



TARRANT COUNTY, TEXAS

Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 2010

TARRANT COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2010



Prepared By
County Auditor's Office

S. Renee Tidwell, CPA

County Auditor

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2010
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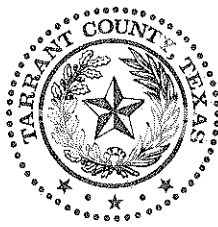
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INTRODUCTORY SECTION



TARRANT COUNTY

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

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COUNTY AUDITOR
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**RONALD D. BERTEL, CPA
FIRST ASSISTANT COUNTY AUDITOR
rbertel@tarrantcounty.com**

March 9, 2011

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, 2010 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, 2010, 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, 2010, 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 1,809,034 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 71-73 as part of the required supplementary information. The other budget comparisons are presented on pages 85-93 as part of budgetary compliance.

Local Economy

Historically, the County's economic environment has been characterized by steady, yet modest growth. This has been in part because of the diverse nature of the business sectors making up the local economy, without an overwhelming dominance by any one industry. Similarly, local real estate values have demonstrated steady yet modest increases over the past decade. Because of this, there has been an absence of the unrealistic market value increases for property in general that has been seen in other markets. As such, as the growth has slowed, the property values have remained fairly stable, with only a modest decline.

Furthermore, in the past several years, the economic impact of developing the Barnett Shale natural gas resources of the area has provided significant employment and other business opportunities. This has also helped offset the reduction in other property values and provided significant new taxable value.

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

Major factors of this continued stability include:

AllianceTexas: AllianceTexas is a 17,000-acre master-planned, mixed use community located in north Fort Worth. AllianceTexas offers a variety of commercial real estate options, including new industrial, office and retail. Anchored by the inland port known as the Alliance Global Logistics Hub, AllianceTexas is home to 240 companies, 28,000 employees and more than 7,300 single-family homes. New and expanded developments within AllianceTexas include: LG Electronics, Exel Logistics, Health Care Service Corp., the parent company of Blue Cross Blue Shield of Texas, FoxConn Electronics DynCorp International, Deloitte, Fidelity Investments, and Cabela's Retail Inc.

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

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.

Omni Convention Center Hotel: The hotel opened January 2009 with 614 rooms and 89 luxury resident units. The Omni Hotel hosted the AFC team rooms for the 2011 Super Bowl. ESPN also broadcast live from downtown Fort Worth during Super Bowl Week in February 2011.

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: The Dallas Cowboy Stadium open in 2009 and has played host to numerous professional, college and high school football games, as well as basketball, pro bull riding, boxing, and concert events. The stadium hosted the 2010 NBA All Star game and the 2011 Super Bowl.

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

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

Relevant financial policies and long-term planning

The County issues debt to finance acquisition of personal property, capital renovations and improvements to County facilities. The ad valorem tax rate for the fiscal year 2010 totaled \$0.264 with \$0.029177 per \$100 valuation to fund the annual debt service requirements. On May 7, 2006, the Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

Major Initiatives

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. To date, the County has issued \$312,700,000 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, 2009. 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, 2009

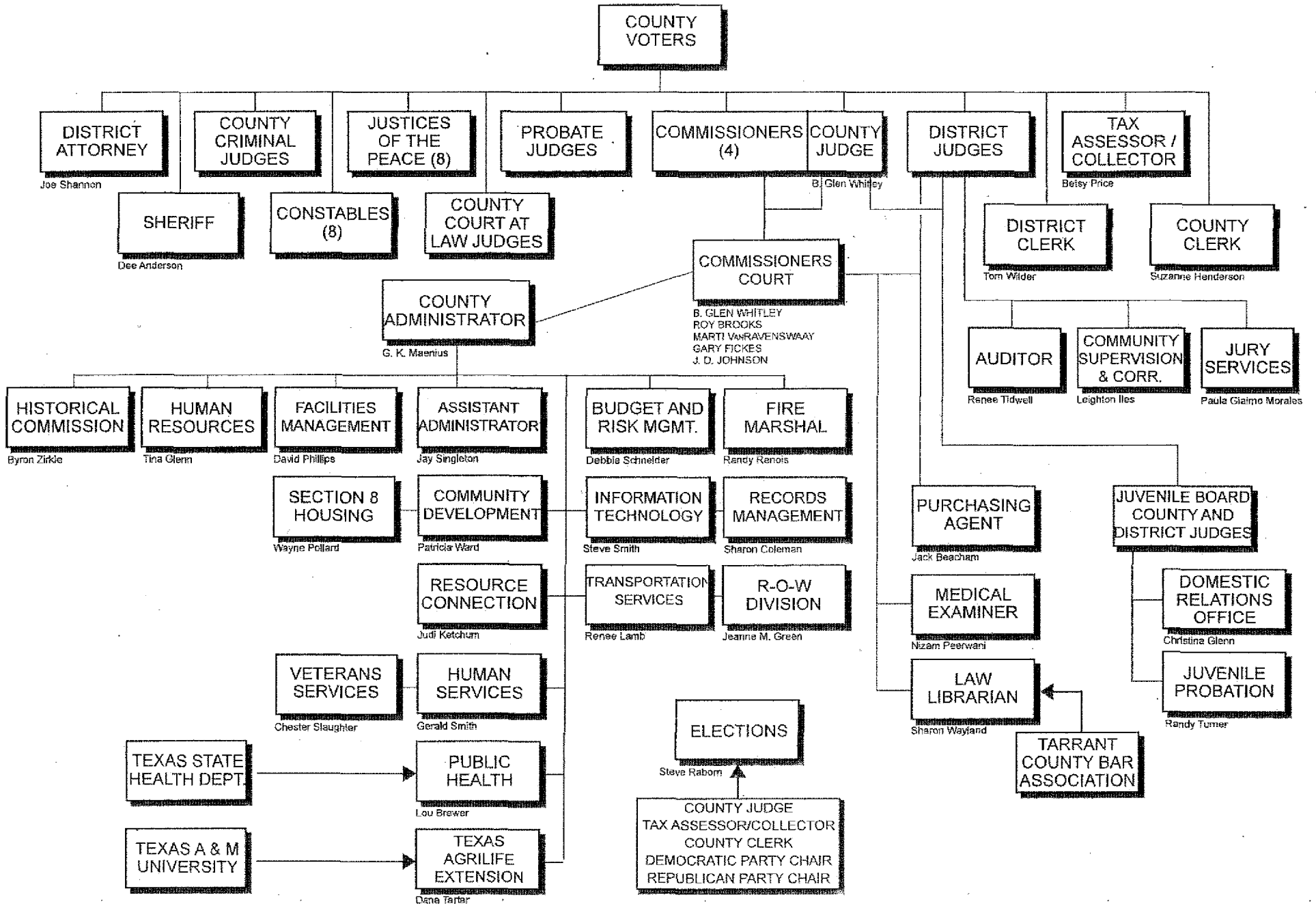
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

TARRANT COUNTY ORGANIZATION



**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	Justice of the Peace, Precinct 1
Linda Davis	Justice of the Peace, Precinct 2
Russ Casey	Justice of the Peace, Precinct 3
Jacquelyn Wright	Justice of the Peace, Precinct 4
Manuel T. Valdez	Justice of the Peace, Precinct 5
Gary Ritchie	Justice of the Peace, Precinct 6
Tom Corbin	Justice of the Peace, Precinct 7
Sidney Thompson	Justice of the Peace, Precinct 8

Law Enforcement:

Dee Anderson	Sheriff
Joe Shannon	Criminal District Attorney
Randy Turner*	Chief Juvenile Probation Officer
Leighton Iles*	Community Supervision & Corrections Director
Jerry Crowder	Constable, Precinct 1
Robert McGinty	Constable, Precinct 2
Zane Hilger	Constable, Precinct 3
Dub Bransom	Constable, Precinct 4
Sergio L. DeLeon	Constable, Precinct 5
Joe Kubes	Constable, Precinct 6
Clint Burgess	Constable, Precinct 7
Chester Luckett	Constable, Precinct 8
Christina Glenn*	Domestic Relations Director

Administrative Officials:

G.K. Maenius*	County Administrator
S. Renee Tidwell*	County Auditor
Betsy Price	Tax Assessor-Collector
Jack Beacham*	Purchasing Agent
Debbie Schneider*	Budget and Risk Management Director
James S. Smith*	Chief Information Officer

Recording Officials:

Suzanne Henderson	County Clerk
Tom Wilder	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, 2010, 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, 2010, 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 9, 2011 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, 71 through 75, and 76 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 and the audits by other auditors were 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 and the other auditors express no opinion on them.

KPMG LLP

March 9, 2011

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the County exceed its liabilities at the close the most recent fiscal year by \$342,650,000 (*net assets*). Of this amount, \$218,331,000 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$7,777,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$404,941,000, an increase of \$48,198,000 in comparison with the prior year. Approximately 21 percent of this total amount, \$84,378,000, 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 \$56,306,000, or 17 percent of total general fund expenditures.
- The County's bonded debt increased by \$33,260,000 (10 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 29-70 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 71-76 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 80-83 and 96-101 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 \$342,650,000 at the close of the most recent fiscal year.

A portion of the County's net assets (36 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, 2010			September 30, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 507,465	\$ 2,993	\$ 510,458	\$ 453,769	\$ 2,508	\$ 456,277
Internal balance	2,099	(2,099)	-	2,099	(2,099)	-
Capital assets	353,917	5,282	359,199	345,635	5,560	351,195
Total assets	863,481	6,176	869,657	801,503	5,969	807,472
Other Liabilities	65,383	278	65,661	55,939	257	56,196
Long-term liabilities outstanding	461,211	135	461,346	400,681	168	400,849
Total liabilities	526,594	413	527,007	456,620	425	457,045
Net assets:						
Invested in capital assets, net of related debt	119,037	5,282	124,319	200,501	5,560	206,061
Unrestricted	217,850	481	218,331	144,382	(16)	144,366
Total net assets	\$ 336,887	\$ 5,763	\$ 342,650	\$ 344,883	\$ 5,544	\$ 350,427

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.

The County's net assets decreased by \$7,777,000 during the current fiscal year. This decrease represents the degree to which decreases in ongoing revenues have outstripped similar increases in ongoing expenses. Expenses increased 3 percent with the largest percentage increase in community services, public safety, and judicial. Revenues decreased a fraction of a percent, with other general revenues increasing 7 percent and taxes increasing 2 percent.

Governmental activities. Governmental activities decreased the County's net assets by \$7,996,000, thereby accounting for the decline in the net assets of the County. A key element of this decline was the reduction of total revenue, even though property tax revenue that increased by \$5,698,000, or 2 percent during the year. The largest decrease of revenue was investment earnings in the amount of \$6,847,000 or 77 percent.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Community services increased 16 percent, public safety increased 7 percent, and judicial expenses increased 5 percent. However other categories of expenses decreased limiting the increase of expenses to 4 percent.

Business-type activities. Business-type activities net assets increased \$219,000. Expenses remain constant compared to prior year and are closely aligned with collected revenues, which increased 5 percent.

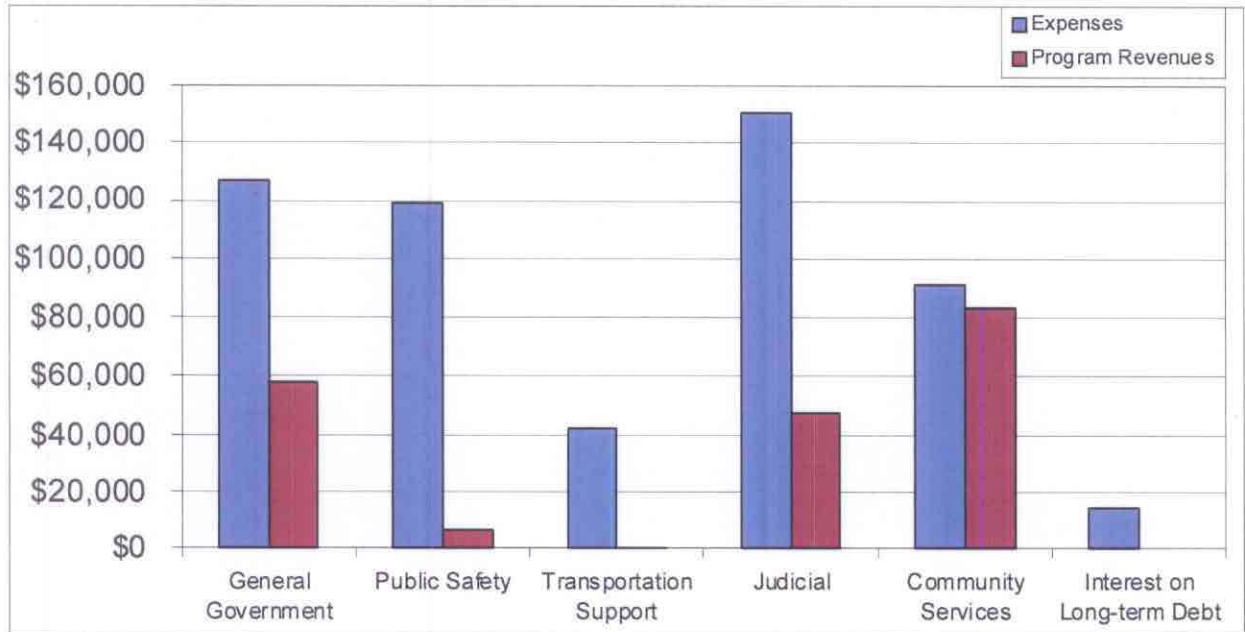
Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended September 30, 2010			For the year ended September 30, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 103,510	\$ 2,880	\$ 106,390	\$ 103,120	\$ 2,923	\$ 106,043
Operating grants and contributions	90,914		90,914	89,858		89,858
Capital grants and contributions	1,566		1,566	3,597		3,597
General revenues:						
Property taxes	327,566		327,566	321,868		321,868
Alcoholic and bingo taxes	7,217		7,217	6,819		6,819
Investment earnings	2,090	16	2,106	8,937	45	8,982
Other general revenue	2,652	371	3,023	2,686	145	2,831
Total revenues	<u>535,515</u>	<u>3,267</u>	<u>538,782</u>	<u>536,885</u>	<u>3,113</u>	<u>539,998</u>
Expenses:						
General government	126,700		126,700	132,725		132,725
Public safety	118,807		118,807	111,314		111,314
Transportation	42,121		42,121	44,690		44,690
Judicial	150,002		150,002	142,450		142,450
Community services	91,269		91,269	78,814		78,814
Interest and fiscal charges	14,612		14,612	14,966		14,966
Resource Connection		3,048	3,048		3,138	3,138
Total expenses	<u>543,511</u>	<u>3,048</u>	<u>546,559</u>	<u>524,959</u>	<u>3,138</u>	<u>528,097</u>
Increase in net assets	(7,996)	219	(7,777)	11,926	(25)	11,901
Net assets-beginning	344,883	5,544	350,427	332,957	5,569	338,526
Net assets-ending	<u>\$ 336,887</u>	<u>\$ 5,763</u>	<u>\$ 342,650</u>	<u>\$ 344,883</u>	<u>\$ 5,544</u>	<u>\$ 350,427</u>

