74,607	70,615	66,743	69,515
Intergovernmental	83,485	100,006	117,658	119,163	107,945
Investment income	15,834	12,287	8,937	2,090	2,098
Other revenues	16,677	17,567	17,407	17,288	18,509
Total revenues	472,191	505,154	536,113	533,446	515,124
Expenditures:					
Current:					
General government	85,970	98,866	111,307	105,412	98,733
Public safety	96,449	102,676	105,151	107,190	109,744
Transportation support	22,210	29,376	28,734	21,313	22,936
Judicial	122,612	132,500	138,962	140,845	143,531
Community services	58,740	66,138	73,164	83,369	77,230
Capital outlay	48,385	49,077	52,908	53,037	114,674
Debt service:					
Principal payments	23,795	25,905	24,285	21,185	20,420
Interest and fiscal charges	9,368	11,469	15,048	15,207	15,964
Bond issuance costs	-	-	-	254	-
Total expenditures	467,529	516,007	549,559	547,812	603,232
Excess (deficiency) of revenues over (under) expenditures	4,662	(10,853)	(13,446)	(14,366)	(88,108)
Other Financing Sources (Uses):					
Transfers in	34,078	42,951	35,194	23,305	30,031
Transfers out	(35,087)	(42,606)	(34,662)	(23,009)	(29,746)
Proceeds from capital lease	-	-	-	-	-
Issuance of debt	52,510	107,480	-	55,315	-
Premium on new debt	1,372	5,422	-	7,196	-
Discount on new debt	-	(571)	-	(300)	-
Refunding bonds issued	-	-	-	14,730	-
Premium on refunding bonds	-	-	-	2,363	-
Discount on refunding bonds	-	-	-	(78)	-
Payment to refunded bond escrow agent	-	-	-	(16,958)	-
Total other financing sources (uses)	52,873	112,676	532	62,564	285
Change in fund balance	\$ 57,535	\$ 101,823	\$ (12,914)	\$ 48,198	\$ (87,823)
 Debt Service as a percentage of noncapital expenditures	 7.6%	 7.7%	 7.6%	 7.1%	 6.9%

TABLE V

2012	2013	2014	2015	2016
\$ 323,034	\$ 326,100	\$ 333,417	\$ 351,233	\$ 364,485
1,137	983	1,078	1,435	1,198
73,432	80,247	81,740	85,429	90,803
100,345	104,592	112,639	121,625	120,058
825	816	1,151	1,134	2,188
19,868	24,990	21,240	19,225	18,672
518,641	537,728	551,265	580,081	597,404
100,997	105,773	111,910	117,878	115,112
112,139	115,081	118,983	123,359	127,142
20,723	19,548	20,451	23,136	22,523
144,477	147,520	152,770	158,622	161,072
70,643	73,433	74,836	77,537	83,886
67,715	64,269	70,370	62,106	44,487
17,325	16,140	18,815	18,645	22,990
16,110	15,574	15,508	16,128	14,542
-	-	-	-	-
550,129	557,338	583,643	597,411	591,754
(31,488)	(19,610)	(32,378)	(17,330)	5,650
27,266	27,507	29,040	39,303	36,974
(26,139)	(27,782)	(29,453)	(39,350)	(36,894)
2,370	184	-	3,783	-
-	36,940	-	61,095	-
-	3,361	-	4,677	-
-	(163)	-	-	-
-	35,320	-	88,960	70,905
-	4,703	-	4,566	-
-	(148)	-	-	-
-	(39,751)	-	(93,012)	(70,678)
3,497	40,171	(413)	70,022	307
\$ (27,991)	\$ 20,561	\$ (32,791)	\$ 52,692	\$ 5,957
6.5%	6.1%	6.5%	6.2%	6.6%

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Per \$100 of Assessed Value)
(Unaudited)

