



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

TARRANT COUNTY, TEXAS

TARRANT COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2018



Prepared By

County Auditor's Office

S. Renee Tidwell, CPA

County Auditor

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INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT, TARRANT COUNTY, TEXAS



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CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
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March 28, 2019

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, 2018 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 representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Deloitte & Touche LLP, independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the County

Tarrant County is a political subdivision of the State of Texas and was organized in 1849. The County is an urban county located in the north central part of Texas. Fort Worth serves as the county seat to a county population of approximately 2,057,926 citizens. It is one of the fastest growing urban counties in the United States today.

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

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

The annual budget serves as the foundation for the County's financial planning and control. Departmental annual budget requests are submitted to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1. The County Auditor prepares an estimate of available resources for the upcoming fiscal year. The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. Public hearings are held on the proposed budget. The Commissioners Court must adopt an annual operating budget by a majority vote before September 30. The legal level of budgetary control is at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons at the department level are presented on pages 90-93 as part of the required supplementary information. The other budget comparisons at the department level are presented on pages 110-118 as part of budgetary compliance. A separate budget report detailed at the legal level of control is available upon request.

Local Economy

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

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

Major factors of this continued stability include:

AllianceTexas: AllianceTexas is a 26,000-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 more than 480 companies, and 48,000 employees. Located within AllianceTexas is: BNSF Railway, FedEx, UPS Ground Hub, Deloitte, Fidelity Investments, TD Ameritrade, Mercedes-Benz, AT&T, DynCorp International, Facebook, Amazon, Hillwood Properties, Carolina Beverage, Walmart.com, and others.

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

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

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

NGC Renewables: a North American subsidiary of a Chinese wind turbine equipment manufacturer, has constructed a 120,000 square foot manufacturing facility in the Alliance development.

Meacham International Airport: Meacham Airport recently opened their newly renovated 85,000 square-foot administration building in Fort Worth. Located within the newly renovated building will be the city's aviation department, other city department staff including Code Compliance and Planning and Development, and other airport tenants including American Aero FTW. Meacham officials estimate that the airport's economic activity exceeds \$200 million annually.

GM Arlington: GM has recently announced plans to open a new supplier park to support vehicle production at its Arlington assembly. The new supplier park will consist of two warehouse buildings comprising more than 1.2 million square feet and will bring more than 850 new jobs to Arlington, Texas.

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

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

Dickies Arena: the City of Fort Worth is building a \$450 million multi-purpose arena to house the Fort Worth Stock Show and Rodeo as well as concerts and other performances in the city's museum district. The City's funding will be capped at \$225 million, the remaining funds will come from private sector participants. Opening in November 2019.

American Airlines: American Airlines is developing a new 1.8 million square-foot headquarters campus in Fort Worth scheduled to open in 2019. The construction is expected to cost at least \$350 million, and the new facility will house over 7,000 employees.

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

TCU-UNTHSC: Texas Christian University and the University of North Texas Health Science Center is joining forces to open a new medical school. They expect to accept the first class in July 2019.

Lockheed Martin: Lockheed designs and produces the F-35 Lightning II. Three variants of this fighter jet will replace legacy fighters for the U.S. Air Force, Navy, and Marine Corp, and 11 other countries around the world. Lockheed Martin provides 15,200 jobs for Tarrant County.

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

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

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

Other major businesses: Other major businesses recently locating to or expanding in Tarrant County include National Presort, Inc., Baylor All Saints Medical Center, Tarrant County College District, Legoland Discovery Center, Topgolf, Galderma, Walmart, Frost Bank, and Novartis.

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 2018 totaled \$0.244 with \$0.022081 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 the bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

Major Initiatives

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. To date, the County has issued \$418,120,000 of bonds for these purposes. There will not be any more bonds issued for the 2006 bond election.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting for the County’s comprehensive annual financial report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,



S. Renee Howell, CPA
County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Tarrant County
Texas

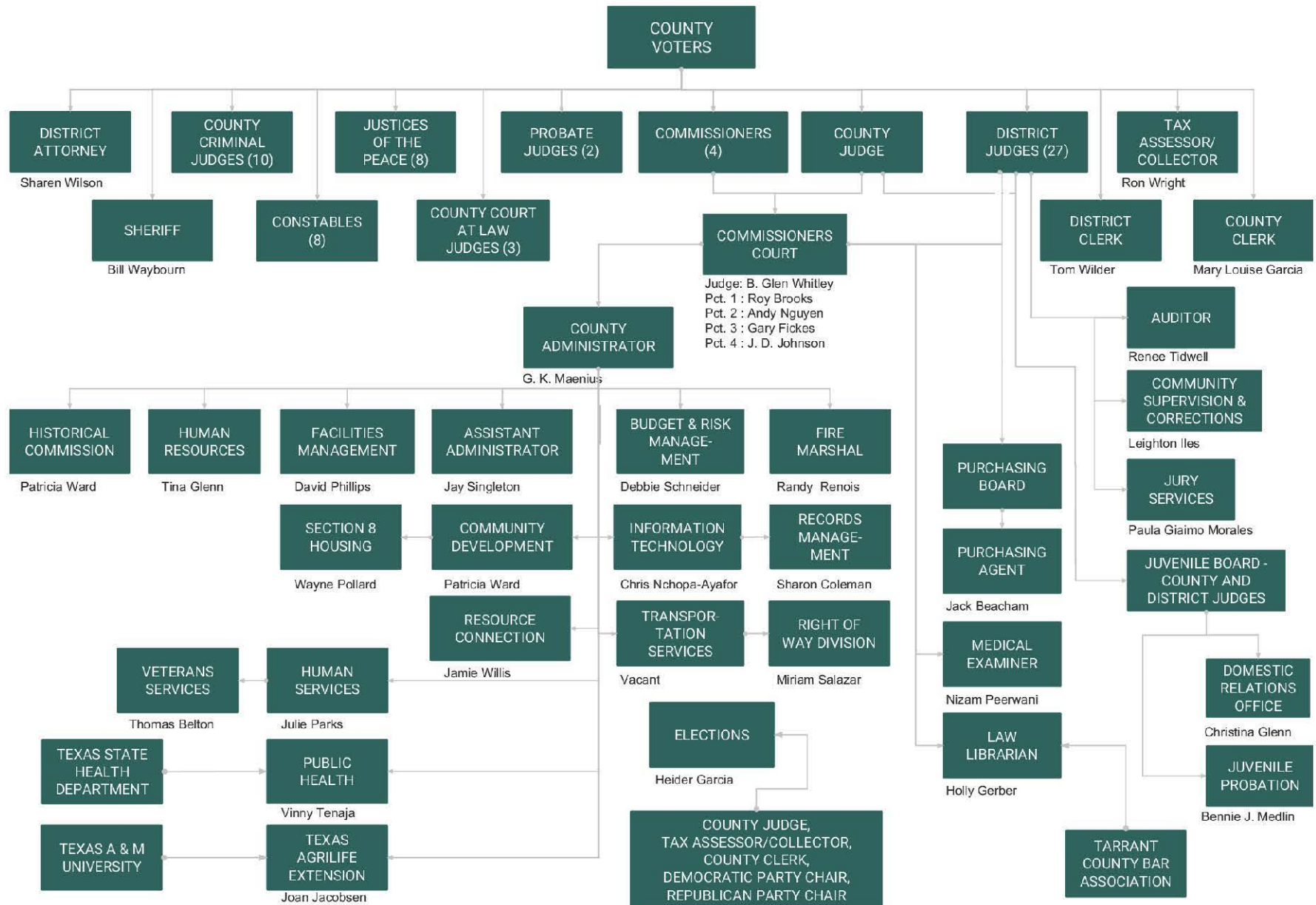
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