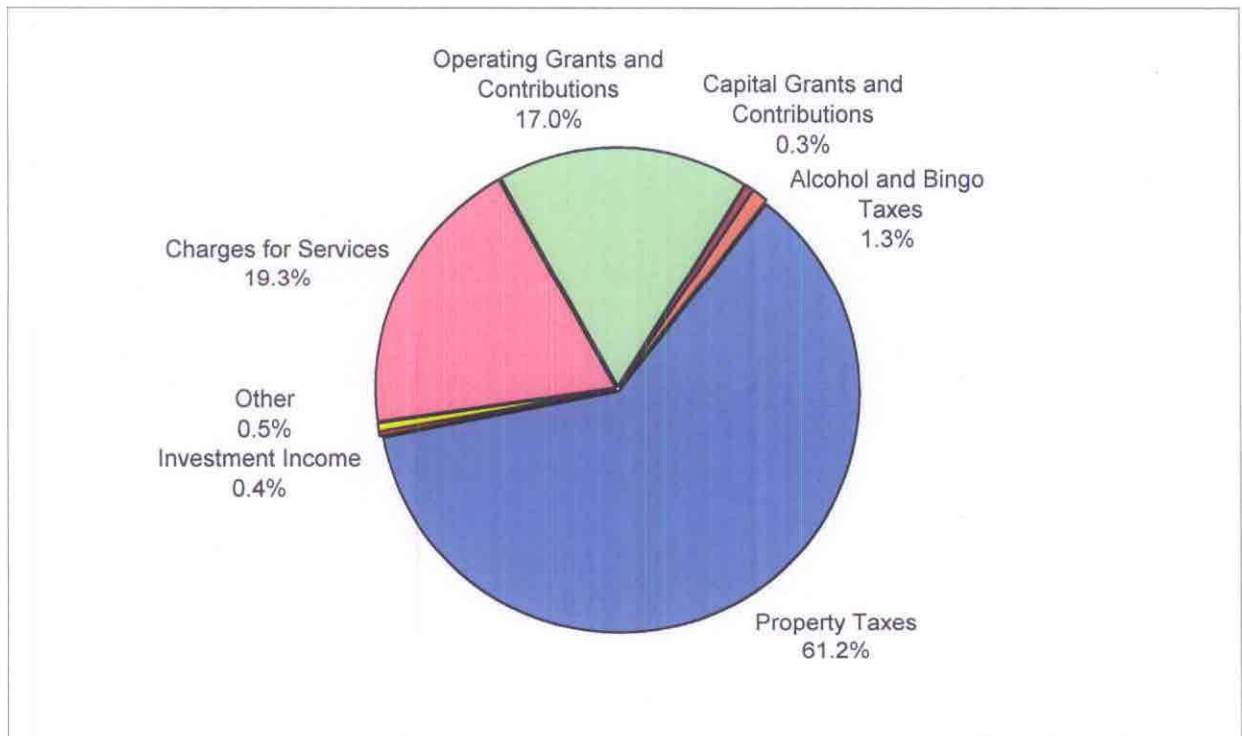
Expenses and Program Revenues – Governmental Activities

(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 \$404,941,000 an increase of \$48,198,000. Approximately 21% of this total amount, \$84,378,000, 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 \$132,556,000, 2) to pay debt service \$1,611,000, 3) for capital projects \$178,068,000 or 4) \$8,328,000 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 \$56,306,000, while total fund balance reached \$64,975,000. 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 17 percent of total general fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the County's general fund increased by \$16,635,000 during the current fiscal year. Key factor in this growth was while expenses and revenues remained constant, there was a significant reduction of the operating transfer to the capital projects fund, by limiting the purchasing of assets.

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 \$11,598,000 of which only \$4,573,000 is reserved for encumbrances and prepaid items. The fund balance increased \$2,668,000, due to the decrease of expenditures of 23 percent or \$7,244,000, as a result of cost cutting measures.

The debt service fund has a total fund balance of \$1,611,000, 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 \$716,000. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$37,002,000 in the current fiscal year. The county maintains a policy of not retaining excess debt service funds and will budget this excess in fiscal 2011.

The capital projects fund has a total fund balance of \$304,704,000, all of which is reserved for the payment of capital projects. The net increase in fund balance during the current year was \$28,608,000. The fund balance increased due to the issuance of new debt in excess of the expenditures 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 \$5,763,000. The total increase in net assets for the fund was \$219,000. 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 \$17,000,000, contingency of \$1,494,392 and undesignated balance of \$8,184,342.
- Several departments' expenses were less than budgeted for building operations, information technology and jail operations.
- While investment income and other revenue was less than anticipated, taxes and intergovernmental revenues were greater than budgeted due to an increase in property values and intergovernmental revenues.

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, 2010 amounted to \$359,199,000 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 \$8,004,000.

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

- Continued development of criminal justice software
- Construction of a new jail
- Design process for the construction of a civil courts building and medical examiner facilities.

Additional information on the County's capital assets can be found in Note 5 on pages 46-47 of this report.

Tarrant County's Capital Assets

(Net of depreciation)
(Amounts in thousands)

	September 30, 2010			September 30, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 52,964	\$ 2,071	\$ 55,035	\$ 52,919	\$ 2,071	\$ 54,990
Buildings and improvements	180,983	2,519	183,502	188,886	2,797	191,683
Furnishings and equipment	31,484	113	31,597	37,537	126	37,663
Infrastructure	46,527	579	47,106	46,422	566	46,988
Construction in progress	41,959	-	41,959	19,871	-	19,871
Total	<u>\$ 353,917</u>	<u>\$ 5,282</u>	<u>\$ 359,199</u>	<u>\$ 345,635</u>	<u>\$ 5,560</u>	<u>\$ 351,195</u>

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$355,470,000. All of this debt represents bonds payable solely on future ad valorem tax revenue.

Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities 2010	Governmental Activities 2009
	General Obligation	\$ 219,225
Limited Tax Refunding Bonds	130,315	64,460
Non-Taxable Tax Notes	5,930	12,565
Total	<u>\$ 355,470</u>	<u>\$ 322,210</u>

The County's bonded debt increased by \$33,260,000 or 10 percent during the current fiscal year. This increase is a reflection of the issuance of limited taxes refunding and general obligation bonds of \$70,045,000 and principal payments of \$36,785,000.

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 \$312,700,000 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 \$5,958,394,000, 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 49-51 of this report.

Economic Factors and Next Year's Budgets and Rates

Tarrant County's economic condition remains positive.

- The unemployment rate decreased for Tarrant County to 7.9 percent, compared to the prior year of 8.2 percent. This is comparable to the state's decrease in average unemployment rate of 7.9 percent from 8.2 percent a year ago. The national unemployment rate is 9.2 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 2011 fiscal year.

During the 2010 fiscal year, unreserved fund balance in the general fund increased to \$56,306,000. The County has appropriated \$49,946,754 of this amount for spending in the 2011 fiscal year budget. This available fund balance enabled the County's tax rate to remain the same for the 2011 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, 2010 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 378,564	\$ 2,769	\$ 381,333
Taxes receivable, net of allowance for uncollectibles	14,244		14,244
Other receivables, net of allowance for uncollectibles	110,143	221	110,364
Internal balances	2,099	(2,099)	-
Due from other governments			
Prepaid expenses and inventory	3,424	3	3,427
Deferred charges	1,090		1,090
Restricted assets			
Assets limited to use			
Investment in joint venture			
Capital assets, net:			
Not subject to depreciation	94,923	2,071	96,994
Subject to depreciation	258,994	3,211	262,205
Total assets	<u>863,481</u>	<u>6,176</u>	<u>869,657</u>
LIABILITIES			
Accounts payable	22,990	250	23,240
Accrued interest payable	3,290		3,290
Other liabilities	17,833	28	17,861
Unearned revenue	21,270		21,270
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	22,207	112	22,319
Capital lease			
Bonds & notes payable	20,420		20,420
Other noncurrent liabilities	3,526		3,526
Portion due or payable after one year:			
Compensated absences payable	15,285	23	15,308
Capital lease			
Bonds and notes payable	351,794		351,794
Other noncurrent liabilities	47,979		47,979
Total liabilities	<u>526,594</u>	<u>413</u>	<u>527,007</u>
NET ASSETS			
Invested in capital assets, net of related debt	119,037	5,282	124,319
Restricted:			
Permanently restricted capital assets			
Debt service			
Other endowments & contributions			
Unrestricted	217,850	481	218,331
Total net assets	<u>\$ 336,887</u>	<u>\$ 5,763</u>	<u>\$ 342,650</u>

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 213,839	\$ 13,688
4,219	
57,077	2,723
18,925	4,712
22,425	1,571
5,092	
176,951	429
36,837	2,827
256,718	9,843
<u>792,083</u>	<u>35,793</u>
46,930	1,728
	27
24,819	1,973
	582
	2,437
	598
2,095	416
5,493	
	365
58,593	714
3,190	710
<u>141,120</u>	<u>9,550</u>
232,867	9,505
	1,072
4,240	
5,007	
408,849	15,666
<u>\$ 650,963</u>	<u>\$ 26,243</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (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	\$ 126,700	\$ 49,983	\$ 7,961	\$ 302
Public safety	118,807	3,607	3,308	195
Transportation support	42,121		75	173
Judicial	150,002	35,005	11,968	477
Community services	91,269	14,915	67,602	419
Interest and fiscal charges	14,612			
Total governmental activities	543,511	103,510	90,914	1,566
Business-type:				
Resource Connection	3,048	2,880		
Total primary government	\$ 546,559	\$ 106,390	\$ 90,914	\$ 1,566
Component units				
Tarrant County Hospital District	\$ 687,494	\$ 267,358	\$ 93,279	
MHMR of Tarrant County	95,531	26,797	69,541	\$ 995
	\$ 783,025	\$ 294,155	\$ 162,820	\$ 995

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
\$ (68,454)		\$ (68,454)		
(111,697)		(111,697)		
(41,873)		(41,873)		
(102,552)		(102,552)		
(8,333)		(8,333)		
(14,612)		(14,612)		
(347,521)		(347,521)		
	\$ (168)	(168)		
\$ (347,521)	\$ (168)	\$ (347,689)	\$ -	\$ -
			\$ (326,857)	
				\$ 1,802
			\$ (326,857)	\$ 1,802
327,566		327,566	281,513	
7,217		7,217		
2,090	16	2,106	7,141	59
2,652	371	3,023	50,793	535
339,525	387	339,912	339,447	594
(7,996)	219	(7,777)	12,590	2,396
344,883	5,544	350,427	638,373	23,847
\$ 336,887	\$ 5,763	\$ 342,650	\$ 650,963	\$ 26,243

TARRANT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash, cash equivalents, and investments	\$ 63,873	\$ 11,532	\$ 1,690	\$ 246,809
Receivables				
Taxes, net of allowance for uncollectibles	12,411	9	1,824	
Other receivables, net of allowance for uncollectibles	21,238	501	406	62,286
Due from other funds	9,786			
Advance to proprietary fund				2,099
Supplies and prepaid items	878	919		
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 108,186</u>	<u>\$ 12,961</u>	<u>\$ 3,920</u>	<u>\$ 311,194</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 6,471	\$ 903	\$ 108	\$ 6,369
Other liabilities	10,950	451	377	24
Due to other funds				
Deferred revenue	<u>25,790</u>	<u>9</u>	<u>1,824</u>	<u>97</u>
Total liabilities	43,211	1,363	2,309	6,490
 FUND BALANCES:				
Reserved:				
For debt service			1,611	
For capital projects				178,068
For encumbrances	3,401	3,654		124,537
For supplies and prepaid items	878	919		
For long term receivable	4,390			2,099
Unreserved, report in:				
General fund	56,306			
Road and Bridge fund		7,025		
Other Special revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity	<u>64,975</u>	<u>11,598</u>	<u>1,611</u>	<u>304,704</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 108,186</u>	<u>\$ 12,961</u>	<u>\$ 3,920</u>	<u>\$ 311,194</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 9,756	\$ 24,383	\$ 358,043
		14,244
23,910	1,286	109,627
		9,786
		2,099
1,585	42	3,424
<u>\$ 35,251</u>	<u>\$ 25,711</u>	<u>\$ 497,223</u>
\$ 3,569	\$ 491	\$ 17,911
1,035	2,874	15,711
9,493	293	9,786
21,154		48,874
35,251	3,658	92,282
		1,611
		178,068
	964	132,556
	42	1,839
		6,489
		56,306
		7,025
	21,047	21,047
-	22,053	404,941
<u>\$ 35,251</u>	<u>\$ 25,711</u>	<u>\$ 497,223</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET ASSETS
SEPTEMBER 30, 2010 (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)	\$ 404,941
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	353,917
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	27,623
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.	5,706
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>(455,300)</u>
Net assets of governmental activities (page 14)	<u>\$ 336,887</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, 2010 (AMOUNTS IN THOUSANDS)

	General	Road and Bridge	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 289,974	\$ 1	\$ 37,002	
Licenses and permits	1,159			
Fees of office	36,308	19,529		
Intergovernmental	17,472	34		\$ 394
Investment income	92	57	85	1,658
Other revenues	10,860	117		597
Total revenues	355,865	19,738	37,087	2,649
EXPENDITURES:				
Current:				
General government	86,295	2,563		
Public safety	103,250			
Transportation support		21,274		
Judicial	126,667			
Community services	5,641			
Capital outlay	1			46,817
Debt service:				
Principal payments			21,185	
Interest and fiscal charges			15,207	
Bond issuance costs			51	203
Total expenditures	321,854	23,837	36,443	47,020
Excess (deficiency) of revenues over (under) expenditures	34,011	(4,099)	644	(44,371)
OTHER FINANCING SOURCES (USES):				
Transfers in	756	6,767	15	10,783
Transfers out	(18,132)			(15)
Issuance of debt				55,315
Premium on new debt				7,196
Discount on new debt				(300)
Refunding bonds issued			14,730	
Premium on refunding bonds			2,363	
Discount on refunding bonds			(78)	
Payment to refunded bond escrow agent			(16,958)	
Total other financing sources (uses)	(17,376)	6,767	72	72,979
Change in fund balance	16,635	2,668	716	28,608
FUND BALANCES, beginning of year	48,340	8,930	895	276,096
FUND BALANCES, end of year	\$ 64,975	\$ 11,598	\$ 1,611	\$ 304,704