Governmental Unit	2007	2008	2009	2010	2011
Tarrant County	\$ 0.271500	\$ 0.266500	\$ 0.264000	\$ 0.264000	\$ 0.264000
Special Districts Rates					
Live Oak Creek Municipal Utility District #1	-	-	-	0.990000	0.990000
Viridian Municipal Management District	-	-	-	-	0.448100
Tarrant County Hospital District	0.235397	0.230397	0.227897	0.227897	0.227897
Tarrant County College District	0.139380	0.139380	0.137960	0.137670	0.137640
Tarrant Regional Water District	0.020000	0.020000	0.020000	0.020000	0.020000
Tarrant Emergency Services District	0.069000	0.064000	0.064000	0.064000	0.064000
County Line Special District Rates					
Trophy Club Municipal Utility District #1	0.299000	0.279200	0.225000	0.205000	0.195000
City Rates					
Arlington	0.648000	0.648000	0.648000	0.648000	0.648000
Bedford	0.446882	0.446882	0.446882	0.463348	0.491609
Benbrook	0.722500	0.697500	0.677500	0.657500	0.657500
Blue Mound	0.580000	0.592500	0.645000	0.638000	0.638000
Colleyville	0.347400	0.355900	0.355900	0.355900	0.355900
Dalworthington Gardens	0.262739	0.262739	0.262739	0.262739	0.262739
Edgecliff Village	0.318408	0.304112	0.304112	0.294112	0.294112
Eules	0.489500	0.470000	0.470000	0.470000	0.470000
Everman	0.854127	0.854127	0.854127	0.904127	1.105413
Forest Hill	0.970000	0.950000	0.950000	1.060000	1.060000
Fort Worth	0.860000	0.855000	0.855000	0.855000	0.855000
Haltom City	0.566600	0.598300	0.598300	0.598300	0.646371
Haslet	0.290311	0.290311	0.279164	0.267197	0.304645
Hurst	0.518000	0.535000	0.535000	0.535000	0.578000
Keller	0.432190	0.432190	0.432190	0.442190	0.442190
Kennedale	0.722500	0.722500	0.722500	0.722500	0.722500
Lake Worth	0.314029	0.314029	0.318720	0.428590	0.492512
Lakeside	0.298000	0.298000	0.298020	0.323516	0.372940
North Richland Hills	0.570000	0.570000	0.570000	0.570000	0.570000
Pantego	0.382880	0.373270	0.373270	0.373270	0.373270
Pelican Bay	0.898499	0.898499	0.898499	0.898499	0.898499
Richland Hills	0.442094	0.450670	0.459202	0.473042	0.518012
River Oaks	0.782700	0.782700	0.782700	0.820000	0.860000
Saginaw	0.487000	0.456000	0.446000	0.449115	0.484000
Sansom Park	0.500000	0.500000	0.535000	0.571627	0.627401
Watauga	0.580763	0.580763	0.580763	0.580763	0.580763
Westover Hills	0.420119	0.415570	0.388800	0.366739	0.351894
Westworth Village	0.500000	0.500000	0.500000	0.500000	0.500000
White Settlement	0.613000	0.613000	0.613726	0.686037	0.686037
County Line City Rates					
Azle	0.656000	0.636000	0.631000	0.631000	0.636000
Burleson	0.629900	0.661825	0.694000	0.694000	0.710000
Crowley	0.575500	0.575500	0.575500	0.575500	0.640000
Flower Mound	0.449700	0.449700	0.449700	0.449700	0.449700
Grand Prairie	0.669998	0.669998	0.669998	0.669998	0.669998
Grapevine	0.362500	0.362500	0.350000	0.350000	0.350000

TABLE VI

	2012	2013	2014	2015	2016
\$	0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000
	0.990000	0.990000	0.990000	0.990000	0.990000
	0.448100	0.448100	0.448100	0.448100	0.448100
	0.227897	0.227897	0.227897	0.227897	0.227897
	0.148970	0.148970	0.149500	0.149500	0.149500
	0.020000	0.020000	0.020000	0.020000	0.020000
	0.064000	0.064000	0.080000	0.080000	0.080000
	0.175000	0.133390	0.133390	0.133390	0.131140
	0.648000	0.648000	0.648000	0.648000	0.648000
	0.504329	0.499115	0.494830	0.494830	0.494830
	0.657500	0.657500	0.657500	0.657500	0.657500
	0.680000	0.750000	0.750000	0.750000	0.806250
	0.355900	0.355900	0.355900	0.355900	0.355900
	0.262739	0.262739	0.262739	0.262739	0.253670
	0.285934	0.294000	0.299000	0.305216	0.305216
	0.470000	0.470000	0.470000	0.467500	0.467500
	1.105413	1.105413	1.255205	1.255205	1.255205
	1.060000	1.060000	1.060000	0.996054	0.996054
	0.855000	0.855000	0.855000	0.855000	0.855000
	0.651740	0.651740	0.699990	0.699990	0.699990
	0.304645	0.320869	0.320869	0.292785	0.285693
	0.578000	0.608498	0.608498	0.606000	0.610560
	0.442190	0.442190	0.442190	0.437190	0.434690
	0.722500	0.722500	0.747500	0.747500	0.767500
	0.466419	0.474411	0.482083	0.467828	0.499252
	0.379248	0.379248	0.379260	0.379260	0.360192
	0.570000	0.610000	0.610000	0.610000	0.610000
	0.410000	0.410000	0.420000	0.420000	0.420000
	0.898499	0.898499	0.898499	0.898499	0.898499
	0.551757	0.528094	0.528094	0.528094	0.528805
	0.853006	0.856519	0.850351	0.850351	0.852309
	0.480000	0.490000	0.510000	0.510000	0.544000
	0.719518	0.737215	0.733655	0.704741	0.690692
	0.589001	0.591216	0.591216	0.591216	0.618718
	0.365806	0.360238	0.350500	0.347400	0.347400
	0.500000	0.492000	0.492000	0.492000	0.500000
	0.742135	0.614715	0.670653	0.690660	0.733103
	0.643800	0.649500	0.659500	0.668000	0.679500
	0.690000	0.690000	0.690000	0.740000	0.740000
	0.640000	0.669019	0.696829	0.696829	0.739270
	0.449700	0.449700	0.449700	0.439000	0.439000
	0.669998	0.669998	0.669998	0.669998	0.669998
	0.348000	0.345695	0.342500	0.332439	0.328437