TARRANT COUNTY ORGANIZATION



PRINCIPAL OFFICIALSCommissioners Court:

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

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

Board of District Judges:

Elizabeth H. Beach
 Wayne Salvant
 Robb Catalano
 Mike Thomas
 Melody Wilkinson
 David Evans
 Don Cosby
 R. H. Wallace, Jr.
 John P. Chupp
 Susan McCoy
 Louis Sturns
 Jesus Nevarez, Jr.
 William Harris
 Tom Lowe
 David C. Hagerman
 Nancy Berger
 Timothy Menikos
 Jerome S. Hennigan
 Judith Wells
 Kimberly Fitzpatrick
 Mike Wallach
 Josh Burgess
 Patricia Baca Bennett
 Mollee Westfall
 Scott Wisch
 George Gallagher
 Ruben Gonzalez

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

County Judges:

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

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

PRINCIPAL OFFICIALS

County Judges: (continued)

Ralph Swearingin, Jr.
Mary Tom Curnutt
Bill Brandt
Jacquelyn Wright
Sergio L. DeLeon
Gary Ritchie
Matt Hayes
Lisa R. Woodard

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

Law Enforcement:

Bill Waybourn
Sharen Wilson
Bennie J. Medlin*
Leighton Iles*
Harry D. Clark III
David Woodruff
Darrell Huffman
Joe D. Johnson
Ruben Garcia, Jr.
Jon Siegel
Clint Burgess
Michael R. Campbell
Christina Glenn*

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

Administrative Officials:

G.K. Maenius*
S. Renee Tidwell*
Ron Wright
Jack Beacham*
Debbie Schneider*
Christopher Nchopa-Ayafor*

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

Recording Officials:

Mary Louise Garcia
Tom Wilder

County Clerk
District Clerk

*Appointed officials. All others listed are elected officials.

FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT, **TARRANT COUNTY, TEXAS**



INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge and Commissioners Court
Tarrant County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the County restated its beginning net position as of October 1, 2017, to reflect the impact of the implementation of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedules—General Fund and Road and Bridge Fund, the Schedule of County Pension Contributions, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Changes in OPEB Liability and Related Ratios, the Schedule of Changes in Net Pension Liability and Related Ratios—TCHD, and the Schedule of Pension Contributions—TCHD, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Deloitte & Touche LLP

March 27, 2019

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, 2018. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section.

Financial Highlights

- Revenues exceed expenses for the current fiscal year for an increase of net position of \$3,817,000. However, due to the restatement of beginning net position from the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, liabilities and deferred inflows of the County exceed the assets and deferred outflows at the close of the most recent fiscal year for a negative net position of \$25,239,000.
- Total net position of the County is comprised of the following:
 1. Net investment in capital assets of \$355,808,000 includes land, buildings, computer software, infrastructure, construction in progress and other capital assets, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent bond proceeds, related to the purchase or construction of capital assets.
 2. Net position of \$31,287,000 is restricted by constraints imposed from outside the County, such as debt obligations, laws, regulations, contractual or donor imposed constraints.
 3. Unrestricted net position of a negative \$412,334,000, primarily due to the pension and other postemployment benefit liabilities.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$304,361,000, a decrease of \$10,477,000 in comparison with the prior year. Approximately 16 percent of this total amount, \$49,505,000, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$51,478,000, or approximately 12 percent of total general fund expenditures.
- The County's bonded debt decreased by \$27,295,000 (approximately 8 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 15-18 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tarrant County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

The basic governmental fund financial statements can be found on pages 19-24 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 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 29-88 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes budget to actual schedules for general fund and road and bridge fund. Also included are schedules regarding the funding, contributions and unfunded liabilities of pension and other postemployment benefits to employees. Required supplementary information can be found on pages 90-101 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, liabilities and deferred inflows exceeds assets and deferred outflows by \$25,239,000 at the close of the most recent fiscal year.

A large portion of the County's net position, \$355,808,000, reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding, excluding unspent proceeds. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another balance of net position represents resources that are subject to external restriction on how they may be used. Restricted net position include \$17,137,000 for records management, \$4,042,000 for contractual or donor imposed restrictions, and \$10,108,000 for other purposes. The remaining portion of the net position is unrestricted net position, which is a negative \$412,334,000.

Tarrant County's Net Position

(Amounts in thousands)

	September 30, 2018			September 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 397,558	\$ 2,760	\$ 400,318	\$ 406,564	\$ 2,252	\$ 408,816
Capital assets	485,025	4,095	489,120	485,228	4,301	489,529
Total assets	882,583	6,855	889,438	891,792	6,553	898,345
Deferred outflows	61,747	168	61,915	125,470	364	125,834
Other liabilities	53,785	277	54,062	56,363	231	56,594
Long-term liabilities	856,392	1,633	858,025	940,243	1,289	941,532
Total liabilities	910,177	1,910	912,087	996,606	1,520	998,126
Deferred inflows	64,310	195	64,505	13,032	39	13,071
Net position:						
Net investment in						
capital assets	351,713	4,095	355,808	263,098	4,301	267,399
Restricted	31,287	-	31,287	56,753	-	56,753
Unrestricted	(413,157)	823	(412,334)	(312,227)	1,057	(311,170)
Total net position (deficit)	\$ (30,157)	\$ 4,918	\$ (25,239)	\$ 7,624	\$ 5,358	\$ 12,982

The County has a negative balance of net position for the government as a whole, as well as for its governmental activities. The negative unrestricted net position is a result of the required accounting and reporting for pension and other postemployment benefit liabilities and associated deferred inflow and outflows of resources. The net pension liability and OPEB liability of the governmental activities are \$272,952,000 and \$218,856,000, respectively. More information regarding contributions and net pension liability can be found in the required supplemental information on pages 96-98 .

