

TARRANT COUNTY, TEXAS

Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2009

TARRANT COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2009



Prepared By
County Auditor's Office

S. Renee Tidwell, CPA

County Auditor

**TARRANT COUNTY, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2009
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INTRODUCTORY SECTION



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
817/884-1205
Fax 817/884-1104

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COUNTY AUDITOR
rtidwell@tarrantcounty.com

RONALD D. BERTEL, CPA
FIRST ASSISTANT COUNTY AUDITOR
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March 23, 2010

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, 2009 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 KPMG, LLP, a firm of licensed certified public accountants. 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, 2009, 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 unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with

GAAP. The independent auditor's 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. These reports are available in Tarrant County's separately issued Single Audit Report.

GAAP require 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 1,807,750 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; 9) Provide for the data service and archival needs of the County; and 10) Appoint an Administrator to oversee the operations of those departments reporting to the Court.

The County provides those services allowed by the Constitution and Statutes of the State of Texas. Services include, but 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. Tarrant County is also financially accountable for the Tarrant County Hospital District, Mental Health and Mental Retardation Services 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, all of which are reported separately 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 are presented on pages 73-75 as part of the required supplementary information. The other budget comparisons are presented on pages 87-95 as part of budgetary compliance.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy. While the national economy is struggling and the County's current economic environment is not as favorable as it has been in the past, local indicators point to continued stability. Texas did not have large increases in property values as other states, and therefore is not recognizing large decreases in these values. The major sectors of the County's economic health and diverse economy are in aircraft and electronics manufacturing, tourism, retail trade and transportation. Industries located in Tarrant County include aerospace, computer, automobile manufacturing, oil and gas, livestock, agri-business and financial services.

Major factors of this continued stability include:

Alliance Industrial Park: The world's first master-planned airport, designed specifically to meet the needs of business, has become a magnet for new industry. Developed by Hillwood Development in cooperation with the Federal Aviation Administration, the City of Fort Worth, and other neighboring communities, it is also an industrial park, a business community, and an international trade center. Five business parks within the Alliance project include the operations of American Airlines, Federal Express, U. S. Drug Enforcement Agency, Nokia Mobile Phones, Nestle Distribution Company, James River Paper Company, Burlington Northern/Santa Fe Railroad, Ameritrade, Gulfstream Aerospace Corp., S.W. Bell Telephone, Zenith Electronics, Bell Helicopter, B F Goodrich Aerospace and Bearings, Inc.

University of North Texas Health Science Center: The University of North Texas Health Science Center is constructing a new \$10 million education building and laboratory on its Fort Worth campus. The four-story, 71,000 square foot facility will consolidate campus clinics into a single location.

Burlington Northern Santa Fe Railroad: Burlington Northern has completed construction of its \$100 million Network Operation Center (NOC) on the company's Western Center Boulevard property in north Fort Worth. The NOC, comprised of two buildings totaling more than 250,000 square feet, is a high-tech, state of the art facility which serves as the control and tracking center for all of Burlington's railroads throughout the United States.

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 aircraft 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, is projected to create 31,000 jobs for Tarrant County.

Dallas Cowboy Stadium: Arlington was named as the new site of the Dallas Cowboys stadium. In November of 2004, more than 62,000 residents voted yes authorizing the City of Arlington to provide the planning, acquisition, construction and financing for the Dallas Cowboys complex development project. In accordance with the funding and closing agreement, the City of Arlington and the Dallas Cowboys will each pay up to \$325 million for a total project cost of \$650 million. The Cowboys Stadium was completed in the summer of 2009. The Cowboys played their first season in Arlington, in the fall 2009. The stadium will host the 2010 NBA All Star game and the 2011 Super Bowl.

Other major businesses: Other major businesses recently locating to or expanding in Tarrant County include Plaza Medical Center, Dannon Yogurt Co., Mercantile Center Business Park, Haggar Apparel Co., Texas Motor Speedway, Mattel, Inc., Corning Cable Systems and ConAgra Foods, Inc.

Long-term financial 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 2009 totaled \$.031813 per \$100 valuation to fund the annual debt service requirements.

Cash management policies and practices. The County utilizes a pooled cash concept to maximize funds available for investment. The objectives of the County's investment policy are safety of the principal, maintenance of adequate liquidity, diversification to eliminate risk, and yield. The primary objective is safety of the principal. To ensure safety of public funds, the policy adheres with Chapter 2256, Texas Government Code, The Public Funds Investment Act, and the statutory requirements of Local Government Code 116.112.

The investible funds under the County's investment program as of September 30, 2009 were \$403,488,518, and total investment earnings on that portfolio were 8,367,107. The average yield on investments was 1.7195%.

Uninvested cash in banks is fully collateralized with securities pledged by the depository bank or FDIC deposit insurance. The Federal Reserve holds these securities in a joint custody safekeeping account.

Risk management. The County provides for management of risks through a combination of self-insurance and traditional insurance. Commercial insurance is obtained for most instances of physical property damage. The County is self-insured for general liability, public officials' liability, workers' compensation, and employees' group medical benefits.

An actuarial study was performed in 2009 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$9,626,717. Additional information regarding the County's risk management activity can be found in Note 15 of the notes to the financial statements.

Pension and other postemployment benefits. 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 County has elected the annually determined contribution rate (ADCR) plan provisions of the TCERS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCERS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.68% for the months of the accounting year in 2008, and 11.09% for the months of the accounting year in 2009. The contribution rate payable by the employee members for calendar year 2009 is the rate of 7% as adopted by the governing body of the employer.

In addition to providing retirement benefits, the County provides certain healthcare and dental insurance benefits and an employee assistance program (EAP) to its retirees and their dependents. To be eligible for these benefits, the employee must be working for the County at the time of retirement. 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. The cost of these benefits is recognized when claims or premiums are paid. At year-end, there were 431 retirees and 246 of their dependents receiving benefits. For the year ended September 30, 2009, the County incurred \$3,960,551 in health insurance premiums and claims while the retirees contributed \$1,760,340. The retirees also pay the entire cost of the dental insurance premiums.

Additional information on the County's pension arrangements and postemployment benefits can be found in Note 13 in the notes to the financial statements.

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 \$242,050,000 for this purpose.

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 year ended September 30, 2008. 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 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, KPMG, LLP.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

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, 2008

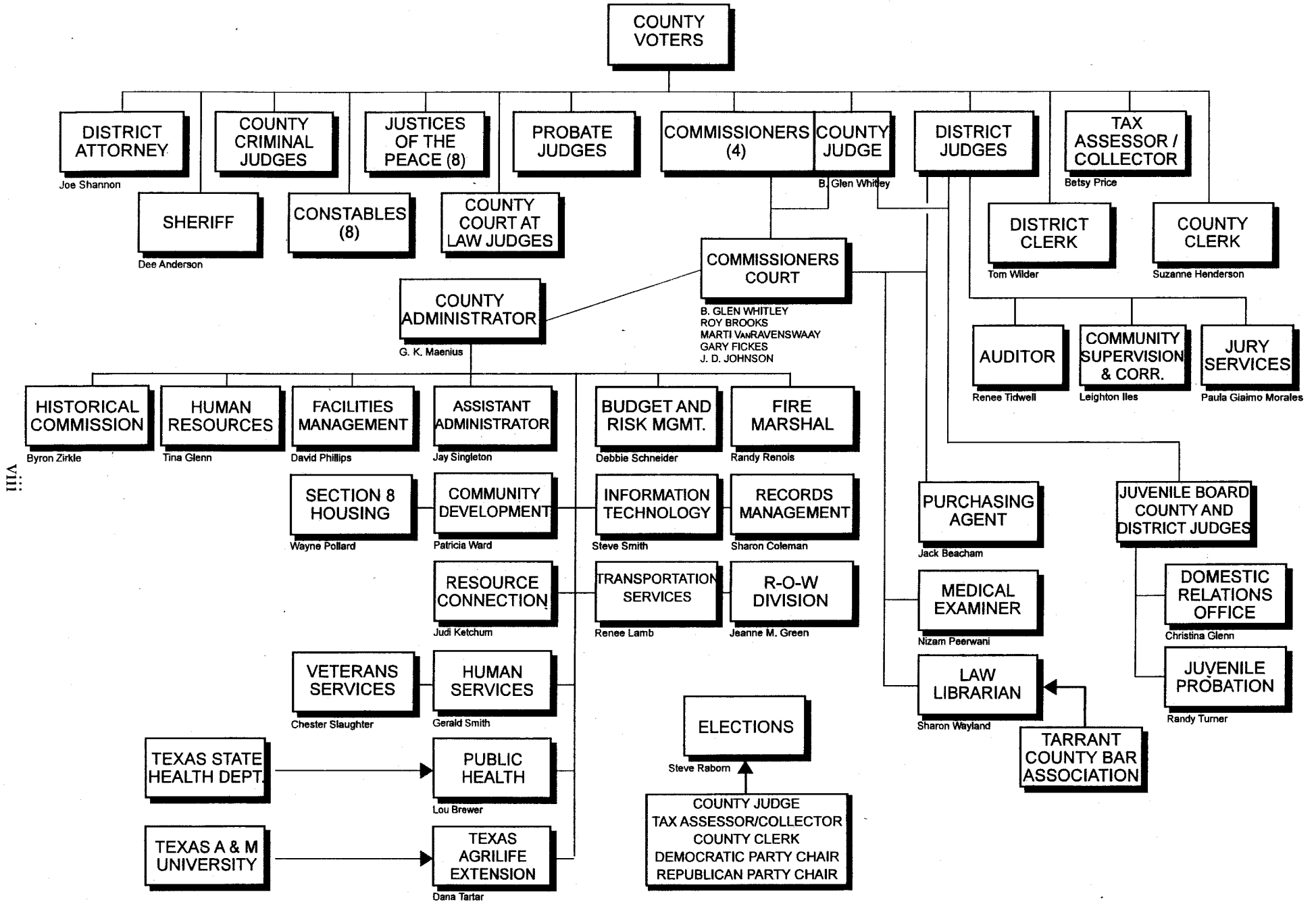
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

TARRANT COUNTY ORGANIZATION



III/V

**TARRANT COUNTY, TEXAS
PRINCIPAL OFFICIALS**

Commissioners Court:

B. Glen Whitley
Roy Brooks
Marti VanRavenswaay
Gary Fickes
J. D. Johnson

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

Board of District Judges:

Sharen Wilson
Wayne Salvant
Elizabeth Berry
Mike Thomas
Melody Wilkinson
David Evans
Don Cosby
Jeff Walker
John P. Chupp
Ken Curry
Louis Sturns
Randy Catterton
William Harris
Tom Lowe
Everett Young
Nancy Berger
Jean Hudson Boyd
Jerome S. Hennigan
Judith Wells
Bob McGrath
Dana Womack
Bonnie Sudderth
Debra Lehrmann
Mollee Westfall
Scott Wisch
George Gallagher

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

County Judges:

Sherry Hill
Michael Mitchell
Billy Mills
Deborah Nekhom
Jamie Cummings
Molly Jones
Cheril Hardy
Daryl Coffey
Brent Carr
Phillip Sorrells
R. Brent Keis
Jennifer Rymell
Vincent G. Sprinkle
Steve M. King
Pat Ferchill

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
Linda Davis
Russ Casey
Jacquelyn Wright
Manuel T. Valdez
Gary Ritchie
Tom Corbin
Sidney Thompson

Justice of the Peace, Precinct 1
Justice of the Peace, Precinct 2
Justice of the Peace, Precinct 3
Justice of the Peace, Precinct 4
Justice of the Peace, Precinct 5
Justice of the Peace, Precinct 6
Justice of the Peace, Precinct 7
Justice of the Peace, Precinct 8

Law Enforcement:

Dee Anderson
Joe Shannon
Randy Turner*
Leighton Iles*
Jerry Crowder
Robert McGinty
Zane Hilger
Dub Bransom
Sergio L. DeLeon
Joe Kubes
Clint Burgess
Chester Lockett
Christina Glenn*

Sheriff
Criminal District Attorney
Chief Juvenile Probation Officer
Community Supervision & Corrections Director
Constable, Precinct 1
Constable, Precinct 2
Constable, Precinct 3
Constable, Precinct 4
Constable, Precinct 5
Constable, Precinct 6
Constable, Precinct 7
Constable, Precinct 8
Domestic Relations Director

Administrative Officials:

G.K. Maenius*
S. Renee Tidwell*
Betsy Price
Jack Beacham*
Debbie Schneider*
James S. Smith*

County Administrator
County Auditor
Tax Assessor-Collector
Purchasing Agent
Budget and Risk Management Director
Chief Information Officer

Recording Officials:

Suzanne Henderson
Tom Wilder

County Clerk
District Clerk

*Appointed officials. All others listed are elected officials.

FINANCIAL SECTION



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditor's Report

The Honorable County Judge
and Commissioners' Court:

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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tarrant County's management. 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 represents 100% of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the TCHD and MHMRTC, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2010 on our consideration of Tarrant County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 12, 73 through 77, and 78 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, budgetary compliance schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and budgetary compliance schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

March 23, 2010

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, 2009. 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-vi of this report.

Financial Highlights

- The assets of the County exceed its liabilities at the close the most recent fiscal year by \$350,427,000 (*net assets*). Of this amount, \$144,366,000 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$11,901,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$356,743,000, a decrease of \$12,914,000 in comparison with the prior year. Approximately 18 percent of this total amount, \$63,576,000, is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$39,802,000, or 13 percent of total general fund expenditures.
- The County's total debt decreased by \$24,285,000 (7 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Tarrant County's basic financial statements. Tarrant County's financial statements comprise 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 themselves.

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 assets* presents information on all of Tarrant County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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 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 for which the County is financially accountable. 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, functions 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 14-17 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 schedule can be found on pages 18-24 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 25-27 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 28 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 29-72 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information including budget to actual schedules for general fund and road and bridge fund, as well as the County's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 73-78 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 on budget to actual statements, pensions, and other post employment benefits. Combining and individual fund statements and schedules can be found on pages 82-85 and 98-103 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets exceeded liabilities by \$350,427,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (59 percent) 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. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

Tarrant County's Net Assets

(Amounts in thousands)

	September 30, 2009			September 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 453,769	\$ 2,508	\$ 456,277	\$ 460,350	\$ 2,881	\$ 463,231
Internal balance	2,099	(2,099)	-	2,099	(2,099)	-
Capital assets	345,635	5,560	351,195	336,866	5,229	342,095
Total assets	801,503	5,969	807,472	799,315	6,011	805,326
Other Liabilities	55,939	257	56,196	53,149	260	53,409
Long-term liabilities outstanding	400,681	168	400,849	413,209	182	413,391
Total liabilities	456,620	425	457,045	466,358	442	466,800
Net assets:						
Invested in capital assets, net of related debt	200,501	5,560	206,061	185,168	5,229	190,397
Unrestricted	144,382	(16)	144,366	147,789	340	148,129
Total net assets	<u>\$ 344,883</u>	<u>\$ 5,544</u>	<u>\$ 350,427</u>	<u>\$ 332,957</u>	<u>\$ 5,569</u>	<u>\$ 338,526</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its governmental activities. However, the business-type activities have an overall positive balance, but a negative unrestricted net asset balance due to its investment in capital assets.

The County's net assets increased by \$11,901,000 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Expenses increased 7 percent with the largest percentage increase in general government, community services, and interest and fiscal charges. Revenues increased 4 percent, with program revenues increasing 3 percent and taxes increasing 6 percent.

Governmental activities. Governmental activities increased the County's net assets by \$11,926,000, thereby accounting for all of the total growth in the net assets of the County. A key element of this increase was property tax revenue that increased by \$18,394,000, or 6 percent during the year. Most of this increase was due to increased property values. Another element would be the increase in operating grants of \$13,567,000 or 18%.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. However the increase in revenues exceeded the increase of expenses.

Business-type activities. Business-type activities decreased only \$25,000. Expenses remain constant compared to prior year and are closely aligned with collected revenues.

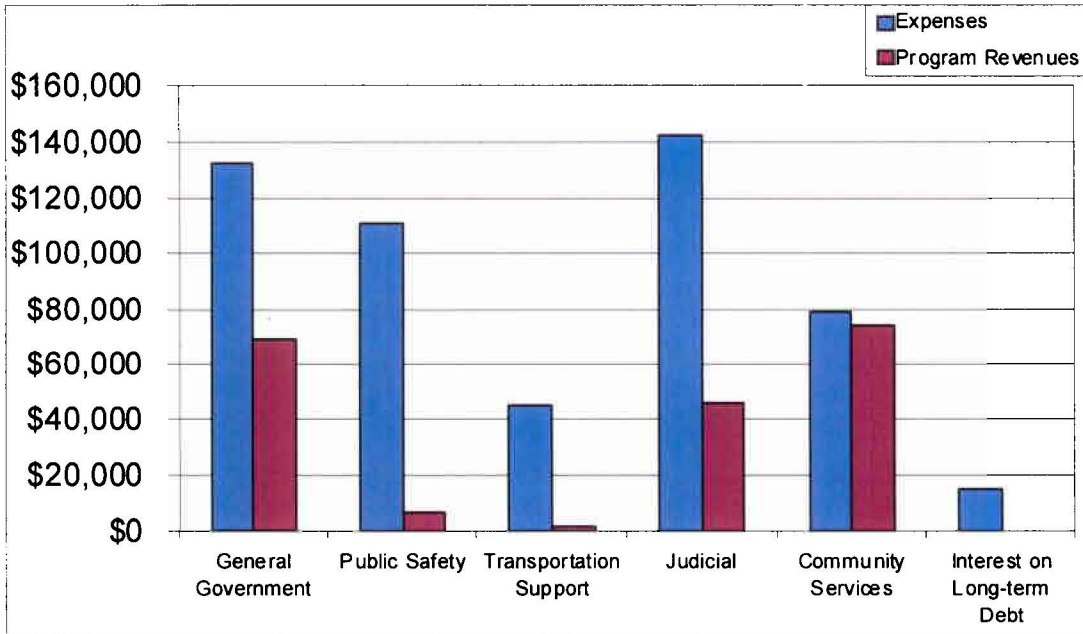
Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended September 30, 2009			For the year ended September 30, 2008		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 103,120	\$ 2,923	\$ 106,043	\$ 104,965	\$ 4,940	\$ 109,905
Operating grants and contributions	89,858		89,858	76,291		76,291
Capital grants and contributions	3,597		3,597	6,740		6,740
General revenues:						
Property taxes	321,868		321,868	303,474		303,474
Alcoholic and bingo taxes	6,819		6,819	6,023		6,023
Investment earnings	8,937	45	8,982	12,287	40	12,327
Other general revenue	2,686	145	2,831	4,751		4,751
Total revenues	536,885	3,113	539,998	514,531	4,980	519,511
Expenses:						
General government	132,725		132,725	119,234		119,234
Public safety	111,314		111,314	109,282		109,282
Transportation	44,690		44,690	42,741		42,741
Judicial	142,450		142,450	137,287		137,287
Community services	78,814		78,814	72,088		72,088
Interest and fiscal charges	14,966		14,966	11,751		11,751
Resource Connection		3,138	3,138		3,077	3,077
Total expenses	524,959	3,138	528,097	492,383	3,077	495,460
Increase in net assets	11,926	(25)	11,901	22,148	1,903	24,051
Net assets-beginning	332,957	5,569	338,526	310,809	3,666	314,475
Net assets-ending	\$ 344,883	\$ 5,544	\$ 350,427	\$ 332,957	\$ 5,569	\$ 338,526

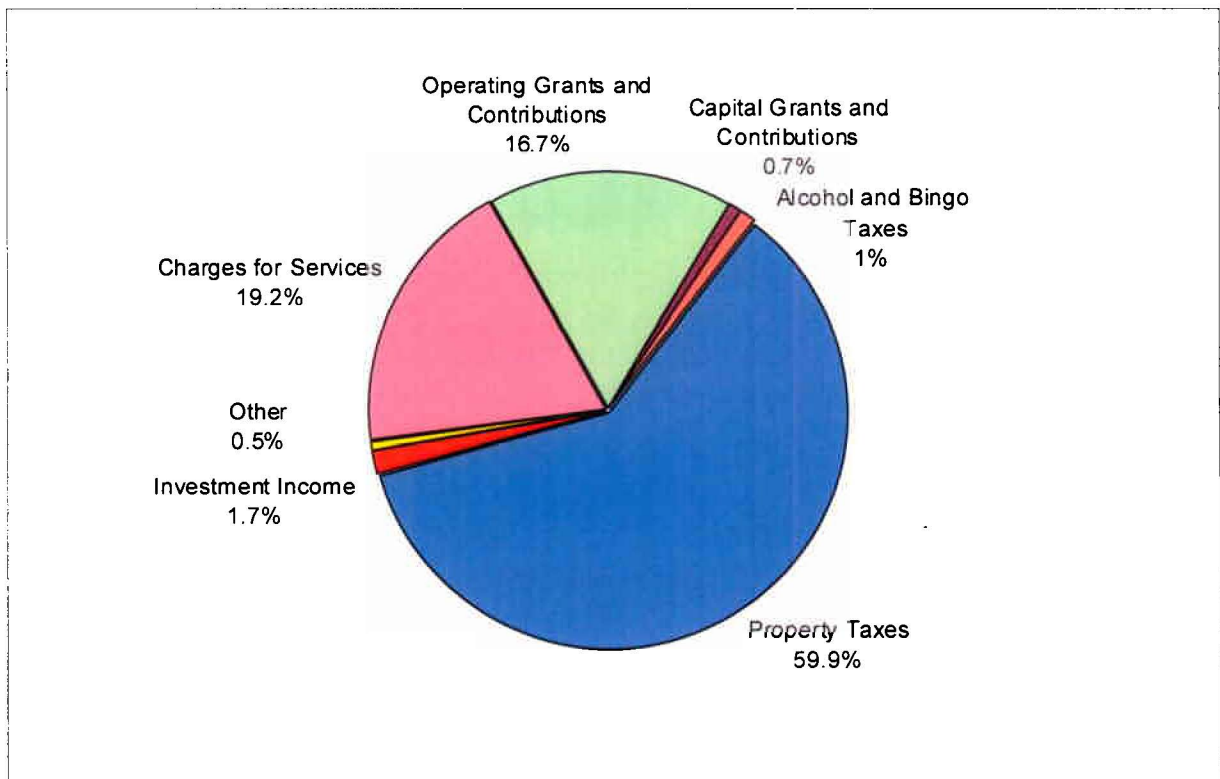
Expenses and Program Revenues – Governmental Activities

(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, *unreserved 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 \$356,743,000 a decrease of \$12,914,000 in comparison with the prior year. Approximately 18% of this total amount, \$63,576,000, constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period \$44,400,000, 2) to pay debt service \$895,000, 3) for capital projects \$238,905,000 or 4) \$8,967,000 is reserved because the resources are not in spendable form.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$39,802,000, while total fund balance reached \$48,340,000. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13 percent of total general fund expenditures, while total fund balance represents 15 percent of that same amount.