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Per \$100 of Assessed Value)
(Unaudited)

Governmental Unit (cont'd)	2007	2008	2009	2010	2011
Mansfield	0.690000	0.690000	0.710000	0.710000	0.710000
Reno	0.500000	0.420000	0.420000	0.420000	0.453000
Roanoke	0.375120	0.375120	0.375120	0.375120	0.375120
Southlake	0.462000	0.462000	0.462000	0.462000	0.462000
Trophy Club	0.430510	0.430510	0.455510	0.470000	0.515000
Westlake	-	-	-	-	0.160100
School District Rates					
Arlington Independent School District	1.610000	1.278000	1.272000	1.272000	1.335000
Birdville Independent School District	1.565000	1.405000	1.410000	1.405000	1.425000
Carroll Independent School District	1.795000	1.465000	1.415000	1.415000	1.415000
Castleberry Independent School District	1.536000	1.203250	1.199750	1.213300	1.453300
Eagle Mountain Saginaw Independent School District	1.535000	1.330100	1.465800	1.465800	1.495800
Everman Independent School District	1.466000	1.250000	1.360000	1.270000	1.292500
Fort Worth Independent School District	1.514000	1.190000	1.257000	1.322000	1.322000
Hurst Euless Bedford Independent School District	1.597590	1.303711	1.295453	1.295453	1.288189
Keller Independent School District	1.608000	1.357400	1.416900	1.486300	1.530600
Kennedale Independent School District	1.720362	1.358610	1.488610	1.488610	1.544821
Lake Worth Independent School District	1.769900	1.535000	1.665000	1.670000	1.670000
White Settlement Independent School District	1.768000	1.466000	1.498400	1.540000	1.540000
County Line School District Rates					
Aledo Independent School District	1.760000	1.390000	1.425200	1.425200	1.425200
Azle Independent School District	1.524000	1.190000	1.190000	1.190000	1.190000
Burleson Independent School District	1.450050	1.405100	1.468800	1.540000	1.540000
Crowley Independent School District	1.671000	1.409850	1.535000	1.535000	1.535000
Godley Independent School District	1.011963	1.031820	1.081800	1.071481	1.122390
Grapevine Colleyville Independent School District	1.574300	1.290000	1.290000	1.290000	1.290000
Lewisville Independent School District	1.640000	1.370000	1.380000	1.408700	1.426700
Mansfield Independent School District	1.687500	1.450000	1.450000	1.450000	1.496000
Northwest Independent School District	1.665000	1.335050	1.335000	1.355000	1.375000

Note: Overlapping rates are those of local governments that apply to property owners within the County.

Not all overlapping rates apply to all County property owners (e.g., the rates for the special districts apply only to the portion of the County's property owners whose property is located within the geographic boundaries of the special district). These tax rates were not assessed by Tarrant County Commissioners Court.

Source: Tarrant Appraisal District

TABLE VI (continued)

2012	2013	2014	2015	2016
0.710000	0.710000	0.710000	0.710000	0.710000
0.492700	0.492700	0.499600	0.499900	0.530000
0.375120	0.375120	0.375120	0.375120	0.375120
0.462000	0.462000	0.462000	0.462000	0.462000
0.530000	0.518430	0.499300	0.490000	0.484000
0.156840	0.156840	0.156840	0.156340	0.156340
1.305500	1.301000	1.292170	1.348110	1.412952
1.435000	1.435000	1.435000	1.435000	1.453900
1.415000	1.400000	1.400000	1.400000	1.395000
1.453300	1.453300	1.415500	1.399700	1.415500
1.530000	1.540000	1.540000	1.540000	1.540000
1.277500	1.395000	1.490000	1.510000	1.530000
1.322000	1.322000	1.322000	1.322000	1.352000
1.414000	1.407500	1.387500	1.375000	1.350000
1.540000	1.540000	1.540000	1.540000	1.540000
1.512068	1.512068	1.492068	1.514717	1.486724
1.670000	1.670000	1.670000	1.670000	1.670000
1.540000	1.540000	1.540000	1.540000	1.540000
1.425200	1.425200	1.425200	1.425200	1.595000
1.190000	1.190000	1.190000	1.203000	1.203000
1.540000	1.540000	1.540000	1.540000	1.540000
1.535000	1.670000	1.670000	1.650000	1.650000
1.137090	1.128700	1.172752	1.195500	1.247660
1.310000	1.320100	1.320100	1.320100	1.320100
1.426000	1.453000	1.477000	1.477000	1.476730
1.496000	1.540000	1.527100	1.527100	1.510000
1.375000	1.375000	1.452500	1.452500	1.452500