The County's restated net position increased by \$3,817,000, during the current fiscal year. This increase represents the degree to which ongoing revenues have surpassed ongoing expenses. Revenues increased \$9,061,000 approximately 14 percent, related to increases in investment income and property taxes resulting from increased property values. Expenses decreased \$5,440,000, less than 1 percent.

Governmental activities. Governmental activities increased the County's net position by \$3,559,000, thereby accounting for the increase in the net position of the County. Revenue increased \$9,077,000 or approximately 1 percent from prior year and expenses decreased \$5,154,000 or less than 1 percent from prior year.

Business-type activities. Business-type activities net position increased \$258,000. Expenses decreased \$286,000 or approximately 8 percent from the prior year and current year revenues only decreased \$16,000 or less than 1 percent.

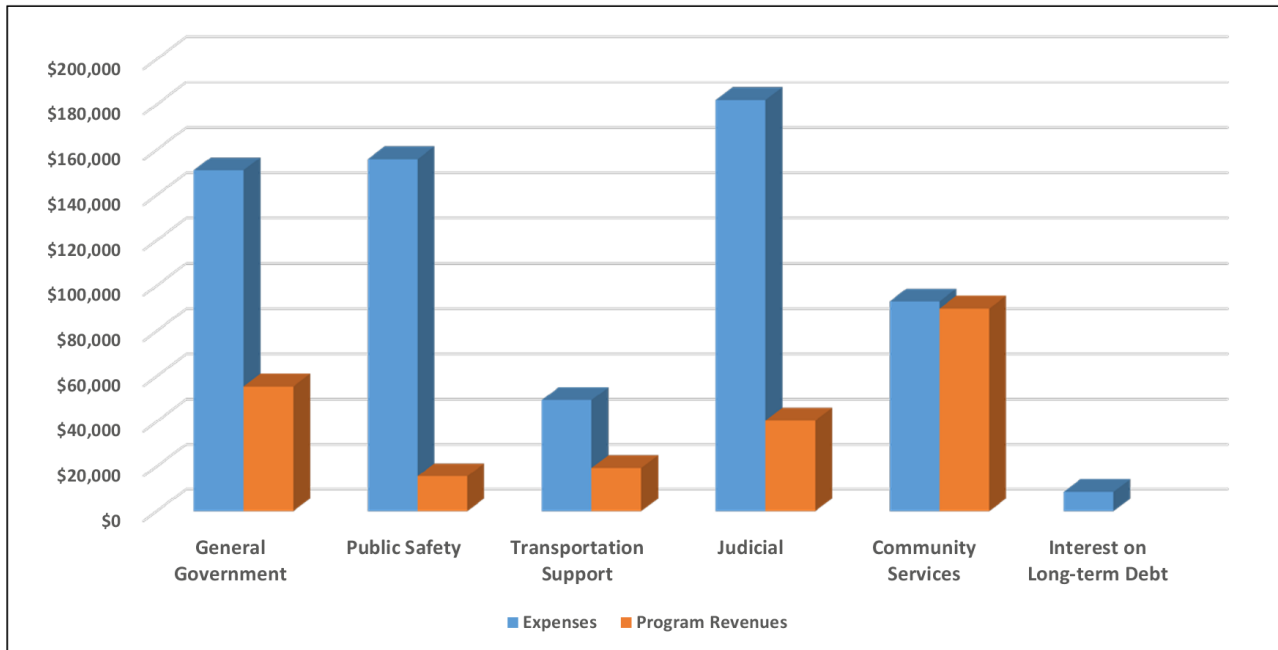
Tarrant County's Changes in Net Position

(Amounts in thousands)

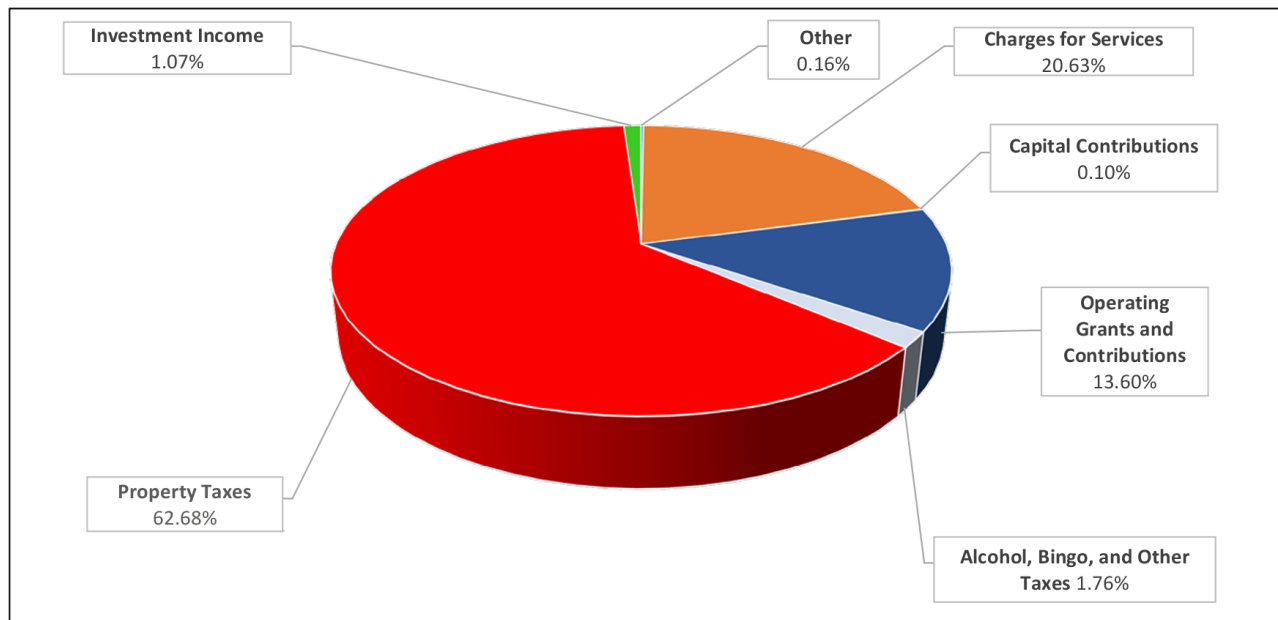
	For the year ended September 30, 2018			For the year ended September 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 132,839	\$ 3,284	\$ 136,123	\$ 131,310	\$ 3,284	\$ 134,594
Operating grants and contributions	87,599	-	87,599	99,132	-	99,132
Capital grants and contributions	642	-	642	3,579	-	3,579
General revenues:			-			-
Property taxes	403,618	-	403,618	384,555	-	384,555
Alcohol, bingo, and other taxes	11,321	-	11,321	10,943	-	10,943
Investment earnings	6,888	44	6,932	3,815	20	3,835
Other general revenue	1,037	140	1,177	1,533	180	1,713
Total revenues	<u>643,944</u>	<u>3,468</u>	<u>647,412</u>	<u>634,867</u>	<u>3,484</u>	<u>638,351</u>
Expenses:						
General government	151,006	-	151,006	157,056	-	157,056
Public safety	155,980	-	155,980	159,812	-	159,812
Transportation	49,564	-	49,564	36,952	-	36,952
Judicial	182,031	-	182,031	182,028	-	182,028
Community services	93,103	-	93,103	99,256	-	99,256
Interest and fiscal charges	8,701	-	8,701	10,435	-	10,435
Resource Connection	-	3,210	3,210	-	3,496	3,496
Total expenses	<u>640,385</u>	<u>3,210</u>	<u>643,595</u>	<u>645,539</u>	<u>3,496</u>	<u>649,035</u>
Increase (decrease) in net position	3,559	258	3,817	(10,672)	(12)	(10,684)
Net position-beginning, as previously stated	7,624	5,358	12,982	18,296	5,370	23,666
Restatement adjustment (Note 18)	(41,340)	(698)	(42,038)	-	-	-
Net position (deficit)-beginning, as restated	<u>(33,716)</u>	<u>4,660</u>	<u>(29,056)</u>	<u>18,296</u>	<u>5,370</u>	<u>23,666</u>
Net position (deficit)-ending	<u>\$ (30,157)</u>	<u>\$ 4,918</u>	<u>\$ (25,239)</u>	<u>\$ 7,624</u>	<u>\$ 5,358</u>	<u>\$ 12,982</u>

Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$304,361,000, a decrease of \$10,477,000. Approximately 16 percent of this total amount, \$49,505,000, constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because 1) \$6,141,000 is not in spendable form, 2) \$114,858,000 is restricted for a specific purpose externally imposed by bond covenants, grantors and contributors, or by enabling legislation, 3) \$103,087,000 has been committed by a formal action of the Commissioners Court for a specific purpose, and 4) \$30,770,000 has been assigned for a specific purpose, generally used to liquidate outstanding purchase orders, to fund next year's budget, and economic development.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$51,478,000, while total fund balance was \$81,535,000. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 12 percent of total general fund expenditures, while total fund balance represents approximately 19 percent of that same amount.

The fund balance of the County's general fund increased by \$1,296,000 during the current fiscal year. Revenues and expenditures along with operating transfers were closely matched for the year. Revenues increased about 5 percent from prior year mostly due to increased tax collections from increased property values as well as tax collection commissions. Expenditures increased about 4 percent, mostly due to increase in employee salaries and fringe benefits.

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 \$11,433,000 of which \$760,000 is in nonspendable form, the remainder is committed by the Commissioners Court. The fund balance increased \$1,487,000. Revenues increased \$634,000 or approximately 3% from the prior year, expenditures decreased \$1,176,000 or 4 percent since the prior year had a large transportation project. The operating transfer from the general fund was increased to offset the deficit between revenues and expenditures.

The debt service fund has a total fund balance of \$1,841,000, all of which is committed for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$328,000. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax, along with delinquent collections, produced revenues of \$37,337,000 in the current fiscal year. The County maintains a budgeted reserve of at least \$1,000,000 in this fund.

The capital projects fund has a total fund balance of \$145,440,000, all of which is either nonspendable, restricted or committed for the payment of capital projects. The net decrease in fund balance during the current year was \$22,872,000. The fund balance decreased due to payments for construction projects, software development, furniture, equipment, and transportation projects. Details of the bond projects are further described in the long-term debt section beginning on page 12.

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

Other governmental funds are for specific purposes and expenditures are closely aligned with revenues, however the fund balance increased by \$9,284,000. Records preservation and automation fund increased \$1,532,000 with revenues exceeding expenditures related to projects to enhance public access and to make records searchable and available online. Public health contract fund balance increased \$5,404,000 due to revenues exceeding expenditures related to Medicaid 1115 waiver. Miscellaneous contracts increased \$1,752,000, a majority of this increase due to contracts with pharmacies for 340B prescription rebates.

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

Total net position of the Resource Connection fund at the end of the year amounted to \$4,918,000. The total increase in net position for the fund was \$258,000. Expenses decreased \$286,000 or approximately 8 percent from the prior year and current year revenues only decreased \$16,000 or less than 1 percent.

General Fund Budgetary Highlights

There are no differences between the original budget and the final amended budget in total, however, transfers were made within and between departments. There were no large transfers, but many of the transfers were to transfer court costs amongst the numerous courts and the allocation of employee raises and pension costs to each department.

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

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$41,316,148, contingency of \$1,986,850 and undesignated balance of \$3,892,507.
- There was a large budget transfer from non-departmental to all other departments for additional pension contributions. Several departments' expenses were less than budgeted for district attorney's office, information technology, sheriff, and jail operations.
- Actual revenue was greater than budgeted revenue, this is to be expected as the budget includes a contingency of \$1,986,850. Besides property taxes, actual revenues exceeded budgeted revenue in the fees of office for the tax office commissions, county clerk for deeds of trust filings, and investment income, and liquor taxes.

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, 2018 amounted to \$489,120,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, computer software, roads and bridges and construction in progress. The total decrease in the County's investment in capital assets for the current fiscal year was \$409,000.