The fund balance of the County's general fund increased by \$667,000 during the current fiscal year. Key factor in this growth is as follows:

- 5% increase in revenues.
- Only 4% increase in expenditures.

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 \$8,930,000 of which only \$4,263,000 is reserved for encumbrances and prepaid items. The fund balance decreased \$3,146,000, due to the statutory decrease of fees of office allocation to the road and bridge fund.

The debt service fund has a total fund balance of \$895,000, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service was \$403,000. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$39,478,000 in the current fiscal year. The county maintains a policy of not retaining excess debt service funds and will budget this excess in fiscal 2010.

The capital projects fund has a total fund balance of \$276,096,000, all of which is reserved for the payment of capital projects. The net decrease in fund balance during the current year was \$10,767,000. This fund balance will continue to decline as the County spends the bond proceeds

on capital projects. Details of the bond projects are further described in the long-term debt section on page 11.

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 generally for specific purposes and expenditures are closely aligned with revenues, therefore there is not a large increase or decrease in fund balances.

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

Total net assets of the Resource Connection at the end of the year amounted to \$5,544,000. The total decrease in net assets for the fund was \$25,000. The expenses are closely aligned with collected revenues.

General Fund Budgetary Highlights

There are no differences between the original budget and the final amended budget in total, however, transfers were made between departments. There were no large transfers. Many of the transfers were to transfer court costs amongst the numerous courts.

Actual revenues were consistent with 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 \$16,000,000, contingency of \$941,256 and undesignated balance of \$4,813,407.
- Several departments' expenses were less than budgeted for building operations, information technology and jail operations.
- While fees of office was less than anticipated, taxes and intergovernmental revenues were greater than budgeted due to an increase in property values and grant funding.

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, 2009 amount to \$351,195,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, roads and bridges and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was \$9,100,000.

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

- Grant funded additions to fixed equipment
- Continued development of criminal justice software
- Design process for the construction of new jail facility, civil courts building, and medical examiner facilities.

Additional information on the County's capital assets can be found in Note 5 on pages 47-48 of this report.

Tarrant County's Capital Assets

(Net of depreciation)
(Amounts in thousands)

	September 30, 2009			September 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 52,919	\$ 2,071	\$ 54,990	\$ 52,336	\$ 2,071	\$ 54,407
Buildings and improvements	188,886	2,797	191,683	194,635	3,076	197,711
Fixed equipment	37,537	126	37,663	36,149	68	36,217
Infrastructure	46,422	566	46,988	44,673	14	44,687
Construction in progress	19,871	-	19,871	9,073	-	9,073
Total	\$ 345,635	\$ 5,560	\$ 351,195	\$ 336,866	\$ 5,229	\$ 342,095

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$322,210,000. All of this debt represents bonds payable solely on future ad valorem tax revenue.

Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities 2009	Governmental Activities 2008
General Obligation	\$ 245,185	\$ 256,390
Limited Tax Refunding Bonds	64,460	68,610
Non-Taxable Tax Notes	12,565	21,495
Total	\$ 322,210	\$ 346,495

The County's total debt decreased by \$24,285,000 or 7 percent during the current fiscal year. This decrease is a reflection of principal payments of \$24,285,000.

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 \$242,050,000 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 issues. On March 7, 2006, the Tarrant County 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.

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 \$5,851,581,000, 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 50-52 of this report.

Economic Factors and Next Year's Budgets and Rates

Tarrant County's economic condition remains positive.

- The unemployment rate increased for Tarrant County to 8.2 percent, compared to the prior year of 5.1 percent. This is comparable to the state's increase in average unemployment rate of 8.2 percent from 5.1 percent a year ago. the national unemployment rate is 9.5 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.

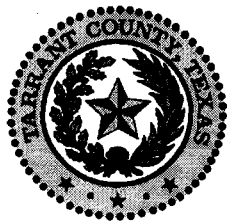
All of these factors were considered in preparing the County's budget for 2010 fiscal year.

During the 2009 fiscal year, unreserved fund balance in the general fund increased to \$39,802,000. The County has appropriated \$31,731,353 of this amount for spending in the 2010 fiscal year budget. This available fund balance enabled the County to decrease its tax rate for the 2010 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 ASSETS
 SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 388,480	\$ 2,299	\$ 390,779
Taxes receivable, net of allowance for uncollectibles	13,682		13,682
Other receivables, net of allowance for uncollectibles	47,451	206	47,657
Internal balance	2,099	(2,099)	-
Due from other governments			
Prepaid expenses and inventory	3,232	3	3,235
Deferred charges	924		924
Restricted assets			
Assets limited to use			
Investment in joint venture			
Capital assets, net:			
Not subject to depreciation	72,790	2,071	74,861
Subject to depreciation	272,845	3,489	276,334
Total assets	801,503	5,969	807,472
LIABILITIES			
Accounts payable	15,355	228	15,583
Accrued interest payable	3,167		3,167
Other liabilities	16,383	29	16,412
Unearned revenue	21,034		21,034
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	23,547	168	23,715
Capital lease			
Bonds & notes payable	21,185		21,185
Other noncurrent liabilities	3,537		3,537
Portion due or payable after one year:			
Compensated absences payable	12,746		12,746
Capital lease			
Bonds and notes payable	310,867		310,867
Other noncurrent liabilities	28,799		28,799
Total liabilities	456,620	425	457,045
NET ASSETS			
Invested in capital assets, net of related debt	200,501	5,560	206,061
Restricted:			
Capital projects			
Debt service			
Other endowments & contributions			
Unrestricted	144,382	(16)	144,366
Total net assets	\$ 344,883	\$ 5,544	\$ 350,427

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 190,701	\$ 18,140
4,194	
46,109	1,716
29,302	4,773
21,046	1,625
	16
5,203	
176,713	
	250
38,734	1,664
263,844	7,848
<u>775,846</u>	<u>36,032</u>
39,224	1,888
	35
22,360	3,724
	430
	2,143
892	559
2,020	412
6,154	
1,710	762
60,750	1,130
4,363	1,102
<u>137,473</u>	<u>12,185</u>
238,290	6,649
1,078	
4,238	
5,311	
389,456	17,198
<u>\$ 638,373</u>	<u>\$ 23,847</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (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	\$ 132,725	\$ 51,847	\$ 15,709	\$ 1,326
Public safety	111,314	3,052	3,435	61
Transportation support	44,690		30	2,001
Judicial	142,450	33,352	12,061	4
Community services	78,814	14,869	58,623	205
Interest and fiscal charges	14,966			
Total governmental activities	524,959	103,120	89,858	3,597
Business-type:				
Resource Connection	3,138	2,923		
Total primary government	<u>\$ 528,097</u>	<u>\$ 106,043</u>	<u>\$ 89,858</u>	<u>\$ 3,597</u>
Component units				
Tarrant County Hospital District	\$ 666,742	\$ 228,057	\$ 104,469	
MHMR of Tarrant County	88,005	23,854	64,597	\$ 81
	<u>\$ 754,747</u>	<u>\$ 251,911</u>	<u>\$ 169,066</u>	<u>\$ 81</u>

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

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (63,843)		\$ (63,843)		
(104,766)		(104,766)		
(42,659)		(42,659)		
(97,033)		(97,033)		
(5,117)		(5,117)		
(14,966)		(14,966)		
(328,384)		(328,384)		
	\$ (215)	(215)		
\$ (328,384)	\$ (215)	\$ (328,599)	\$ -	\$ -
			\$ (334,216)	
				\$ 527
			\$ (334,216)	\$ 527
321,868		321,868	276,487	
6,819		6,819		
8,937	45	8,982	13,303	181
2,686	145	2,831	45,783	593
340,310	190	340,500	335,573	774
11,926	(25)	11,901	1,357	1,301
332,957	5,569	338,526	637,016	22,546
\$ 344,883	\$ 5,544	\$ 350,427	\$ 638,373	\$ 23,847

TARRANT COUNTY, TEXAS

BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and investments	\$ 42,369	\$ 8,669	\$ 895	\$ 278,094
Receivables				
Taxes, net of allowance for uncollectibles	11,848	9	1,825	
Other receivables, net of allowance for uncollectibles	20,020	635		216
Due from other funds	12,987			
Advance to proprietary fund				2,099
Supplies and prepaid items	800	1,027		
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 88,024</u>	<u>\$ 10,340</u>	<u>\$ 2,720</u>	<u>\$ 280,409</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 5,910	\$ 966		\$ 4,192
Other liabilities	10,181	435		24
Due to other funds				
Deferred revenue	23,593	9	\$ 1,825	97
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	39,684	1,410	1,825	4,313
 FUND BALANCES:				
Reserved:				
For debt service			895	
For capital projects				238,905
For encumbrances	2,743	3,236		35,092
For supplies and prepaid items	800	1,027		
For long term receivable	4,995			2,099
Unreserved, report in:				
General fund	39,802			
Road and Bridge fund		4,667		
Other Special revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity	48,340	8,930	895	276,096
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 88,024</u>	<u>\$ 10,340</u>	<u>\$ 2,720</u>	<u>\$ 280,409</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,361	\$ 25,929	\$ 367,317
		13,682
25,846	378	47,095
		12,987
		2,099
1,359	46	3,232
<u>\$ 38,566</u>	<u>\$ 26,353</u>	<u>\$ 446,412</u>
\$ 3,494	\$ 479	\$ 15,041
1,210	3,355	15,205
12,950	37	12,987
20,912		46,436
38,566	3,871	89,669
		895
		238,905
	3,329	44,400
	46	1,873
		7,094
		39,802
		4,667
	19,107	19,107
<u>-</u>	<u>22,482</u>	<u>356,743</u>
<u>\$ 38,566</u>	<u>\$ 26,353</u>	<u>\$ 446,412</u>

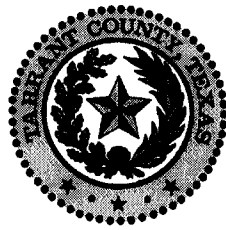
TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET ASSETS
SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

Amounts reported for governmental activities in the statement of net assets (page 14) are different because:

Total fund balance - total governmental funds (pages 18-19)	\$ 356,743
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	345,635
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	25,419
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 assets.	10,383
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>(393,297)</u>
Net assets of governmental activities (page 14)	<u>\$ 344,883</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, 2009 (AMOUNTS IN THOUSANDS)

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES:				
Taxes, licenses and permits	\$ 281,977	\$ 2	\$ 39,478	
Fees of office	37,628	21,892		
Intergovernmental	16,627	33		\$ 394
Investment income	3,155	186	258	4,803
Other revenues	11,234	1,093		394
	<u>350,621</u>	<u>23,206</u>	<u>39,736</u>	<u>5,591</u>
EXPENDITURES:				
Current:				
General government	86,252	2,442		
Public safety	101,459			
Transportation support		28,639		
Judicial	124,179			
Community services	5,758			
Capital outlay	60			44,076
Debt service:				
Principal payments			24,285	
Interest and fiscal charges			15,048	
	<u>317,708</u>	<u>31,081</u>	<u>39,333</u>	<u>44,076</u>
Excess (deficiency) of revenues over (under) expenditures	32,913	(7,875)	403	(38,485)
OTHER FINANCING SOURCES (USES):				
Transfers in	824	4,729		27,718
Transfers out	(33,070)			
Total other financing sources (uses)	<u>(32,246)</u>	<u>4,729</u>		<u>27,718</u>
Change in fund balance	667	(3,146)	403	(10,767)
FUND BALANCES, beginning of year	<u>47,673</u>	<u>12,076</u>	<u>492</u>	<u>286,863</u>
FUND BALANCES, end of year	<u>\$ 48,340</u>	<u>\$ 8,930</u>	<u>\$ 895</u>	<u>\$ 276,096</u>

See accompanying notes to the financial statements.

Grants	Other Governmental Funds	Total Governmental Funds
	\$ 39	\$ 321,496
\$ 1,150	9,945	70,615
88,435	12,169	117,658
147	388	8,937
1,239	3,447	17,407
<u>90,971</u>	<u>25,988</u>	<u>536,113</u>
15,370	7,243	111,307
2,643	1,049	105,151
95		28,734
9,715	5,068	138,962
55,319	12,087	73,164
7,250	1,522	52,908
		24,285
		<u>15,048</u>
<u>90,392</u>	<u>26,969</u>	<u>549,559</u>
579	(981)	(13,446)
189	1,734	35,194
(768)	(824)	(34,662)
<u>(579)</u>	<u>910</u>	<u>532</u>
-	(71)	(12,914)
-	22,553	369,657
<u>\$ -</u>	<u>\$ 22,482</u>	<u>\$ 356,743</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, 2009 (AMOUNTS IN THOUSANDS)

Amounts reported for governmental activities in the statement of activities (pages 16-17) are different because:

Net change in fund balances--total governmental funds (pages 22-23)	\$ (12,914)
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)	9,194
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (Note 2)	(425)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	654
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 assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	24,285
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)	(12,637)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>3,769</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 11,926</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,299	\$ 21,163
Other receivables, net of allowance for uncollectibles	206	356
Prepaid expenses and inventory	3	
Total current assets	<u>2,508</u>	<u>21,519</u>
Noncurrent assets:		
Capital assets		
Land	2,071	
Building and improvements, net	2,797	
Equipment, net	126	
Infrastructure, net	566	
Total noncurrent assets	<u>5,560</u>	<u>-</u>
Total assets	<u>8,068</u>	<u>21,519</u>
LIABILITIES		
Current liabilities:		
Accounts payable	228	314
Other liabilities	29	4,715
Deferred revenue		17
Compensated absences payable	168	
Total current liabilities	<u>425</u>	<u>5,046</u>
Noncurrent liabilities:		
Other noncurrent liabilities		6,090
Long term advance from governmental fund	2,099	
Total noncurrent liabilities	<u>2,099</u>	<u>6,090</u>
Total liabilities	<u>2,524</u>	<u>11,136</u>
NET ASSETS		
Invested in capital assets	5,560	
Unrestricted	(16)	10,383
Total net assets	<u>\$ 5,544</u>	<u>\$ 10,383</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING REVENUES:		
Building rental	\$ 2,923	
User fees		\$ 13,391
County contributions		45,340
Other revenues	145	2,694
Total operating revenues	3,068	61,425
OPERATING EXPENSES		
Personnel	1,276	
Building and equipment	1,476	180
Depreciation and amortization	327	
Self insurance claims		30,647
Insurance premiums	16	24,235
Other expenses	43	2,385
Total operating expenses	3,138	57,447
Operating income (loss)	(70)	3,978
NONOPERATING REVENUES:		
Investment income	45	323
Total nonoperating revenues	45	323
Income (loss) before transfers	(25)	4,301
Transfers out		(532)
Change in net assets	(25)	3,769
Total net assets - beginning	5,569	6,614
Total net assets - ending	\$ 5,544	\$ 10,383

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,043	\$ 61,413
Payments to suppliers	(1,506)	
Payments on behalf of employees		(58,561)
Payments to employees	<u>(1,293)</u>	
Net cash flows provided by operating activities	244	2,852
INVESTING ACTIVITIES:		
Investment income	<u>45</u>	<u>323</u>
Net cash flows provided by investing activities	45	323
NONCAPITAL FINANCING ACTIVITIES:		
Transfers out		<u>(532)</u>
Net cash flows used in noncapital financing activities	-	(532)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	<u>(658)</u>	
Net cash flows provided by (used in) capital and related financial activities	(658)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(369)	2,643
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,668</u>	<u>18,520</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,299</u>	<u>\$ 21,163</u>
Reconciliation of operating income to net cash provided by operating activities:		
Income (loss) from operations	\$ (70)	\$ 3,978
Net cash provided by operating activities:		
Depreciation & amortization	327	
Changes in assets and liabilities:		
Supplies & prepaid items	1	
Other receivables	3	(14)
Accounts payable	28	16
Other liabilities	(3)	(1,130)
Deferred revenue	(28)	2
Compensated absences	<u>(14)</u>	
Net cash flows provided by operating activities	<u>\$ 244</u>	<u>\$ 2,852</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 33,065
Other receivables	132,279
Restricted asset	<u>45,862</u>
TOTAL ASSETS	<u>\$ 211,206</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 5
Due to third parties	<u>211,201</u>
TOTAL LIABILITIES	<u>\$ 211,206</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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 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 a separate column 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") is governed by a board of directors, which is essentially the County Commissioners Court. The County Commissioners Court created the TCHFC, but it is not a political subdivision of the County under state law. The TCHFC is authorized to issue bonded debt without County Commissioners Court approval. The TCHFC is reported in the other governmental column in the fund financial statements.

The Tarrant County Industrial Development Corporation ("TCIDC") is governed by a board of directors, which is essentially the County Commissioners Court. The TCIDC has the authority to issue bonded debt; however, the County has no legal obligation to assume the bonded debt, which must be approved by the County Commissioners Court. TCIDC is reported in the other governmental column in the fund financial statements.

DISCRETELY PRESENTED COMPONENT UNITS

The Tarrant County Hospital District ("TCHD") serves the citizens of the County and is governed by a board of directors, which the County Commissioners Court may appoint and remove 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 assets. TCHD cannot issue bonded debt without County Commissioners Court approval. TCHD's financial statements include the JPS Physicians Group (JPSPG) and Partners Together for Health as component units within the reporting entity.

JPSPG began operations in July 2003 primarily for the purpose of providing physician services to TCHD patients. The TCHD is the sole corporate member of JPSPG and, as such, exercises significant influence over the financial operations of JPSPG. The financial statements of JPSPG are blended with the TCHD for the year ended September 30, 2009, and include total assets, excluding receivables from affiliates, of \$15,650,000 and total liabilities, excluding payables to affiliates, of \$5,020,000. JPSPG's excess of revenues over expenses totaled approximately \$3,995,000 for the year ended September 30, 2009.