TARRANT COUNTY, TEXAS
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)
(Amounts in thousands)

TABLE VII

Fiscal Year Ended September 30	Assessed Real Property	Assessed Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate (1)
2007	\$ 108,008,223	\$ 20,280,725	\$ 23,149,858	\$ 105,139,090	\$ 0.271500
2008	116,141,128	22,316,843	24,304,849	114,153,122	0.266500
2009	123,576,095	25,016,550	24,642,175	123,950,470	0.264000
2010	126,395,431	26,776,981	26,273,875	126,898,537	0.264000
2011	122,414,337	24,737,656	25,624,969	121,527,024	0.264000
2012	124,087,054	25,696,928	26,401,558	123,382,424	0.264000
2013	127,035,192	26,185,771	28,213,654	125,007,309	0.264000
2014	131,383,399	26,034,219	29,025,508	128,392,110	0.264000
2015	140,621,096	25,012,208	30,338,644	135,294,660	0.264000
2016	146,065,649	26,475,593	31,481,815	141,059,427	0.264000

Note: The appraisal of property within the County is the responsibility of the Tarrant Appraisal District. Under the Texas Tax Code, the appraisal district is required to appraise all property on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The Appraisal District is required to review the value of property at least every three years.

November 7, 2006, Tarrant County voters approved a permanent freeze on ad valorem taxes on the homestead property of taxpayers 65 years of age or older, qualified spouses of deceased property owners, and the disabled, in accordance with Subsection (h), Section 1-b, Article VIII of the Texas Constitution.

(1) Tax rate are per \$100 of assessed value

Source: Tarrant Appraisal District

TARRANT COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)
(Amounts in thousands)

TABLE VIII

Taxpayer	FISCAL YEAR					
	2016			2007		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 996,124	1	0.71%			
XTO Energy Inc.	703,299	2	0.50	\$ 377,420	4	0.36%
General Motors	694,999	3	0.49			
Bell Helicopter Textron	526,450	4	0.37	206,682	9	0.20
Chesapeake Operating	494,992	5	0.35			
Walmart Real Estate Bus. Trust	474,129	6	0.34			
American Airlines	434,150	7	0.31	507,897	3	0.48
Barnett Gathering LP	401,081	8	0.28			
Devon Energy Prod Co	295,995	9	0.21			
Town Square Ventures	293,001	10	0.21			
TXU/Oncor Electric				990,629	1	0.94
Southwestern Bell				585,760	2	0.56
Wal-Mart Stores Texas LP				313,529	5	0.30
City Center Development Corp				244,925	6	0.23
Chief Oil and Gas LLC				226,205	7	0.22
Opryland Hotel				220,173	8	0.21
Grapevine Mills Ltd. Partnership				190,000	10	0.18
	<u>\$ 5,314,220</u>		<u>3.77%</u>	<u>\$ 3,863,220</u>		<u>3.67%</u>

Source: Tarrant Appraisal District

TARRANT COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)
(Amounts in thousands)

Fiscal Year Ended September 30	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2007	\$ 285,433	\$ (702)	\$ 284,731	\$ 280,951	98.43%	\$ 3,264
2008	303,624	(90)	303,534	299,681	98.70%	3,288
2009	325,929	(202)	325,727	321,181	98.54%	3,875
2010	333,272	(307)	332,965	328,774	98.65%	3,445
2011	319,354	30	319,384	315,758	98.87%	2,971
2012	324,066	72	324,138	320,705	98.96%	2,708
2013	328,199	(367)	327,832	324,960	99.01%	1,970
2014	336,803	(290)	336,513	333,806	99.11%	1,520
2015	354,272	(715)	353,557	350,698	98.99%	1,267
2016	368,922	-	368,922	365,724	99.13%	-

Source: Tarrant County Tax Office and Tarrant Appraisal District

Total Collections		
Amount	Percentage of Levy	
\$ 284,215	99.82%	
302,969	99.81%	
325,056	99.79%	
332,219	99.78%	
318,729	99.79%	
323,413	99.78%	
326,930	99.72%	
335,326	99.65%	
351,965	99.55%	
365,724	99.13%	