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

- Completed construction of the subcourthouse expansion
- Continued development of criminal justice software
- Started development of a jail management system

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

Tarrant County's Capital Assets
(Net of depreciation)
(Amounts in thousands)

	September 30, 2018			September 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 66,309	\$ 2,071	\$ 68,380	\$ 65,746	\$ 2,071	\$ 67,817
Buildings and improvements	315,938	1,065	317,003	315,642	1,233	316,875
Furnishings and equipment	22,573	169	22,742	23,851	132	23,983
Software	8,338	-	8,338	10,836	-	10,836
Infrastructure	50,682	790	51,472	51,198	865	52,063
Construction in progress	2,002	-	2,002	5,508	-	5,508
Software in development	19,183	-	19,183	12,447	-	12,447
Total	<u>\$ 485,025</u>	<u>\$ 4,095</u>	<u>\$ 489,120</u>	<u>\$ 485,228</u>	<u>\$ 4,301</u>	<u>\$ 489,529</u>

Long-term debt.

At the end of the current fiscal year, the County had total bonded debt outstanding of \$294,500,000. All of this debt represents bonds payable solely on future ad valorem tax revenue. The remainder of the County's long-term debt obligation is comprised of a capital lease with a balance of \$1,641,000.

Tarrant County's Outstanding Debt
(Amounts in thousands)

	Governmental Activities 2018	Governmental Activities 2017
General Obligation	\$ -	\$ 4,980
Limited Tax Refunding Bonds	294,500	316,815
Capital Lease	1,641	2,270
Total	<u>\$ 296,141</u>	<u>\$ 324,065</u>

The County's bonded debt decreased by \$27,295,000 or 9 percent during the current fiscal year.

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 all the debt for this purpose and has no plan for another proposition.

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 \$8,223,275,000, which is in excess of the County's outstanding obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

Tarrant County's economic condition remains positive.

- The unemployment rate for Tarrant County remained the same at 3.4 percent. The state's average unemployment rate decreased to 3.7 compared to the prior year of 4.0 percent. The national unemployment rate also decreased to 3.6 percent.
- Continued increase in the tax rolls in Tarrant County, due to both new construction and increase in values.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2019 fiscal year.

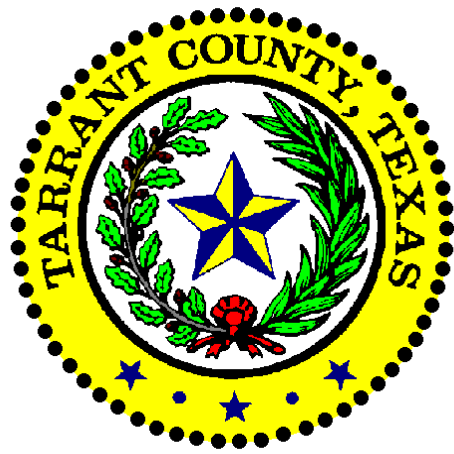
At September 30, 2018, the unassigned fund balance in the general fund was \$51,478,000. Total assigned fund balance, \$27,005,000, includes \$24,651,157 assigned for the purpose of spending in the 2019 fiscal year budget. This available fund balance enabled the County to lower the tax rate for the 2019 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 in 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

COMPREHENSIVE ANNUAL FINANCIAL REPORT, [TARRANT COUNTY, TEXAS](#)



STATEMENT OF NET POSITION

For the year ended September 30, 2018 (Amounts in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 343,462	\$ 2,993	\$ 346,455
Taxes receivable, net of allowance for uncollectibles	8,020	-	8,020
Other receivables, net of allowance for uncollectibles	39,392	111	39,503
Internal balances	349	(349)	-
Prepaid expenses and inventory	6,335	5	6,340
Other assets	-	-	-
Capital assets, net:			
Not subject to depreciation	87,494	2,071	89,565
Subject to depreciation	397,531	2,024	399,555
Total assets	882,583	6,855	889,438
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	50,209	144	50,353
Deferred OPEB outflows	7,454	24	7,478
Deferred charge on refunding	4,084	-	4,084
Total deferred outflows of resources	61,747	168	61,915
LIABILITIES			
Accounts payable	17,609	200	17,809
Accrued interest payable	1,907	-	1,907
Other liabilities	19,764	21	19,785
Unearned revenue	14,505	56	14,561
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	31,781	79	31,860
Capital lease	783	-	783
Bonds & notes payable	28,125	-	28,125
Other post employment benefit liability	7,454	24	7,478
Other noncurrent liabilities	3,529	-	3,529
Portion due or payable after one year:			
Compensated absences payable	13,719	33	13,752
Capital lease payable	858	-	858
Bonds and notes payable	279,871	-	279,871
Net pension liability	272,952	816	273,768
Other post employment benefit liability	211,402	681	212,083
Other noncurrent liabilities	5,918	-	5,918
Total liabilities	910,177	1,910	912,087
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	48,782	145	48,927
Deferred OPEB inflows	15,528	50	15,578
Total deferred inflows of resources	64,310	195	64,505
NET POSITION (DEFICIT)			
Net investment in capital assets	351,713	4,095	355,808
Restricted:			
Records management	17,137	-	17,137
Contractual or donor imposed	4,042	-	4,042
Other purposes	10,108	-	10,108
Unrestricted	(413,157)	823	(412,334)
Total net position (deficit)	\$ (30,157)	\$ 4,918	\$ (25,239)

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 556,113	\$ 38,517
5,097	-
118,535	18,057
-	-
27,787	1,150
496	-
70,988	4,724
192,969	22,738
<u>971,985</u>	<u>85,186</u>
24,713	-
-	-
-	-
<u>24,713</u>	<u>-</u>
48,754	5,298
-	-
57,496	8,423
-	230
-	310
-	857
3,140	-
-	-
7,152	-
-	2,872
-	1,663
33,518	-
1,951	-
-	-
7,243	-
<u>159,254</u>	<u>19,653</u>
14,805	-
-	-
<u>14,805</u>	<u>-</u>
225,944	24,942
-	-
1,849	-
315	786
594,531	39,805
<u>\$ 822,639</u>	<u>\$ 65,533</u>

See accompanying notes to the financial statements

STATEMENT OF ACTIVITIES

For the year ended September 30, 2018 (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	\$ 151,006	\$ 54,323	\$ 1,134	\$ 85
Public safety	155,980	10,995	4,659	38
Transportation support	49,564	18,830	31	519
Judicial	182,031	29,143	11,370	-
Community services	93,103	19,548	70,405	-
Interest and fiscal charges	8,701	-	-	-
Total governmental activities	640,385	132,839	87,599	642
Business-type:				
Resource Connection	3,210	3,284	-	-
Total primary government	\$ 643,595	\$ 136,123	\$ 87,599	\$ 642
Component units				
Tarrant County Hospital District	\$ 1,027,176	\$ 442,260	\$ 134,107	\$ -
MHMR of Tarrant County	144,803	43,567	110,367	-
	\$ 1,171,979	\$ 485,827	\$ 244,474	\$ -