Partners Together for Health (Partners), formerly Tarrant County Hospital District Charitable Health Foundation, was formed August 4, 1997, solely to support and benefit scientific, educational, and charitable activities conducted by TCHD. Partners is a nonprofit organization whose purpose is to perform services on behalf of TCHD, including organizing fundraising activities, providing patient assistance programs, participating in recruiting functions, and conducting administrative services. The financial statements of Partners are blended with the TCHD for the year ended September 30, 2009, and include total assets, excluding receivables from affiliates, of \$5,472,000 and total liabilities, excluding payables to affiliates, of \$1,063,000. Partners' excess of expenses over revenues totaled approximately \$6,357,000 for the year ended September 30, 2009. Included within restricted cash and investments is a corpus of \$2.25 million held by Partners.

The Mental Health and Mental Retardation of Tarrant County ("MHMRTC") serves the citizens of the County and 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 August 31, 2009.

MHMRTC has created two nonprofit corporations in which MHMRTC appoints all the members of the governing boards. In 1997, Trinity Behavioral Rehabilitation Corporation was formed with the intent to enter into contracts for behavioral healthcare with health maintenance organizations. In 2000, MHMR Visions was formed with tax exemption status for fund raising purposes. Trinity Behavioral Rehabilitation Corporation has had no financial activity since its inception and, as such, has had no effect on the financial statements of MHMRTC and is not included in the report. MHMR Visions is reported as a governmental fund within MHMRTC.

The Tarrant County Health Facilities Development Corporation ("TCHFDC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC has no material balance sheet or results of operations as of and for the year ended September 30, 2009. 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") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC has no material balance sheet or results of operations as of and for the year ended September 30, 2009. 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 assets 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. Eliminations have been made to minimize the double-counting of internal activities. 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 present. 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.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

Capital Projects Fund – The Capital Projects Fund accounts for the financial 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 15-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 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. These proceeds will be 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 trustee capacity or as an agent for others. They include the Payroll Clearing fund for payroll deductions and the Fee Office fund for moneys in the custody of the fee office of the County.

(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 gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, alcohol beverage taxes, bingo taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in 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 considers all 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 are recognized as deferred revenue until cash is received, and grant income, which is accrued 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.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, TCHD has elected to apply the provisions of all relevant pronouncements of the Financial

Accounting Standards Board (FASB) including those issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The County and MHMRTC apply all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

(d) Encumbrances

Encumbrance accounting is used for budgetary accounting for the appropriated budgets. Encumbrances are recorded when a purchase order is issued, and are not considered a liability until the goods or services are actually received. Encumbrances are reported as a reservation of fund balance on the balance sheet and do not represent expenditures or liabilities because the commitments will be honored during the subsequent year.

(e) Cash and Cash Equivalents and Investments

Cash and cash equivalents of the County and its component units 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. Cash and cash equivalents in the cash flow statement do not include restricted assets.

All investments of the County and its component units are recorded at fair value (defined as the price at which two willing parties would complete an exchange) 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;
- e. Certificates of deposit issued by state and national banks domiciled 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;
- f. 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 bank domiciled in Texas;
- g. 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.

In addition, MHMRTC is authorized to invest in prime domestic bankers acceptances and SEC registered no-load money market mutual funds.

(f) Supplies and Prepaid Items

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

TCHD supplies, consisting primarily of pharmaceuticals and other medical supply items, are stated at cost determined on either current acquisition or last acquisition cost.

Inventories for MHMRTC consist of expendable supplies and drugs held for consumption and medications supplied at various area retail pharmacies for MHMRTC's clients. These inventories 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.

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.

(g) Restricted Assets

Restricted assets are used to differentiate assets, the use of which is restricted by the donor or contractual agreement. The County's restricted assets represent funds held in the fiduciary fund pursuant to court-ordered trust accounts and securities posted by bondsmen to secure bail bonds. Court designated funds are not considered to be restricted.

(h) Assets Limited as to Use

TCHD assets limited to use under debt indenture agreements include amounts received under debt agreements to be used for capital expenditures and required debt reserves related to the repayment of debt to bondholders.

The TCHD Board of Managers also designates certain funds to be used to meet debt covenant requirements, increase access to health care within the community, to satisfy self-insurance liabilities and to fund future expansion. Assets available to satisfy current liabilities for self-insurance and debt service have been classified as current assets in the accompanying balance sheet.

On October 12, 2006 the TCHD Board designated that the health care fund be increased to \$120,200,000 to preserve funds necessary to meet days cash on hand requirements in accordance with current debt covenants. In addition, an additional \$29,400,000 was designated to fund future facility renovations.

(i) 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. TCHD defines capital assets as items with acquisition cost of at least \$1,000 and estimated useful life of 2 years or longer. MHMRTC defines capital assets as assets with an individual value of more than \$1,000 and an estimated useful life greater than 3 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 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, as well as the component units, are depreciated or amortized (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	20 - 35 years
Land improvements	5 - 25 years
Buildings and improvements	15 - 40 years
Fixed equipment	5 - 25 years
Major movable equipment	5 - 8 years

(j) Unearned and Deferred Revenue

In the government-wide financial statements, revenues are recognized in the year of levy or exchange. Unearned revenues are funds received but not yet earned.

In the fund financial statements, revenues are deferred until they are available , such as uncollected taxes, grant revenues, fines, fees and other miscellaneous revenues.

(k) 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

(l) 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. Vacation pay is accrued, to a maximum of 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 vacation pay is liquidated from various funds, however sick leave is generally paid from the general fund.

(m) 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 (\$0.232187 for the maintenance and operations and \$0.031813 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 February 1 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received during the fiscal year.

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 title to the property.

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.

Ad valorem taxes are levied, become a legal enforceable claim to TCHD, and are due each year on October 1, based on assessed property values on the preceding May 1. Ad valorem tax revenue, net of provisions for estimated uncollectible taxes, is recognized under the accrual basis of accounting, which results in the recognition of this revenue when assessed, subject to a reserve for uncollectible taxes. Management calculates an estimate of the unpaid tax levy deemed uncollectible within the next three years. The balance of the unpaid levy is reserved as uncollectible.

TCHD ad valorem tax rate was \$0.226314 per \$100 valuation for the maintenance and operation fund in 2009 and \$0.001583 per \$100 valuation for the interest and sinking fund in 2009.

(n) Net Patient Service Revenue – Discretely Presented Component Units

Net patient service revenue of TCHD is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments due

to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Amounts estimated as uncollectible bad debt are recorded as reductions to net patient service revenue. Net patient service revenue increased approximately \$2,089,000 in 2009 as a result of final settlements related to open cost report appeals.

The composition of net patient service revenue for the year ended September 30, 2009 follows (in thousands):

	2009
Patient services provided:	
Inpatient services	\$ 840,857
Outpatient services	870,490
	<u>1,711,347</u>
Charges forgone for charity care	610,287
Patient service revenue	<u>1,101,060</u>
Deductions from revenue for contractual allowances	593,760
Net patient service revenue	<u>507,300</u>
Provision for bad debts	<u>279,243</u>
Total net patient service revenue	<u><u>\$ 228,057</u></u>

(o) Health Insurance Program Reimbursement – Discretely Presented Component Units

Net patient service revenue of \$228,057,000 for the year ended September 30, 2009 consists of amounts from the Medicare and Medicaid programs of approximately 48%. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. TCHD believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Medicare cost reports for all years before 2007, except for the year ended September 30, 2004, have been audited and settled as of September 30, 2009. Medicaid cost reports have been audited and settled for all years before 2004 as of September 30, 2009.

(p) Tobacco Settlement Revenue – Discretely Presented Component Units

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, 2009 the TCHD received approximately \$12,100,000 related to the settlement. The funding from the tobacco industry is to offset indigent health care costs of local governments.

(q) Pollution Remediation - Discretely Presented Component Units

The TCHD purchased the former St. Joseph's hospital located adjacent to the Patient Pavillion which has been vacant for several years. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the TCHD has recorded a pollution remediation liability of \$3,551,000 at September 30, 2009. This liability was calculated by determining the total number of square feet requiring remediation and applying a current cost factor as provided by qualified contractors to determine the estimated cost of remediation. This liability is an estimate and subject to change from price increases or reductions, or changes in applicable laws and regulations.

(r) Risk Management – Discretely Presented Component Units

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 2009 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 years.

(s) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for a specific use.

(t) Net Assets

Net Assets: Invested in Capital Assets, Net of Related Debt

This component of net assets 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 Assets: Restricted

This component of net assets 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.

Net Assets: Unrestricted

This component of net assets 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 Net Assets Invested in Capital Assets, Net of Related Debt or Net Assets, 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 assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$393,297 difference are as follows (in thousands):

Bonds payable	\$ 322,210
Less: Deferred charge on refunding (to be amortized as interest expense)	(731)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(924)
Less: Issuance discount (to be amortized as interest expense)	(1,162)
Plus: Premium on refunding (to be amortized as interest expense)	11,735
Accrued interest payable	3,167
Compensated absences	36,293
Other postemployment benefits liability	<u>22,709</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 393,297</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 assets 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 \$9,194 difference are as follows (in thousands):

Capital outlay	\$ 32,379
Depreciation expense	<u>(23,185)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 9,194</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 increase net assets.” The details of this \$425 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 assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (1,235)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>810</u>
Net adjustment to decrease <i>net changes in fund balances--total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (425)</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 assets. 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 \$24,285 difference are as follows (in thousands):

Principal repayments:	
General obligation debt	\$ (11,205)
Limited tax refund debt	(4,150)
Non-taxable tax notes	<u>(8,930)</u>
Net adjustment to increase <i>net changes in fund balances -total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (24,285)</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 \$12,637 difference are as follows (in thousands):

Compensated absences	\$ (1,900)
Other postemployment benefits	(11,231)
Accrued interest payable	11
Amortization of deferred charge on refunding	(46)
Amortization of issuance costs	(67)
Amortization of bond discounts	(73)
Amortization of bond premiums	<u>669</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (12,637)</u>

3. CASH AND INVESTMENTS

Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$73,306,096 and the bank balance was \$75,369,395, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County’s agent in the County’s name.

At year-end, TCHD’s carrying amount of cash and cash equivalents (including restricted assets) was \$7,200,000 and the bank balance was \$13,900,000. Of the bank balance, \$13,855,000 was covered by Federal Depository Insurance Corporation and securities pledged in the TCHD’s name. Custodial risk is the risk that in the event of a bank failure, the TCHD’s deposit may not be returned to it. As a result of the pledging of additional securities by the custodian bank in the TCHD’s name, the TCHD does not have any custodial risk at September 30, 2009.

On August 31, 2009, MHMRTC’s carrying amount of cash and cash equivalents was \$2,932,823 all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC, its agent or by pledging financial institution’s trust department or agent in MHMRTC’s name.

Investments

County

As of September 30, 2009, the County had the following investments and maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted average Maturity (days)</u>	<u>% of total Portfolio</u>
Chase Certificate of Deposit	\$ 110,051	167	27.8%
Investment Pools:			
LOGIC	1,264	53	0.3%
Texpool	32,353	43	8.2%
MBIA	1,345	40	0.3%
Texstar	33,427	46	8.4%
Lone Star	<u>25,946</u>	48	<u>6.6%</u>
Total investment pools	94,335		23.8%

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted average Maturity (days)</u>	<u>% of total Portfolio</u>
U.S. government sponsored entities, debt securities			
FNMA	121,774	642	30.7%
FHLMC	70,240	508	17.7%
Total securities	<u>192,014</u>		<u>48.4%</u>
Total Investments	<u>\$ 396,400</u>	350	<u>100%</u>

Investments are stated at fair value, including the investments in LOGIC, Texpool, MBIA, Texstar, and Lone Star, investment pools. The fair value of the County's investments in these pools is the same as the value of pool shares. All external investment pools in which the County participates have a credit quality rating of "AAA".

Regulatory oversight for the operations of these external 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: 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 or Fitch. The debt securities of the U.S. Government sponsored entities are rated "AAA" 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. All investments are acquired on a delivery vs. payment basis at the custodial agent from brokers independent of the custodial agent. As of September 30, 2009, 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.

TCHD

At September 30, 2009 TCHD's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$ 12,920	0.00
Investment Pools	137,343	0.13
Certificates of Deposit	110,000	0.73
Corporate Obligations	916	1.52
Municipal Bonds	195	18.06
U.S. Treasury Notes	151	0.13
U.S. Government sponsored entities, debt securities	<u>111,092</u>	2.72
Total Fair Value of Investments	372,617	
Amounts classified as current investments	(60,000)	
Amounts classified as Cash and Cash equivalents	<u>(135,904)</u>	
Amounts classified as Assets Limited as to Use	\$ 176,713	
Portfolio weighted average maturity		1.09

Interest rate risk: The TCHD manages its investment time horizons by averaging investment maturities and chooses to present its exposure to interest rate changes using the weighted average maturity method. TCHD manages its investments in accordance with its investment policy which requires a weighted average maturity of five years or less. TCHD's investments in U.S. Governmental sponsored entities include fixed rate notes and bonds with a weighted average maturity of three years. The longer the maturity of a fixed rate bond or note, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the notes and bonds decrease. Likewise, when interest rates decrease, the fair value of the notes and bonds increase.

Credit risk: TCHD's policy is to limit its investments to U.S. Government securities and securities issued by U. S. Government sponsored entities and otherwise follow the restrictions of the Texas Public Funds Investment Act. TCHD's investments in U. S. Treasury Notes carry the explicit guarantee of the U.S. Government. The debt securities of the U.S. Government sponsored entities are rated AAA by Standard and Poor's rating agency.

TCHD also invests in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Treasurer of the state of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as a custodian of investments purchased with TCHD investment funds. TCHD has an undivided beneficial interest in the pool of assets held by TexPool. These investments and deposits are fully insured by federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Trust Company, the entity that created TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the state of Texas or its agencies, 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. TexPool is rated as an AAA money market fund by Standard & Poor's. TCHD also invests in certificates of deposits. These certificates of deposit are fully collateralized by the various financial institutions.

Concentration of credit risk: TCHD places no limit on the amount TCHD may invest in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed. More than 5% of TCHD's investments are in Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan

Mortgage Corporation, and Federal Farm Credit Bank obligations, at 21.9%, 51.1%, 10.2%, and 11.9%, respectively.

Custodial Credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, TCHD would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of TCHD's \$111,100,000 investment in U.S. Treasury Notes and debt securities of U.S. Government sponsored entities, \$94,200,000 are held in a safekeeping account. The remaining \$16,900,000 are held in various trust accounts. Interest and other income are detailed in the following table (amounts in thousands):

Interest income	\$ 13,346
Unrealized gain on investments	<u>2,280</u>
Total interest income	15,626
Other income	461
Interest expense	<u>(2,784)</u>
Total interest and other income	<u>\$ 13,303</u>

MHMRTC

At August 31, 2009, MHMRTC had the following investments (in thousands):

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Texas Local Government Investment Pool (TexPool)	\$ 5,436	\$ 5,436	AAA	Not available
JP Morgan Chase Certificate of deposit	<u>9,771</u>	<u>9,771</u>	Exempt	10
Total Investments	<u>\$ 15,207</u>	<u>\$ 15,207</u>		

(1) Ratings are provided where applicable to indicate associated **credit risk**.

(2) **Interest rate risk** information is provided using the weighted average method.

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. MHMRTC investment policy and state statute generally permit 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 mutual 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 states, 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, 2009, MHMRTC did not own any types of securities other than those permitted by statute or its investment policy.

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.

Concentration of credit risk is the risk of loss attributed to the magnitude of MHMRTC's investment in a single issuer. Following is a list of individual investments that represent more than 5% of total MHMRTC investments at year end (in thousands):

Description	Carrying Amount	Percentage of Portfolio
JP Morgan Chase Bank Certificate of Deposit	\$ 9,771	64.3%

MHMRTC's investment policy provides for diversification by market sector and by individual issuer for each eligible investment specified in the investment policy.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, MHMRTC will not be able to recover the value of its investments or collateral securities in the possession of an outside party. MHMRTC policy provides that investment securities be held by a third party custodian in an account in MHMRTC's name.

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

	Primary Government	Component Units
Cash:		
County	\$ 73,306	
TCHD		\$ 190,701
MHMRTC		2,933
TCHD - restricted		5,203
Investments:		
County	396,400	
MHMRTC		15,207
TCHD - assets limited as to use		176,713
Total	<u>\$ 469,706</u>	<u>390,757</u>
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 390,779	\$ 208,841
Restricted		5,203
Assets limited as to use		176,713
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	33,065	
Restricted	45,862	
Total	<u>\$ 469,706</u>	<u>\$ 390,757</u>

4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

	General	Road and Bridge	Debt Service	Total	TCHD
Taxes receivable	\$ 21,759	\$ 22	\$ 3,731	\$ 25,512	\$ 12,675
Allowance for uncollectibles	<u>(9,911)</u>	<u>(13)</u>	<u>(1,906)</u>	<u>(11,830)</u>	<u>(8,481)</u>
Net taxes receivable	<u>\$ 11,848</u>	<u>\$ 9</u>	<u>\$ 1,825</u>	<u>\$ 13,682</u>	<u>\$ 4,194</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 Activities

	General	Road and Bridge	Capital Projects	Grants	Other Governmental Funds	Total
Accounts receivable	\$ 50,343	\$ 635	\$ 216	\$ 25,992	\$ 378	\$ 77,564
Long-term accounts receivable	4,995					4,995
Allowance for uncollectible	<u>(35,318)</u>			<u>(146)</u>		<u>(35,464)</u>
Net accounts receivable	<u>\$ 20,020</u>	<u>\$ 635</u>	<u>\$ 216</u>	<u>\$ 25,846</u>	<u>\$ 378</u>	<u>\$ 47,095</u>

Business-type Activities

	Enterprise	Internal Service	Total
Accounts receivable	\$ 206	\$ 356	\$ 562
Allowance for uncollectible			
Net accounts receivable	<u>\$ 206</u>	<u>\$ 356</u>	<u>\$ 562</u>

Component Units

	TCHD	MHMRTC	Total
Accounts receivable	\$ 152,247	\$ 4,119	\$ 156,366
Allowance for uncollectible	<u>(106,138)</u>	<u>(2,403)</u>	<u>(108,541)</u>
Net accounts receivable	<u>\$ 46,109</u>	<u>\$ 1,716</u>	<u>\$ 47,825</u>

The long-term accounts receivable relates to the 1998 sale of the Tarrant County Convention Center to the City of Fort Worth. The agreement allows for the City to pay the County over a twenty-year period.

Included in other receivables in the agency fund for the County is \$132,239,461 of taxes receivable to be collected for third parties by the Tax Assessor's office.

For TCHD, patient account receivables are stated at estimated net realizable value, and collateral is generally not required. Receivables from government programs represent a 50% concentrated group of credit risk for TCHD. Other receivables consist of receivables from various payors including individuals and insurance companies involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risks to TCHD. Furthermore, TCHD's management continually monitors and adjusts its reserves and allowances associated with these receivables.

TCHD provides care without charge 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.

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.