TARRANT COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)
(Amounts in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Non-Taxable Tax Notes</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>
2007	\$ 159,553	\$ 4,015	\$ 77,203	\$ 30,181	-	\$ 270,952
2008	265,051	-	70,315	21,521	-	356,887
2009	253,393	-	66,073	12,586	-	332,052
2010	226,980	-	139,287	5,947	-	372,214
2011	216,827	-	132,318	1,727	-	350,872
2012	206,334	-	126,344	-	\$ 2,325	335,003
2013 (3)	196,521	-	158,983	-	1,920	357,424
2014	186,343	-	152,406	-	1,304	340,053
2015	91,551	-	295,620	-	4,441	391,612
2016	12,378	-	352,616	-	3,064	368,058

Note: All debt is related to government activities, net of issuance discounts, premiums, and refunding.

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data.
- (2) Calculation based on most recent information for personal income data, fiscal year 2015.
- (3) County implemented GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Amounts prior to 2013 have not been restated for the implementation of Statement 63.

<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
0.40	\$ 155.27
0.52	200.48
0.49	183.68
0.52	205.75
0.47	193.02
0.43	182.94
0.43	192.27
0.38	176.07
0.41	199.86
0.39 (2)	184.80

TARRANT COUNTY, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

(Unaudited)

(Amounts in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Non-Taxable Tax Notes</u>	<u>Total Primary Government</u>	<u>Less: Amount Available In Debt Service Fund</u>	<u>Total</u>
2007	\$ 159,553	\$ 4,015	\$ 77,203	\$ 30,181	\$ 270,952	\$ 1,020	\$ 269,932
2008	265,051	-	70,315	21,521	356,887	492	356,395
2009	253,393	-	66,073	12,586	332,052	895	331,157
2010	226,980	-	139,287	5,947	372,214	1,611	370,603
2011	216,827	-	132,318	1,727	350,872	1,482	349,390
2012	206,334	-	126,344	-	332,678	1,626	331,052
2013 (3)	196,521	-	158,983	-	355,504	486	355,018
2014	186,343	-	152,406	-	338,749	1,112	337,637
2015	91,551	-	295,620	-	387,171	1,151	386,020
2016	12,378	-	352,616	-	364,994	1,421	363,573

Note: All debt is related to government activities, net of issuance discounts, premiums, and refunding. Non-Taxable Tax Notes are bonded debt. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule of Assessed and Actual Value of Taxable Property Table VII for property value data.
- (2) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data.
- (3) County implemented GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Amounts prior to 2013 have not been restated for the implementation of GASB Statement 63.

TABLE XI

Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
0.26%	\$ 154.68
0.31%	200.21
0.27%	183.19
0.29%	204.86
0.29%	192.20
0.27%	180.78
0.28%	190.98
0.26%	174.82
0.29%	197.00
0.26%	182.55

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2016
(Unaudited)
(Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2016</u>
Debt repaid with property taxes:			
Special Districts:			
Live Oak Creek Municipal Utility District #1	\$ 5,530	100.00%	\$ 5,530
Viridian Municipal Management District	39,850	100.00%	39,850
Tarrant County Hospital District	22,335	100.00%	22,335
County Line Special District:			
Trophy Club Municipal Utility District #1	10,160	23.73%	2,411
Cities:			
Arlington	354,185	100.00%	354,185
Bedford	71,590	100.00%	71,590
Benbrook	9,460	100.00%	9,460
Blue Mound	6,940	100.00%	6,940
Colleyville	8,550	100.00%	8,550
Dalworthington Gardens	1,945	100.00%	1,945
Euless	50,830	100.00%	50,830
Everman	3,010	100.00%	3,010
Forest Hill	6,345	100.00%	6,345
Fort Worth	763,435	97.27%	742,593
Haltom City	50,720	100.00%	50,720
Haslet	7,950	100.00%	7,950
Hurst	66,565	100.00%	66,565
Keller	69,625	100.00%	69,625
Kennedale	13,625	100.00%	13,625
Lake Worth	15,350	100.00%	15,350
North Richland Hills	136,610	100.00%	136,610
Pantego	90	100.00%	90
Pelican Bay	1,209	100.00%	1,209
Richland Hills	24,745	100.00%	24,745
Saginaw	29,750	100.00%	29,750
Sansom Park	4,203	100.00%	4,203
Watauga	25,760	100.00%	25,760
Westworth Village	9,010	100.00%	9,010
White Settlement	24,480	100.00%	24,480
County Line Cities:			
Azle	5,110	81.40%	4,160

Note: Overlapping rates are those of local and county governments that apply to property owners within the County. Not all overlapping rates apply to all County property owners (e.g., the rates for the special districts apply only to the portion of the County's property owners whose property is located within the geographic boundaries of the special district.)