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$ 26	\$ 327,003
		1,159
\$ 1,239	9,667	66,743
88,767	12,496	119,163
37	161	2,090
<u>1,719</u>	<u>3,995</u>	<u>17,288</u>
91,762	26,345	533,446
7,534	9,020	105,412
2,823	1,117	107,190
39		21,313
9,761	4,417	140,845
65,384	12,344	83,369
5,552	667	53,037
		21,185
		15,207
		<u>254</u>
<u>91,093</u>	<u>27,565</u>	<u>547,812</u>
669	(1,220)	(14,366)
3,437	1,547	23,305
(4,106)	(756)	(23,009)
		55,315
		7,196
		(300)
		14,730
		2,363
		(78)
		<u>(16,958)</u>
<u>(669)</u>	<u>791</u>	<u>62,564</u>
-	(429)	48,198
<u>-</u>	<u>22,482</u>	<u>356,743</u>
<u>\$ -</u>	<u>\$ 22,053</u>	<u>\$ 404,941</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, 2010 (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)	\$ 48,198
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)	8,417
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (Note 2)	(135)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,204
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)	(40,829)
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)	(21,174)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>(4,677)</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ (7,996)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,769	\$ 20,521
Other receivables, net of allowance for uncollectibles	221	516
Prepaid expenses and inventory	3	
Total current assets	<u>2,993</u>	<u>21,037</u>
Noncurrent assets:		
Capital assets		
Land	2,071	
Building and improvements, net	2,519	
Equipment, net	113	
Infrastructure, net	579	
Total noncurrent assets	<u>5,282</u>	<u>-</u>
Total assets	<u>8,275</u>	<u>21,037</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	250	5,079
Other liabilities	28	5,648
Deferred revenue		19
Compensated absences payable	135	
Total current liabilities	<u>413</u>	<u>10,746</u>
Noncurrent liabilities:		
Other noncurrent liabilities		4,585
Long term advance from governmental fund	2,099	
Total noncurrent liabilities	<u>2,099</u>	<u>4,585</u>
Total liabilities	<u>2,512</u>	<u>15,331</u>
<u>NET ASSETS</u>		
Invested in capital assets	5,282	
Unrestricted	481	5,706
Total net assets	<u>\$ 5,763</u>	<u>\$ 5,706</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, 2010 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING REVENUES:		
Building rental	\$ 2,880	
User fees		\$ 14,248
County contributions		48,984
Other revenues	371	3,601
	<hr/>	<hr/>
Total operating revenues	3,251	66,833
OPERATING EXPENSES		
Personnel	943	
Building and equipment	1,566	68
Depreciation and amortization	347	
Self insurance claims		57,758
Insurance premiums	13	10,527
Other expenses	179	2,994
	<hr/>	<hr/>
Total operating expenses	3,048	71,347
Operating income (loss)	203	(4,514)
NONOPERATING REVENUES:		
Investment income	16	133
	<hr/>	<hr/>
Total nonoperating revenues	16	133
Income (loss) before transfers	219	(4,381)
Transfers out		(296)
	<hr/>	<hr/>
Change in net assets	219	(4,677)
Total net assets - beginning	5,544	10,383
	<hr/>	<hr/>
Total net assets - ending	\$ 5,763	\$ 5,706
	<hr/>	<hr/>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,236	\$ 66,675
Payments to suppliers	(1,736)	
Payments on behalf of employees		(67,154)
Payments to employees	<u>(977)</u>	<u> </u>
Net cash flows provided by (used in) operating activities	523	(479)
INVESTING ACTIVITIES:		
Investment income	<u>16</u>	<u>133</u>
Net cash flows provided by investing activities	16	133
NONCAPITAL FINANCING ACTIVITIES:		
Transfers out	<u> </u>	<u>(296)</u>
Net cash flows used in noncapital financing activities	-	(296)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	<u>(69)</u>	<u> </u>
Net cash flows provided by (used in) capital and related financial activities	(69)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	470	(642)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,299</u>	<u>21,163</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,769</u>	<u>\$ 20,521</u>
Reconciliation of operating income to net cash provided by operating activities:		
Income (loss) from operations	\$ 203	\$ (4,514)
Net cash provided by operating activities:		
Depreciation & amortization	347	
Changes in assets and liabilities:		
Other receivables	(15)	(160)
Accounts payable	22	4,765
Other liabilities	(1)	(572)
Deferred revenue		2
Compensated absences	<u>(33)</u>	<u> </u>
Net cash flows provided by (used in) operating activities	<u>\$ 523</u>	<u>\$ (479)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 33,291
Other receivables	137,054
Restricted asset	<u>44,057</u>
TOTAL ASSETS	<u>\$ 214,402</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 5
Due to third parties	<u>214,397</u>
TOTAL LIABILITIES	<u>\$ 214,402</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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.

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, 2010.

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, 2010. 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, 2010. 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, alcoholic 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 day's 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
Furnishings and 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 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 (\$0.234823 for the maintenance and operations and \$0.029177 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 .227897 per \$100 valuation (\$0.226255 per \$100 valuation for the maintenance and operation fund and \$0.001642 per \$100 valuation for the interest and sinking fund).

(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 \$39,300,000 in 2010.

The composition of net patient service revenue for the year ended September 30, 2010 follows (in thousands):

	2010
Patient services provided:	
Inpatient services	\$ 857,732
Outpatient services	<u>978,428</u>
	1,836,160
Charges forgone for charity care	<u>655,881</u>
Patient service revenue	1,180,279
Deductions from revenue for contractual allowances	<u>647,420</u>
Net patient service revenue	532,859
Provision for bad debts	<u>265,501</u>
Total net patient service revenue	<u><u>\$ 267,358</u></u>

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

Net patient service revenue of \$267,358,000 for the year ended September 30, 2010 consists of amounts from the Medicare and Medicaid programs of approximately 57%. 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, 2010. Medicaid cost reports have been audited and settled for all years before 2008 as of September 30, 2010.

(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, 2010 the TCHD received approximately \$5,400,000 related to the settlement. The funding from the tobacco industry is to offset indigent health care costs of local governments.

(q) 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 2010 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.

(r) **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.

(s) **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 \$455,300 difference are as follows (in thousands):

Bonds payable	\$	355,470
Less: Deferred charge on refunding (to be amortized as interest expense)		(1,978)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		(1,090)
Less: Issuance discount (to be amortized as interest expense)		(1,449)
Plus: Premium on issuance (to be amortized as interest expense)		20,171
Accrued interest payable		3,290
Compensated absences		37,492
Other postemployment benefits liability		43,394
		<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$	455,300
		<hr/>

(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 \$8,417 difference are as follows (in thousands):

Capital outlay	\$ 32,121
Depreciation expense	<u>(23,704)</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>\$ 8,417</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 \$135 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.	\$ (303)
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>168</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>\$ (135)</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 \$40,829 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of general obligation/refunding notes	\$ 70,045
Plus premium	9,559
Less discount	(378)
Issuance cost	(254)
Principal repayments:	
General obligation debt	(10,360)
Limited tax refund debt	(4,190)
Non-taxable tax notes	(6,635)
Payment to escrow agent for funding	<u>(16,958)</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>\$ 40,829</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 \$21,174 difference are as follows (in thousands):

Compensated absences	\$ (1,199)
Other postemployment benefits	(20,685)
Accrued interest payable	(123)
Amortization of deferred charge on refunding	(111)
Amortization of issuance costs	(88)
Amortization of bond discounts	(91)
Amortization of bond premiums	<u>1,123</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>\$ (21,174)</u>

3. CASH AND INVESTMENTS

Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$69,252,320 and the bank balance was \$72,888,593, 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 \$45,100,000 and the bank balance was \$51,225,000. Of the bank balance, \$51,225,000 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, 2010.

On August 31, 2010, MHMRTC's carrying amount of cash and cash equivalents was \$3,806,802 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, 2010, 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>
Investment Pools:			
LOGIC	1,267	43	0.3%
Texpool	74,322	34	19.1%
Texas Class	1,349	35	0.3%
Texstar	74,760	46	19.2%
Lone Star	66,659	52	17.2%
Total investment pools	<u>218,357</u>		<u>56.1%</u>
U.S. government sponsored entities, debt securities:			
FNMA	<u>171,072</u>	838	<u>43.9%</u>
Total securities	<u>171,072</u>		<u>43.9%</u>
Total Investments	<u>\$ 389,429</u>	350	<u>100%</u>

Investments are stated at fair value, including the investments in LOGIC, Texpool, Texas CLASS, 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: In accordance with the County's investment policy, the primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market value. All external investment pools in which the County participates have a credit quality rating of "AAA" by Standard and Poor's. The debt securities of the U.S. Government sponsored entities are also 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. County policy requires 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, 2010, all of the County's investments are held in the County's name.

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

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

TCHD

At September 30, 2010 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	\$ 18,173	0.00
Investment Pools	22,972	0.11
Certificates of Deposit	227,582	0.86
Corporate Obligations	718	1.62
Municipal Bonds	100	25.54
U.S. Treasury Notes	1,211	6.14
U.S. government sponsored entities, debt securities	<u>79,995</u>	2.78
Total Fair Value of Investments	350,751	
Amounts classified as current investments	(141,038)	
Amounts classified as cash and cash equivalents	<u>(32,762)</u>	
Amounts classified as Assets Limited as to Use	<u>\$ 176,951</u>	
Portfolio weighted average maturity		1.23

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 17.4%, 43.7%, 13.2%, and 17.2%, 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 \$81,200,000 investment in U.S. Treasury Notes and debt securities of U.S. Government sponsored entities, \$62,700,000 are held in a safekeeping account. The remaining \$18,500,000 are held in various trust accounts. Interest and other income are detailed in the following table (amounts in thousands):

Interest income	\$ 9,675
Unrealized gain on investments	(146)
Total interest income	<u>9,529</u>
Other income	405
Interest expense	<u>(2,793)</u>
Total interest and other income	<u>\$ 7,141</u>

MHMRTC

At August 31, 2010, 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)	\$ 1,615	\$ 1,615	AAA	28
US Agency Securities	5,986	5,986	Exempt	212
JP Morgan Chase				
Certificate of deposit	<u>2,281</u>	<u>2,281</u>	Exempt	217
Total Investments	<u>\$ 9,882</u>	<u>\$ 9,882</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, 2010, 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
Federal National Mortgage Association	\$ 4,983	50.5%
Federal Home Loan Mortgage Corporation	998	10.1%

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	\$ 69,252	
TCHD		\$ 213,839
MHMRTC		3,806
TCHD - restricted		5,092
Investments:		
County	389,429	
MHMRTC		9,882
TCHD - assets limited as to use		176,951
Total	<u>\$ 458,681</u>	<u>\$ 409,570</u>
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 381,333	\$ 227,527
Restricted		5,092
Assets limited as to use		176,951
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	33,291	
Restricted	44,057	
Total	<u>\$ 458,681</u>	<u>\$ 409,570</u>

4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>	<u>TCHD</u>
Taxes receivable	\$ 23,194	\$ 22	\$ 3,855	\$ 27,071	\$ 13,270
Allowance for uncollectibles	<u>(10,783)</u>	<u>(13)</u>	<u>(2,031)</u>	<u>(12,827)</u>	<u>(9,051)</u>
Net taxes receivable	<u>\$ 12,411</u>	<u>\$ 9</u>	<u>\$ 1,824</u>	<u>\$ 14,244</u>	<u>\$ 4,219</u>

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

Governmental Funds

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts receivable	\$ 2,282	\$ 501		\$ 138	\$ 559	\$ 1,286	\$ 4,766
Fee office receivable	53,708						53,708
Intergovernmental receivable	1,187				11,479		12,666
Federal grant entitlements					12,070		12,070
Amounts due from bond sale			\$ 406	62,148			62,554
Long-term receivable	4,390						4,390
Allowance for uncollectible	<u>(40,329)</u>				<u>(198)</u>		<u>(40,527)</u>
Net accounts receivable	<u>\$ 21,238</u>	<u>\$ 501</u>	<u>\$ 406</u>	<u>\$ 62,286</u>	<u>\$ 23,910</u>	<u>\$ 1,286</u>	<u>\$ 109,627</u>

Business-type Activities

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Accounts receivable	\$ 221	\$ 516	\$ 737
Allowance for uncollectible			
Net accounts receivable	<u>\$ 221</u>	<u>\$ 516</u>	<u>\$ 737</u>

Component Units

	<u>TCHD</u>	<u>MHMRTC</u>	<u>Total</u>
Accounts receivable	\$248,292	\$ 4,119	\$252,411
Allowance for uncollectible	<u>(191,215)</u>	<u>(3,712)</u>	<u>(194,927)</u>
Net accounts receivable	<u>\$ 57,077</u>	<u>\$ 2,723</u>	<u>\$ 59,800</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 \$137,016,997 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 (primarily Medicare and Medicaid) represent a 61% 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, 2010 was as follows (in thousands):

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance September 30, 2010</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 52,919	\$ 60	\$ (15)	\$ 52,964
Construction in progress	19,871	23,467	(1,379)	41,959
Total capital assets not depreciated	<u>72,790</u>	<u>23,527</u>	<u>(1,394)</u>	<u>94,923</u>
Other capital assets:				
Buildings and improvements	281,124	431	510	282,065
Furnishings and equipment	99,677	4,091	(4,136)	99,632
Infrastructure	85,830	4,270	(104)	89,996
Total other capital assets at cost	<u>466,631</u>	<u>8,792</u>	<u>(3,730)</u>	<u>471,693</u>
Less accumulated depreciation for:				
Buildings and improvements	(92,238)	(8,844)		(101,082)
Furnishings and equipment	(62,140)	(10,732)	4,724	(68,148)
Infrastructure	(39,408)	(4,128)	67	(43,469)
Total accumulated depreciation	<u>(193,786)</u>	<u>(23,704)</u>	<u>4,791</u>	<u>(212,699)</u>
Other capital assets, net	272,845	(14,912)	1,061	258,994
Governmental activities capital assets, net	<u>\$ 345,635</u>	<u>\$ 8,615</u>	<u>\$ (333)</u>	<u>\$ 353,917</u>

	Balance October 1, 2009	Additions	Disposals	Balance September 30, 2010
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 2,071			\$ 2,071
Other capital assets:				
Buildings and improvements	6,033			6,033
Furnishings and equipment	399	\$ 26		425
Infrastructure	581	43		624
Total other capital assets at cost	<u>7,013</u>	<u>69</u>	<u>-</u>	<u>7,082</u>
Accumulated depreciation	<u>(3,524)</u>	<u>(347)</u>		<u>(3,871)</u>
Other capital assets, net	3,489	(278)	-	3,211
Business-type activities capital assets, net	<u>\$ 5,560</u>	<u>\$ (278)</u>	<u>\$ -</u>	<u>\$ 5,282</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 11,964
Public safety	2,639
Transportation	8,317
Judicial	469
Community services	<u>315</u>
Total governmental activities depreciation expense	<u>\$ 23,704</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, 2010, the remaining commitments on contracts and agreements approximated \$90,802,924.

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 January 2013.

TCHD

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

	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2010</u>
Capital assets not depreciated:				
Land	\$ 29,230	\$ 1,038		\$ 30,268
Construction in progress/equipment not in service	9,504	17,643	\$ (20,578)	6,569
Total capital assets not depreciated	<u>38,734</u>	<u>18,681</u>	<u>(20,578)</u>	<u>36,837</u>
Other capital assets:				
Buildings and improvements	224,182	6,154	(160)	230,176
Improvements other than buildings	16,558	72		16,630
Machinery and equipment	304,050	25,838	(2,555)	327,333
Total other capital assets at cost	<u>544,790</u>	<u>32,064</u>	<u>(2,715)</u>	<u>574,139</u>
Accumulated depreciation	<u>(280,946)</u>	<u>(38,409)</u>	<u>1,934</u>	<u>(317,421)</u>
Other capital assets, net	263,844	(6,345)	(781)	256,718
Capital assets, net	<u>\$ 302,578</u>	<u>\$ 12,336</u>	<u>\$ (21,359)</u>	<u>\$ 293,555</u>

Depreciation expense was charged to functions as follows:

Hospital	<u>\$ 38,409</u>
Total depreciation expense	<u>\$ 38,409</u>

At September 30, 2010, the remaining commitments on contracts and agreements approximated \$700,000.

MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2010, is as follows (in thousands):

	<u>Balance August 31, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2010</u>
Capital assets not depreciated:				
Land	\$ 1,102	\$ 192		\$ 1,294
Construction in progress	562	1,533	\$ (562)	1,533
Total capital assets not depreciated	<u>1,664</u>	<u>1,725</u>	<u>(562)</u>	<u>2,827</u>
Other capital assets:				
Buildings and improvements	9,121	2,370	(48)	11,443
Equipment and furniture	10,987	1,665	(889)	11,763
Total other capital assets at cost	<u>20,108</u>	<u>4,035</u>	<u>(937)</u>	<u>23,206</u>
Accumulated depreciation	<u>(12,260)</u>	<u>(2,001)</u>	<u>898</u>	<u>(13,363)</u>
Other capital assets, net	7,848	2,034	(39)	9,843
Capital assets, net	<u>\$ 9,512</u>	<u>\$ 3,759</u>	<u>\$ (601)</u>	<u>\$ 12,670</u>

Depreciation expense was charged to functions as follows:

Mental Health Adult	\$ 394
Mental Retardation	330
Child and Adolescent	32
Administration	415
Substance Abuse	111
Early Childhood Intervention	<u>194</u>
Total depreciation expense	\$ 1,476
Internal Service Fund	<u>525</u>
Total depreciation expense	<u>\$ 2,001</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 \$137,333,677 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, 2010 (in thousands):

General Obligation Bonds - Series 2002 with interest rate of 4.25%, payable in annual installments of varying amounts plus interest through 2012	\$ 2,285
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	70,365
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	47,305

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	99,270
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	25,575
Limited Tax Refunding - Series 2005 with interest rates from 3.75% to 5.0%, payable in annual installments in varying amounts plus interest through 2025	34,695
Limited Tax Refunding and General Obligation - Series 2010 with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2030	70,045
Non-Taxable Tax Notes - Series 2005 with interest rate of 3.5%, payable in annual installments of varying amounts plus interest through 2011	2,565
Non-Taxable Tax Notes - Series 2006 with interest rate of 4.0%, payable in annual installments of varying amounts plus interest through 2012	3,365
	<u>355,470</u>
Less - current maturities	<u>20,420</u>
Long-term debt, net of current maturities	335,050
Plus (less) deferred amounts:	
For issuance premiums	20,171
For issuance discounts	(1,449)
On refunding	<u>(1,978)</u>
Long-term debt, net of current maturities, premium, discount and refunding	<u>\$ 351,794</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	
2011	\$ 9,700	\$ 10,627	\$ 6,505	\$ 5,475	\$ 4,215	\$ 224	\$ 36,746
2012	10,100	10,227	5,510	5,813	1,715	69	33,434
2013	9,300	9,810	6,840	5,635			31,585
2014	9,725	9,385	7,110	5,391			31,611
2015	10,120	8,991	7,455	5,076			31,642
2016-2020	58,630	36,923	41,470	19,857			156,880
2021-2025	74,675	20,869	36,795	9,738			142,077
2026-2030	36,975	3,236	18,630	2,886			61,727
Total	<u>\$ 219,225</u>	<u>\$ 110,068</u>	<u>\$ 130,315</u>	<u>\$ 59,871</u>	<u>\$ 5,930</u>	<u>\$ 293</u>	<u>\$ 525,702</u>

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2010 (in thousands):

	Balance October 1, 2009	Additions	Retirements	Balance September 30, 2010	Amounts Due within One year
Governmental activities:					
Bonds payable	\$ 322,210	\$ 70,045	\$ (36,785)	\$ 355,470	\$ 20,420
Deferred amounts:					
Premium	11,735	9,559	(1,123)	20,171	-
Discount	(1,162)	(378)	91	(1,449)	-
Refunding	(731)	(1,358)	111	(1,978)	-
Total bonds payable	332,052	77,868	(37,706)	372,214	20,420
OPEB obligation	22,709	20,685		43,394	
Claims and judgements	9,627	3,426	(4,942)	8,111	3,526
Compensated absences	36,293	23,406	(22,207)	37,492	22,207
Total	\$ 400,681	\$ 125,385	\$ (64,855)	\$ 461,211	\$ 46,153
Business-type activities:					
Compensated absences	\$ 168	\$ 79	\$ (112)	\$ 135	\$ 112
Total	\$ 168	\$ 79	\$ (112)	\$ 135	\$ 112

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 \$312,700,000 Limited Tax Bonds for this purpose.

On September 21, 2010, the County issued \$70,045,000 Limited Tax Refunding and Improvement Bonds at a premium of \$9,558,636 and discount of \$377,726. Of this \$70,045,000 in bonds, \$55,315,000 was new debt and \$14,730,000 was for the refunding of General Obligation Bonds Series 2002. The funds were placed in an irrevocable trust to provide for all future debt service payments totaling \$15,600,000. As a result all refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,358,296. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,433,421 and resulted in an economic gain of \$1,210,583.

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, 2010 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$12, 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

\$ 32,672

Certificate of Obligation Bonds, Series 2006:

Gross of unamortized premium of \$16, 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

28,016

60,688

Less - current maturities

2,095

Long-term debt, net of current maturities

\$ 58,593

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, 2010. The capital lease obligation was paid off in fiscal year 2010.

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

Fiscal Year	Revenue Bonds		Certificates of Obligation		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2011	\$ 1,255	\$ 1,678	\$ 840	\$ 1,233	\$ 5,006
2012	1,305	1,628	875	1,199	5,007
2013	1,355	1,574	910	1,163	5,002
2014	1,435	1,499	950	1,126	5,010
2015	1,515	1,420	985	1,087	5,007
2016-2020	8,895	5,759	5,580	4,787	25,021
2021-2025	11,455	3,192	7,005	3,361	25,013
2026-2030	5,445	420	8,830	1,534	16,229
2031-2032			2,025	47	2,072
Add - premium	12		16		28
Total	\$ 32,672	\$ 17,170	\$ 28,016	\$ 15,537	\$ 93,395

The following is a summary of the changes in long-term obligations for TCHD for the year ended September 30, 2010 (in thousands):

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2010</u>	<u>Amounts Due within One year</u>
Bonds payable	\$ 62,680		\$ (2,020)	\$ 60,660	\$ 2,095
Deferred premium	90		(62)	28	
Capital leases	2,602		(2,602)		
Self insurance liability	9,313	\$ 38,099	(39,850)	7,562	
Other long-term liability	1,204		(525)	679	
Total	<u>\$ 75,889</u>	<u>\$ 38,099</u>	<u>\$ (45,059)</u>	<u>\$ 68,929</u>	<u>\$ 2,095</u>

Interest costs capitalized during 2010 were \$245,659.

MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2010 (in thousands):

Refunding Revenue Bonds, Series 2003 with an interest rate of 3.63%, payable in varying amounts annually through 2011	\$ 339
J P Morgan Chase Bank, Note Payable with an interest of 4.88%, payable in semiannual payments through 2018	791
Capital lease obligations: payments are scheduled through 2013, carrying value of leased assets at August 31, 2010 is \$1,839,210.	<u>963</u>
	2,093
Less - current maturities	<u>1,014</u>
Long-term debt, net of current maturities	<u>\$ 1,079</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	
2011	\$ 339	\$ 6	\$ 77	\$ 38	\$ 598	\$ 15	\$ 1,073
2012			81	34	303	2	420
2013			85	30	62		177
2014			89	26			115
2015			94	21			115
2016-2019			365	37			402
Total	<u>\$ 339</u>	<u>\$ 6</u>	<u>\$ 791</u>	<u>\$ 186</u>	<u>\$ 963</u>	<u>\$ 17</u>	<u>\$ 2,302</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2010 (in thousands):

	Balance September 1, 2009	Additions	Retirements	Balance August 31, 2010	Due Within One Year
Compensated absences	\$ 2,143	\$ 2,437	\$ (2,143)	\$ 2,437	\$ 2,437
Capital lease obligations	1,321	246	(604)	963	598
Notes payable	865		(74)	791	77
Bonds payable	677		(338)	339	339
Self insurance liability	1,102	6,545	(6,937)	710	
Total	\$ 6,108	\$ 9,228	\$ (10,096)	\$ 5,240	\$ 3,451

Interest expenses for the year ended August 31, 2010, was \$139,294.

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, 2010
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 (Crossroads) 2001A	13,010
Multifamily (Crossroads) 2001C	1,480
Multifamily (Arlington Seniors) 2002	12,070
Multifamily (Hulen Bend) 2005	12,025
Multifamily (Gateway Arl) 2003	13,940
Multifamily (Alameda Villas) 2003	10,660
Multifamily (Sycamore Villas) 2003	12,675
Multifamily (Aventine Parkway)	14,149
Multifamily (Blue Lake at Marine Creek Apt)	10,666

Multifamily (Evergreen at Keller Senior Apts)	12,978
Multifamily (Shady Oaks)	3,448
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	11,555
Multifamily (Hometowne at Matador) 2007	10,885
Multifamily (The Park at Sycamore) 2008	12,205
Single family 1985 A	83,763
Single Family 2003B	3,482
Single Family 2006	5,418
Single Family 2007	11,349
	<hr/>
Total Conduit Debt	\$ 405,660
	<hr/> <hr/>

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

User Corporation	Outstanding Principal Amount September 30, 2010
3927 Foundation, Inc. Project	\$ 5,929
Adventist Health System/Sunbelt Obligated Group 2000	29,280
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	7,500
Bethesda Living Centers-Bethesda Gardens Series 1998C	7,245
Cook Children's Medical Center 2000A	20,025
Cook Children's Medical Center 2007	51,045
Cook Children's Medical Center, 2010A	129,660
Cook Children's Medical Center, 2010B	64,615
Cook Children's Medical Center, 2010C	35,335
Baylor 2002A FAST	67,615
Cumberland Rest, Inc. Series 2002	16,785
Cumberland Rest, Inc. Series 2006	55,000
Eastview Nursing Center 2000 A-1	13,515
Eastview Nursing Center 2000 B	2,960
	<hr/>
Total Conduit Debt	\$ 701,078
	<hr/> <hr/>

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

<u>User Corporation</u>	<u>Outstanding Principal Amount September 30, 2010</u>
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
Valley Baptist Health System Project, 2007	94,000
Air Force Village Obligated Group Project, 2007	66,890
Air Force Village Obligated Group Project, 2009	47,810
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	2,005
WGH Heritage, Inc 2008B	3,975
Texas Health Resources, 2008	366,120
CHRISTUS Health, 2008A	192,800
CHRISTUS Health, 2008C	194,250
Baylor Healthcare, 2009	213,810
Hendrick Medical Center, 2009A	33,940
Hendrick Medical Center, 2009B	44,795
Hendrick Medical Center, 2009C	25,000
Tarrant County Senior Living Center (SQLC Stayton at Museum Way), 2009	166,575
CHRISTUS Health, 2009	70,530
SQLC Senior Living Center (The Mirador), 2010A, 2010B-1, 2010B-2	79,040
C C Young Memorial Home, 2009A, 2009B	53,995
MRC Crestview, 2010	27,250
Scott and White Healthcare, 2010	345,775
Total Conduit Debt	<u>\$ 3,729,235</u>

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

User Corporation	Outstanding Principal Amount September 30, 2010
Fox Meyer – TBL, Inc.	\$ 5,500
Mortex Products, Inc.	<u>3,680</u>
Total Conduit Debt	<u><u>\$ 9,180</u></u>

7. PERMANENTLY RESTRICTED CAPITAL ASSETS - MHMRTC

The Department of Aging and Disability Services (DADS) transferred title to five separate real estate properties to MHMRTC in return for the payoff of DADS bonded indebtedness. These properties are used by MHMRTC to provide group home services to its clients and were previously leased from DADS. The deed received from DADS contains a restriction that states if the properties ever cease to be utilized by MHMRTC to provide community-based mental health or mental retardation services for a continuous period of more than 180 day, then title to the property reverts to DADS. In accordance with this deed restriction, MHMRTC reports the net book value of these properties in the amount of \$1,071,978 as permanently restricted net assets.

8. 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, 2010 (in thousands):

Worker's Compensation \$ 3,203

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.

9. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2010 and for the year then ended (in thousands):

Transfer From	Amount	Transfer To	Explanation
General Fund	\$ 10,783	Capital Projects Fund	Supplement Capital funds
General Fund	6,767	Road & Bridge	Supplement Road & Bridge fund
General Fund	582	Other Governmental	Supplement fund sources
Capital Projects Fund	15	Debt Service	Residual transfer
Internal Service	296	Other Governmental	Supplement fund sources
Other Governmental	756	General Fund	Supplement courthouse security activity
Grants Fund	669	Other Governmental	Required match and supplement fund sources
Grants Fund	3,437	Grants Fund	Required match and supplement fund sources
	<u>\$ 23,305</u>		

Funds Due From	Amount	Funds Due To	Explanation
Grant Fund	\$ 9,493	General Fund	Short-term loan
Other Governmental	293	General Fund	Short-term loan
	<u>\$ 9,786</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.

10. 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. In addition, TCHD receives monies under the Upper Payment Limit Program. During fiscal year 2010, TCHD recorded revenues of approximately \$92,000,000 from Texas Disproportionate Share programs (primarily, Dispro III).

11. 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.

12. 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 602 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 calendar year in 2009, and 11.86% for the months of the calendar year in 2010. The contribution rate payable by the employee members for calendar years 2009 and 2010 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, 2010, the annual pension cost for the TCDRS plan for its employees was \$24,867,002 and the actual contributions were \$24,867,002. (This excludes contributions of \$1,755,800 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, 2009, the basis for determining the contribution rates for calendar year 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2007	12/31/2008	12/31/2009
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	20 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%	5.4%
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, 2008	\$ 21,546,359	100%	\$ -
September 30, 2009	23,291,166	100%	-
September 30, 2010	24,867,002	100%	-

Schedule of Funding (including Community Supervision)

(Amounts in thousands)

Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$ 619,335
Actuarial Accrued Liability (AAL)	750,089
Unfunded Actuarial Accrued Liability (UAAL)	130,754
Funded Ratio	82.57%
Annual Covered Payroll	236,684
UAAL as Percentage of Covered Payroll	55.24%

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 single employer plan provides medical and dental insurance to plan members. A separate audited report is not available. Membership in the plan at April 2010, data used for the latest actuarial valuation, consists of the following:

Retired participants and surviving spouses	629
Retiree dependents	238
Active members	3,955

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, 2010, the County contributed \$5,658,470, while the retirees' contributions were \$2,066,789 for a total contribution of \$7,725,259. Total contributions included actual medical claims paid as well as, premiums for certain other insurances.