5. CAPITAL ASSETS

County

Capital asset activity for the year ended September 30, 2009 was as follows (in thousands):

	<u>Balance October 1, 2008</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance September 30, 2009</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 52,336	\$ 641	\$ (58)	\$ 52,919
Construction in progress	9,073	11,425	(627)	19,871
Total capital assets not depreciated	<u>61,409</u>	<u>12,066</u>	<u>(685)</u>	<u>72,790</u>
Other capital assets:				
Buildings and improvements	278,707	3,620	(1,203)	281,124
Fixed equipment	91,694	11,468	(3,485)	99,677
Infrastructure	80,370	6,035	(575)	85,830
Total other capital assets at cost	<u>450,771</u>	<u>21,123</u>	<u>(5,263)</u>	<u>466,631</u>
Less accumulated depreciation for:				
Buildings and improvements	(84,072)	(8,794)	628	(92,238)
Fixed equipment	(55,545)	(10,427)	3,832	(62,140)
Infrastructure	(35,697)	(3,964)	253	(39,408)
Total accumulated depreciation	<u>(175,314)</u>	<u>(23,185)</u>	<u>4,713</u>	<u>(193,786)</u>
Other capital assets, net	275,457	(2,062)	(550)	272,845
Governmental activities capital assets, net	<u>\$ 336,866</u>	<u>\$ 10,004</u>	<u>\$ (1,235)</u>	<u>\$ 345,635</u>

	Balance October 1, 2008	Additions	Disposals	Balance September 30, 2009
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 2,071			\$ 2,071
Other capital assets:				
Buildings and improvements	6,033			6,033
Fixed equipment	320	93	(14)	399
Infrastructure	16	565		581
Total other capital assets at cost	6,369	658	(14)	7,013
Accumulated depreciation	(3,211)	(327)	14	(3,524)
Other capital assets, net	3,158	331	-	3,489
Business-type activities capital assets, net	<u>\$ 5,229</u>	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 5,560</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 11,796
Public safety	2,667
Transportation	7,962
Judicial	517
Community services	243
Total governmental activities depreciation expense	<u>\$ 23,185</u>

Construction in progress primarily consists of criminal justice software development, construction contracts for the construction and expansion of juvenile justice complex, sub-courthouse facility, civil courts, medical examiners office, and jail. At September 30, 2009, the remaining commitments on contracts and agreements approximated \$7,262,572.

The County has a lease agreement with Community Supervision and Corrections to utilize a County facility through August 2012 at a monthly rate of \$20,000.

Also, in fiscal year 2002 the County entered into a lease agreement with the City of Fort Worth #3 (Tax Increment Financing District) to allow public parking in the Law Center parking garage on weekends and evenings. The City of Fort Worth #3 has agreed to pay a total of \$2,500,000 plus 6% interest thru December 2012.

TCHD

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

	<u>Balance October 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2009</u>
Capital assets not depreciated:				
Land	\$ 29,401	\$ 137	\$ (308)	\$ 29,230
Construction in progress/equipment not in service	18,126	18,467	(27,089)	9,504
Total capital assets not depreciated	<u>47,527</u>	<u>18,604</u>	<u>(27,397)</u>	<u>38,734</u>
Other capital assets:				
Buildings and improvements	217,700	6,914	\$ (432)	224,182
Improvements other than buildings	14,387	2,171		16,558
Machinery and equipment	274,782	30,013	(745)	304,050
Total other capital assets at cost	<u>506,869</u>	<u>39,098</u>	<u>(1,177)</u>	<u>544,790</u>
Accumulated depreciation	(245,644)	(36,371)	1,069	(280,946)
Other capital assets, net	261,225	2,727	(108)	263,844
Capital assets, net	<u>\$ 308,752</u>	<u>\$ 21,331</u>	<u>\$ (27,505)</u>	<u>\$ 302,578</u>

Depreciation expense was charged to functions as follows:

Hospital	<u>\$ 36,371</u>
Total depreciation expense	<u>\$ 36,371</u>

At September 30, 2009, the remaining commitments on contracts and agreements approximated \$5,200,000.

MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2009, is as follows (in thousands):

	<u>Balance August 31, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2009</u>
Capital assets not depreciated:				
Land	\$ 1,100	\$ 2		\$ 1,102
Construction in progress		562		562
Total capital assets not depreciated	<u>1,100</u>	<u>564</u>	<u>-</u>	<u>1,664</u>
Other capital assets:				
Buildings and improvements	8,837	460	(176)	9,121
Equipment and furniture	10,702	2,576	(2,291)	10,987
Total other capital assets at cost	<u>19,539</u>	<u>3,036</u>	<u>(2,467)</u>	<u>20,108</u>
Less accumulated depreciation	<u>(12,936)</u>	<u>(1,741)</u>	<u>2,417</u>	<u>(12,260)</u>
Capital assets, net	<u>\$ 7,703</u>	<u>\$ 1,859</u>	<u>\$ (50)</u>	<u>\$ 9,512</u>

Depreciation expense was charged to functions as follows:

Mental Health Adult	\$ 285
Mental Retardation	281
Child and Adolescent	16
Administration	318
Substance Abuse	64
Early Childhood Intervention	146
Total depreciation expense	<u>\$ 1,110</u>
Internal Service Fund	<u>631</u>
Total depreciation expense	<u><u>\$ 1,741</u></u>

6. LONG-TERM DEBT

County

General obligation debt, certificates of obligation and contractual obligations are generally payable from property tax revenues. All other obligations, including capital leases and compensated absences, are payable from revenues of the general fund.

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.

At year end \$186,918,017 of these bond proceeds remained unspent and accordingly the debt related to the proceeds have not been used in the calculation of net assets invested in capital, net of related debt.

Long-term debt of the County consisted of the following at September 30, 2009 (in thousands):

General Obligation Bonds - Series 1999 with interest rate of 5%, payable in an annual installment plus interest through 2010	\$ 1,040
General Obligation Bonds - Series 2002 with interest rates from 4.125% to 5.0%, payable in annual installments of varying amounts plus interest through 2022	18,945
General Obligation Bonds - Series 2006 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2026	73,325
General Obligation Bonds - Series 2007 with interest rates from 4.5% to 5.25%, payable in annual installments in varying amounts plus interest through 2027	49,070

General Obligation Bonds - Series 2008 with interest rates from 3.5% to 5.0%, payable in annual installments in varying amounts plus interest through 2028	102,805
Limited Tax Refunding - Series 2004 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2024	28,680
Limited Tax Refunding - Series 2005 with interest rates from 3.5% to 5.0%, payable in annual installments in varying amounts plus interest through 2025	35,780
Non-Taxable Tax Notes - Series 2004 with interest rate of 3.25%, payable in an annual installments plus interest through 2010	2,570
Non-Taxable Tax Notes - Series 2005 with interest rate of 3.5%, payable in annual installments of varying amounts plus interest through 2011	5,045
Non-Taxable Tax Notes - Series 2006 with interest rate of 4.0%, payable in annual installments of varying amounts plus interest through 2012	4,950
	<u>322,210</u>
Less - current maturities	<u>21,185</u>
Long-term debt, net of current maturities	301,025
Plus (less) deferred amounts:	
For issuance premiums	11,735
For issuance discounts	(1,162)
On refunding	<u>(731)</u>
Long-term debt, net of current maturities, premium, discount and refunding	<u><u>\$ 310,867</u></u>

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		Non Taxable Tax Notes		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 10,360	\$ 11,773	\$ 4,190	\$ 2,971	\$ 6,635	\$ 458	\$ 36,387
2011	9,700	11,355	3,530	2,809	4,215	224	31,833
2012	10,100	10,954	3,670	2,673	1,715	69	29,181
2013	10,530	10,538	3,820	2,532			27,420
2014	11,020	10,062	3,985	2,379			27,446
2015-2019	63,425	42,146	23,035	9,044			137,650
2020-2024	76,635	24,992	20,170	3,642			125,439
2025-2028	53,415	5,907	2,060	103			61,485
Total	<u>\$ 245,185</u>	<u>\$ 127,727</u>	<u>\$ 64,460</u>	<u>\$ 26,153</u>	<u>\$ 12,565</u>	<u>\$ 751</u>	<u>\$ 476,841</u>

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2009 (in thousands):

	Balance October 1, 2008	Additions	Retirements	Balance September 30, 2009	Amounts Due within One year
Bonds payable	\$ 346,495	\$ -	\$ 24,285	\$ 322,210	\$ 21,185
Deferred amounts:					
Premium	12,404	-	669	11,735	-
Discount	(1,235)	-	73	(1,162)	-
Refunding	(777)	-	46	(731)	-
Total bonds payable	356,887	-	25,073	332,052	21,185
OPEB obligation	11,478	11,231		22,709	
Claims and judgements	10,451	4,040	4,864	9,627	3,537
Compensated absences	34,393	25,447	23,547	36,293	23,547
Total	\$ 413,209	\$ 40,718	\$ 53,484	\$ 400,681	\$ 48,269

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 \$242,050,000 Limited Tax Bonds for this purpose.

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the statement of net assets. On September 30, 2009, the amount of bonds considered defeased is \$0.

The County is not obligated under any significant non-cancelable long-term leases.

TCHD

Long-term debt of TCHD consisted of the following at September 30, 2009 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$50, bearing interest at rates ranging from 2.0% to 5.5%, payable annually with remaining installments ranging from \$1,210 to \$2,790 from 2010 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral; proceeds were used to construct the health center for women and the public health facility

\$ 33,920

Certificate of Obligation Bonds, Series 2006:

Gross of unamortized premium of \$40, bearing interest at rates ranging from 4.0% to 4.65%, payable in annual installments beginning September 30, 2008 ranging from \$810 to \$2,025 from 2010 through 2031; gross revenue, including ad valorem tax revenue, is pledged as collateral; proceeds for a patient tower and parking garage

28,850

Capital lease obligations:

Issued in 1997 and expiring at various dates through 2012; average effective interest rates of approximately 6.65%, carrying value of leased equipment at September 30, 2009 of approximately \$6,019

	<u>2,602</u>
	65,372
Less - current maturities	<u>2,912</u>
Long-term debt, net of current maturities	<u><u>\$ 62,460</u></u>

The various bond indentures contain compliance covenants and require TCHD to maintain a sinking fund for principal and interest payments. Management believes that TCHD is in compliance with such covenants and sinking fund requirements as of September 30, 2009.

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

Fiscal Year	Revenue Bonds		Certificates of Obligation		Capital Leases		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 1,210	\$ 1,725	\$ 810	\$ 1,266	\$ 892	\$ 151	\$ 6,054
2011	1,255	1,678	840	1,233	953	90	6,049
2012	1,305	1,628	875	1,199	757	25	5,789
2013	1,355	1,574	910	1,163			5,002
2014	1,435	1,499	950	1,126			5,010
2015-2019	8,435	6,223	5,355	5,011			25,024
2020-2024	10,905	3,742	6,680	3,686			25,013
2025-2029	7,970	826	8,430	1,932			19,158
2030-2031			3,960	186			4,146
Add - premium	50		40				90
Total	<u>\$ 33,920</u>	<u>\$ 18,895</u>	<u>\$ 28,850</u>	<u>\$ 16,802</u>	<u>\$ 2,602</u>	<u>\$ 266</u>	<u>\$ 101,335</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2009 (in thousands):

	Balance October 1, 2008	Additions	Retirements	Balance September 30, 2009	Amounts Due within One year
Bonds payable	\$ 64,620		\$ 1,940	\$ 62,680	\$ 2,020
Deferred premium	152		62	90	-
Capital leases	3,438		836	2,602	892
Total	<u>\$ 68,210</u>	<u>\$ -</u>	<u>\$ 2,838</u>	<u>\$ 65,372</u>	<u>\$ 2,912</u>

Interest costs capitalized during 2009 were \$410,296.

MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2009 (in thousands):

Refunding Revenue Bonds, Series 2003 with an interest rate of 3.63%, payable in varying amounts annually through 2011	\$ 677
J P Morgan Chase Bank, Note Payable with an interest of 4.88%, payable in semiannual payments through 2018	865
Capital lease obligations: payments are scheduled through 2010, carrying value of leased assets at August 31, 2009 is \$1,826,739.	<u>1,321</u>
	2,863
Less - current maturities	<u>971</u>
Long-term debt, net of current maturities	<u>\$ 1,892</u>

MHMRTC's aggregate debt service payments to maturity (excluding compensated absences) are as follows (in thousands):

Fiscal Year	Refunding Revenue Bonds		Notes Payable		Capital Lease		Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 338	\$ 19	\$ 74	\$ 40	\$ 559	\$ 29	\$ 1,059
2011	339	6	77	38	517	14	991
2012			81	34	245	1	361
2013			85	30			115
2014			89	26			115
2015-2019			459	58			517
Total	<u>\$ 677</u>	<u>\$ 25</u>	<u>\$ 865</u>	<u>\$ 226</u>	<u>\$ 1,321</u>	<u>\$ 44</u>	<u>\$ 3,158</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2009 (in thousands):

	Balance September 1, 2008	Additions	Retirements	Balance August 31, 2009	Due Within One Year
Compensated absences	\$ 1,851	\$ 2,143	\$ 1,851	\$ 2,143	\$ 2,143
Capital lease obligations	155	1,593	427	1,321	559
Notes payable	900		35	865	74
Bonds payable	1,015		338	677	338
Total	<u>\$ 3,921</u>	<u>\$ 3,736</u>	<u>\$ 2,651</u>	<u>\$ 5,006</u>	<u>\$ 3,114</u>

Interest expenses for the year ended August 31, 2009, was \$101,138.

CONDUIT DEBT

TCHFC, TCIDC, TCHFDC and TCCEFFC issue revenue bonds to promote housing development, commercial and industrial and manufacturing enterprises, health facilities and cultural and education and community facilities, respectively. TCHFC, TCIDC, TCHFDC and TCCEFFC contract their rights under the loan agreements to an approved trustee. The revenue bonds are payable solely from payments from the user (benefiting corporations and organizations) of the bonds as defined under the loan agreement and TCHFC, TCIDC, TCHFDC and TCCEFFC are under no obligation to pay bonds from any other source. All payments are made directly from the benefiting corporations to trustees.

TCHFC has issued its Housing Finance Revenue Bonds Series as follows (in thousands):

User Corporation	Outstanding Principal Amount September 30, 2009
Multifamily (Lincoln Meadows) 88	\$ 10,755
Multifamily (S F Apartments) 93	7,050
Multifamily (Bending Oaks Brook) 94A	5,013
Multifamily (Bending Oaks Brook) 94B	6,416
Multifamily (Bending Oaks Brook) 95	9,709
Multifamily (Windcastle Project) 96	7,334
Multifamily (Sierra Springs) 1999	7,760
Multifamily (Remington Hill) 1998	12,600
Multifamily (Barington at Beach St) 2000	27,215
Multifamily (Provident) 2001	13,300
Multifamily (Chatham Creek) 2001	13,100
Multifamily (Palm House) 2001A	6,000
Multifamily (Crossroads) 2001A	13,215
Multifamily (Crossroads) 2001C	1,480
Multifamily (Arlington Seniors) 2002	12,097
Multifamily (Hulen Bend) 2005	12,244
Multifamily (Gateway Arl) 2003	14,240
Multifamily (Alameda Villas) 2003	10,780
Multifamily (Sycamore Villas) 2003	12,815
Multifamily (Aventine Parkway)	14,282
Multifamily (Blue Lake at Marine Creek Apt)	10,749
Multifamily (Evergreen at Keller Senior Apts)	13,065
Multifamily (Shady Oaks)	3,518
Multifamily (Bear Creek)	14,475
Multifamily (The Courtyards at Riverpark) 85	3,225
Multifamily (Cobblestone) 2006	13,250
Multifamily (Worthington Point)	11,785
Multifamily (Village Creek) 2006	15
Multifamily (Amelia Parc) 2007	11,690
Multifamily (Hometowne at Matador) 2007	10,885
Multifamily (The Park at Sycamore) 2008	12,205

Single family 1985 A	83,763
Single Family 1997	902
Single Family 2003B	3,906
Single Family 2006	6,877
Single Family 2007	13,736
	<hr/>
Total Conduit Debt	<u>\$ 431,451</u>

TCHFDC has issued its Health Facilities Development Revenue Bonds Series as follows (in thousands):

User Corporation	Outstanding Principal Amount September 30, 2009
3927 Foundation, Inc. Project	\$ 5,924
Adventist Health System/Sunbelt Obligated Group 2000	29,930
Villa Oak Park Project 2001 A-1	5,609
Villa Oak Park Project 2001 B	3,200
Harris Methodist Health Systems 87A	11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	71,685
Harris Methodist Health Systems 96	34,295
Texas Health Resources Series 97	43,905
Carter Blood Care Series 98	8,100
Bethesda Living Centers-Bethesda Gardens Series 1998C	7,470
Cook Children's Medical Center 2000A	20,855
Cook Children's Medical Center 2000B	29,875
Cook Children's Medical Center 2007	51,045
Baylor 2002A FAST	69,325
Cumberland Rest, Inc. Series 2002	16,785
Cumberland Rest, Inc. Series 2006	55,000
Eastview Nursing Center 2000 A-1	21,675
Eastview Nursing Center 2000 B	3,107
	<hr/>
Total Conduit Debt	<u>\$ 513,660</u>

TCCEFFC has issued its Cultural Education Facilities Finance Revenue Bonds as follows (in thousands):

User Corporation	Outstanding Principal Amount September 30, 2009
Northwest Senior Housing Foundation - 2006	\$ 81,335
Goose Creek Retirement Community, 2007A	5,850
Goose Creek Retirement Community, 2007B	610

West 380 Family Care, Doctors Hospital, 2007	59,130
Texas Health Resources, 2007 A	597,840
Texas Health Resources, 2007 B	100,000
Buckingham Senior Living Community, Inc 2007	70,220
CHRISTUS Health, 2007A	89,915
CHRISTUS Health, 2007B	89,915
Valley Baptist Health System Project, 2007	94,000
Air Force Village Obligated Group Project, 2007	68,045
Adventist Long-term Care Obligated Group 2007	9,610
C C Young Memorial Home, 2007	16,300
Buckner Retirement Services, 2007	103,210
Scott and White Memorial Hospital and Scott, Sherwood and Brindley Foundation Project, 2008	169,125
Scott and White Memorial Hospital, 2008-1	85,775
Scott and White Memorial Hospital, 2008-2	94,395
Scott and White Memorial Hospital, 2008-3	56,225
Amity Fellowship Realty of Hondo, Inc, 2008A	1,810
Amity Fellowship Realty of Hondo, Inc, 2008B	190
Methodist Hospital of Dallas, 2008	196,200
Fort Worth Museum of Science & History, 2008	29,000
WGH Heritage, Inc 2008A-1	23,850
WGH Heritage, Inc 2008A-2	2,370
WGH Heritage, Inc 2008B	3,975
Texas Health Resources, 2008	366,120
Christus Health, 2008	196,525
Baylor Healthcare, 2009	213,810
Hendrick Medical Center, 2009A	33,940
Hendrick Medical Center, 2009B	44,795
Hendrick Medical Center, 2009C	25,000
	<hr/>
Total Conduit Debt	\$ 2,929,085
	<hr/>

TCIDC has issued its Industrial Development Bonds Series as follows (in thousands):

User Corporation	Outstanding Principal Amount September 30, 2009
Fox Meyer – TBL, Inc.	\$ 5,500
Mortex Products, Inc.	3,845
	<hr/>
Total Conduit Debt	\$ 9,345
	<hr/>

7. PLEDGES RECEIVABLE - TCHD

Pledges receivable to give at September 30, 2009, are expected to be as follows:

Less than one year	\$ 473
One to five years	<u>696</u>
Total pledges receivable	1,169
Less discount to net present value	(33)
Less allowance for uncollectible	<u>(130)</u>
Net pledges receivable	<u><u>\$ 1,006</u></u>

Unconditional promises to give, expected to be received in more than one year, are discounted at 3.5%.

8. STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND - MHMRTC

The balances in the Client Trust Fund, an agency fund, are summarized below (in thousands):

	Balance August 31, 2009
Assets	
Cash and investments	<u><u>\$ 346</u></u>
Liabilities	
Client custodian funds payable	<u><u>\$ 346</u></u>

9. DEFICIT FUND BALANCES/NET ASSETS

The following is a County fund which had a deficit fund balance or deficit net assets as of September 30, 2009 (in thousands):

Worker's Compensation \$ 3,546

While the County funds all current year claims, the deficit fund balance is due to the accrual of future year liabilities based on an actuarial study. The County plans to reduce the deficit in this fund with future revenues.

10. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2009 and for the year then ended (in thousands):

Transfer From	Amount	Transfer To	Explanation
General Fund	\$ 27,718	Capital Projects Fund	Supplement Capital funds
General Fund	4,729	Road & Bridge	Supplement Road & Bridge fund
General Fund	623	Other Governmental	Supplement fund sources
Internal Service	532	Other Governmental	Supplement fund sources
Other Governmental	824	General Fund	Supplement courthouse security activity
Grants Fund	579	Other Governmental	Required match and supplement fund sources
Grants Fund	189	Grants Fund	Required match and supplement fund sources
	<u>\$ 35,194</u>		

Funds Due From	Amount	Funds Due To	Explanation
Grant Fund	\$ 12,950	General Fund	Short-term loan
Other Governmental	37	General Fund	Short-term loan
	<u>\$ 12,987</u>		

Advance From	Amount	Advance To	Explanation
Capital Project Fund	<u>\$ 2,099</u>	Resource Connection	Repayment for HVAC system to be repaid as funds are available.