Source: Municipal Advisory Council of Texas

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2016</u>
Burleson	\$ 138,415	21.44%	\$ 29,676
Crowley	27,505	99.70%	27,422
Flower Mound	135,960	1.87%	2,542
Grand Prairie	225,450	50.25%	113,289
Grapevine	131,874	97.35%	128,379
Mansfield	114,790	94.99%	109,039
Reno	570	3.75%	21
Southlake	113,320	97.74%	110,759
Trophy Club	21,611	5.65%	1,221
Westlake	27,142	98.84%	26,827
School Districts:			
Arlington Independent School District	813,959	100.00%	813,959
Birdville Independent School District	279,354	100.00%	279,354
Carroll Independent School District	203,421	100.00%	203,421
Castleberry Independent School District	44,640	100.00%	44,640
Eagle Mountain Saginaw Independent School District	558,609	100.00%	558,609
Everman Independent School District	91,185	100.00%	91,185
Fort Worth Independent School District	922,890	100.00%	922,890
Hurst Eules Bedford Independent School District	261,628	100.00%	261,628
Keller Independent School District	728,705	100.00%	728,705
Kennedale Independent School District	38,534	100.00%	38,534
Lake Worth Independent School District	70,242	100.00%	70,242
White Settlement Independent School District	161,115	100.00%	161,115
County Line School Districts:			
Aledo Independent School District	179,386	5.82%	10,440
Azle Independent School District	32,945	61.58%	20,288
Burleson Independent School District	289,066	34.67%	100,219
Crowley Independent School District	317,517	99.01%	314,374
Godley Independent School District	61,870	8.49%	5,253
Grapevine Colleyville Independent School District	470,888	86.94%	409,390
Lewisville Independent School District	1,086,641	0.42%	4,564
Mansfield Independent School District	764,415	95.07%	726,729
Northwest Independent School District	733,050	45.89%	336,397
Sub-total Overlapping Debt			<u>8,460,537</u>
Tarrant County (direct debt)	368,058	100.00%	368,058
Total Direct and Overlapping Debt			<u>\$ 8,828,595</u>

TARRANT COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 5,256,955	\$ 5,707,656	\$ 6,197,524	\$ 6,344,927	\$ 6,076,351
Total net debt applicable to limit	<u>269,932</u>	<u>356,395</u>	<u>331,157</u>	<u>370,603</u>	<u>349,390</u>
Legal debt margin	<u>\$ 4,987,023</u>	<u>\$ 5,351,261</u>	<u>\$ 5,866,367</u>	<u>\$ 5,974,324</u>	<u>\$ 5,726,961</u>
Total net debt applicable to the limit as a percentage of debt limit	5.13%	6.24%	5.34%	5.84%	5.75%

(1) Vernon's Texas Codes Annotated-Government Code 1301.003 (c)

(2) County implemented GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Amounts prior to 2013 have not been restated for the implementation of Statement 63.

TABLE XIII

<u>2012</u>	<u>2013 (2)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 6,169,121	\$ 6,250,365	\$ 6,419,606	\$ 6,764,733	\$ 7,052,971
<u>331,052</u>	<u>355,018</u>	<u>337,637</u>	<u>386,020</u>	<u>363,573</u>
<u>\$ 5,838,069</u>	<u>\$ 5,895,347</u>	<u>\$ 6,081,969</u>	<u>\$ 6,378,713</u>	<u>\$ 6,689,398</u>
5.37%	5.68%	5.26%	5.71%	5.15%

Legal Debt Margin Calculation (1) for Fiscal Year 2016

Assessed value	\$ 141,059,427
Debt Limit (5% of total assessed value)	7,052,971
Debt applicable to limit:	
Total General Bonded debt	364,994
Less: Amount available in Debt Service Fund	<u>(1,421)</u>
Total net debt applicable to limit	<u>363,573</u>
Legal debt margin	<u>\$ 6,689,398</u>

TARRANT COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

TABLE XIV

Fiscal Year	Population (1)	Personal Income (Amounts in thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)	Public School Enrollment (4)
2007	1,745,050	\$ 67,250,737	\$ 38,538	4.3%	318,324
2008	1,780,150	69,279,878	38,918	5.1	323,703
2009	1,807,750	67,911,744	37,567	8.2	329,402
2010	1,809,034	71,216,241	39,367	7.9	336,266
2011	1,817,840	74,467,816	40,965	8.3	342,813
2012	1,831,230	78,823,464	43,044	6.2	347,573
2013	1,858,921	82,567,694	44,417	6.0	353,806
2014	1,931,335	89,167,806	46,169	5.0	357,126
2015	1,959,449	95,478,071	48,727	4.0	355,833
2016	1,991,639	NA	NA	4.1	356,941