Annual OPEB Cost

For 2010, the County's annual OPEB cost (expense) was \$26,343,662 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 2010 were as follows:

Annual required contribution	\$ 26,399,659
Add interest on net OPEB obligation	1,021,881
Less adjustment to annual required contribution	<u>(1,077,878)</u>
Annual OPEB cost	26,343,662
Less contributions made	<u>(5,658,470)</u>
Change in Net OPEB obligation	20,685,192
Net OPEB Obligation beginning of the year	<u>22,708,463</u>
Net OPEB Obligation end of the year	<u><u>\$ 43,393,655</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
2010	26,343,662	5,658,470	21.48%	43,393,655

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2009 was as follows (amounts in thousands):

Schedule of Funding

Actuarial accrued liability (AAL)	\$	229,319
Actuarial value of plan assets		0
Unfunded actuarial accrued liability (UAAL)		229,319
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		213,182
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll		107.57%

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, 2009 actuarial valuation, a 4.5% discount rate was used. The 2009 health care cost trends were assumed to be 9.5%, reducing 0.5% each year, reaching 5.5% in the year 2017 and after.

The actuarial cost method used in valuing the County's liabilities was the projected unit credit method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years.

The unfunded actuarial accrued liability is being amortized as a level percentage of pay, on an open basis. The amortization period is 30 years.

Medical Reimbursements

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

Additional Disclosures

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

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

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

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

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

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. A stand-alone financial report and 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, 2010. 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 6.5% of estimated participant compensation for the plan year ended September 30, 2010. 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, 2010, TCHD's annual pension cost was \$11,200,000, the same as the annual required contributions determined in the October 1, 2009 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2010 were based on the results of the actuarial valuation as of October 1, 2009 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 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 \$3,500,000 for the year ended September 30, 2010. 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 IRC. As of September 30, 2010, 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 include \$1,300,000 for the year ended September 30, 2010 for the incentive compensation plan expense.

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 begin to vest in the employer's contribution at the completion of one year of service with 100% vesting occurring after five years (20% per year). 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, 2010, covered payroll was approximately \$26,538,320 total payroll, excluding temporary service personnel, was approximately \$53,435,793. 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
2008	\$ 1,793,629	\$ 1,156,504	100%
2009	1,941,748	1,222,738	100%
2010	1,995,662	1,326,916	100%

13. 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 2010 was \$2,626,686 and \$5,300,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2010. The gross amount of assets acquired by capital leases included in the balance sheet is \$1,839,210.

During 2010, operating lease payments by MHMRTC were \$1,980,098. 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, 2010 are as follows (in thousands):

Year Ending August 31,	Operating Leases	Capital Leases
2011	\$ 1,449	\$ 613
2012	839	305
2013	585	62
2014	325	-
Total minimum lease payment	<u>\$ 3,198</u>	980
Less amount representing interest		<u>(17)</u>
Present value of future minimum lease payments		<u>\$ 963</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, 2010 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, 2010 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, 2010 that may result in the assertion of additional claims and other claims may be asserted arising from incidents occurring 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.

14. 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 general liability, law enforcement, public officials errors and omissions, medical malpractice and automobile physical damage.

Workers Compensation Fund -- accounts for workers compensation claims.

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

	<u>Coverage</u>	<u>Deductible</u>
Buildings	\$ 400,000,000	\$ 500,000
Boilers and machinery	400,000,000	10,000
Scheduled heavy equipment	20,000,000	15,000
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, 2010, 3,505 and 3,262 employees participate in health care coverage and dental coverage, respectively.

For the year ended September 30, 2010 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, 2010.

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

	2009	2010
Beginning liability	\$ 10,451	\$ 9,627
New claims/adjustments	4,040	3,426
Claims paid/adjustments	(4,040)	(3,426)
Other - change in estimate	(824)	(1,516)
	<u> </u>	<u> </u>
Ending liability	<u>\$ 9,627</u>	<u>\$ 8,111</u>
Amount due within 1 year	\$ 3,537	\$ 3,526

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 and June 1, 2010.

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 \$1,200,000 at September 30, 2010. It is the opinion of TCHD's management that the estimated reserves at September 30, 2010 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 \$6,400,000 at September 30, 2010, which is recorded in other accrued liabilities.

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

	2009	2010
Beginning liability	\$ 9,113	\$ 9,313
New claims	32,757	38,099
Claims paid	<u>(32,557)</u>	<u>(39,850)</u>
Ending liability	<u>\$ 9,313</u>	<u>\$ 7,562</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 \$710,057 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:

	2009	2010
Beginning liability	\$ 896	\$ 1,102
Expenses incurred	6,790	6,545
Expenses paid	<u>(6,584)</u>	<u>(6,937)</u>
Ending liability	<u>\$ 1,102</u>	<u>\$ 710</u>

15. 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. At year end, MHMRTC has committed \$2,500,000 out of future budgets to fund remaining activities.

MHMRTC has capitalized \$429,214 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 \$97,732 for amounts due Topaz.

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

16. 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.

On January 11, 2011 the County entered into an agreement to participate in City of Euless #3 – Glade Parks. The County will participate at a contribution rate of 75%, beginning fiscal year 2012.

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

Name	Percentage Committed	Taxes Forgone During 2010
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 133
City of Arlington #4	75%	314
City of Arlington #5	70%	153
City of Arlington #6	75%	35
City of Benbrook #1	100%	143
City of Colleyville #1	100%	667
City of Fort Worth #3	100%	444
City of Fort Worth #4	100%	554
City of Fort Worth #6	100%	215
City of Fort Worth #7	80%	291
City of Fort Worth #8	80%	487
City of Fort Worth #9	80%	246
City of Fort Worth #10	70%	59
City of Fort Worth #11	50%	15
City of Fort Worth #12	100%	33
City of Fort Worth #13	80%	28
City of Grand Prairie #2	75%	360
City of Grand Prairie #3	75%	1,110
City of Grapevine #1	100%	687
City of Keller #1	66.20%	223
City of Mansfield #1	30%	59
City of North Richland Hills #1	100%	20
City of North Richland Hills #2	100%	656
City of Southlake #1	100%	860
Total taxes forgone		<u>\$ 7,792</u>

REQUIRED SUPPLEMENTARY
INFORMATION

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 288,604	\$ 288,604	\$ 289,974	\$ 1,370
Licenses and permits	873	873	1,159	286
Fees of office	35,861	35,861	36,295	434
Intergovernmental	15,421	15,426	17,473	2,047
Investment income	1,767	1,767	1,615	(152)
Other revenues	12,485	12,480	10,860	(1,620)
Transfers	730	730	756	26
Total Revenues	\$ 355,741	\$ 355,741	\$ 358,132	\$ 2,391
EXPENDITURES:				
County Judge	\$ 842	\$ 842	\$ 785	\$ 57
County Administrator	1,798	1,798	1,657	141
Non-Departmental	58,105	58,107	28,713	29,394
Auditor	5,512	5,512	5,323	189
Budget/Risk Management	675	669	562	107
Tax Assessor / Collector	12,321	12,321	11,936	385
Elections Administration	5,377	5,377	4,673	704
Information Technology	28,819	28,819	26,908	1,911
Human Resources	2,484	2,484	2,389	95
Purchasing	1,846	1,846	1,826	20
Facilities	3,392	3,393	3,235	158
Sheriff	35,254	35,254	34,094	1,160
Sheriff - Confinement	66,576	66,581	63,123	3,458
Constable Precinct 1	1,069	1,069	1,055	14
Constable Precinct 2	921	921	907	14
Constable Precinct 3	975	975	957	18
Constable Precinct 4	756	756	749	7
Constable Precinct 5	623	623	613	10
Constable Precinct 6	758	758	750	8
Constable Precinct 7	869	869	866	3
Constable Precinct 8	889	895	881	14
Medical Examiner	7,092	7,092	6,910	182
Fire Marshal	331	331	325	6
Community Supervision	19	19	13	6
Juvenile Services	19,127	19,117	17,950	1,167
Pretrial Services	1,153	1,153	1,145	8
Buildings	20,261	20,260	18,491	1,769
17TH District Court	236	236	235	1
48TH District Court	236	236	236	-
67TH District Court	221	221	220	1
96TH District Court	227	227	223	4
141ST District Court	223	223	221	2
153RD District Court	229	229	227	2
236TH District Court	248	248	241	7
342ND District Court	227	227	185	42
348TH District Court	236	236	234	2
352ND District Court	231	232	231	1
Criminal District Court 1	1,115	1,174	1,120	54
Criminal District Court 2	1,275	1,166	1,116	50
Criminal District Court 3	1,478	1,357	1,244	113
Criminal District Court 4	1,126	1,178	1,073	105
213TH District Court	1,187	1,542	1,495	47

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	\$ 1,264	\$ 1,484	\$ 1,480	\$ 4
371ST District Court	1,359	1,284	1,232	52
372ND District Court	1,269	1,118	1,063	55
396TH District Court	1,288	1,448	1,436	12
432ND District Court	1,020	1,085	1,016	69
Magistrate Court	809	809	770	39
231ST District Court	552	579	575	4
233RD District Court	509	546	532	14
322ND District Court	545	553	529	24
323RD District Court	2,878	2,879	2,814	65
324TH District Court	618	628	623	5
325TH District Court	546	603	590	13
360TH District Court	531	554	545	9
Special Judges	386	362	338	24
Criminal District Court Support System	743	743	708	35
Grand Jury	131	131	130	1
Criminal Attorney Appointment	518	518	482	36
Criminal Mental Health Court	172	172	130	42
County Court at Law #1	390	390	383	7
County Court at Law #2	378	378	375	3
County Court at Law #3	401	405	400	5
County Criminal Court #1	650	701	693	8
County Criminal Court #2	494	516	506	10
County Criminal Court #3	599	639	624	15
County Criminal Court #4	575	608	597	11
County Criminal Court #5	1,160	1,254	1,208	46
County Criminal Court #6	551	571	560	11
County Criminal Court #7	594	649	641	8
County Criminal Court #8	593	641	637	4
County Criminal Court #9	578	604	596	8
County Criminal Court #10	566	598	576	22
Probate Court 1	1,683	1,718	1,706	12
Probate Court 2	1,557	1,605	1,579	26
Justice of the Peace Pct. 1	618	618	589	29
Justice of the Peace Pct. 2	584	585	574	11
Justice of the Peace Pct. 3	550	550	538	12
Justice of the Peace Pct. 4	578	579	575	4
Justice of the Peace Pct. 5	372	372	365	7
Justice of the Peace Pct. 6	446	446	441	5
Justice of the Peace Pct. 7	605	605	524	81
Justice of the Peace Pct. 8	493	492	490	2
District Attorney	33,151	33,151	32,166	985
District Clerk	8,995	8,995	8,754	241
County Clerk	9,139	9,139	8,785	354
Domestic Relations	6,244	6,244	6,046	198
Jury Services	2,297	2,297	2,034	263
Courts / Judiciary	2,468	1,367	509	858
Human Services	5,139	5,139	4,345	794
Child Protective Services	2,098	2,098	1,913	185
Public Assistance	206	206	206	-
TX Cooperative Extension	805	805	692	113
Veterans Services	344	344	338	6
Historical Commission	94	94	90	4
Total Expenditures	\$ 387,472	\$ 387,472	\$ 341,185	\$ 46,287

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes			\$ 1	\$ 1
Fees of office	\$ 19,710	\$ 19,710	19,529	(181)
Intergovernmental	33	33	34	1
Investment income	100	100	57	(43)
Other revenues	51	51	117	66
Transfers	<u>6,767</u>	<u>6,767</u>	<u>6,767</u>	<u>-</u>
Total Revenues	\$ 26,661	\$ 26,661	\$ 26,505	\$ (156)
EXPENDITURES:				
Buildings	\$ 41	\$ 41	\$ 31	\$ 10
Commissioner Precinct 1	6,556	6,556	5,883	673
Commissioner Precinct 2	4,714	4,714	3,821	893
Commissioner Precinct 3	4,690	4,690	3,917	773
Commissioner Precinct 4	6,348	6,348	6,002	346
Right of Way	2,521	2,521	2,442	79
Transportation	2,433	2,433	2,186	247
Road and Bridge Non-Departmental	<u>1,483</u>	<u>1,483</u>	<u>456</u>	<u>1,027</u>
Total Expenditures	\$ 28,786	\$ 28,786	\$ 24,738	\$ 4,048

TARRANT COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2010

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	\$ 358,132	\$ 26,505
Transfers in	(756)	(6,767)
Market value adjustment for securities not budget relevant	(948)	
Accrued in prior years, received in 2010	(563)	
	<hr/>	<hr/>
Revenues on modified accrual (GAAP) basis	355,865	19,738
Expenditures		
Budgetary Basis	341,185	24,738
Transfers out	(18,132)	
Incurred in prior years, paid in 2010	1,853	1,547
Incurred during 2010, payable in future years	(2,985)	(2,513)
Prepaid & Inventory adjustments not budget relevant	(67)	65
	<hr/>	<hr/>
Expenditures on modified accrual (GAAP) basis	321,854	23,837
Other Financing Sources (Uses)	<hr/> (17,376) <hr/>	<hr/> 6,767 <hr/>
Changes in Fund Balance	<u>\$ 16,635</u>	<u>\$ 2,668</u>

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

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

RETIREMENT PLAN FOR THE EMPLOYEES OF THE COUNTY

(Amounts in thousands)

(UNAUDITED)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
2008	12/31/2007	\$ 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%
2010	12/31/2009	619,335	750,089	130,754	82.57%	236,684	55.24%

OTHER POSTEMPLOYMENT BENEFITS PLAN

(Amounts in thousands)

(UNAUDITED)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
2008	10/1/2007	\$ -	\$ 141,223	\$ 141,223	0.00%	\$ 201,064	70.24%
2010	10/1/2009	-	229,319	229,319	0.00%	213,182	107.57%

Note: This is the second year of actuarial values in the 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 10/1/2009.