11. TEXAS DISPROPORTIONATE SHARE PROGRAM – TCHD

In response to the growing number of uninsured patients, urban violence, drug abuse, and the rising costs of health care, the Texas Legislature established the Texas Medicaid Disproportionate Share III program (“Dispro III”) effective July 30, 1991. The program was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. Dispro III allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas. The program expired in June 1994. However, the Texas Legislature enacted a similar program that extends indefinitely, but it could be discontinued at any time. During fiscal year 2009, TCHD recorded revenues of approximately \$103,311,000 from Texas Disproportionate Share programs (primarily, Dispro III).

12. 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.

13. RETIREMENT PLANS

County

a. 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 consisting of 586 nontraditional defined benefit pension plans. 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.

The plan provisions are adopted by the governing body of the employer, 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 their employer.

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 governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer'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.

b. Funding Policy

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 employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 11.09% for the months of the accounting year in 2009, and 10.68% for the months of the accounting year in 2008. The contribution rate payable by the employee members for calendar year 2009 is the rate of 7% as adopted by the governing body of the employer.

c. Annual Pension Cost

For the County's accounting year ending September 30, 2009, the annual pension cost for the TCDRS plan for its employees was \$23,291,166 and the actual contributions were \$23,291,166. (This excludes contributions of \$1,656,074 for Community Supervision, which is not considered a department or component unit of the County.) The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008, the basis for determining the contribution rates for calendar year 2009. The December 31, 2008 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	15 years	15 years	20 years
Asset valuation method	SAF: 10 year smoothed value ESF: fund value	SAF: 10 year smoothed value ESF: fund value	SAF: 10 year smoothed value ESF: fund value
Actuarial assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

**Trend Information
for the Retirement Plan for the Employees of the County**

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	\$ 20,186,139	100%	\$ -
September 30, 2008	21,546,359	100%	-
September 30, 2009	23,291,166	100%	-

Schedule of Funding (including Community Supervision)

(Amounts in thousands)

Actuarial Valuation Date		12/31/2008
Actuarial Value of Assets	\$	560,548
Actuarial Accrued Liability (AAL)		691,605
Unfunded Actuarial Accrued Liability (UAAL)		131,058
Funded Ratio		81.05%
Annual Covered Payroll		217,545
UAAL as Percentage of Covered Payroll		60.24%

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.

d. 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 plan provides medical and dental insurance to plan members. Membership in the plan at June 2007, data used for the latest actuarial valuation, consists of the following:

Retired participants and surviving spouses	598
Retiree dependents	186
Active members	3,824

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 28.4% and 28.9% of gross pre-65 costs, respectively. 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	n/a
10-14	75%
15-19	55%
20-24	40%
25+	20%

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, 2009, the County contributed \$3,960,551, while the retirees' contributions were \$1,760,340 for a total contribution of \$5,720,891. Total contributions included actual medical claims paid, premiums for other insurance and administrative costs calculated through an annual rate calculation and network access based on a percent of claims paid.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, creating accounting standards for other postemployment benefits (OPEB) provided by governmental entities separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and if applicable required supplemental information (RSI) in the financial reports of state and local governments. The County implemented the requirements of GASB Statement No. 45 during the fiscal year ending September 30, 2008.

Annual OPEB Cost

For 2009, the County's annual OPEB cost (expense) of \$15,191,238 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 2009 were as follows:

Annual required contribution	\$ 15,009,652
Add interest on net OPEB obligation	688,667
Less adjustment to annual required contribution	<u>(507,081)</u>
Annual OPEB cost	15,191,238
Less contributions made	<u>(3,960,551)</u>
Change in Net OPEB obligation	11,230,687
Net OPEB Obligation beginning of the year	<u>11,477,776</u>
Net OPEB Obligation end of the year	<u><u>\$ 22,708,463</u></u>

Tarrant County Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 14,502,571	\$ 3,024,794	20.86%	\$ 11,477,777
2009	15,191,238	3,960,551	26.07%	22,708,464

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2007 was as follows (amounts in thousands):

Schedule of Funding

Actuarial accrued liability (AAL)	\$ 141,223
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	141,223
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	211,983
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll	66.62%

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, 2007 actuarial valuation, a 6% discount rate was used. The 2008 and 2009 health care cost trends were assumed to be 7% and 6%, respectively, which reflect average short-term health care cost trends over the past several years. In the long-term, however, it is assumed that health care trends will moderate. Therefore, it is assumed that the long-term health care cost trends will decline by 1% each year, ultimately approaching 5% by the year 2010.

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 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.

TCHD

a. Plan Description

TCHD sponsors a public employee defined benefit pension plan for eligible employees within a multiple-employer 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 this pension plan. The plan's assets are invested as a portion of 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 the TCHD or HealthShare/THA. The report may be obtained by writing HealthShare/THA at P.O. Box 15587, Austin, Texas 78761-5587.

b. Funding Policy

The Board of Managers of TCHD has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer. The plan has paid the annual required contribution at September 30, 2009. Plan members are required to annually contribute 1% of their compensation. Effective October 1, 2006 participation in the pension plan became mandatory for full-time employees completing one year of service on or after October 1, 2006. TCHD makes contributions, which are actuarially determined to pay the plan's total cost (determined as a level percentage of total participant compensation) less the projected employee contributions. TCHD contributes amounts for each plan year that equal the amount that is actuarially determined through an annual actuarial valuation. This amount is the normal cost using the aggregate actuarial cost method. The employer contributions were 6.9% of estimated participant compensation for the plan year ended September 30, 2009. The costs of administering the plan are paid by the plan and are considered in the determination of the employer contribution rate.

c. Annual Pension Cost

For the fiscal year ended September 30, 2009, TCHD's annual pension cost was \$9,700,000, the same as the annual required contributions determined in the October 1, 2008 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2009 were based on the results of the actuarial valuation as of October 1, 2008 using the aggregate actuarial cost method and were in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions included (a) an 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 8% per year varying by attained age; both (a) and (b) reflect an inflation component of approximately 4%. The assumptions did not include any post-retirement benefit increases. The actuarial value of plan assets was determined using a 5-year smoothed market value method, which approximates fair value. There is no unfunded actuarial liability to be amortized or an amortization period with the aggregate actuarial cost method.

d. 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 \$3,368,000 for the year ended September 30, 2009. These amounts are included in salaries and related expenses in the financial statements.

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.

In addition, 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 Internal Revenue Service Code. As of September 30, 2009, there were no benefits due under this plan.

TCHD has an incentive compensation plan for management personnel annually designated by the Board of Managers; the designated individuals are eligible for various levels of incentive compensation based on critical success factors annually agreed to by the Board of Managers. The financial statements do not include any incentive compensation plan expense for the year ended September 30, 2009.

MHMRTC

MHMRTC maintains a defined contribution money purchase pension plan under code section 401(a) of the Internal Revenue Code. 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 start 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). Forfeited contributions 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. For the year ended August 31, 2009, covered payroll was approximately \$24,454,767 total payroll, excluding temporary service personnel, was approximately \$47,851,092. The required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

Fiscal Year	Employer Contributions	Employee Contributions	Percentage Contributed
2007	\$ 1,584,665	\$ 1,098,412	100%
2008	1,793,629	1,156,504	100%
2009	1,941,748	1,222,738	100%

14. COMMITMENTS AND CONTINGENCIES

Commitments

The County and TCHD have no material future operating lease commitments. Total rental expense incurred for the County and TCHD for fiscal 2009 was \$2,605,587 and \$5,200,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2009. The gross amount of assets acquired by capital leases included in the balance sheet is \$1,826,739.

During 2009, operating lease payments by MHMRTC were \$2,290,865. 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, 2009 are as follows (in thousands):

Year Ending August 31,	Operating Leases	Capital Leases
2010	\$ 1,160	\$ 587
2011	804	531
2012	485	247
2013	337	
2014	149	
Total minimum lease payment	<u>\$ 2,935</u>	1,365
Less amount representing interest		<u>(44)</u>
Present value of future minimum lease payments		<u>\$ 1,321</u>

Contingencies

County

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, 2009 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 operation. The possible losses of these lawsuits could range from \$1 to \$7 million. County management has accrued for an estimate of losses for such claims in the accompanying basic financial statements. 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, 2009 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

TCHD

TCHD has been named in legal actions alleging failure to exercise due professional care and other matters. The claims are in various stages of processing and some may ultimately be brought to trial. There are known incidents occurring through September 30, 2009 that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past. TCHD receives inquiries from outside organizations from time to time regarding various government health program issues. Certain reviews are currently in process; however, management does not believe these will have any significant impact on TCHD's financial position or results of operations.

MHMRTC

MHMRTC has participated in a number of state and federally assisted grant, 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.

15. SELF-INSURANCE PROGRAMS

County

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 Funds – accounts for County self-insured liability claims including the County Clerk and District Clerk Error and Omissions funds.

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	\$ 400,000,000	\$ 100,000
Boilers and machinery	400,000,000	10,000
Scheduled heavy equipment	20,000,000	10,000
Scheduled equipment	33,000,000	5,000

The County also purchases several crime policies to cover exposure to employee dishonesty in different departments. These carry a coverage amount of \$2,500 to \$750,000 with a deductible of \$500 to \$10,000.

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.

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, 2009, 4,031 and 3,178 employees participate in health care coverage and dental coverage, respectively.

For the year ended September 30, 2009 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, 2009.

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

	2008	2009
Beginning liability	\$ 9,647	\$ 10,451
New claims/adjustments	3,270	4,040
Claims paid/adjustments	(3,270)	(4,040)
Other - change in estimate	804	(824)
	<u> </u>	<u> </u>
Ending liability	<u>\$ 10,451</u>	<u>\$ 9,627</u>
Amount due within 1 year	\$ 3,473	\$ 3,537

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

TCHD

TCHD is self-insured for professional and general liability, health insurance, and workers' compensation risk. 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 in the aggregate for each occurrence. TCHD has purchased an insurance policy from a commercial carrier for workers' compensation claims exceeding \$500,000 per occurrence and \$1,000,000 in the aggregate for the period from June 1, 2008 through May 31, 2009. TCHD renewed the policy on June 1, 2009.

Self-insurance reserves for professional and general liability are estimated for asserted and unasserted claims based on TCHD's historical experience, the opinion of legal counsel, and the actuarial determination rendered by certified actuaries. Professional and general liability reserves totaled \$1,300,000 at September 30, 2009. It is the opinion of TCHD's management that the estimated reserves at September 30, 2009 are adequate to provide for potential losses resulting from pending or threatened litigation and asserted and unasserted claims.

Self-insurance reserves for workers' compensation and health insurance represents TCHD's management's estimate of losses and claims incurred based on the District's loss history and actuarial valuations. Workers' compensation and health insurance reserves totaled \$7,900,000 at September 30, 2009, which is recorded in other accrued liabilities. Claims paid during 2009 related to workers' compensation and health insurance

totalled approximately \$32,400,000. Expenses related to workers' compensation and health insurance totalled approximately \$33,400,000 during 2009.

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

	2008	2009
Beginning liability	\$ 9,801	\$ 9,113
New claims	25,388	32,757
Claims paid	<u>(26,076)</u>	<u>(32,557)</u>
Ending liability	<u>\$ 9,113</u>	<u>\$ 9,313</u>

MHMRTC

Effective September 1, 2007, MHMRTC established a self-insurance plan for employee health benefits. MHMRTC purchases commercial stop-loss coverage for medical claims in excess of \$85,000 per plan participant, per policy period. 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. MHMRTC accounts for this activity in an internal service fund. This internal service fund reflects a claims liability in the amount of \$1,102,487 at year end. 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:

	2008	2009
Beginning liability		\$ 896
Expenses incurred	\$ 5,605	6,790
Expenses paid	<u>(4,709)</u>	<u>(6,584)</u>
Ending liability	<u>\$ 896</u>	<u>\$ 1,102</u>

16. INVESTMENT IN JOINT VENTURE – MHMRTC

MHMRTC entered into an interlocal agreement with Mental Health Mental Retardation Authority of Harris County (Harris) to participate in a joint development project for computer software. The organization formed as a result of this interlocal agreement is the Topaz Software Authority (Topaz). Topaz is governed by a five member board. MHMRTC and Harris each appoint two members to the Board, with the fifth member appointed by the four board members selected by MHMRTC and Harris.

MHMRTC and Harris will equally share the costs and any potential revenues associated with the development, implementation, integration, and marketing of software products and services that result from this joint venture. Total budgeted costs of phase one of the project are \$4,588,000 over a two year period. MHMRTC has budgeted \$2,300,000 as its share of Phase 1 of the cost. At year-end, MHMRTC has provided \$803,811 of this budgeted amount.

MHMRTC has capitalized \$250,000 as its equity interest in Topaz which represents the cost of the intangible software assets capitalized under GASB Statement 51 *Accounting and Financial Reporting for Intangible Assets*.

At year-end, MHMRTC has a liability of \$91,194 for amounts due Topaz.

Separate financial statements for Topaz may be obtained from the finance department of MHMRTC.

17. TAX INCREMENT FINANCING AGREEMENTS

The County participates in several TIF Districts with other governmental entities through Interlocal Agreements. Tax Increment Financing (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 following table illustrates the County's participation (in thousands):

Name	Percentage Committed	Taxes Forgone During 2009
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 99
City of Arlington #4	75%	241
City of Arlington #5	70%	148
City of Benbrook #1	100%	129
City of Colleyville #1	100%	611
City of Fort Worth #3	100%	733
City of Fort Worth #4	100%	545
City of Fort Worth #6	100%	160
City of Fort Worth #7	80%	131
City of Fort Worth #8	80%	350
City of Fort Worth #9	80%	478
City of Fort Worth #10	80%	70
City of Fort Worth #11	50%	14
City of Fort Worth #12	100%	33
City of Grand Prairie #2	75%	288
City of Grand Prairie #3	75%	952
City of Grapevine #1	100%	781
City of Keller #1	66.20%	225
City of Mansfield #1	30%	40
City of North Richland Hills #1	100%	23
City of North Richland Hills #2	100%	577
City of Southlake #1	100%	730
Total taxes forgone		<u>\$ 7,358</u>

On November 10, 2009 the County entered into an agreement to participate in City of Fort Worth #13 – Woodhaven. The County will participate at a contribution rate of 80%, beginning fiscal year 2009. The estimated amount of taxes forgone for the fiscal year 2009 would be \$25,500.

REQUIRED SUPPLEMENTARY
INFORMATION

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes, licenses and permits	\$ 279,330	\$ 279,330	\$ 281,977	\$ 2,647
Fees of office	39,984	40,846	37,628	(3,218)
Intergovernmental	14,224	14,421	16,627	2,206
Investment income	3,656	3,656	2,733	(923)
Other revenues	13,616	12,557	11,235	(1,322)
Transfers	950	950	824	(126)
Total Revenues	\$ 351,760	\$ 351,760	\$ 351,024	\$ (736)
EXPENDITURES:				
County Judge	\$ 828	\$ 828	\$ 759	\$ 69
County Administrator	1,764	1,764	1,704	60
Non-Departmental	65,601	65,183	43,206	21,977
Auditor	5,338	5,338	5,299	39
Budget/Risk Management	677	635	548	87
Tax Assessor / Collector	12,248	12,248	11,910	338
Elections Administration	4,802	4,802	4,242	560
Information Technology	29,909	30,062	27,229	2,833
Human Resources	2,476	2,476	2,321	155
Purchasing	1,796	1,796	1,775	21
Facilities	3,345	3,424	3,047	377
Sheriff	34,561	34,719	33,104	1,615
Sheriff - Confinement	65,177	64,908	62,318	2,590
Constable Precinct 1	1,065	1,065	1,033	32
Constable Precinct 2	939	939	903	36
Constable Precinct 3	963	963	952	11
Constable Precinct 4	762	762	725	37
Constable Precinct 5	617	617	588	29
Constable Precinct 6	753	757	741	16
Constable Precinct 7	877	871	843	28
Constable Precinct 8	884	884	848	36
Medical Examiner	6,960	6,960	6,813	147
Fire Marshal	335	337	321	16
Community Supervision	21	21	19	2
Juvenile Services	18,106	18,106	17,896	210
Pretrial Services	1,123	1,123	1,118	5
Buildings	21,452	21,377	18,737	2,640
17TH District Court	232	232	231	1
48TH District Court	234	234	229	5
67TH District Court	217	217	215	2
96TH District Court	224	224	220	4
141ST District Court	219	219	210	9
153RD District Court	225	225	223	2
236TH District Court	243	243	236	7
342ND District Court	223	223	220	3
348TH District Court	231	231	231	-
352ND District Court	228	228	227	1
Criminal District Court 1	1,149	1,494	1,439	55
Criminal District Court 2	1,375	1,205	1,148	57
Criminal District Court 3	1,438	1,548	1,542	6
Criminal District Court 4	1,114	1,479	1,394	85
213TH District Court	1,151	1,281	1,273	8

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	\$ 1,212	\$ 1,543	\$ 1,540	\$ 3
371ST District Court	1,448	1,325	1,310	15
372ND District Court	1,259	1,259	1,248	11
396TH District Court	1,304	1,344	1,337	7
Magistrate Court	666	666	615	51
231ST District Court	507	565	561	4
233RD District Court	502	504	498	6
322ND District Court	522	574	560	14
323RD District Court	2,920	2,854	2,705	149
324TH District Court	603	628	621	7
325TH District Court	527	562	552	10
360TH District Court	512	535	530	5
Special Judges	386	379	310	69
Criminal District Court Support System	722	695	580	115
Grand Jury	125	125	124	1
Criminal Attorney Appointment	653	653	646	7
Criminal Mental Health Court		124	121	3
County Court at Law #1	380	391	391	-
County Court at Law #2	372	372	369	3
County Court at Law #3	394	395	387	8
County Criminal Court #1	617	653	642	11
County Criminal Court #2	488	497	481	16
County Criminal Court #3	573	607	590	17
County Criminal Court #4	563	571	558	13
County Criminal Court #5	1,085	1,261	1,228	33
County Criminal Court #6	546	551	536	15
County Criminal Court #7	585	605	597	8
County Criminal Court #8	545	590	588	2
County Criminal Court #9	542	582	580	2
County Criminal Court #10	531	577	560	17
Probate Court 1	1,588	1,588	1,511	77
Probate Court 2	1,445	1,469	1,458	11
Justice of the Peace Pct. 1	605	610	592	18
Justice of the Peace Pct. 2	551	552	552	-
Justice of the Peace Pct. 3	536	536	528	8
Justice of the Peace Pct. 4	558	576	575	1
Justice of the Peace Pct. 5	363	364	357	7
Justice of the Peace Pct. 6	433	433	417	16
Justice of the Peace Pct. 7	608	608	516	92
Justice of the Peace Pct. 8	477	477	442	35
District Attorney	31,725	31,724	31,326	398
District Clerk	8,620	8,620	8,494	126
County Clerk	8,578	8,858	8,654	204
Domestic Relations	6,135	6,135	6,050	85
Jury Services	2,329	2,330	2,030	300
Courts / Judiciary	2,227	634	503	131
Human Services	5,089	5,089	4,436	653
Child Protective Services	2,132	2,132	1,992	140
Public Assistance	253	253	253	-
TX Cooperative Extension	780	780	681	99
Veterans Services	335	335	334	1
Historical Commission	92	92	90	2
Total Expenditures	\$ 388,430	\$ 388,430	\$ 351,193	\$ 37,237

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits			\$ 2	\$ 2
Fees of office	\$ 23,110	\$ 23,110	21,892	(1,218)
Intergovernmental	34	34	33	(1)
Investment income	346	346	186	(160)
Other revenues	50	50	1,093	1,043
Transfers	<u>4,729</u>	<u>4,729</u>	<u>4,729</u>	<u>-</u>
Total Revenues	\$ 28,269	\$ 28,269	\$ 27,935	\$ (334)
EXPENDITURES:				
Buildings	\$ 46	\$ 46	\$ 28	\$ 18
Commissioner Precinct 1	6,570	6,570	6,011	559
Commissioner Precinct 2	5,218	5,218	4,577	641
Commissioner Precinct 3	4,797	4,797	4,059	738
Commissioner Precinct 4	6,475	6,475	6,028	447
Right of Way	7,822	7,822	7,596	226
Transportation	2,666	2,655	2,118	537
Road and Bridge Non-Departmental	<u>1,567</u>	<u>1,578</u>	<u>706</u>	<u>872</u>
Total Expenditures	\$ 35,161	\$ 35,161	\$ 31,123	\$ 4,038

TARRANT COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2009

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.
- 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	\$ 351,024	\$ 27,935
Transfers in	(824)	(4,729)
Market value adjustment for securities not budget relevant	966	-
Accrued in prior years, received in 2009	(545)	-
	<hr/>	<hr/>
Revenues on modified accrual (GAAP) basis	350,621	23,206
Expenditures		
Budgetary Basis	351,193	31,123
Transfers out	(33,070)	
Incurred in prior years, paid in 2009	2,024	2,701
Incurred during 2009, payable in future years	(2,425)	(2,404)
Prepaid & Inventory adjustments not budget relevant	(14)	(339)
	<hr/>	<hr/>
Expenditures on modified accrual (GAAP) basis	317,708	31,081
Other Financing Sources (Uses)	<hr/> (32,246)	<hr/> 4,729
Changes in Fund Balance	<hr/> \$ 667	<hr/> \$ (3,146)

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 FUNDING PROGRESS**

RETIREMENT PLAN FOR THE EMPLOYEES OF THE COUNTY

(Amounts in thousands)

(UNAUDITED)

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2007	12/31/2006	\$ 511,414	\$ 587,001	\$ 75,587	87.12%	\$ 195,604	38.64%
2008	12/31/2007 ¹	562,924	646,386	83,462	87.09%	205,722	40.57%
2009	12/31/2008	560,548	691,605	131,058	81.05%	217,545	60.24%

¹ Funding information differs from prior year compliance data due to plan changes effective 1/1/2009

OTHER POSTEMPLOYMENT BENEFITS PLAN

(Amounts in thousands)

(UNAUDITED)

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2008	10/1/2007	\$ -	\$ 141,223	\$ 141,223	0.00%	\$ 201,064	70.24%
2009	10/1/2007	-	141,223	141,223	0.00%	211,983	66.62%

Note: This is the second year of implementation of GASB 45, which requires 3 years of data in this table. Additional years will be added to the disclosure as they become available. The most recent actuarial valuation was 10/1/2007.