General revenues:
 Property taxes
 Alcoholic beverage, bingo, and other taxes
 Unrestricted investment earnings
 Other general revenue
 Total general revenues

Change in net position

Net position-beginning, as previously stated
 Restatement adjustment (Note 18)
 Net position (deficit)-beginning, as restated
 Net position (deficit)-ending

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County	
\$ (95,464)	\$ -	\$ (95,464)	\$ -	\$ -	-
(140,288)	-	(140,288)	-	-	-
(30,184)	-	(30,184)	-	-	-
(141,518)	-	(141,518)	-	-	-
(3,150)	-	(3,150)	-	-	-
(8,701)	-	(8,701)	-	-	-
(419,305)	-	(419,305)	-	-	-
-	74	74	-	-	-
<u>\$ (419,305)</u>	<u>\$ 74</u>	<u>\$ (419,231)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
			\$ (450,809)	\$ -	-
			-	9,131	-
			<u>\$ (450,809)</u>	<u>\$ 9,131</u>	-
403,618	-	403,618	380,265	-	-
11,321	-	11,321	-	-	-
6,888	44	6,932	10,127	487	-
1,037	140	1,177	57,389	1,704	-
<u>422,864</u>	<u>184</u>	<u>423,048</u>	<u>447,781</u>	<u>2,191</u>	-
3,559	258	3,817	(3,028)	11,322	-
7,624	5,358	12,982	825,667	54,211	-
(41,340)	(698)	(42,038)	-	-	-
<u>(33,716)</u>	<u>4,660</u>	<u>(29,056)</u>	<u>825,667</u>	<u>54,211</u>	-
<u>\$ (30,157)</u>	<u>\$ 4,918</u>	<u>\$ (25,239)</u>	<u>\$ 822,639</u>	<u>\$ 65,533</u>	-

See accompanying notes to the financial statements

BALANCE SHEET GOVERNMENTAL FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	General	Road and Bridge	Debt Service	Capital Projects
ASSETS				
Cash, cash equivalents, and investments	\$ 77,712	\$ 11,517	\$ 1,761	\$ 149,556
Receivables				
Taxes, net of allowance for uncollectibles	7,194	7	819	-
Other receivables, net of allowance for uncollectibles	6,644	636	-	12
Due from other funds	14,925	-	-	-
Advance to proprietary fund	-	-	-	349
Supplies and prepaid items	2,666	760	-	673
TOTAL ASSETS	\$ 109,141	\$ 12,920	\$ 2,580	\$ 150,590
LIABILITIES				
Accounts payable	\$ 6,275	\$ 1,161	\$ -	\$ 5,147
Other liabilities	11,006	319	-	3
Due to other funds	-	-	-	-
Unearned revenue	3	-	-	-
Total liabilities	17,284	1,480	-	5,150
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	6,428	7	739	-
Unavailable revenue-other receivables	3,894	-	-	-
Total deferred inflows of resources	10,322	7	739	-
FUND BALANCES				
Nonspendable	2,666	760	-	673
Restricted	-	-	-	81,493
Committed	386	10,673	1,841	63,274
Assigned	27,005	-	-	-
Unassigned	51,478	-	-	-
Total fund balances	81,535	11,433	1,841	145,440
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 109,141	\$ 12,920	\$ 2,580	\$ 150,590

Grants	Other Governmental Funds	Total Governmental Funds
\$ 15,124	\$ 65,209	\$ 320,879
-	-	8,020
16,761	10,236	34,289
-	-	14,925
-	-	349
<u>1,973</u>	<u>69</u>	<u>6,141</u>
<u>\$ 33,858</u>	<u>\$ 75,514</u>	<u>\$ 384,603</u>
\$ 3,294	\$ 1,194	\$ 17,071
1,264	2,722	15,314
14,886	39	14,925
<u>14,414</u>	<u>-</u>	<u>14,417</u>
<u>33,858</u>	<u>3,955</u>	<u>61,727</u>
-	-	7,174
<u>-</u>	<u>7,447</u>	<u>11,341</u>
<u>-</u>	<u>7,447</u>	<u>18,515</u>
1,973	69	6,141
-	33,365	114,858
-	26,913	103,087
-	3,765	30,770
<u>(1,973)</u>	<u>-</u>	<u>49,505</u>
<u>-</u>	<u>64,112</u>	<u>304,361</u>
<u>\$ 33,858</u>	<u>\$ 75,514</u>	<u>\$ 384,603</u>

See accompanying notes to the financial statements

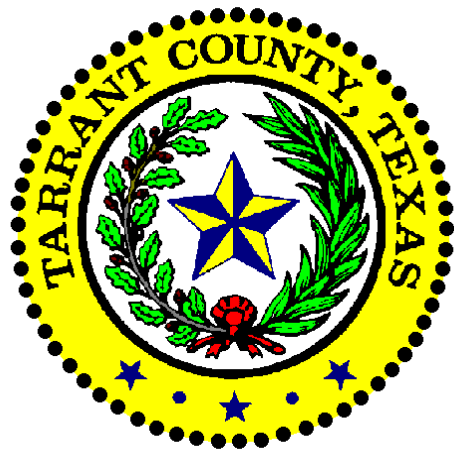
RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE TO GOVERNMENTAL ACTIVITIES NET POSITION

For the year ended September 30, 2018 (Amounts in thousands)

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

Total fund balance - total governmental funds	\$ 304,361
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	485,025
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,515
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	13,357
Deferred outflows of resources are not an available resource and, therefore are not reported in the funds.	61,747
Deferred inflows of resources are not an available resource and, therefore are not reported in the funds.	(64,310)
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>(848,852)</u>
Net position - governmental activities	<u>\$ (30,157)</u>

See accompanying notes to the financial statements



STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	General	Road and Bridge	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 366,282	\$ 1	\$ 37,337	\$ -
Licenses and permits	1,214	-	-	-
Fees of office	60,085	18,569	-	-
Intergovernmental	21,668	292	-	-
Investment income	2,850	176	281	2,491
Other revenues	11,695	444	-	602
Total revenues	463,794	19,482	37,618	3,093
EXPENDITURES:				
Current:				
General government	113,172	3,929	-	-
Public safety	136,746	-	-	-
Transportation support	-	22,766	-	-
Judicial	164,983	-	-	-
Community services	5,686	-	-	-
Capital outlay	4	-	-	58,905
Debt service:				
Principal payments	-	-	27,295	-
Interest and fiscal charges	-	-	9,995	-
Total expenditures	420,591	26,695	37,290	58,905
Excess (deficiency) of revenues over (under) expenditures	43,203	(7,213)	328	(55,812)
OTHER FINANCING SOURCES (USES):				
Transfers in	669	8,700	-	32,940
Transfers out	(42,576)	-	-	-
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(41,907)	8,700	-	32,940
Change in fund balance	1,296	1,487	328	(22,872)
FUND BALANCES, beginning of year	80,239	9,946	1,513	168,312
FUND BALANCES, end of year	\$ 81,535	\$ 11,433	\$ 1,841	\$ 145,440