Data Sources:

- (1) North Central Texas Council of Governments, Fort Worth Chamber of Commerce, Texas Dept. of State Health Services
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Texas Workforce Commission
- (4) Texas Education Agency

NA-Not available

**TARRANT COUNTY, TEXAS
TEN PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

TABLE XV

<u>Employer</u>	<u>2016 (1)</u>			<u>2007 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>
AMR Corp./American Airlines	25,000	1	2.55%	25,457	1	3.04%
Lockheed Martin Aeronautics Company	13,690	2	1.39	14,332	2	1.71
Fort Worth Independent School District	12,000	3	1.22	10,041	4	1.20
Texas Health Resources	12,000	3	1.22	10,388	3	1.24
NAS Fort Worth JRB	10,000	5	1.02			
Arlington Independent School District	8,500	6	0.87	8,088	5	0.97
University of Texas at Arlington	7,311	7	0.74	5,422	8	0.65
JPS Health Network	6,500	8	0.66			
City of Fort Worth	6,161	9	0.63	6,144	6	0.73
Cook Children's Health Care System	6,042	10	0.62			
Bell Helicopter-Textron				6,004	7	0.72
Harris Methodist Fort Worth Hospital				4,500	9	0.54
JP Morgan Chase Bank				4,200	10	0.50

Data Sources:

(1) Fort Worth Business Press and Texas Workforce Commission

(2) Fort Worth Chamber of Commerce and Texas Workforce Commission

TARRANT COUNTY, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	Full-Time Equivalent Employees as of September 30				
	2007	2008	2009	2010	2011
Governmental activities:					
General government	681	701	735	734	731
Public safety	1,439	1,441	1,440	1,409	1,403
Transportation	199	199	203	203	200
Judicial	1,289	1,314	1,330	1,343	1,333
Community services	442	477	483	509	510
Business-type activities					
Resource Connection	18	18	18	13	13
Total full-time equivalent employees	<u>4,068</u>	<u>4,150</u>	<u>4,209</u>	<u>4,211</u>	<u>4,190</u>

Source: Tarrant County Budget Office

TABLE XVI

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
718	726	727	738	740
1,428	1,441	1,445	1,467	1,487
200	201	201	202	204
1,336	1,344	1,348	1,369	1,358
507	512	516	523	527
<u>13</u>	<u>14</u>	<u>14</u>	<u>15</u>	<u>16</u>
<u>4,202</u>	<u>4,238</u>	<u>4,251</u>	<u>4,314</u>	<u>4,332</u>

TARRANT COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

FUNCTION	FISCAL YEAR			
	2007	2008	2009	2010
District Clerk				
Civil court cases filed	6,363	6,491	7,906	7,437
Criminal court cases filed	18,705	17,371	17,013	15,674
Family court cases filed (Attorney General cases)	12,525	15,024	12,551	12,776
Family court cases filed (Non-Attorney General cases)	14,530	15,468	15,219	15,478
Juvenile court cases filed	3,156	2,950	2,717	2,431
Tax foreclosure cases filed	4,179	4,174	4,001	3,906
Passport applications accepted	18,625	17,194	13,932	13,510
County Clerk				
County court at law cases filed	11,001	9,593	9,480	9,468
Mental health cases filed	2,226	2,192	2,599	2,653
Probate cases filed	3,788	3,887	3,672	3,988
Birth certificates issued	17,169	15,740	40,771	44,266
Marriage licenses issued	14,196	13,396	12,708	13,533
Passport applications accepted	N/A	N/A	N/A	N/A
Justice of the Peace (all precincts)				
Traffic cases	11,791	11,809	8,883	8,616
Non-traffic cases	7,917	8,353	8,235	6,691
Small claims cases	3,159	3,539	3,693	3,242
Landlord/Tenant	25,109	25,999	26,656	28,445
Debt Claims	6,569	13,023	10,107	9,831
Sheriff				
Prisoner bed days in county jail	1,260,588	1,264,725	1,231,751	1,179,111
Public Health				
Chronic disease prevention, average monthly caseload	492	544	1,710	1,590
Notifiable diseases reported	5,405	5,990	5,091	4,319
Food establishment inspections	5,430	4,706	5,435	5,661
Sexually transmitted disease clinic visits	7,190	8,226	7,289	6,638
Milk and dairy tests	25,834	23,218	21,671	20,649
Tuberculosis DOT/DOPT doses administered	23,222	21,688	17,645	18,342
Women, infants & children visits and immunizations	624,493	673,445	685,010	741,208
Tax Assessor/Collector				
Tax accounts collected	659,911	676,757	706,300	763,957
Contracts with entities for tax collection	53	53	54	54
Transportation				
Miles of roads maintained in un-incorporated areas	405	423	422	417
Inter-local contracts executed/performed	61	67	70	66
Square yards of right of way	13,779,805	14,441,830	14,422,252	14,392,994
Human Services				
Rent vouchers issued	1,445	1,541	1,676	1,398
Utility vouchers issued	12,758	11,565	10,571	10,763
Food/hygiene vouchers issued	2,399	1,790	2,199	1,836