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 offices.

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.

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.

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.

MISCELLANEOUS CONTRACTS

These funds are used to account for monies received by Tarrant County as contributions for specified purposes.

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 interest 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, 2009 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
ASSETS					
Cash and investments	\$ 604	\$ 9,585	\$ 114	\$ 2,734	\$ 2,990
Other receivables, net of allowance for uncollectibles	8	34		1	
Supplies and prepaid items	1	6		16	12
TOTAL ASSETS	<u>\$ 613</u>	<u>\$ 9,625</u>	<u>\$ 114</u>	<u>\$ 2,751</u>	<u>\$ 3,002</u>
LIABILITIES					
Accounts payable	\$ 90	\$ 171	\$ 3	\$ 66	\$ 36
Other liabilities	9	66		206	2,922
Due to other funds					
Total liabilities	<u>99</u>	<u>237</u>	<u>3</u>	<u>272</u>	<u>2,958</u>
FUND BALANCES					
Reserved:					
For encumbrances	3	3,117		51	2
For supplies and prepaid items	1	6		16	12
Unreserved, undesignated	510	6,265	111	2,412	30
Total fund balances	<u>514</u>	<u>9,388</u>	<u>111</u>	<u>2,479</u>	<u>44</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 613</u>	<u>\$ 9,625</u>	<u>\$ 114</u>	<u>\$ 2,751</u>	<u>\$ 3,002</u>

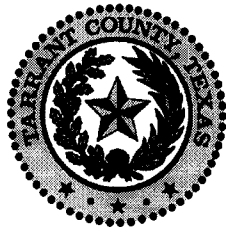
<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 594	\$ 3,380	\$ 1,263	\$ 561	\$ 489	\$ 3,539	\$ 76	\$ 25,929
1	328	6					378
11							46
<u>\$ 606</u>	<u>\$ 3,708</u>	<u>\$ 1,269</u>	<u>\$ 561</u>	<u>\$ 489</u>	<u>\$ 3,539</u>	<u>\$ 76</u>	<u>\$ 26,353</u>
\$ 28	\$ 58	\$ 16	\$ 11				\$ 479
18	52	6	1	\$ 16	\$ 59		3,355
	37						37
<u>46</u>	<u>147</u>	<u>22</u>	<u>12</u>	<u>16</u>	<u>59</u>		<u>3,871</u>
34	45		77				3,329
11							46
<u>515</u>	<u>3,516</u>	<u>1,247</u>	<u>472</u>	<u>473</u>	<u>3,480</u>	<u>\$ 76</u>	<u>19,107</u>
<u>560</u>	<u>3,561</u>	<u>1,247</u>	<u>549</u>	<u>473</u>	<u>3,480</u>	<u>76</u>	<u>22,482</u>
<u>\$ 606</u>	<u>\$ 3,708</u>	<u>\$ 1,269</u>	<u>\$ 561</u>	<u>\$ 489</u>	<u>\$ 3,539</u>	<u>\$ 76</u>	<u>\$ 26,353</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes, licenses and permits					
Fees of office	\$ 1,189	\$ 4,712	\$ 17	\$ 1,296	\$ 164
Intergovernmental			101	9,010	
Investment income	10	161		33	17
Other revenues	29	1			1,063
Total revenues	1,228	4,874	118	10,339	1,244
EXPENDITURES:					
Current:					
General government		3,898		251	
Public safety			54		
Judicial	112	179	31		2,086
Community services	1,085			9,827	
Capital outlay		1,027		44	4
Total expenditures	1,197	5,104	85	10,122	2,090
Excess (deficiency) of revenues over (under) expenditures	31	(230)	33	217	(846)
OTHER FINANCING SOURCES (USES) -					
Transfers in					623
Transfers out					(165)
Total other financing sources (uses)					458
Change in fund balance	31	(230)	33	217	(388)
FUND BALANCES, beginning of year	483	9,618	78	2,262	432
FUND BALANCES, end of year	<u>\$ 514</u>	<u>\$ 9,388</u>	<u>\$ 111</u>	<u>\$ 2,479</u>	<u>\$ 44</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>
			\$ 39				\$ 39
	\$ 113	\$ 1,563	120	\$ 771			9,945
	2,913	145					12,169
\$ 10	44	21	10	7	\$ 73	\$ 2	388
<u>1,023</u>	<u>778</u>				<u>553</u>		<u>3,447</u>
1,033	3,848	1,729	169	778	626	2	25,988
	2,052	421	138		480	3	7,243
908	87						1,049
	2,089	571					5,068
	511			664			12,087
<u>198</u>	<u>123</u>		<u>113</u>	<u>13</u>			<u>1,522</u>
1,106	4,862	992	251	677	480	3	26,969
(73)	(1,014)	737	(82)	101	146	(1)	(981)
	1,111						1,734
		(659)					(824)
	1,111	(659)					910
(73)	97	78	(82)	101	146	(1)	(71)
<u>633</u>	<u>3,464</u>	<u>1,169</u>	<u>631</u>	<u>372</u>	<u>3,334</u>	<u>77</u>	<u>22,553</u>
<u>\$ 560</u>	<u>\$ 3,561</u>	<u>\$ 1,247</u>	<u>\$ 549</u>	<u>\$ 473</u>	<u>\$ 3,480</u>	<u>\$ 76</u>	<u>\$ 22,482</u>



BUDGETARY COMPLIANCE

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Debt Service Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 39,173	\$ 39,173	\$ 39,478	\$ 305
Investment income	<u>400</u>	<u>400</u>	<u>258</u>	<u>(142)</u>
Total Revenues	\$ 39,573	\$ 39,573	\$ 39,736	\$ 163
EXPENDITURES:				
Debt service	<u>\$ 40,163</u>	<u>\$ 40,163</u>	<u>\$ 39,333</u>	<u>\$ 830</u>
Total Expenditures	\$ 40,163	\$ 40,163	\$ 39,333	\$ 830

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Intergovernmental	\$ 393	\$ 393	\$ 394	\$ 1
Investment income	5,347	5,347	4,803	(544)
Other revenues		190	394	204
Transfers	27,140	27,718	27,718	-
Total Revenues	\$ 32,880	\$ 33,648	\$ 33,309	\$ (339)
EXPENDITURES:				
County Judge	\$ 1	\$ 1	\$ 1	\$ -
County Administrator		2		2
Non-Departmental	10,327	10,196	205	9,991
Budget/Risk Management	3	3		3
Tax Assessor / Collector	48	48	19	29
Elections Administration	104	104	104	-
Information Technology	11,140	11,166	9,275	1,891
Human Resources	1	1	1	-
Facilities	21	21	14	7
Sheriff	289	299	279	20
Sheriff - Confinement	109	98	86	12
Constable Precinct 1	10	3	3	-
Constable Precinct 2	7	5	2	3
Constable Precinct 3	11	9	1	8
Constable Precinct 5		1		1
Constable Precinct 7	6	6	5	1
Constable Precinct 8	3			-
Medical Examiner	212	212	109	103
Community Supervision	20	20	17	3
Juvenile Services	63	63	51	12
Buildings	175,122	175,752	6,639	169,113
141ST District Court	1	1	1	-
342ND District Court	3	3	2	1
Criminal District Court 1	1	2	2	-
371ST District Court	1	1	1	-
Magistrate Court	2	2	2	-
322ND District Court	7	7	6	1
Criminal District Court Support	1	1	1	-
Criminal Attorney Appointment	1	1	1	-
County Criminal Court #1	1	1		1
County Criminal Court #5	1	1		1
County Criminal Court #8	2	2	2	-
Justice of the Peace Pct. 1	2	2	2	-
Justice of the Peace Pct. 3	5	5	5	-
Justice of the Peace Pct. 5		1	1	-
Justice of the Peace Pct. 6	2	2	1	1
Justice of the Peace Pct. 7	1	1		1

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
District Attorney	\$ 42	\$ 43	\$ 43	\$ -
District Clerk	37	37	34	3
County Clerk	18	18	18	-
Domestic Relations	3	3	3	-
Courts / Judiciary	65	65	10	55
Human Services	28	28	22	6
TX Cooperative Extension	6	6	5	1
Commissioner Precinct 1	1,442	1,469	923	546
Commissioner Precinct 2	897	997	740	257
Commissioner Precinct 3	976	1,042	575	467
Commissioner Precinct 4	1,197	1,293	679	614
Right of Way	6,000	6,000		6,000
Transportation	65,792	65,792	15,960	49,832
Road and Bridge Non-Departmental	2,200	2,200	2,200	-
Total Expenditures	\$ 276,231	\$ 277,036	\$ 38,050	\$ 238,986

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Law Library			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,168	\$ 1,168	\$ 1,189	\$ 21
Investment income	11	11	10	(1)
Other revenues	26	26	29	3
Total Revenues	\$ 1,205	\$ 1,205	\$ 1,228	\$ 23
EXPENDITURES:				
Law Library	\$ 1,654	\$ 1,654	\$ 1,197	\$ 457
Total Expenditures	\$ 1,654	\$ 1,654	\$ 1,197	\$ 457

	Records Preservation and Automation			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 5,967	\$ 5,967	\$ 4,712	\$ (1,255)
Investment income	202	202	161	(41)
Other revenues			1	1
Total Revenues	\$ 6,169	\$ 6,169	\$ 4,874	\$ (1,295)
EXPENDITURES:				
Information Technology	\$ 1,327	\$ 1,327	\$ 1,044	\$ 283
Buildings	174	138	122	16
District Clerk	163	163	154	9
County Clerk	12,517	12,553	5,462	7,091
Total Expenditures	\$ 14,181	\$ 14,181	\$ 6,782	\$ 7,399

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 17	\$ -
Intergovernmental		101	101	-
Total Revenues	\$ 17	\$ 118	\$ 118	\$ -
EXPENDITURES:				
Sheriff	\$ 55	\$ 140	\$ 58	\$ 82
Sheriff-Confinement	5	5		5
Constable Precinct 1		2		2
Constable Precinct 2	1	3	2	1
Constable Precinct 3		1	1	-
Constable Precinct 4	8	9		9
Constable Precinct 5		2	1	1
Constable Precinct 6	3	4		4
Constable Precinct 7		1		1
Constable Precinct 8	3	4	1	3
Probate Court 1	9	9	9	-
Probate Court 2	9	9	7	2
District Attorney	4	8	6	2
Total Expenditures	\$ 97	\$ 197	\$ 85	\$ 112

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,394	\$ 1,394	\$ 1,296	\$ (98)
Intergovernmental	8,867	8,867	9,010	143
Investment income	40	40	33	(7)
Total Revenues	\$ 10,301	\$ 10,301	\$ 10,339	\$ 38
EXPENDITURES:				
Buildings	\$ 314	\$ 314	\$ 251	\$ 63
Public Health	11,802	11,802	9,877	1,925
Total Expenditures	\$ 12,116	\$ 12,116	\$ 10,128	\$ 1,988

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (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	\$ 175	\$ 175	\$ 164	\$ (11)
Investment income	3	3	3	-
Other revenues	1,073	1,188	1,063	(125)
Transfer.	<u>1,190</u>	<u>589</u>	<u>623</u>	<u>34</u>
Total Revenues	\$ 2,441	\$ 1,955	\$ 1,853	\$ (102)
EXPENDITURES:				
District Attorney	<u>\$ 2,440</u>	<u>\$ 2,371</u>	<u>\$ 2,278</u>	<u>\$ 93</u>
Total Expenditures	\$ 2,440	\$ 2,371	\$ 2,278	\$ 93

	<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	\$ 11	\$ 11	\$ 10	\$ (1)
Other revenues	<u>850</u>	<u>865</u>	<u>1,023</u>	<u>158</u>
Total Revenues	\$ 861	\$ 876	\$ 1,033	\$ 157
EXPENDITURES:				
Sheriff	\$ 176	\$ 232	\$ 154	\$ 78
Sheriff - Confinement	<u>1,120</u>	<u>1,120</u>	<u>818</u>	<u>302</u>
Total Expenditures	\$ 1,296	\$ 1,352	\$ 972	\$ 380

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 72	\$ 72	\$ 113	\$ 41
Intergovernmental	923	4,302	2,913	(1,389)
Investment income	65	64	44	(20)
Other revenues	486	791	778	(13)
Transfer	925	925	1,111	186
Total Revenues	\$ 2,471	\$ 6,154	\$ 4,959	\$ (1,195)
EXPENDITURES:				
Non-Departmental	\$ 29	\$ 32	\$ 32	\$ -
Elections Administration	12	3,280	1,694	1,586
Information Technology	15			-
Self Insurance	1,449	1,449	381	1,068
Disaster Relief		160	11	149
Sheriff	4	4		4
Medical Examiner	44	44	19	25
Fire Marshal	69	71	70	1
Juvenile Services	1,720	1,735	1,221	514
Criminal District Court Support System	83	83	82	1
District Attorney	705	705	668	37
Domestic Relations	9	9		9
Public Health	77	77	36	41
Human Services	262	644	457	187
Child Protective Services	493	593	151	442
Public Assistance	24	24	18	6
Historical Commission	65	65	1	64
Peace Officers Memorial Monument	20	20		20
Total Expenditures	\$ 5,080	\$ 8,995	\$ 4,841	\$ 4,154

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,641	\$ 1,641	\$ 1,563	\$ (78)
Intergovernmental	80	145	145	-
Investment income	26	26	21	(5)
Total Revenues	\$ 1,747	\$ 1,812	\$ 1,729	\$ (83)
EXPENDITURES:				
Non Departmental	\$ 1,862	\$ 1,862	\$ 1,080	\$ 782
Information Technology	137	137		137
323rd District Court	51	51	33	18
Appeals Court	406	406	202	204
Criminal District Court Support System	51	51	39	12
Probate Court 1	242	274	162	112
Probate Court 2	120	152	136	16
Total Expenditures	\$ 2,869	\$ 2,933	\$ 1,652	\$ 1,281

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 100	\$ 100	\$ 40	\$ (60)
Fees of office	133	133	119	(14)
Investment income	9	9	10	1
Total Revenues	\$ 242	\$ 242	\$ 169	\$ (73)
EXPENDITURES:				
Tax Assessor/Collector	\$ 753	\$ 753	\$ 179	\$ 574
Total Expenditures	\$ 753	\$ 753	\$ 179	\$ 574

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	Consumer Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 650	\$ 650	\$ 771	\$ 121
Investment income	6	6	7	1
Total Revenues	\$ 656	\$ 656	\$ 778	\$ 122
EXPENDITURES:				
Public Health	\$ 949	\$ 949	\$ 678	\$ 271
Total Expenditures	\$ 949	\$ 949	\$ 678	\$ 271



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 FUNDS

These funds were established to account for County self-insured general liability claims including the County Clerk and District Clerk Error and Omissions funds.

WORKERS' COMPENSATION FUND

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2009 (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	\$ 10,842	\$ 5,169	\$ 5,152	\$ 21,163
Other receivables, net of allowance for uncollectibles	<u>329</u>	<u>5</u>	<u>22</u>	<u>356</u>
Total current assets	<u>11,171</u>	<u>5,174</u>	<u>5,174</u>	<u>21,519</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	182	63	69	314
Other liabilities	1,178	417	3,120	4,715
Deferred revenue	<u>17</u>			<u>17</u>
Total current liabilities	<u>1,377</u>	<u>480</u>	<u>3,189</u>	<u>5,046</u>
Noncurrent liabilities:				
Other noncurrent liabilities		<u>559</u>	<u>5,531</u>	<u>6,090</u>
Total noncurrent liabilities	<u>-</u>	<u>559</u>	<u>5,531</u>	<u>6,090</u>
Total liabilities	<u>1,377</u>	<u>1,039</u>	<u>8,720</u>	<u>11,136</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>9,794</u>	<u>4,135</u>	<u>(3,546)</u>	<u>10,383</u>
Total net assets (deficit)	<u>\$ 9,794</u>	<u>\$ 4,135</u>	<u>\$ (3,546)</u>	<u>\$ 10,383</u>

TARRANT COUNTY, TEXASCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User fees	\$ 13,391			\$ 13,391
County contributions	42,303		\$ 3,037	45,340
Other revenues	<u>1,534</u>	<u>\$ 116</u>	<u>1,044</u>	<u>2,694</u>
Total operating revenues	57,228	116	4,081	61,425
OPERATING EXPENSES:				
Building and equipment	1	179		180
Self insurance claims	27,322	500	2,825	30,647
Insurance premiums	24,235			24,235
Other expenses	<u>1,850</u>	<u>301</u>	<u>234</u>	<u>2,385</u>
Total operating expenses	<u>53,408</u>	<u>980</u>	<u>3,059</u>	<u>57,447</u>
Operating income (loss)	3,820	(864)	1,022	3,978
NONOPERATING REVENUES :				
Investment income	<u>147</u>	<u>95</u>	<u>81</u>	<u>323</u>
Income (loss) before transfers	3,967	(769)	1,103	4,301
Transfers out	<u>(532)</u>			<u>(532)</u>
Change in net assets	3,435	(769)	1,103	3,769
Total net assets (deficit)-beginning	<u>6,359</u>	<u>4,904</u>	<u>(4,649)</u>	<u>6,614</u>
Total net assets (deficit)-ending	<u>\$ 9,794</u>	<u>\$ 4,135</u>	<u>\$ (3,546)</u>	<u>\$ 10,383</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 57,178	\$ 112	\$ 4,123	\$ 61,413
Payments on behalf of employees	<u>(53,689)</u>	<u>(1,116)</u>	<u>(3,756)</u>	<u>(58,561)</u>
Net cash flows provided by (used in) operating activities	3,489	(1,004)	367	2,852
INVESTING ACTIVITIES:				
Investment income, net	147	95	81	323
NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	<u>(532)</u>	<u> </u>	<u> </u>	<u>(532)</u>
Net cash flows used in noncapital financing activities	<u>(532)</u>	<u>-</u>	<u>-</u>	<u>(532)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,104	(909)	448	2,643
CASH AND CASH EQUIVALENTS, beginning of year	<u>7,738</u>	<u>6,078</u>	<u>4,704</u>	<u>18,520</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 10,842</u>	<u>\$ 5,169</u>	<u>\$ 5,152</u>	<u>\$ 21,163</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ 3,820	\$ (864)	\$ 1,022	\$ 3,978
Changes in assets and liabilities:				
Other receivables	(52)	(4)	42	(14)
Accounts payable	25	(28)	19	16
Other liabilities	(306)	(108)	(716)	(1,130)
Deferred revenue	<u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Net cash flows provided by (used in) operating activities	<u>\$ 3,489</u>	<u>\$ (1,004)</u>	<u>\$ 367</u>	<u>\$ 2,852</u>

FIDUCIARY FUNDS

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

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, including "trust funds".