See accompanying notes to the financial statements

Grants	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 352	\$ 403,972
-	-	1,214
792	14,613	94,059
73,037	31,886	126,883
157	936	6,891
419	4,132	17,292
<u>74,405</u>	<u>51,919</u>	<u>650,311</u>
597	5,711	123,409
4,114	3,054	143,914
163	-	22,929
9,372	2,873	177,228
55,939	29,139	90,764
4,220	2,145	65,274
-	-	27,295
-	-	9,995
<u>74,405</u>	<u>42,922</u>	<u>660,808</u>
-	8,997	(10,497)
-	806	43,115
-	(669)	(43,245)
-	150	150
-	287	20
-	9,284	(10,477)
-	54,828	314,838
<u>\$ -</u>	<u>\$ 64,112</u>	<u>\$ 304,361</u>

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, 2018 (Amounts in thousands)

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

Net change in fund balances--total governmental funds	\$ (10,477)
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)	968
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note 2)	(1,171)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,120)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	27,924
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)	(16,744)
The change in net position of certain activities of internal service funds is reported with governmental activities.	<u>6,179</u>
Change in net position - governmental activities	<u>\$ 3,559</u>

See accompanying notes to the financial statements

STATEMENT OF NET POSITION PROPRIETARY FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,993	\$ 22,583
Other receivables, net of allowance for uncollectibles	111	5,103
Prepaid expenses and inventory	5	194
Total current assets	<u>3,109</u>	<u>27,880</u>
Noncurrent assets:		
Capital assets		
Land	2,071	-
Building and improvements, net	1,065	-
Equipment, net	169	-
Infrastructure, net	790	-
Total noncurrent assets	<u>4,095</u>	<u>-</u>
Total assets	<u>7,204</u>	<u>27,880</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	144	-
Deferred OPEB outflows	24	-
Total deferred outflows of resources	<u>168</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	200	538
Other liabilities	21	4,450
Advance from capital projects fund	349	-
Unearned revenue	56	88
Compensated absences payable	79	-
Other post employment benefit liability	24	-
Other long term liabilities-current portion	-	3,529
Total current liabilities	<u>729</u>	<u>8,605</u>
Noncurrent liabilities:		
Other noncurrent liabilities	-	5,918
Net pension liability	816	-
Compensated absences payable	33	-
Other post employment benefit liability	681	-
Total noncurrent liabilities	<u>1,530</u>	<u>5,918</u>
Total liabilities	<u>2,259</u>	<u>14,523</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	145	-
Deferred OPEB inflows	50	-
Total deferred inflows of resources	<u>195</u>	<u>-</u>
NET POSITION		
Investment in capital assets	4,095	-
Unrestricted	823	13,357
Total net position	<u>\$ 4,918</u>	<u>\$ 13,357</u>

See accompanying notes to the financial statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING REVENUES		
Building rental	\$ 3,284	\$ -
Charges for services - external	-	17,355
Charges for services - internal	-	53,887
Oil and gas royalties	125	-
Other revenues	8	3,591
	<u>3,417</u>	<u>74,833</u>
OPERATING EXPENSES		
Personnel	1,240	-
Building and equipment	1,494	148
Depreciation and amortization	287	-
Self insurance claims	-	61,026
Insurance premiums	30	2,477
Other expenses	159	5,457
	<u>3,210</u>	<u>69,108</u>
Total operating revenues	3,417	74,833
	<u>3,417</u>	<u>74,833</u>
Operating income	207	5,725
	<u>207</u>	<u>5,725</u>
NONOPERATING REVENUES		
Investment income	44	324
Gain on disposal of property	7	-
	<u>51</u>	<u>324</u>
Total nonoperating revenues	51	324
	<u>51</u>	<u>324</u>
Income before transfers	258	6,049
	<u>258</u>	<u>6,049</u>
Transfers in	-	500
Transfers out	-	(370)
	<u>-</u>	<u>(370)</u>
Change in net position	258	6,179
	<u>258</u>	<u>6,179</u>
Net position - beginning, as previously stated	5,358	7,178
Restatement adjustment (Note 18)	(698)	-
Net position - beginning, as restated	4,660	7,178
	<u>4,660</u>	<u>7,178</u>
Net position - ending	\$ 4,918	\$ 13,357
	<u>\$ 4,918</u>	<u>\$ 13,357</u>

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers and employees	\$ 2,362	\$ 17,762
Receipts from interfund charges	1,032	53,887
Payments to suppliers	(1,665)	-
Payments for claims and judgements	-	(67,805)
Payments to employees	(1,239)	-
Net cash provided by operating activities	<u>490</u>	<u>3,844</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	<u>44</u>	<u>324</u>
Net cash provided by investing activities	<u>44</u>	<u>324</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in	-	500
Transfers out	-	(370)
Net cash provided by noncapital financing activities	<u>-</u>	<u>130</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital asset	7	-
Purchase of capital assets	(85)	-
Net cash used in capital and related financial activities	<u>(78)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	456	4,298
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,537</u>	<u>18,285</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,993</u>	<u>\$ 22,583</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Income from operations	\$ 207	\$ 5,725
Net cash provided by operating activities:		
Depreciation & amortization	287	-
Changes in assets and liabilities:		
Other receivables	(50)	(3,195)
Pension related outflows	220	-
OPEB related outflows	(1)	-
Accounts payable	18	-
Other liabilities	1	1,303
Unearned revenue	27	11
Pension liability	(376)	-
Pension related inflows	106	-
OPEB liability	(17)	-
OPEB related inflows	50	-
Compensated absences	18	-
Net cash provided by operating activities	<u>\$ 490</u>	<u>\$ 3,844</u>

See accompanying notes to the financial statements

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 70,170
Other receivables	209
Restricted cash, cash equivalents, and investments	<u>63,328</u>
TOTAL ASSETS	\$ <u>133,707</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 581
Due to third parties	<u>133,126</u>
TOTAL LIABILITIES	\$ <u>133,707</u>