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, 2010 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
ASSETS					
Cash, cash equivalents, and investments	\$ 691	\$ 8,709	\$ 96	\$ 2,448	\$ 2,464
Other receivables, net of allowance for uncollectibles	13	46		16	
Supplies and prepaid items		6		16	12
TOTAL ASSETS	\$ 704	\$ 8,761	\$ 96	\$ 2,480	\$ 2,476
LIABILITIES					
Accounts payable	\$ 103	\$ 53		\$ 157	\$ 15
Other liabilities	9	69		230	2,414
Due to other funds					
Total liabilities	112	122		387	2,429
FUND BALANCES					
Reserved:					
For encumbrances	6	507		161	1
For supplies and prepaid items		6		16	12
Unreserved, undesignated	586	8,126	96	1,916	34
Total fund balances	592	8,639	96	2,093	47
TOTAL LIABILITIES AND FUND BALANCES	\$ 704	\$ 8,761	\$ 96	\$ 2,480	\$ 2,476

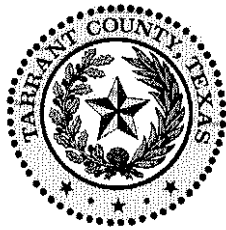
<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 932	\$ 2,892	\$ 1,557	\$ 472	\$ 519	\$ 3,529	\$ 74	\$ 24,383
13	1,190	8					1,286
8							42
<u>\$ 953</u>	<u>\$ 4,082</u>	<u>\$ 1,565</u>	<u>\$ 472</u>	<u>\$ 519</u>	<u>\$ 3,529</u>	<u>\$ 74</u>	<u>\$ 25,711</u>
\$ 3	\$ 102	\$ 57	\$ 1				\$ 491
17	52	4	2	\$ 18	\$ 59		2,874
	293						293
<u>20</u>	<u>447</u>	<u>61</u>	<u>3</u>	<u>18</u>	<u>59</u>		<u>3,658</u>
22	263			4			964
8							42
903	3,372	1,504	469	497	3,470	\$ 74	21,047
<u>933</u>	<u>3,635</u>	<u>1,504</u>	<u>469</u>	<u>501</u>	<u>3,470</u>	<u>74</u>	<u>22,053</u>
<u>\$ 953</u>	<u>\$ 4,082</u>	<u>\$ 1,565</u>	<u>\$ 472</u>	<u>\$ 519</u>	<u>\$ 3,529</u>	<u>\$ 74</u>	<u>\$ 25,711</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes					
Fees of office	\$ 1,224	\$ 4,810	\$ 17	\$ 1,153	\$ 129
Intergovernmental			97	8,867	
Investment income	4	59		11	
Other revenues	29	4			1,349
Total revenues	1,257	4,873	114	10,031	1,478
EXPENDITURES:					
Current:					
General government		5,186		237	
Public safety			98		
Judicial	143	197	31		1,928
Community services	1,036			10,138	
Capital outlay		239		42	
Total expenditures	1,179	5,622	129	10,417	1,928
Excess (deficiency) of revenues over (under) expenditures	78	(749)	(15)	(386)	(450)
OTHER FINANCING SOURCES (USES) -					
Transfers in					581
Transfers out					(128)
Total other financing sources (uses)					453
Change in fund balance	78	(749)	(15)	(386)	3
FUND BALANCES, beginning of year	514	9,388	111	2,479	44
FUND BALANCES, end of year	\$ 592	\$ 8,639	\$ 96	\$ 2,093	\$ 47

<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>
			\$ 26				\$ 26
		\$ 1,592	25	\$ 717			9,667
	\$ 3,392	140					12,496
\$ 4	19	9	3	3	\$ 48	\$ 1	161
<u>1,303</u>	<u>783</u>				<u>527</u>		<u>3,995</u>
1,307	4,194	1,741	54	720	575	1	26,345
	2,513	440	56		585	3	9,020
925	94						1,117
	1,765	353					4,417
	479			691			12,344
<u>9</u>	<u>235</u>	<u>63</u>	<u>78</u>	<u>1</u>			<u>667</u>
934	5,086	856	134	692	585	3	27,565
373	(892)	885	(80)	28	(10)	(2)	(1,220)
	966						1,547
		(628)					(756)
	966	(628)					791
373	74	257	(80)	28	(10)	(2)	(429)
<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>\$ 933</u>	<u>\$ 3,635</u>	<u>\$ 1,504</u>	<u>\$ 469</u>	<u>\$ 501</u>	<u>\$ 3,470</u>	<u>\$ 74</u>	<u>\$ 22,053</u>



BUDGETARY COMPLIANCE

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Debt Service Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ 36,863	\$ 36,863	\$ 37,002	\$ 139
Investment income	135	135	85	(50)
Transfers			15	15
Total Revenues	<u>\$ 36,998</u>	<u>\$ 36,998</u>	<u>\$ 37,102</u>	<u>\$ 104</u>
EXPENDITURES:				
Debt service	<u>\$ 37,897</u>	<u>\$ 37,897</u>	<u>\$ 36,392</u>	<u>\$ 1,505</u>
Total Expenditures	<u>\$ 37,897</u>	<u>\$ 37,897</u>	<u>\$ 36,392</u>	<u>\$ 1,505</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Intergovernmental	\$ 393	\$ 393	\$ 394	\$ 1
Investment income	1,548	1,547	1,658	111
Other revenues		66	597	531
Transfers	10,784	72,784	72,784	-
Total Revenues	\$ 12,725	\$ 74,790	\$ 75,433	\$ 643
EXPENDITURES:				
County Administrator	\$ 2	\$ 1	\$ 1	\$ -
Non-Departmental	10,417	12,017	27	11,990
Budget/Risk Management	3			-
Information Technology	7,852	7,862	6,868	994
Human Resources	8	9	9	-
Facilities		11	11	-
Sheriff	77	77	76	1
Sheriff - Confinement	127	123	118	5
Constable Precinct 5	1	2	1	1
Constable Precinct 6		1	1	-
Medical Examiner	150	150	97	53
Community Supervision	12	12	9	3
Juvenile Services	18	18	17	1
Buildings	171,638	202,533	106,046	96,487
17TH District Court	2	2		2
342ND District Court	3	3	3	-
371ST District Court		1	1	-
396TH District Court	2	1	1	-
Magistrate Court	3	7	7	-
360TH District Court		4	4	-
Criminal Attorney Appointment	1	1	1	-
County Criminal Court #1	1			-
County Criminal Court #4		1	1	-
Probate Court 2	4	4	4	-
Justice of the Peace Pct. 3	1	1	1	-
Justice of the Peace Pct. 5	9	9	9	-
Justice of the Peace Pct. 6	2			-
Justice of the Peace Pct. 8	1			-
District Attorney	48	38	34	4
District Clerk	40	40	40	-
Domestic Relations	1	2	2	-
Courts / Judiciary	50	50	1	49
Human Services		5	5	-
Commissioner Precinct 1	546	560	174	386
Commissioner Precinct 2	250	256	5	251
Commissioner Precinct 3	467	483	47	436
Commissioner Precinct 4	614	643	73	570

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Capital Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Right of Way	\$ 6,006	\$ 6,006	\$ 2,375	\$ 3,631
Transportation	50,451	81,806	19,383	62,423
Road and Bridge Non-Departmental	<u>2,045</u>	<u>2,045</u>	<u>1,965</u>	<u>80</u>
Total Expenditures	\$ 250,852	\$ 314,784	\$ 137,417	\$ 177,367

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Law Library</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,169	\$ 1,169	\$ 1,224	\$ 55
Investment income	3	3	4	1
Other revenues	29	29	29	-
Total Revenues	<u>\$ 1,201</u>	<u>\$ 1,201</u>	<u>\$ 1,257</u>	<u>\$ 56</u>
EXPENDITURES:				
Law Library	<u>\$ 1,693</u>	<u>\$ 1,712</u>	<u>\$ 1,186</u>	<u>\$ 526</u>
Total Expenditures	<u>\$ 1,693</u>	<u>\$ 1,712</u>	<u>\$ 1,186</u>	<u>\$ 526</u>

	<u>Records Preservation and Automation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 4,522	\$ 4,622	\$ 4,810	\$ 188
Investment income	53	53	59	6
Other revenues	-	-	4	4
Total Revenues	<u>\$ 4,575</u>	<u>\$ 4,675</u>	<u>\$ 4,873</u>	<u>\$ 198</u>
EXPENDITURES:				
Information Technology	\$ 755	\$ 755	\$ 542	\$ 213
District Clerk	393	522	159	363
County Clerk	9,319	9,662	2,340	7,322
Total Expenditures	<u>\$ 10,467</u>	<u>\$ 10,939</u>	<u>\$ 3,041</u>	<u>\$ 7,898</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 18	\$ 1
Intergovernmental		97	97	-
Total Revenues	\$ 17	\$ 114	\$ 115	\$ 1
EXPENDITURES:				
Sheriff	\$ 82	\$ 166	\$ 101	\$ 65
Sheriff-Confinement	4	4	1	3
Constable Precinct 1	1	2	1	1
Constable Precinct 2	1	3	2	1
Constable Precinct 3		1		1
Constable Precinct 4	9	10		10
Constable Precinct 5	1	2	1	1
Constable Precinct 6	4	5	3	2
Constable Precinct 7	1	2		2
Constable Precinct 8	3	4	1	3
Probate Court 1	9	9	8	1
Probate Court 2	9	9	7	2
District Attorney	3	7	3	4
Total Expenditures	\$ 127	\$ 224	\$ 128	\$ 96

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,258	\$ 1,258	\$ 1,153	\$ (105)
Intergovernmental	8,867	8,867	8,867	-
Investment income	35	35	11	(24)
Total Revenues	\$ 10,160	\$ 10,160	\$ 10,031	\$ (129)
EXPENDITURES:				
Buildings	\$ 308	\$ 308	\$ 233	\$ 75
Public Health	11,746	12,264	10,349	1,915
Total Expenditures	\$ 12,054	\$ 12,572	\$ 10,582	\$ 1,990

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (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	\$ 104	\$ 139	\$ 129	\$ (10)
Investment income	2	2		(2)
Other revenues	1,063	1,063	1,349	286
Transfer	900	900	581	(319)
Total Revenues	\$ 2,069	\$ 2,104	\$ 2,059	\$ (45)
EXPENDITURES:				
District Attorney	\$ 2,068	\$ 2,103	\$ 2,060	\$ 43
Total Expenditures	\$ 2,068	\$ 2,103	\$ 2,060	\$ 43

	<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	\$ 4	\$ 4	\$ 4	\$ -
Other revenues	1,002	1,109	1,303	194
Total Revenues	\$ 1,006	\$ 1,113	\$ 1,307	\$ 194
EXPENDITURES:				
Sheriff	\$ 147	\$ 297	\$ 51	\$ 246
Sheriff - Confinement	1,357	1,333	886	447
Total Expenditures	\$ 1,504	\$ 1,630	\$ 937	\$ 693

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 80	\$ 80		\$ (80)
Intergovernmental	997	3,706	3,392	(314)
Investment income	13	13	19	6
Other revenues	464	824	806	(18)
Transfer	562	562	966	404
Total Revenues	\$ 2,116	\$ 5,185	\$ 5,183	\$ (2)
EXPENDITURES:				
County Administrator		\$ 186	\$ 106	\$ 80
Non-Departmental	\$ 27	28	24	4
Elections Administration	610	3,396	2,460	936
Self Insurance	1,564	1,564	380	1,184
Sheriff	4	4	2	2
Medical Examiner	42	42	27	15
Fire Marshal	70	71	71	-
Juvenile Services	1,202	1,198	917	281
Criminal District Court Support System	108	121		121
District Attorney	715	907	793	114
Domestic Relations	20	20	20	-
Public Health	21	55	26	29
Human Services	395	500	439	61
Child Protective Services	522	545	163	382
Public Assistance	16	46	14	32
Historical Commission	65	65		65
Peace Officers Memorial Monument	20	20		20
Total Expenditures	\$ 5,401	\$ 8,582	\$ 5,336	\$ 3,246

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

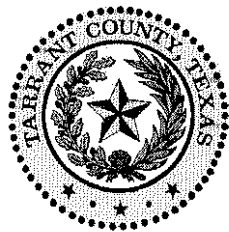
	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,587	\$ 1,587	\$ 1,592	\$ 5
Intergovernmental	104	140	140	-
Investment income	7	7	9	2
Total Revenues	\$ 1,698	\$ 1,734	\$ 1,741	\$ 7
EXPENDITURES:				
Non Departmental	\$ 1,931	\$ 1,954	\$ 1,068	\$ 886
Information Technology	163	161	63	98
323rd District Court	87	87		87
Appeals Court	376	364	197	167
Criminal District Court Support System	87	87		87
Probate Court 1	164	181	103	78
Probate Court 2	67	85	54	31
District Clerk	25	25		25
County Clerk	32	32		32
Total Expenditures	\$ 2,932	\$ 2,976	\$ 1,485	\$ 1,491

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 50	\$ 50	\$ 26	\$ (24)
Fees of office	11	11	25	14
Investment income	3	3	3	-
Total Revenues	\$ 64	\$ 64	\$ 54	\$ (10)
EXPENDITURES:				
Tax Assessor/Collector	\$ 486	\$ 536	\$ 57	\$ 479
Total Expenditures	\$ 486	\$ 536	\$ 57	\$ 479

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 733	\$ 733	\$ 717	\$ (16)
Investment income	<u>2</u>	<u>2</u>	<u>3</u>	<u>1</u>
Total Revenues	\$ 735	\$ 735	\$ 720	\$ (15)
EXPENDITURES:				
Public Health	<u>\$ 1,162</u>	<u>\$ 1,208</u>	<u>\$ 696</u>	<u>\$ 512</u>
Total Expenditures	\$ 1,162	\$ 1,208	\$ 696	\$ 512



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, law enforcement, public officials' error and omissions, medical malpractice and automobile physical damage.

WORKERS' COMPENSATION FUND

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2010 (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	\$ 11,240	\$ 4,861	\$ 4,420	\$ 20,521
Other receivables, net of allowance for uncollectibles	<u>489</u>	<u>7</u>	<u>20</u>	<u>516</u>
Total current assets	<u>11,729</u>	<u>4,868</u>	<u>4,440</u>	<u>21,037</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	4,945	29	105	5,079
Other liabilities	2,122	407	3,119	5,648
Deferred revenue	<u>19</u>			<u>19</u>
Total current liabilities	<u>7,086</u>	<u>436</u>	<u>3,224</u>	<u>10,746</u>
Noncurrent liabilities:				
Other noncurrent liabilities		<u>166</u>	<u>4,419</u>	<u>4,585</u>
Total noncurrent liabilities	<u>-</u>	<u>166</u>	<u>4,419</u>	<u>4,585</u>
Total liabilities	<u>7,086</u>	<u>602</u>	<u>7,643</u>	<u>15,331</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>4,643</u>	<u>4,266</u>	<u>(3,203)</u>	<u>5,706</u>
Total net assets (deficit)	<u>\$ 4,643</u>	<u>\$ 4,266</u>	<u>\$ (3,203)</u>	<u>\$ 5,706</u>

TARRANT COUNTY, TEXASCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User fees	\$ 14,248			\$ 14,248
County contributions	46,752		\$ 2,232	48,984
Other revenues	<u>1,992</u>	<u>\$ 416</u>	<u>1,193</u>	<u>3,601</u>
Total operating revenues	62,992	416	3,425	66,833
OPERATING EXPENSES:				
Building and equipment	1	67		68
Self insurance claims	54,783	100	2,875	57,758
Insurance premiums	10,527			10,527
Other expenses	<u>2,610</u>	<u>148</u>	<u>236</u>	<u>2,994</u>
Total operating expenses	<u>67,921</u>	<u>315</u>	<u>3,111</u>	<u>71,347</u>
Operating income (loss)	(4,929)	101	314	(4,514)
NONOPERATING REVENUES :				
Investment income	<u>74</u>	<u>30</u>	<u>29</u>	<u>133</u>
Income (loss) before transfers	(4,855)	131	343	(4,381)
Transfers out	<u>(296)</u>			<u>(296)</u>
Change in net assets	(5,151)	131	343	(4,677)
Total net assets (deficit)-beginning	<u>9,794</u>	<u>4,135</u>	<u>(3,546)</u>	<u>10,383</u>
Total net assets (deficit)-ending	<u>\$ 4,643</u>	<u>\$ 4,266</u>	<u>\$ (3,203)</u>	<u>\$ 5,706</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 62,834	\$ 414	\$ 3,427	\$ 66,675
Payments on behalf of employees	<u>(62,214)</u>	<u>(752)</u>	<u>(4,188)</u>	<u>(67,154)</u>
Net cash flows provided by (used in) operating activities	620	(338)	(761)	(479)
INVESTING ACTIVITIES:				
Investment income, net	74	30	29	133
NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	<u>(296)</u>	<u> </u>	<u> </u>	<u>(296)</u>
Net cash flows used in noncapital financing activities	<u>(296)</u>	<u>-</u>	<u>-</u>	<u>(296)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	398	(308)	(732)	(642)
CASH AND CASH EQUIVALENTS, beginning of year	<u>10,842</u>	<u>5,169</u>	<u>5,152</u>	<u>21,163</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 11,240</u>	<u>\$ 4,861</u>	<u>\$ 4,420</u>	<u>\$ 20,521</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ (4,929)	\$ 101	\$ 314	\$ (4,514)
Changes in assets and liabilities:				
Other receivables	(160)	(2)	2	(160)
Accounts payable	4,763	(34)	36	4,765
Other liabilities	944	(403)	(1,113)	(572)
Deferred revenue	<u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Net cash flows provided by (used in) operating activities	<u>\$ 620</u>	<u>\$ (338)</u>	<u>\$ (761)</u>	<u>\$ (479)</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, 2010 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>Payroll Clearing</u>	<u>Fee Office</u>	<u>Total</u>
Current assets:			
Cash, cash equivalents, and investments	\$ 3,290	\$ 30,001	\$ 33,291
Other receivables	11	137,043	137,054
Restricted asset		44,057	44,057
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,301</u>	<u>\$ 211,101</u>	<u>\$ 214,402</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 5		\$ 5
Due to third parties	3,296	\$ 211,101	214,397
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 3,301</u>	<u>\$ 211,101</u>	<u>\$ 214,402</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010 (AMOUNTS IN THOUSANDS)