TARRANT COUNTY, TEXAS

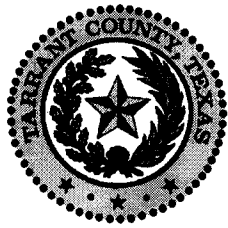
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>Payroll Clearing</u>	<u>Fee Office</u>	<u>Total</u>
Current assets:			
Cash, cash equivalents, and investments	\$ 3,175	\$ 29,890	\$ 33,065
Other receivables	13	132,266	132,279
Restricted asset		45,862	45,862
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,188</u>	<u>\$ 208,018</u>	<u>\$ 211,206</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 5		\$ 5
Due to third parties	3,183	\$ 208,018	211,201
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 3,188</u>	<u>\$ 208,018</u>	<u>\$ 211,206</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (AMOUNTS IN THOUSANDS)

	<u>October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2009</u>
PAYROLL CLEARING:				
Cash and investments	\$ 2,954	\$ 104,602	\$ 104,381	\$ 3,175
Other receivables	3	168	158	13
	<u>\$ 2,957</u>	<u>\$ 104,770</u>	<u>\$ 104,539</u>	<u>\$ 3,188</u>
Accounts payable		\$ 5		\$ 5
Due to third parties	\$ 2,957	104,765	\$ 104,539	3,183
	<u>\$ 2,957</u>	<u>\$ 104,770</u>	<u>\$ 104,539</u>	<u>\$ 3,188</u>
FEE OFFICE:				
Cash and investments	\$ 34,857	\$ 3,275,576	\$ 3,280,543	\$ 29,890
Other receivables	128,455	2,525,285	2,521,474	132,266
Restricted assets	54,242	54,817	63,197	45,862
	<u>\$ 217,554</u>	<u>\$ 5,855,678</u>	<u>\$ 5,865,214</u>	<u>\$ 208,018</u>
Accounts payable	\$ 1	\$ 61	\$ 62	\$ -
Due to third parties	217,553	5,855,617	5,865,152	208,018
	<u>\$ 217,554</u>	<u>\$ 5,855,678</u>	<u>\$ 5,865,214</u>	<u>\$ 208,018</u>
TOTAL:				
Cash and investments	\$ 37,811	\$ 3,380,178	\$ 3,384,924	\$ 33,065
Other receivables	128,458	2,525,453	2,521,632	132,279
Restricted assets	54,242	54,817	63,197	45,862
	<u>\$ 220,511</u>	<u>\$ 5,960,448</u>	<u>\$ 5,969,753</u>	<u>\$ 211,206</u>
Accounts payable	\$ 1	\$ 66	\$ 62	\$ 5
Due to third parties	220,510	5,960,382	5,969,691	211,201
	<u>\$ 220,511</u>	<u>\$ 5,960,448</u>	<u>\$ 5,969,753</u>	<u>\$ 211,206</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	102
<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	112
<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	118
<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	126
<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	128
<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 ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 89,274	\$ 108,534	\$ 134,092	\$ 151,544	\$ 180,820
Unrestricted	71,450	75,000	73,027	83,180	90,495
Total governmental activities net assets	<u>\$ 160,724</u>	<u>\$ 183,534</u>	<u>\$ 207,119</u>	<u>\$ 234,724</u>	<u>\$ 271,315</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 1,945	\$ 1,861	\$ 1,861	\$ 1,793	\$ 5,800
Unrestricted	615	823	680	458	(1,955)
Total business-type activities net assets	<u>\$ 2,560</u>	<u>\$ 2,684</u>	<u>\$ 2,541</u>	<u>\$ 2,251</u>	<u>\$ 3,845</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 91,219	\$ 110,395	\$ 135,953	\$ 153,337	\$ 186,620
Unrestricted	72,065	75,823	73,707	83,638	88,540
Total primary government net assets	<u>\$ 163,284</u>	<u>\$ 186,218</u>	<u>\$ 209,660</u>	<u>\$ 236,975</u>	<u>\$ 275,160</u>

Note: The County implemented GASB34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

TABLE I

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 195,824	\$ 185,168	\$ 200,501
114,985	147,789	144,382
<u>\$ 310,809</u>	<u>\$ 332,957</u>	<u>\$ 344,883</u>
\$ 5,501	\$ 5,229	\$ 5,560
(1,835)	340	(16)
<u>\$ 3,666</u>	<u>\$ 5,569</u>	<u>\$ 5,544</u>
\$ 201,325	\$ 190,397	\$ 206,061
113,150	148,129	144,366
<u>\$ 314,475</u>	<u>\$ 338,526</u>	<u>\$ 350,427</u>

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

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 58,366	\$ 66,121	\$ 86,469	\$ 87,645	\$ 104,005
Public safety	103,211	107,910	77,318	84,147	91,152
Transportation support	17,821	21,725	20,913	25,107	28,734
Judicial	80,944	80,201	115,010	112,173	118,003
Community services	59,669	62,217	58,123	55,320	62,192
Interest and fiscal charges	5,842	7,313	7,061	7,677	6,853
Total governmental activities expenses	<u>325,853</u>	<u>345,487</u>	<u>364,894</u>	<u>372,069</u>	<u>410,939</u>
Business-type activities:					
Resource Connection	2,393	2,666	2,854	2,929	2,793
Total primary government expenses	<u>328,246</u>	<u>348,153</u>	<u>367,748</u>	<u>374,998</u>	<u>413,732</u>
Program Revenues (1)					
Governmental activities:					
Fees, Fines, and Charges for Services	78,219	76,379	87,817	86,263	93,164
Operating Grants and Contributions	60,236	64,744	60,003	54,155	59,803
Capital Grants and Contributions		2,626		2,959	16,909
Total governmental activities program revenues	<u>138,455</u>	<u>143,749</u>	<u>147,820</u>	<u>143,377</u>	<u>169,876</u>
Business-type activities:					
Resource Connection	2,496	2,780	2,701	2,625	4,375
Total primary government program revenues	<u>140,951</u>	<u>146,529</u>	<u>150,521</u>	<u>146,002</u>	<u>174,251</u>
Net (Expenses)/Revenue					
Governmental activities	(187,398)	(201,738)	(217,074)	(228,692)	(241,063)
Business-type activities	103	114	(153)	(304)	1,582
Total primary government net expenses	<u>\$ (187,295)</u>	<u>\$ (201,624)</u>	<u>\$ (217,227)</u>	<u>\$ (228,996)</u>	<u>\$ (239,481)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 199,295	\$ 216,118	\$ 231,288	\$ 243,775	\$ 260,572
Alcoholic beverage taxes		4,000	4,835	5,197	5,652
Unrestricted investment earnings	3,176	2,285	2,315	5,265	9,368
Miscellaneous	10,354	2,145	2,221	2,060	2,062
Total governmental activities	<u>212,825</u>	<u>224,548</u>	<u>240,659</u>	<u>256,297</u>	<u>277,654</u>
Business-type activities:					
Unrestricted investment earnings	9	10	10	14	12
Miscellaneous	36				
Total business-type activities	<u>45</u>	<u>10</u>	<u>10</u>	<u>14</u>	<u>12</u>
Total primary government	<u>212,870</u>	<u>224,558</u>	<u>240,669</u>	<u>256,311</u>	<u>277,666</u>
Changes in Net Assets					
Governmental activities	25,427	22,810	23,585	27,605	36,591
Business-type activities	148	124	(143)	(290)	1,594
Total primary government	<u>\$ 25,575</u>	<u>\$ 22,934</u>	<u>\$ 23,442</u>	<u>\$ 27,315</u>	<u>\$ 38,185</u>

Note: The County implemented GASB34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

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

TABLE II

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 105,708	\$ 119,234	\$ 132,725
99,860	109,282	111,314
33,753	42,741	44,690
124,066	137,287	142,450
62,437	72,088	78,814
9,529	11,751	14,966
<u>435,353</u>	<u>492,383</u>	<u>524,959</u>
2,854	3,077	3,138
<u>438,207</u>	<u>495,460</u>	<u>528,097</u>
98,334	104,965	103,120
62,090	76,291	89,858
7,512	6,740	3,597
<u>167,936</u>	<u>187,996</u>	<u>196,575</u>
2,662	4,940	2,923
<u>170,598</u>	<u>192,936</u>	<u>199,498</u>
(267,417)	(304,387)	(328,384)
(192)	1,863	(215)
<u>\$ (267,609)</u>	<u>\$ (302,524)</u>	<u>\$ (328,599)</u>
\$ 282,491	\$ 303,474	\$ 321,868
6,154	6,023	6,819
15,834	12,287	8,937
2,432	4,751	2,686
<u>306,911</u>	<u>326,535</u>	<u>340,310</u>
13	40	45
		145
<u>13</u>	<u>40</u>	<u>190</u>
<u>306,924</u>	<u>326,575</u>	<u>340,500</u>
39,494	22,148	11,926
(179)	1,903	(25)
<u>\$ 39,315</u>	<u>\$ 24,051</u>	<u>\$ 11,901</u>

TARRANT COUNTY, TEXAS
PROGRAM REVENUE BY FUNCTION/PROGRAM
LAST EIGHT YEARS

(Accrual basis of accounting - Unaudited)

(Amounts in thousands)

Function/Program	FISCAL YEAR				
	2002	2003	2004	2005	2006
Fees, Fines, and Charges for Services					
Governmental:					
General government	\$ 10,127	\$ 11,558	\$ 54,960	\$ 42,440	\$ 47,244
Public safety	8,865	6,588	4,883	7,825	3,375
Transportation support	23,826	23,625	1,608		
Judicial	26,035	26,061	17,404	26,007	30,030
Community services	9,366	8,547	8,962	9,991	12,515
Total Governmental	78,219	76,379	87,817	86,263	93,164
Business-type	2,496	2,646	2,701	2,625	2,404
Total Fees, Fines and Charges for Service	\$ 80,715	\$ 79,025	\$ 90,518	\$ 88,888	\$ 95,568
Operating Grants and Contributions					
Governmental:					
General government	\$ 627	\$ 24	\$ 4,748	\$ 1,309	\$ 1,322
Public safety	12,096	12,559	1,984	1,177	1,358
Transportation support	3,274				
Judicial	44,239	3,711	9,698	11,319	10,647
Community services		48,450	43,573	40,350	46,476
Total Governmental	60,236	64,744	60,003	54,155	59,803
Total Operating Grants and Contributions	\$ 60,236	\$ 64,744	\$ 60,003	\$ 54,155	\$ 59,803
Capital Grants and Contributions					
Governmental:					
General government				\$ 3	\$ 5,971
Public safety				1,191	534
Transportation support		\$ 2,626		1,547	10,384
Judicial				218	20
Community services					
Total Governmental	-	2,626	-	2,959	16,909
Business-type		134			1,971
Total Capital Grants and Contributions	\$ -	\$ 2,760	\$ -	\$ 2,959	\$ 18,880
Total Program Revenues					
Governmental:					
General government	\$ 10,754	\$ 11,582	\$ 59,708	\$ 43,752	\$ 54,537
Public safety	20,961	19,147	6,867	10,193	5,267
Transportation support	27,100	26,251	1,608	1,547	10,384
Judicial	70,274	29,772	27,102	37,326	40,677
Community services	9,366	56,997	52,535	50,341	58,991
Total Governmental	138,455	143,749	147,820	143,159	169,856
Business-type	2,496	2,780	2,701	2,625	4,375
Total Program Revenues	\$ 140,951	\$ 146,529	\$ 150,521	\$ 145,784	\$ 174,231

Note: The County implemented GASB34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

TABLE III

2007	2008	2009
\$ 50,630	\$ 53,905	\$ 51,847
4,293	4,532	3,052
31,446	33,104	33,352
11,965	13,424	14,869
98,334	104,965	103,120
2,662	4,940	2,923
<u>\$ 100,996</u>	<u>\$ 109,905</u>	<u>\$ 106,043</u>
\$ 2,076	\$ 7,443	\$ 15,709
2,630	3,707	3,435
33	49	30
12,126	12,579	12,061
45,225	52,513	58,623
62,090	76,291	89,858
<u>\$ 62,090</u>	<u>\$ 76,291</u>	<u>\$ 89,858</u>
\$ 2,074		\$ 1,326
237	\$ 136	61
4,744	6,597	2,001
457	7	4
		205
7,512	6,740	3,597
<u>\$ 7,512</u>	<u>\$ 6,740</u>	<u>\$ 3,597</u>
\$ 54,780	\$ 61,348	\$ 68,882
7,160	8,375	6,548
4,777	6,646	2,031
43,572	45,683	45,417
57,190	65,937	73,697
167,479	187,989	196,575
2,662	4,940	2,923
<u>\$ 170,141</u>	<u>\$ 192,929</u>	<u>\$ 199,498</u>

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

	FISCAL YEAR				
	<u>2000</u>	<u>2001</u>	<u>2002 (1)</u>	<u>2003</u>	<u>2004</u>
General Fund					
Reserved:					
For encumbrances	\$ 1,504	\$ 2,178	\$ 1,306	\$ 1,675	\$ 2,012
For supplies and prepaid items	518	484	700	814	732
For long-term receivable	9,545	8,880	8,880	8,880	7,605
Unreserved	17,902	24,654	35,436	22,917	31,231
Total General fund	<u>\$ 29,469</u>	<u>\$ 36,196</u>	<u>\$ 46,322</u>	<u>\$ 34,286</u>	<u>\$ 41,580</u>
All Other Governmental Funds					
Reserved:					
For debt service	\$ 573	\$ 568	\$ 1,066	\$ 1,564	\$ 1,621
For capital projects	21,239	14,522	37,798	39,431	36,507
For encumbrances	5,998	11,183	6,713	4,944	15,474
For supplies and prepaid items	687	556	735	732	977
For long-term receivable				2,694	2,499
Unreserved, reported in:					
Special revenue funds	10,871	15,312	21,066	21,704	23,084
Total all other governmental funds	<u>\$ 39,368</u>	<u>\$ 42,141</u>	<u>\$ 67,378</u>	<u>\$ 71,069</u>	<u>\$ 80,162</u>

(1) The County implemented GASB34, the new reporting standard, in fiscal year 2002. Some special revenue funds were previously reported as expendable trust funds and therefore excluded from this report.

TABLE IV

2005	2006	2007	2008	2009
\$ 1,604	\$ 3,667	\$ 1,549	\$ 2,995	\$ 2,743
825	794	865	761	800
7,120	6,630	6,115	5,570	4,995
38,201	41,708	44,975	38,347	39,802
<u>\$ 47,750</u>	<u>\$ 52,799</u>	<u>\$ 53,504</u>	<u>\$ 47,673</u>	<u>\$ 48,340</u>
\$ 2,092	\$ 1,739	\$ 1,020	\$ 492	\$ 895
31,107	120,068	159,179	243,413	238,905
10,903	7,191	19,482	47,394	41,657
1,011	819	1,289	825	1,073
2,299	2,099	2,099	2,099	2,099
20,148	25,584	31,261	27,761	23,774
<u>\$ 67,560</u>	<u>\$ 157,500</u>	<u>\$ 214,330</u>	<u>\$ 321,984</u>	<u>\$ 308,403</u>

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

	FISCAL YEAR				
	2000	2001	2002 (1)	2003	2004
Revenues:					
Taxes, licenses and permits	\$ 157,734	\$ 180,230	\$ 200,546	\$ 215,934	\$ 231,460
Fees of office	46,159	48,335	54,006	57,171	58,980
Intergovernmental	14,113	12,372	77,271	78,308	76,853
Investment income	6,600	6,695	3,630	2,755	2,315
Other revenues	9,795	9,427	14,699	13,435	14,871
Total revenues	234,401	257,059	350,152	367,603	384,479
Expenditures:					
Current:					
General government	33,376	38,101	50,049	58,761	73,018
Buildings	9,293	10,935			
Public safety	74,797	78,790	97,936	106,954	78,098
Transportation support	15,631	16,319	17,233	18,890	18,387
Judicial	56,220	61,760	75,983	79,229	109,903
Community services	8,983	5,195	55,874	58,868	53,481
Capital outlay	15,546	17,169	63,509	34,533	52,199
Debt service:					
Principal payments	25,770	23,865	24,495	22,215	22,090
Interest and fiscal charges	6,661	6,028	5,482	7,593	6,840
Bond issuance costs					
Total expenditures	246,277	258,162	390,561	387,043	414,016
Excess (deficiency) of revenues over (under) expenditures	(11,876)	(1,103)	(40,409)	(19,440)	(29,537)
Other Financing Sources (Uses):					
Transfers in	5,980	4,346	12,701	22,811	8,231
Transfers out	(7,627)	(5,743)	(12,325)	(23,716)	(8,165)
Issuance of new debt					59,550
Proceeds of Refunding bonds			19,531		
Bond proceeds	12,000	12,000	71,915	12,000	
Premium on bonds					1,433
Discount on new debt					
Payment to refunded bond escrow agent			(19,383)		(15,125)
Total other financing sources (uses)	10,353	10,603	72,439	11,095	45,924
Change in fund balance	\$ (1,523)	\$ 9,500	\$ 32,030	\$ (8,345)	\$ 16,387
 Debt Service as a percentage of noncapital expenditures	 14.0%	 12.3%	 9.0%	 8.4%	 7.9%

(1) The County implemented GASB34, the new reporting standard, in fiscal year 2002. Some special revenue funds were previously reported as expendable trust funds and therefore excluded from this report.

TABLE V

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 245,148	\$ 261,080	\$ 284,059	\$ 300,687	\$ 321,496
60,529	67,853	72,136	74,607	70,615
72,274	85,597	83,485	100,006	117,658
5,265	9,368	15,834	12,287	8,937
15,081	13,101	16,677	17,567	17,407
<u>398,297</u>	<u>436,999</u>	<u>472,191</u>	<u>505,154</u>	<u>536,113</u>
73,783	81,601	85,970	98,866	111,307
81,721	88,307	96,449	102,676	105,151
23,583	24,194	22,210	29,376	28,734
111,827	116,480	122,612	132,500	138,962
51,787	58,398	58,740	66,138	73,164
46,873	38,782	48,385	49,077	52,908
19,970	20,825	23,795	25,905	24,285
7,275	6,430	9,368	11,469	15,048
163				
<u>416,982</u>	<u>435,017</u>	<u>467,529</u>	<u>516,007</u>	<u>549,559</u>
(18,685)	1,982	4,662	(10,853)	(13,446)
19,066	24,339	34,078	42,951	35,194
(18,998)	(24,664)	(35,087)	(42,606)	(34,662)
12,045	89,990	52,510	107,480	-
39,870				
1,675	3,342	1,372	5,422	-
			5,422	-
<u>(41,405)</u>				
<u>12,253</u>	<u>93,007</u>	<u>52,873</u>	<u>118,669</u>	<u>532</u>
<u>\$ (6,432)</u>	<u>\$ 94,989</u>	<u>\$ 57,535</u>	<u>\$ 107,816</u>	<u>\$ (12,914)</u>
7.3%	6.6%	7.6%	7.7%	7.6%

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

Tarrant County Direct Rates

Fiscal Year	Operating Fund	Debt Service Fund	Tarrant County Hospital District	Total Direct Rate
2000	\$ 0.212890	\$ 0.051946	\$ 0.234070	\$ 0.498906
2001	0.230460	0.044325	0.234070	0.508855
2002	0.235486	0.039299	0.234070	0.508855
2003	0.237419	0.035081	0.232400	0.504900
2004	0.241757	0.030743	0.235397	0.507897
2005	0.244048	0.028452	0.235397	0.507897
2006	0.245376	0.027124	0.235997	0.508497
2007	0.241664	0.029836	0.235397	0.506897
2008	0.234866	0.031634	0.230397	0.496897
2009	0.232187	0.031813	0.227897	0.491897

Note: Section 26.05 of the Property Tax Code provides that the governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. Furthermore, Section 26.05 provides the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the County's website if the County owns, operates or controls an internet website and public notice be given by television if the County has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

(1) 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 of rates: Tarrant Appraisal District

TABLE VI

Overlapping Rates (1)				
Tarrant County College District	Tarrant County Regional Water District	Tarrant County Fresh Water Supply	Emergency Service District	
\$ 0.106410	\$ 0.019823	\$ 0.218000	\$ 0.080000	
0.106410	0.020000	0.218000	0.080000	
0.106410	0.020000	0.218000	0.080000	
0.139380	0.020000	0.218000	0.100000	
0.139380	0.020000	0.218000	0.080000	
0.139380	0.020000	0.218000	0.070000	
0.139380	0.020000	-	0.069350	
0.139380	0.020000	-	0.069000	
0.139380	0.020000	-	0.064000	
0.137960	0.020000	-	0.064000	

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)
2000	\$ 59,175,181	\$ 14,966,470	\$ 14,675,718	\$ 59,465,933	\$ 0.498906
2001	65,467,824	15,964,741	15,332,490	66,100,075	0.508855
2002	74,375,104	18,593,776	19,910,671	73,058,209	0.508855
2003	82,784,242	16,955,809	20,560,234	79,179,817	0.504900
2004	88,648,803	16,885,486	20,533,188	85,001,101	0.507897
2005	92,876,831	17,690,825	20,967,656	89,600,000	0.507897
2006	97,462,235	18,564,235	19,896,195	96,130,275	0.508497
2007	108,005,011	20,280,725	23,149,967	105,135,769	0.506897
2008	116,141,002	22,316,843	24,527,707	113,930,138	0.496897
2009	123,575,202	25,016,550	25,133,830	123,457,922	0.491897

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.