Source: Various County departments

(1) District Clerk Criminal court cases filed also include civil cases that are related to a criminal case

TABLE XVII

2011	2012	2013	2014	2015	2016 (1)
7,556	6,995	6,692	8,752	9,143	6,785
15,507	16,880	17,367	17,167	17,305	20,289
12,958	11,505	15,551	13,285	11,386	12,078
15,045	15,372	14,836	14,821	15,368	15,734
1,687	2,516	2,487	2,175	1,974	1,850
4,820	5,601	2,196	3,541	4,786	4,055
13,249	16,583	25,868	35,659	33,520	N/A
9,981	8,947	8,212	7,480	7,754	7,932
2,841	3,002	2,954	3,096	3,606	4,604
3,875	3,858	4,288	4,353	4,431	4,588
42,591	41,415	45,460	46,979	51,389	54,793
13,397	14,223	14,439	14,754	15,424	15,560
N/A	N/A	N/A	N/A	N/A	887
8,286	6,352	5,725	6,660	9,068	9,380
6,788	4,839	5,479	4,842	5,423	3,956
2,988	2,843	2,379	5,558	5,556	5,503
29,230	27,324	27,176	27,511	24,245	25,124
9,637	10,907	11,195	6,609	8,548	8,969
1,252,502	1,213,861	1,179,322	1,256,067	1,113,814	1,167,826
1,091	1,009	947	1,105	1,139	1,125
5,619	5,543	5,057	4,337	4,371	5,509
5,228	6,234	5,752	6,127	7,035	7,528
6,142	6,137	5,939	6,516	7,049	5,982
21,637	18,870	18,468	17,836	17,485	18,319
22,749	16,609	18,192	24,343	20,860	17,481
702,749	686,603	652,496	616,333	605,912	584,517
807,229	834,962	940,493	1,142,980	1,329,246	1,669,671
57	56	58	56	58	60
409	412	407	403	402	401
68	91	84	70	70	53
14,071,312	13,889,638	13,751,279	13,651,932	13,578,587	13,558,253
1,209	1,133	856	813	588	616
7,214	8,158	9,724	10,312	10,408	9,254
872	4,694	1,512	2,331	3,602	2,109

TARRANT COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS
(Unaudited)

	FISCAL YEAR			
	2007	2008	2009	2010
General Government				
Number of buildings				
Subcourthouses	8	9	9	9
Courts buildings	6	6	6	6
Other	17	17	16	16
Building square footage	2,903,068	2,976,068	2,937,619	2,955,001
Subcourthouses	245,111	318,111	318,111	317,962
Courts buildings	1,180,289	1,180,289	1,180,289	1,179,968
Other	1,477,668	1,477,668	1,439,219	1,457,071
Public Safety				
Number of jails	4	4	4	4
Building square footage	907,736	907,736	907,736	907,823
Number of patrol vehicles	98	97	98	102
Transportation				
Miles of roads in un-incorporated areas	405	423	422	417
Square yards of right of way	13,779,805	14,441,830	14,422,252	14,392,994
Number of heavy equipment	245	247	254	250
Number of vehicles	445	450	506	461
Judicial				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
Community Services				
Public Health vehicles	37	37	38	41
Resource Connection				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

Source: Tarrant County Facilities Office

TABLE XVIII

2011	2012	2013	2014	2015	2016
9	9	8	8	9	8
6	6	5	5	6	6
16	15	14	14	14	14
3,060,459	3,054,447	2,825,302	2,826,802	3,101,552	3,083,629
363,420	363,420	346,781	346,781	389,031	371,108
1,179,968	1,179,968	1,074,510	1,074,510	1,307,010	1,307,010
1,517,071	1,511,059	1,404,011	1,405,511	1,405,511	1,405,511
4	5	5	5	4	4
907,823	1,115,523	1,115,523	1,115,523	1,044,755	1,044,755
102	102	102	102	102	102
409	412	407	403	402	401
14,071,312	13,889,638	13,751,279	13,651,932	13,578,587	13,558,253
249	251	247	250	258	257
465	475	492	523	516	497
124,770	124,770	124,770	124,770	124,770	124,770
43	43	47	45	44	43
15	15	16	16	16	16
348,464	348,464	348,464	348,464	348,464	348,464