	<u>October 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2010</u>
PAYROLL CLEARING:				
Cash, cash equivalents, and investments	\$ 3,175	\$ 106,184	\$ 106,069	\$ 3,290
Other receivables	13	84	86	11
	<u>\$ 3,188</u>	<u>\$ 106,268</u>	<u>\$ 106,155</u>	<u>\$ 3,301</u>
Accounts payable	\$ 5			\$ 5
Due to third parties	3,183	\$ 106,268	\$ 106,155	3,296
	<u>\$ 3,188</u>	<u>\$ 106,268</u>	<u>\$ 106,155</u>	<u>\$ 3,301</u>
FEE OFFICE:				
Cash, cash equivalents, and investments	\$ 29,890	\$ 3,373,725	\$ 3,373,614	\$ 30,001
Other receivables	132,266	2,945,048	2,940,271	137,043
Restricted assets	45,862	41,489	43,294	44,057
	<u>\$ 208,018</u>	<u>\$ 6,360,262</u>	<u>\$ 6,357,179</u>	<u>\$ 211,101</u>
Accounts payable		\$ 191	\$ 191	\$ -
Due to third parties	\$ 208,018	6,360,071	6,356,988	211,101
	<u>\$ 208,018</u>	<u>\$ 6,360,262</u>	<u>\$ 6,357,179</u>	<u>\$ 211,101</u>
TOTAL:				
Cash, cash equivalents, and investments	\$ 33,065	\$ 3,479,909	\$ 3,479,683	\$ 33,291
Other receivables	132,279	2,945,132	2,940,357	137,054
Restricted assets	45,862	41,489	43,294	44,057
	<u>\$ 211,206</u>	<u>\$ 6,466,530</u>	<u>\$ 6,463,334</u>	<u>\$ 214,402</u>
Accounts payable	\$ 5	\$ 191	\$ 191	\$ 5
Due to third parties	211,201	6,466,339	6,463,143	214,397
	<u>\$ 211,206</u>	<u>\$ 6,466,530</u>	<u>\$ 6,463,334</u>	<u>\$ 214,402</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	104
<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	114
<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	120
<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	128
<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	130
<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 NINE 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>	<u>2010</u>
\$ 195,824	\$ 185,168	\$ 200,501	\$ 119,037
114,985	147,789	144,382	217,850
<u>\$ 310,809</u>	<u>\$ 332,957</u>	<u>\$ 344,883</u>	<u>\$ 336,887</u>
\$ 5,501	\$ 5,229	\$ 5,560	\$ 5,282
(1,835)	340	(16)	481
<u>\$ 3,666</u>	<u>\$ 5,569</u>	<u>\$ 5,544</u>	<u>\$ 5,763</u>
\$ 201,325	\$ 190,397	\$ 206,061	\$ 124,319
113,150	148,129	144,366	218,331
<u>\$ 314,475</u>	<u>\$ 338,526</u>	<u>\$ 350,427</u>	<u>\$ 342,650</u>

TARRANT COUNTY, TEXAS
CHANGES IN NET ASSETS
LAST NINE 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

2007	2008	2009	2010
\$ 105,708	\$ 119,234	\$ 132,725	\$ 126,700
99,860	109,282	111,314	118,807
33,753	42,741	44,690	42,121
124,066	137,287	142,450	150,002
62,437	72,088	78,814	91,269
9,529	11,751	14,966	14,612
<u>435,353</u>	<u>492,383</u>	<u>524,959</u>	<u>543,511</u>
2,854	3,077	3,138	3,048
<u>438,207</u>	<u>495,460</u>	<u>528,097</u>	<u>546,559</u>
98,334	104,965	103,120	103,510
62,090	76,291	89,858	90,914
7,512	6,740	3,597	1,566
<u>167,936</u>	<u>187,996</u>	<u>196,575</u>	<u>195,990</u>
2,662	4,940	2,923	2,880
<u>170,598</u>	<u>192,936</u>	<u>199,498</u>	<u>198,870</u>
(267,417)	(304,387)	(328,384)	(347,521)
(192)	1,863	(215)	(168)
<u>\$ (267,609)</u>	<u>\$ (302,524)</u>	<u>\$ (328,599)</u>	<u>\$ (347,689)</u>
\$ 282,491	\$ 303,474	\$ 321,868	\$ 327,566
6,154	6,023	6,819	7,217
15,834	12,287	8,937	2,090
2,432	4,751	2,686	2,652
<u>306,911</u>	<u>326,535</u>	<u>340,310</u>	<u>339,525</u>
13	40	45	16
		145	371
<u>13</u>	<u>40</u>	<u>190</u>	<u>387</u>
<u>306,924</u>	<u>326,575</u>	<u>340,500</u>	<u>339,912</u>
39,494	22,148	11,926	(7,996)
(179)	1,903	(25)	219
<u>\$ 39,315</u>	<u>\$ 24,051</u>	<u>\$ 11,901</u>	<u>\$ (7,777)</u>

TARRANT COUNTY, TEXAS
PROGRAM REVENUE BY FUNCTION/PROGRAM
LAST NINE 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	<u>\$ 80,715</u>	<u>\$ 79,025</u>	<u>\$ 90,518</u>	<u>\$ 88,888</u>	<u>\$ 95,568</u>
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	<u>\$ 60,236</u>	<u>\$ 64,744</u>	<u>\$ 60,003</u>	<u>\$ 54,155</u>	<u>\$ 59,803</u>
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	<u>\$ -</u>	<u>\$ 2,760</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 18,880</u>
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	<u>\$ 140,951</u>	<u>\$ 146,529</u>	<u>\$ 150,521</u>	<u>\$ 145,784</u>	<u>\$ 174,231</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 III

2007	2008	2009	2010
\$ 50,630	\$ 53,905	\$ 51,847	\$ 49,983
4,293	4,532	3,052	3,607
31,446	33,104	33,352	35,005
11,965	13,424	14,869	14,915
98,334	104,965	103,120	103,510
2,662	4,940	2,923	2,880
<u>\$ 100,996</u>	<u>\$ 109,905</u>	<u>\$ 106,043</u>	<u>\$ 106,390</u>
\$ 2,076	\$ 7,443	\$ 15,709	\$ 7,961
2,630	3,707	3,435	3,308
33	49	30	75
12,126	12,579	12,061	11,968
45,225	52,513	58,623	67,602
62,090	76,291	89,858	90,914
<u>\$ 62,090</u>	<u>\$ 76,291</u>	<u>\$ 89,858</u>	<u>\$ 90,914</u>
\$ 2,074	\$ 136	\$ 1,326	\$ 302
237	61	61	195
4,744	6,597	2,001	173
457	7	4	477
		205	419
7,512	6,740	3,597	1,566
<u>\$ 7,512</u>	<u>\$ 6,740</u>	<u>\$ 3,597</u>	<u>\$ 1,566</u>
\$ 54,780	\$ 61,348	\$ 68,882	\$ 58,246
7,160	8,375	6,548	7,110
4,777	6,646	2,031	248
43,572	45,683	45,417	47,450
57,190	65,937	73,697	82,936
167,479	187,989	196,575	195,990
2,662	4,940	2,923	2,880
<u>\$ 170,141</u>	<u>\$ 192,929</u>	<u>\$ 199,498</u>	<u>\$ 198,870</u>

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

	FISCAL YEAR				
	2001	2002 (1)	2003	2004	2005
General Fund					
Reserved:					
For encumbrances	\$ 2,178	\$ 1,306	\$ 1,675	\$ 2,012	\$ 1,604
For supplies and prepaid items	484	700	814	732	825
For long-term receivable	8,880	8,880	8,880	7,605	7,120
Unreserved	24,654	35,436	22,917	31,231	38,201
Total General fund	\$ 36,196	\$ 46,322	\$ 34,286	\$ 41,580	\$ 47,750
All Other Governmental Funds					
Reserved:					
For debt service	\$ 568	\$ 1,066	\$ 1,564	\$ 1,621	\$ 2,092
For capital projects	14,522	37,798	39,431	36,507	31,107
For encumbrances	11,183	6,713	4,944	15,474	10,903
For supplies and prepaid items	556	735	732	977	1,011
For long-term receivable			2,694	2,499	2,299
Unreserved, reported in:					
Special revenue funds	15,312	21,066	21,704	23,084	20,148
Total all other governmental funds	\$ 42,141	\$ 67,378	\$ 71,069	\$ 80,162	\$ 67,560

(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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,667	\$ 1,549	\$ 2,995	\$ 2,743	\$ 3,401
794	865	761	800	878
6,630	6,115	5,570	4,995	4,390
41,708	44,975	38,347	39,802	56,306
<u>\$ 52,799</u>	<u>\$ 53,504</u>	<u>\$ 47,673</u>	<u>\$ 48,340</u>	<u>\$ 64,975</u>
\$ 1,739	\$ 1,020	\$ 492	\$ 895	\$ 1,611
120,068	159,179	243,413	238,905	178,068
7,191	19,482	47,394	41,657	129,155
819	1,289	825	1,073	961
2,099	2,099	2,099	2,099	2,099
25,584	31,261	27,761	23,774	28,072
<u>\$ 157,500</u>	<u>\$ 214,330</u>	<u>\$ 321,984</u>	<u>\$ 308,403</u>	<u>\$ 339,966</u>

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

	FISCAL YEAR				
	2001	2002 (1)	2003	2004	2005
Revenues:					
Taxes	\$ 179,646	\$ 199,797	\$ 215,337	\$ 230,833	\$ 244,560
Licenses and permits	584	749	597	627	588
Fees of office	48,335	54,006	57,171	58,980	60,529
Intergovernmental	12,372	77,271	78,308	76,853	72,274
Investment income	6,695	3,630	2,755	2,315	5,265
Other revenues	9,427	14,699	13,435	14,871	15,081
Total revenues	257,059	350,152	367,603	384,479	398,297
Expenditures:					
Current:					
General government	38,101	50,049	58,761	73,018	73,783
Buildings	10,935				
Public safety	78,790	97,936	106,954	78,098	81,721
Transportation support	16,319	17,233	18,890	18,387	23,583
Judicial	61,760	75,983	79,229	109,903	111,827
Community services	5,195	55,874	58,868	53,481	51,787
Capital outlay	17,169	63,509	34,533	52,199	46,873
Debt service:					
Principal payments	23,865	24,495	22,215	22,090	19,970
Interest and fiscal charges	6,028	5,482	7,593	6,840	7,275
Bond issuance costs					163
Total expenditures	258,162	390,561	387,043	414,016	416,982
Excess (deficiency) of revenues over (under) expenditures	(1,103)	(40,409)	(19,440)	(29,537)	(18,685)
Other Financing Sources (Uses):					
Transfers in	4,346	12,701	22,811	8,231	19,066
Transfers out	(5,743)	(12,325)	(23,716)	(8,165)	(18,998)
Issuance of debt	12,000	71,915	12,000	59,550	12,045
Premium on new debt				1,433	1,675
Discount on new debt					
Refunding bonds issued		19,531			39,870
Premium on refunding bonds					
Discount on refunding bonds					
Payment to refunded bond escrow agent		(19,383)		(15,125)	(41,405)
Total other financing sources (uses)	10,603	72,439	11,095	45,924	12,253
Change in fund balance	\$ 9,500	\$ 32,030	\$ (8,345)	\$ 16,387	\$ (6,432)
Debt Service as a percentage of noncapital expenditures	12.3%	9.0%	8.4%	7.9%	7.3%

(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

2006	2007	2008	2009	2010
\$ 260,357	\$ 283,255	\$ 299,894	\$ 320,593	\$ 327,003
723	804	793	903	1,159
67,853	72,136	74,607	70,615	66,743
85,597	83,485	100,006	117,658	119,163
9,368	15,834	12,287	8,937	2,090
13,101	16,677	17,567	17,407	17,288
436,999	472,191	505,154	536,113	533,446
81,601	85,970	98,866	111,307	105,412
88,307	96,449	102,676	105,151	107,190
24,194	22,210	29,376	28,734	21,313
116,480	122,612	132,500	138,962	140,845
58,398	58,740	66,138	73,164	83,369
38,782	48,385	49,077	52,908	53,037
20,825	23,795	25,905	24,285	21,185
6,430	9,368	11,469	15,048	15,207
				254
435,017	467,529	516,007	549,559	547,812
1,982	4,662	(10,853)	(13,446)	(14,366)
24,339	34,078	42,951	35,194	23,305
(24,664)	(35,087)	(42,606)	(34,662)	(23,009)
89,990	52,510	107,480		55,315
3,342	1,372	5,422		7,196
		(571)		(300)
				14,730
				2,363
				(78)
				(16,958)
93,007	52,873	112,676	532	62,564
\$ 94,989	\$ 57,535	\$ 101,823	\$ (12,914)	\$ 48,198
6.6%	7.6%	7.7%	7.6%	7.1%

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	
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
2010	0.234823	0.029177	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	\$	0.020000	\$	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
	0.137670		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)
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
2010	126,395,312	26,776,981	26,927,226	126,245,067	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					
	2010			2001		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 912,586	1	0.72%			
Devon Energy Food Co	594,290	2	0.47			
Bell Helicopter Textron	493,924	3	0.39			
Chesapeake Operating	459,642	4	0.36			
Walmart Real Estate Bus Trust	404,645	5	0.32			
Southwestern Bell	394,308	6	0.31	\$ 488,998	3	0.74%
American Airlines /Amr Egle Hol	366,801	7	0.29	925,619	1	1.40
Encana Oil Gas (USA) Inc	297,235	8	0.24			
XTO Energy Inc	289,615	9	0.23			
Opryland Hotel	256,104	10	0.20			
Texas Utilities Electric				824,302	2	1.25
Albertson, Inc.				268,250	4	0.41
Textron, Inc.				188,706	5	0.29
Delta Airlines, Inc.				185,939	6	0.28
Grapevine Mills Ltd. Partnership				163,342	7	0.25
Alcon Laboratories Inc.				156,162	8	0.24
Maguire Thomas Partners				151,272	9	0.23
AT&T Wireless Services				146,075	10	0.22
	<u>\$ 4,469,150</u>		<u>3.54%</u>	<u>\$ 3,498,665</u>		<u>5.29%</u>