(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					
	2009			2000		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 1,065,755	1	0.86%			
XTO Energy	717,253	2	0.58			
American Airlines	498,731	3	0.40	\$ 927,614	1	1.56%
Bell Helicopter Textron	445,725	4	0.36	229,429	5	0.39
Devon Energy Production	414,203	5	0.34			
Southwestern Bell	408,342	6	0.33	520,327	3	0.88
Walmart Real Estate Bus Trust	370,550	7	0.30			
Opryland Hotel	285,568	8	0.23			
Ddr/Dtc City Investments	271,365	9	0.22			
Grapevine Mills Ltd. Partnership	218,045	10	0.18	158,418	9	0.27
Texas Utilities Electric				710,649	2	1.20
Albertson, Inc.				232,968	4	0.39
Delta Airlines, Inc.				195,783	6	0.33
Alcon Laboratories Inc.				172,655	7	0.29
The Sabre Group Inc.				165,592	8	0.28
Maguire Thomas Partners				130,676	10	0.22
	<u>\$ 4,695,537</u>		<u>3.80%</u>	<u>\$ 3,444,111</u>		<u>5.79%</u>

Source: Tarrant Appraisal District

TARRANT COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE 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	
2001	\$ 180,346	\$ 50	\$ 180,396	\$ 176,844	98.06%	\$ 2,978
2002	200,753	(106)	200,647	196,253	97.76%	3,578
2003	215,766	(189)	215,577	211,528	98.04%	3,359
2004	231,628	(39)	231,589	227,468	98.20%	3,371
2005	244,160	(385)	243,775	239,933	98.27%	3,037
2006	261,955	(404)	261,551	257,648	98.36%	3,058
2007	285,433	(814)	284,619	280,951	98.43%	2,637
2008	303,624	(199)	303,425	299,681	98.70%	2,165
2009	325,929	-	325,929	321,181	98.54%	-

Note: Information prior to Fiscal Year 2001 is unavailable from the Tarrant County Tax Office. Therefore, ten years of data is not available but will be accumulated over time.

Source: Tarrant County Tax Office and Tarrant Appraisal District

Total Collections		
	Amount	Percentage of Levy
\$	179,822	99.68%
	199,831	99.59%
	214,887	99.68%
	230,839	99.68%
	242,970	99.67%
	260,706	99.68%
	283,588	99.64%
	301,846	99.48%
	321,181	98.54%

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

TABLE X

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Taxable Tax Notes</u>	<u>Non-Taxable Tax Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2000	\$ 20,000	\$ 52,190	\$ 55,115			\$ 127,305	0.29	88.04
2001	19,315	49,185	46,940			115,440	0.25	78.42
2002	44,215	51,425	39,460	\$ 28,315		163,415	0.35	109.67
2003	42,790	37,150	32,945	28,315	\$ 12,000	153,200	0.31	98.58
2004	41,240	22,940	59,120	28,315	24,000	175,615	0.34	110.51
2005	27,405	14,210	91,650		33,775	167,040	0.30	101.67
2006	107,750	7,880	83,445		37,130	236,205	0.38	138.76
2007	155,290	4,015	75,465		30,150	264,920	0.39	151.81
2008	256,390		68,610		21,495	346,495	0.52 (2)	194.64
2009	245,185		64,460		12,565	322,210	0.48 (2)	178.24

Note: All debt is related to government activities. 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 2007



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

Fiscal Year	General Obligation Bonds	Certificates Of Obligation	Limited Tax Refunding	Taxable Tax Notes	Non-Taxable Tax Notes	Total Primary Government	Less: Amount Available In Debt Service Fund	Total
2000	\$ 20,000	\$ 52,190	\$ 55,115			\$ 127,305	\$ 573	\$ 126,732
2001	19,315	49,185	46,940			115,440	568	114,872
2002	44,215	51,425	39,460	\$ 28,315		163,415	1,066	162,349
2003	42,790	37,150	32,945	28,315	\$ 12,000	153,200	1,564	151,636
2004	41,240	22,940	59,120	28,315	24,000	175,615	1,621	173,994
2005	27,405	14,210	91,650		33,775	167,040	2,092	164,948
2006	107,750	7,880	83,445		37,130	236,205	1,739	234,466
2007	155,290	4,015	75,465		30,150	264,920	1,020	263,900
2008	256,390		68,610		21,495	346,495	492	346,003
2009	245,185		64,460		12,565	322,210	895	321,315

Note: All debt is related to government activities. 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 VI for property value data
- (2) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data

<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
0.21%	\$ 87.64
0.17%	78.04
0.22%	108.96
0.19%	97.58
0.20%	109.49
0.18%	100.40
0.24%	137.74
0.25%	151.23
0.30%	194.37
0.26%	177.74

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2009
(Unaudited)
(Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2009</u>
Debt repaid with property taxes:			
Special Districts:			
Tarrant County College District	\$ 42,785	100.00%	\$ 42,785
County Line Special District:			
Trophy Club Municipal Utility District #1	7,713	0.53%	41
Cities:			
Arlington	283,300	100.00%	283,300
Bedford	52,485	100.00%	52,485
Benbrook	13,695	100.00%	13,695
Colleyville	21,300	100.00%	21,300
Crowley	28,640	100.00%	28,640
Dalworthington Gardens	1,555	100.00%	1,555
Eules	47,900	100.00%	47,900
Everman	2,595	100.00%	2,595
Forest Hill	12,190	100.00%	12,190
Fort Worth	651,245	99.69%	649,226
Haltom City	44,730	100.00%	44,730
Haslet	6,170	100.00%	6,170
Hurst	60,715	100.00%	60,715
Keller	105,155	100.00%	105,155
Kennedale	14,365	100.00%	14,365
Lake Worth	23,310	100.00%	23,310
North Richland Hills	71,505	100.00%	71,505
Pantego	800	100.00%	800
Richland Hills	5,909	100.00%	5,909
Saginaw	22,310	100.00%	22,310
Watauga	20,605	100.00%	20,605
Westlake	20,710	97.87%	20,269
Westover Hills	195	100.00%	195
White Settlement	18,175	100.00%	18,175
County Line Cities:			
Azle	8,125	78.94%	6,414
Burleson	94,312	9.26%	8,733
Grand Prairie	270,481	45.24%	122,366
Grapevine	139,510	99.64%	139,008
Mansfield	105,585	77.52%	81,849
Southlake	156,095	99.16%	154,784

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.)

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2009</u>
School Districts:			
Arlington Independent School District	\$ 405,251	100.00%	\$ 405,251
Birdville Independent School District	255,639	100.00%	255,639
Carroll Independent School District	194,306	100.00%	194,306
Castleberry Independent School District	17,345	100.00%	17,345
Eagle Mountain Saginaw Independent School District	455,227	100.00%	455,227
Everman Independent School District	61,585	100.00%	61,585
Fort Worth Independent School District	682,665	100.00%	682,665
Hurst Euless Bedford Independent School District	212,152	100.00%	212,152
Keller Independent School District	735,369	100.00%	735,369
Kennedale Independent School District	50,330	100.00%	50,330
Lake Worth Independent School District	78,900	100.00%	78,900
White Settlement Independent School District	180,294	100.00%	180,294
County Line School Districts:			
Aledo Independent School District	151,474	3.49%	5,286
Azle Independent School District	25,865	63.04%	16,305
Burleson Independent School District	294,804	25.81%	76,089
Crowley Independent School District	309,935	96.15%	298,003
Godley Independent School District	35,038	9.52%	3,336
Grapevine Colleyville Independent School District	279,156	98.99%	276,337
Mansfield Independent School District	687,858	82.26%	565,832
Northwest Independent School District	512,159	22.46%	115,031
Sub-total Overlapping Debt			6,768,361
Tarrant County (direct debt)	322,210	100.00%	322,210
Tarrant County Hospital District (direct debt)	28,810	100.00%	28,810
Total Direct and Overlapping Debt			\$ 7,119,381

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

	FISCAL YEAR				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Limit	\$ 2,973,297	\$ 3,305,004	\$ 3,652,910	\$ 3,652,910	\$ 4,250,055
Total net debt applicable to limit	<u>126,732</u>	<u>114,872</u>	<u>162,349</u>	<u>151,636</u>	<u>173,994</u>
Legal debt margin	<u>\$ 2,846,565</u>	<u>\$ 3,190,132</u>	<u>\$ 3,490,561</u>	<u>\$ 3,501,274</u>	<u>\$ 4,076,061</u>
Total net debt applicable to the limit as a percentage of debit limit	4.26%	3.48%	4.44%	4.15%	4.09%

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

TABLE XIII

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 4,480,000	\$ 4,806,514	\$ 5,256,788	\$ 5,696,507	\$ 6,172,896
164,948	234,466	263,900	346,003	321,315
<u>\$ 4,315,052</u>	<u>\$ 4,572,048</u>	<u>\$ 4,992,888</u>	<u>\$ 5,350,504</u>	<u>\$ 5,851,581</u>
3.68%	4.88%	5.02%	6.07%	5.21%

Legal Debt Margin Calculation (1) for Fiscal Year 2009

Assessed value	\$ 123,457,922
Debt Limit (5% of total assessed value)	6,172,896
Debt applicable to limit:	
Total General Bonded debt	322,210
Less: Amount available in Debt Service Fund	<u>(895)</u>
Total net debt applicable to limit	<u>321,315</u>
Legal debt margin	<u>\$ 5,851,581</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)
2000	1,446,000	\$ 43,813,800	\$ 30,300	3.1%	260,000
2001	1,472,000	46,481,344	31,577	4.2	270,678
2002	1,490,000	46,629,550	31,295	6.2	279,561
2003	1,554,000	49,052,010	31,565	6.5	288,999
2004	1,589,200	52,022,462	32,735	5.7	295,194
2005	1,642,950	56,312,111	34,275	5.0	300,688
2006	1,702,250	62,373,845	36,642	4.6	312,524
2007	1,745,050	67,250,737	38,538	4.3	318,324
2008	1,780,150	N/A	N/A	5.1	323,703
2009	1,807,750	N/A	N/A	8.2	329,402

Data Sources:

- (1) North Central Texas Council of Governments
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Texas Workforce Commission
- (4) Texas Education Agency

N/A-Not available

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

TABLE XV

<u>Employer</u>	<u>2009 (1)</u>			<u>2000 (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>
AMRCorp./American Airlines	24,540	1	2.92%	28,600	1	3.22%
Texas Health Resources	18,448	2	2.20	6,700	4	0.75
Lockheed Martin Aeronautics Company	13,500	3	1.61	10,500	3	1.18
Fort Worth Independent School District	10,316	4	1.23	11,900	2	1.34
Arlington Independent School District	8,126	5	0.97	6,700	5	0.75
City of Fort Worth	6,558	6	0.78	5,400	7	0.61
Bell Helicopter-Textron	5,718	7	0.68	6,400	6	0.72
University of Texas at Arlington	5,422	8	0.65			
JPS Health Network	4,633	9	0.55			
Texas Health Harris Methodist Ft. Worth	4,500	10	0.54			
Radio Shack Corp.				4,600	8	0.52
U.S. Postal Service				4,300	9	0.48
Tarrant County				4,100	10	0.46

Data Sources:

- (1) Fort Worth Chamber of Commerce Major Employers Directory and Texas Workforce Commission
- (2) Fort Worth Business Press, individual firms, Fort Worth Chamber of Commerce

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

Function	FISCAL YEAR				
	2000	2001	2002	2003 (1)	2004
Governmental activities:					
General government	604	579	603	696	646
Public safety	1,608	1,608	1,719	1,327	1,359
Transportation	208	209	215	195	195
Judicial	912	921	962	1,290	1,239
Community services	479	489	554	489	446
Business-type activities					
Resource Connection	23	21	23	21	20
Total full-time equivalent employees	<u>3,834</u>	<u>3,827</u>	<u>4,076</u>	<u>4,018</u>	<u>3,905</u>

(1) Classification methodology changed in fiscal year 2003, prior statistics have not been restated.

Source: Tarrant County Budget Office

TABLE XVI

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
660	661	681	701	735
1,343	1,372	1,439	1,441	1,440
195	197	199	199	203
1,247	1,255	1,289	1,314	1,330
446	444	442	477	483
<u>20</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>
<u>3,911</u>	<u>3,947</u>	<u>4,068</u>	<u>4,150</u>	<u>4,209</u>

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

FUNCTION	FISCAL YEAR			
	2000	2001	2002	2003
District Clerk				
Civil court cases filed	4,646	5,234	5,929	7,268
Criminal court cases filed	12,590	12,445	13,571	15,215
Family court cases filed (Attorney General cases)	5,866	6,774	7,960	7,874
Family court cases filed (Non-Attorney General cases)	15,779	15,392	15,138	14,992
Juvenile court cases filed	3,330	3,543	3,514	3,312
Tax foreclosure cases filed	2,245	2,201	2,504	3,177
Passport applications accepted	3,095	4,898	7,619	7,365
County Clerk				
County court at law cases filed	6,442	6,370	6,964	6,912
Mental health cases filed	910	1,059	1,268	1,312
Probate cases filed	3,645	3,715	3,913	3,648
Birth certificates issued	10,731	11,756	13,045	13,343
Marriage licenses issued	13,645	14,655	14,265	13,702
Justice of the Peace (all precincts)				
Traffic cases	19,288	18,066	15,788	14,384
Non-traffic cases	7,675	8,711	7,063	5,906
Small claims cases	2,858	3,409	3,591	3,543
Forcible entry & detainer cases	13,784	15,648	16,805	18,580
Sheriff				
Prisoner bed days in county jail	1,196,082	1,081,740	1,057,109	1,219,881
Public Health (1)				
Chronic disease prevention, average monthly caseload				
Notifiable diseases reported				
Food establishment inspections				
Sexually transmitted disease clinic visits				
Milk and dairy tests				
Tuberculosis DOT/DOPT doses administered				
Women, infants & children visits and immunizations				
Tax Assessor/Collector				
Tax accounts collected	558,256	570,929	585,090	602,094
Contracts with entities for tax collection	50	50	51	52
Transportation				
Miles of roads maintained in un-incorporated areas (2)				378
Inter-local contracts executed/performed (1)				
Square yards of right of way acquired (2)				12,288,910
Human Services				
Rent vouchers issued	2,716	2,842	2,846	2,877
Utility vouchers issued	5,394	4,557	5,282	7,229
Food/hygiene vouchers issued	3,232	3,472	3,666	3,607

(1) Information not available prior to 2004

(2) Information not available prior to 2003

Source: Various County departments

TABLE XVII

2004	2005	2006	2007	2008	2009
6,012	6,427	6,678	6,363	6,491	7,906
16,371	16,529	16,290	18,705	17,371	17,013
8,407	10,822	11,526	12,525	15,024	12,551
14,933	14,137	14,332	14,530	15,468	15,219
3,577	3,521	3,163	3,156	2,950	2,717
3,460	2,521	3,435	4,179	4,174	4,001
9,406	9,690	12,005	18,625	17,194	13,932
7,780	9,083	10,013	11,001	9,593	9,480
1,436	1,585	1,922	2,226	2,192	2,599
3,896	3,772	3,721	3,788	3,887	3,672
13,824	15,036	15,881	17,169	15,740	40,771
14,141	13,601	14,015	14,196	13,396	12,708
14,808	17,123	10,762	11,791	11,809	8,883
6,144	7,451	7,541	7,917	8,353	8,235
3,591	3,354	3,229	3,159	3,539	3,693
19,833	21,492	23,886	25,109	25,999	26,656
1,271,394	1,232,776	1,248,639	1,260,588	1,264,725	1,231,751
554	543	464	492	544	1,710
3,264	3,477	3,841	5,405	5,990	5,091
4,763	5,157	5,249	5,430	4,706	5,435
7,169	7,442	7,343	7,190	8,226	7,289
19,603	20,673	24,184	25,834	23,218	21,671
20,573	21,417	22,047	23,222	21,688	17,645
581,051	606,976	612,968	624,493	673,445	685,010
621,693	641,074	659,911	659,911	676,757	706,300
52	52	52	53	53	54
374	451	394	405	423	422
59	80	53	61	67	70
12,180,657	12,604,433	13,186,763	13,779,805	14,441,830	14,422,252
2,580	2,044	1,659	1,445	1,541	1,676
8,670	14,016	14,262	12,758	11,565	10,571
3,729	3,291	2,267	2,399	1,790	2,199

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

	FISCAL YEAR			
	2000	2001	2002	2003
General Government				
Number of buildings				
Subcourthouses	8	8	8	8
Courts buildings	5	5	5	5
Other	12	12	15	15
Building square footage	1,796,173	1,796,173	2,604,082	2,604,082
Subcourthouses	245,111	245,111	245,111	245,111
Courts buildings	922,352	922,352	922,352	922,352
Other	628,710	628,710	1,436,619	1,436,619
Public Safety				
Number of jails	4	4	4	4
Building square footage	906,204	906,204	906,204	906,204
Number of patrol vehicles (1)		94	81	82
Transportation (2)				
Miles of roads in un-incorporated areas				378
Square yards of right of way acquired				12,288,910
Number of heavy equipment				166
Number of vehicles				461
Judicial				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
Community Services				
Public Health vehicles (1)		30	30	30
Resource Connection				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

(1) Information not available prior to 2001

(2) Information not available prior to 2003

Source: Tarrant County Facilities Office

TABLE XVIII

2004	2005	2006	2007	2008	2009
8	8	8	8	9	9
5	6	6	6	6	6
16	18	18	17	17	16
2,606,082	2,864,019	2,915,381	2,903,068	2,976,068	2,937,619
245,111	245,111	245,111	245,111	318,111	318,111
922,352	1,180,289	1,180,289	1,180,289	1,180,289	1,180,289
1,438,619	1,438,619	1,489,981	1,477,668	1,477,668	1,439,219
4	4	4	4	4	4
906,204	906,204	906,204	907,736	907,736	907,736
85	88	93	98	97	98
374	451	394	405	423	422
12,180,657	12,604,433	13,186,763	13,779,805	14,441,830	14,422,252
201	210	220	245	247	254
466	463	492	445	450	506
124,770	124,770	124,770	124,770	124,770	124,770
33	35	36	37	37	38
15	15	15	15	15	15
348,464	348,464	348,464	348,464	348,464	348,464