Source: Tarrant Appraisal District

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

Fiscal Year Ended September 30	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2001	\$ 180,346	\$ 45	\$ 180,391	\$ 176,844	98.06%	\$ 2,987
2002	200,753	(112)	200,641	196,253	97.76%	3,590
2003	215,766	(193)	215,573	211,528	98.04%	3,374
2004	231,628	(46)	231,582	227,468	98.20%	3,399
2005	244,160	(384)	243,776	239,933	98.27%	3,110
2006	261,955	(369)	261,586	257,648	98.36%	3,182
2007	285,433	(774)	284,659	280,951	98.43%	2,856
2008	303,624	(266)	303,358	299,681	98.70%	2,556
2009	325,929	(332)	325,597	321,181	98.54%	2,550
2010	333,272	-	333,272	328,774	98.65%	-

Source: Tarrant County Tax Office and Tarrant Appraisal District

Total Collections		
Amount		Percentage of Levy
\$ 179,831		99.69%
199,843		99.60%
214,902		99.69%
230,867		99.69%
243,043		99.70%
260,830		99.71%
283,807		99.70%
302,237		99.63%
323,731		99.43%
328,774		98.65%

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>
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	194.64
2009	245,185		64,460		12,565	322,210	0.47 (2)	178.24
2010	219,225		130,315		5,930	355,470	0.51 (2)	196.50

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 2008



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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Taxable Tax Notes</u>	<u>Non-Taxable Tax Notes</u>	<u>Total Primary Government</u>	<u>Less: Amount Available In Debt Service Fund</u>	<u>Total</u>
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
2010	219,225		130,315		5,930	355,470	1,611	353,859

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>
0.17%	\$ 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
0.28%	195.61

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2010
(Unaudited)
(Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/15/2010</u>
Debt repaid with property taxes:			
Special Districts:			
Tarrant County College District	\$ 36,495	100.00%	\$ 36,495
County Line Special District:			
Trophy Club Municipal Utility District #1	10,010	0.53%	53
Cities:			
Arlington	349,635	100.00%	349,635
Bedford	54,440	100.00%	54,440
Benbrook	12,955	100.00%	12,955
Colleyville	19,150	100.00%	19,150
Crowley	27,000	100.00%	27,000
Dalworthington Gardens	1,555	100.00%	1,555
Eules	45,825	100.00%	45,825
Everman	2,353	100.00%	2,353
Forest Hill	11,510	100.00%	11,510
Fort Worth	643,420	99.69%	641,425
Haltom City	47,055	100.00%	47,055
Haslet	6,170	100.00%	6,170
Hurst	60,715	100.00%	60,715
Keller	107,870	100.00%	107,870
Kennedale	15,745	100.00%	15,745
Lake Worth	22,850	100.00%	22,850
North Richland Hills	93,140	100.00%	93,140
Pantego	800	100.00%	800
Richland Hills	7,765	100.00%	7,765
Saginaw	22,310	100.00%	22,310
Watauga	18,100	100.00%	18,100
Westlake	20,185	97.87%	19,755
Westover Hills	130	100.00%	130
White Settlement	17,375	100.00%	17,375
County Line Cities:			
Azle	8,595	78.94%	6,785
Burlleson	101,038	9.26%	9,356
Grand Prairie	262,744	45.24%	118,865
Grapevine	135,045	99.64%	134,559
Mansfield	99,450	77.52%	77,094
Southlake	146,000	99.16%	144,774

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 7/15/2010</u>
School Districts:			
Arlington Independent School District	\$ 450,540	100.00%	\$ 450,540
Birdville Independent School District	237,995	100.00%	237,995
Carroll Independent School District	195,615	100.00%	195,615
Castleberry Independent School District	17,345	100.00%	17,345
Eagle Mountain Saginaw Independent School District	455,228	100.00%	455,228
Everman Independent School District	60,750	100.00%	60,750
Fort Worth Independent School District	675,815	100.00%	675,815
Hurst Euleess Bedford Independent School District	207,857	100.00%	207,857
Keller Independent School District	735,019	100.00%	735,019
Kennedale Independent School District	49,245	100.00%	49,245
Lake Worth Independent School District	77,763	100.00%	77,763
White Settlement Independent School District	180,294	100.00%	180,294
County Line School Districts:			
Aledo Independent School District	149,180	3.49%	5,206
Azle Independent School District	8,765	63.04%	5,525
Burleson Independent School District	294,804	25.81%	76,089
Crowley Independent School District	26,080	96.15%	25,076
Godley Independent School District	35,038	9.52%	3,336
Grapevine Colleyville Independent School District	274,156	98.99%	271,387
Mansfield Independent School District	673,715	82.26%	554,198
Northwest Independent School District	509,439	22.46%	114,420
Sub-total Overlapping Debt			<u>6,532,312</u>
Tarrant County (direct debt)	301,025	100.00%	301,025
Tarrant County Hospital District (direct debt)	28,000	100.00%	28,000
Total Direct and Overlapping Debt			<u>\$ 6,861,337</u>

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

	FISCAL YEAR				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit	\$ 3,305,004	\$ 3,652,910	\$ 3,652,910	\$ 4,250,055	\$ 4,480,000
Total net debt applicable to limit	<u>114,872</u>	<u>162,349</u>	<u>151,636</u>	<u>173,994</u>	<u>164,948</u>
Legal debt margin	<u>\$ 3,190,132</u>	<u>\$ 3,490,561</u>	<u>\$ 3,501,274</u>	<u>\$ 4,076,061</u>	<u>\$ 4,315,052</u>
Total net debt applicable to the limit as a percentage of debit limit	3.48%	4.44%	4.15%	4.09%	3.68%

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

TABLE XIII

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 4,806,514	\$ 5,256,788	\$ 5,696,507	\$ 6,172,896	\$ 6,312,253
<u>234,466</u>	<u>263,900</u>	<u>346,003</u>	<u>321,315</u>	<u>353,859</u>
<u>\$ 4,572,048</u>	<u>\$ 4,992,888</u>	<u>\$ 5,350,504</u>	<u>\$ 5,851,581</u>	<u>\$ 5,958,394</u>
4.88%	5.02%	6.07%	5.21%	5.61%

Legal Debt Margin Calculation (1) for Fiscal Year 2010

Assessed value	\$ 126,245,067
Debt Limit (5% of total assessed value)	6,312,253
Debt applicable to limit:	
Total General Bonded debt	355,470
Less: Amount available in Debt Service Fund	<u>(1,611)</u>
Total net debt applicable to limit	<u>353,859</u>
Legal debt margin	<u>\$ 5,958,394</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)
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	69,279,878	38,918	5.1	323,703
2009	1,807,750	N/A	N/A	8.2	323,703
2010	1,809,034	N/A	N/A	7.9	336,266

Data Sources:

- (1) United States Census Bureau
- (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>2010 (1)</u>			<u>2001 (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	20,684	1	2.45%	28,492	1	3.20%
Texas Health Resources	18,672	2	2.22	8,800	4	0.99
Lockheed Martin Aeronautics Company	14,902	3	1.77	11,400	3	1.28
Fort Worth Independent School District	11,000	4	1.31	12,513	2	1.41
Arlington Independent School District	8,500	5	1.01	6,723	5	0.76
Bell Helicopter-Textron	6,500	6	0.77	6,000	6	0.67
City of Fort Worth	6,289	7	0.75	5,480	7	0.62
University of Texas at Arlington	5,811	8	0.69			
JPS Health Network	5,072	9	0.60			
Tarrant County College	4,333	10	0.51			
Radio Shack Corp.				4,295	8	0.48
Tarrant County				4,196	9	0.47
Texas Health Harris Methodist Ft. Worth				3,728	10	0.42

Data Sources:

(1) Dallas Business Journal and Texas Workforce Commission

(2) Fort Worth Business Press, individual firms, Fort Worth Chamber of Commerce, and Texas Workforce Commission

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

Function	FISCAL YEAR				
	2001	2002	2003 (1)	2004	2005
Governmental activities:					
General government	579	603	696	646	660
Public safety	1,608	1,719	1,327	1,359	1,343
Transportation	209	215	195	195	195
Judicial	921	962	1,290	1,239	1,247
Community services	489	554	489	446	446
Business-type activities					
Resource Connection	21	23	21	20	20
Total full-time equivalent employees	<u>3,827</u>	<u>4,076</u>	<u>4,018</u>	<u>3,905</u>	<u>3,911</u>

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

Source: Tarrant County Budget Office

TABLE XVI

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
661	681	701	735	734
1,372	1,439	1,441	1,440	1,409
197	199	199	203	203
1,255	1,289	1,314	1,330	1,343
444	442	477	483	509
<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>13</u>
<u>3,947</u>	<u>4,068</u>	<u>4,150</u>	<u>4,209</u>	<u>4,211</u>

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

FUNCTION	FISCAL YEAR			
	2001	2002	2003	2004
District Clerk				
Civil court cases filed	5,234	5,929	7,268	6,012
Criminal court cases filed	12,445	13,571	15,215	16,371
Family court cases filed (Attorney General cases)	6,774	7,960	7,874	8,407
Family court cases filed (Non-Attorney General cases)	15,392	15,138	14,992	14,933
Juvenile court cases filed	3,543	3,514	3,312	3,577
Tax foreclosure cases filed	2,201	2,504	3,177	3,460
Passport applications accepted	4,898	7,619	7,365	9,406
County Clerk				
County court at law cases filed	6,370	6,964	6,912	7,780
Mental health cases filed	1,059	1,268	1,312	1,436
Probate cases filed	3,715	3,913	3,648	3,896
Birth certificates issued	11,756	13,045	13,343	13,824
Marriage licenses issued	14,655	14,265	13,702	14,141
Justice of the Peace (all precincts)				
Traffic cases	18,066	15,788	14,384	14,808
Non-traffic cases	8,711	7,063	5,906	6,144
Small claims cases	3,409	3,591	3,543	3,591
Forcible entry & detainer cases	15,648	16,805	18,580	19,833
Other	3,175	3,370	3,918	3,499
Sheriff				
Prisoner bed days in county jail	1,081,740	1,057,109	1,219,881	1,271,394
Public Health (1)				
Chronic disease prevention, average monthly caseload				554
Notifiable diseases reported				3,264
Food establishment inspections				4,763
Sexually transmitted disease clinic visits				7,169
Milk and dairy tests				19,603
Tuberculosis DOT/DOPT doses administered				20,573
Women, infants & children visits and immunizations				581,051
Tax Assessor/Collector				
Tax accounts collected	570,929	585,090	602,094	621,693
Contracts with entities for tax collection	50	51	52	52
Transportation				
Miles of roads maintained in un-incorporated areas (2)			378	374
Inter-local contracts executed/performed (1)				59
Square yards of right of way (2)			12,288,910	12,180,657
Human Services				
Rent vouchers issued	2,842	2,846	2,877	2,580
Utility vouchers issued	4,557	5,282	7,229	8,670
Food/hygiene vouchers issued	3,472	3,666	3,607	3,729

(1) Information not available prior to 2004

(2) Information not available prior to 2003

Source: Various County departments

TABLE XVII

2005	2006	2007	2008	2009	2010
6,427	6,678	6,363	6,491	7,906	7,437
16,529	16,290	18,705	17,371	17,013	15,674
10,822	11,526	12,525	15,024	12,551	12,776
14,137	14,332	14,530	15,468	15,219	15,478
3,521	3,163	3,156	2,950	2,717	2,431
2,521	3,435	4,179	4,174	4,001	3,906
9,690	12,005	18,625	17,194	13,932	13,510
9,083	10,013	11,001	9,593	9,480	9,468
1,585	1,922	2,226	2,192	2,599	2,653
3,772	3,721	3,788	3,887	3,672	3,988
15,036	15,881	17,169	15,740	40,771	44,266
13,601	14,015	14,196	13,396	12,708	13,533
17,123	10,762	11,791	11,809	8,883	8,616
7,451	7,541	7,917	8,353	8,235	6,691
3,354	3,229	3,159	3,539	3,693	3,242
21,492	23,886	25,109	25,999	26,656	28,445
4,028	5,613	6,569	13,023	10,107	9,831
1,232,776	1,248,639	1,260,588	1,264,725	1,231,751	1,179,111
543	464	492	544	1,710	1,590
3,477	3,841	5,405	5,990	5,091	4,319
5,157	5,249	5,430	4,706	5,435	5,661
7,442	7,343	7,190	8,226	7,289	6,638
20,673	24,184	25,834	23,218	21,671	20,649
21,417	22,047	23,222	21,688	17,645	18,342
606,976	612,968	624,493	673,445	685,010	741,208
641,074	659,911	659,911	676,757	706,300	763,957
52	52	53	53	54	54
451	394	405	423	422	417
80	53	61	67	70	66
12,604,433	13,186,763	13,779,805	14,441,830	14,422,252	14,392,994
2,044	1,659	1,445	1,541	1,676	1,398
14,016	14,262	12,758	11,565	10,571	10,763
3,291	2,267	2,399	1,790	2,199	1,836

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

	FISCAL YEAR			
	2001	2002	2003	2004
General Government				
Number of buildings				
Subcourthouses	8	8	8	8
Courts buildings	5	5	5	5
Other	12	15	15	16
Building square footage	1,796,173	2,604,082	2,604,082	2,606,082
Subcourthouses	245,111	245,111	245,111	245,111
Courts buildings	922,352	922,352	922,352	922,352
Other	628,710	1,436,619	1,436,619	1,438,619
Public Safety				
Number of jails	4	4	4	4
Building square footage	906,204	906,204	906,204	906,204
Number of patrol vehicles	94	81	82	85
Transportation (1)				
Miles of roads in un-incorporated areas			378	374
Square yards of right of way			12,288,910	12,180,657
Number of heavy equipment			166	201
Number of vehicles			461	466
Judicial				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
Community Services				
Public Health vehicles	30	30	30	33
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 2003

Source: Tarrant County Facilities Office

TABLE XVIII

2005	2006	2007	2008	2009	2010
8	8	8	9	9	9
6	6	6	6	6	6
18	18	17	17	16	16
2,864,019	2,915,381	2,903,068	2,976,068	2,937,619	2,955,001
245,111	245,111	245,111	318,111	318,111	317,962
1,180,289	1,180,289	1,180,289	1,180,289	1,180,289	1,179,968
1,438,619	1,489,981	1,477,668	1,477,668	1,439,219	1,457,071
4	4	4	4	4	4
906,204	906,204	907,736	907,736	907,736	907,823
88	93	98	97	98	102
451	394	405	423	422	417
12,604,433	13,186,763	13,779,805	14,441,830	14,422,252	14,392,994
210	220	245	247	254	250
463	492	445	450	506	461
124,770	124,770	124,770	124,770	124,770	124,770
35	36	37	37	38	41
15	15	15	15	15	15
348,464	348,464	348,464	348,464	348,464	348,464