See accompanying notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the County conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. GASB periodically updates its codification of the existing standards. In fiscal year 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (see Note 18), GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Other than GASB Statement No. 75, the implementation of the other statements did not have a significant impact to the County. The following is a summary of the significant policies:

(a) Reporting Entity

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

BLENDED COMPONENT UNITS

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

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

DISCRETELY PRESENTED COMPONENT UNITS

The Tarrant County Hospital District ("TCHD") d/b/a JPS Health Network serves the citizens of the County by providing medical, dental and hospital care for the indigent and needy. The criteria used to determine inclusion as a discretely presented component unit are: TCHD is governed by a board of directors, which the County Commissioners Court appoints and removes at will, the County Commissioners Court approves

the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD's assets, and TCHD cannot issue bonded debt without County Commissioners Court approval. Services provided by TCHD are to the citizenry and not to the County. TCHD's financial statements include the JPS Physicians Group and JPS Foundation as component units within the reporting entity. TCHD is reported in the government-wide financial statements.

My Health My Resources of Tarrant County ("MHMRTC") serves the citizens of the County by providing services to people with mental illness, substance abuse disorders, and intellectual or developmental disabilities. The criteria used to determine inclusion as a discretely presented component unit are: MHMRTC is governed by a board of directors which the County Commissioners Court may appoint and remove at will, the County Commissioners Court approves the MHMRTC budget, but does not hold title to any of its assets, and MHMRTC can issue bonded debt without the approval of the County Commissioners Court. The fiscal year end of MHMRTC is August 31 and the financial statements presented herein are as of August 31, 2018. MHMRTC has two component units, MHMR Visions which is included in their financial statements and Trinity Behavior Rehabilitation Corporation, which has had no financial activity and therefore is not included. MHMRTC is reported in the government-wide financial statements.

The Tarrant County Health Facilities Development Corporation ("TCHFDC") was created to provide, expand, and improve health facilities to improve the adequacy, cost and accessibility of health care, research, and education. TCHFDC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC had no significant balance sheet or results of operations as of and for the year ended September 30, 2018 and therefore are not included in the County's financial statements. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

The Tarrant County Cultural Education Facilities Finance Corporation ("TCCEFFC") was created to promote the health, education, and general welfare of citizens by providing financing for cultural, health and educational facilities. TCCEFFC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC had no significant balance sheet or results of operations as of and for the year ended September 30, 2018, and therefore are not included in the County's financial statements. All debt issued through TCCEFFC was conduit debt (see Note 6). TCCEFFC had no other operations.

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

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

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

(b) Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

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

generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that specifically associate with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following proprietary funds:

Resource Connection – The Resource Connection fund accounts for the activities of the Resource Connection, a campus of 16 buildings, which is a one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The County is the owner/landowner of the property and leases space to the various entities. The Resource Connection has a permanent gas pipeline easement and oil and gas lease agreement. The royalties from the oil and gas leases are used to finance capital improvements and capital purchases for the Resource Connection.

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

Additionally, the County reports the following fiduciary funds:

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

(c) Basis of Accounting

GOVERNMENT-WIDE, PROPRIETARY, AND FIDUCIARY FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

(d) Cash and Cash Equivalents and Investments

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

Investments in governmental pools are recorded at amortized cost or at net asset value, which is designed to approximate the share value. All other investments of the County are recorded at fair value within the fair value hierarchy established by generally accepted accounting principles and made pursuant to the Texas Public Funds Investments Act and investment policy established and approved by the Commissioners Court. Authorized investments include the following:

- a. Obligations of the United States or its agencies and instrumentalities;
- b. Direct obligations of the State of Texas;
- c. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States;
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; certificates of deposit issued by state and national banks that has its main office or a branch office in Texas that are:
 - (1) Guaranteed or insured by the FDIC, or its successor; or
 - (2) Secured by obligation described by Items a-d above and that have a market value of not less than the principal amount of the certificate;
- e. Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by item a. above, pledged with a third party selected or approved by the County, and placed through a primary government securities dealer or a financial institution doing business in the State of Texas;
- f. Commercial paper with a stated maturity of 270 days or less from the date of issuance that either:
 - (1) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
 - (2) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.
- g. Mutual funds and money market mutual funds:
 - (1) No-load money market mutual funds are authorized if registered with and regulated by the SEC; provide the investing entity with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940; and comply with Federal Securities and Exchange Commission Rule 2a-7
 - (2) No-load mutual funds are authorized if registered by the SEC; have an average weighted maturity of less than two years; and either: (A) have a duration of one year or more and are invested exclusively in obligations approved by Chapter 2256.014 of the Government Code; or (B) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities and invested exclusively in obligations approved by this policy and rated no less than AAA or its equivalent; and invest dollar-for-dollar all County funds without sales commissions or loads
- h. Investment pool as defined in Section 2256.016 of the Texas Government Code and rated no lower than AAA or its equivalent.

(e) Supplies and Prepaid Items

Supplies are recorded by the County at cost using the average cost method. Under the consumption method of accounting for inventories, supplies are recorded as inventory until used. Once consumed, inventories are charged as expenditures.

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

(f) Restricted Cash, Cash Equivalents, and Investments

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

(g) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

(h) Long-term Obligations

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

approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

(i) Pensions

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

(j) Compensated Absences

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

(k) Deferred Outflows/Inflows of Resources

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

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

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

- Unavailable revenue - The Governmental Fund Balance Sheet reports unavailable revenues from two sources: property taxes and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience - This difference is deferred and amortized over a closed six year period.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Changes of actuarial assumptions used to determine pension and OPEB liability – This difference is deferred and amortized over a closed six year period for pension and ten point eight year period for OPEB.

(l) Property Taxes

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

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.244 (\$0.221919 for the maintenance and operations and \$0.022081 for interest and sinking fund) per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after January 31 of each year are subject to interest and penalty charges.

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

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

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

(m) Fund Balance Classifications

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

(n) Net Position

Net position: Net Investment in Capital Assets

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

Net position: Restricted

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

Net position: Unrestricted

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that is not reported in the other categories of net position; net invested in capital assets or restricted.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$848,852 difference are as follows (in thousands):

Bonds payable	\$ 294,500
Plus: Premium on issuance (to be amortized as interest expense)	13,496
Accrued interest payable	1,907
Capital lease payable	1,641
Compensated absences	45,500
Pension liability	272,952
Other postemployment benefits liability	<u>218,856</u>
Net adjustment to fund balance	<u>\$ 848,852</u>

Another element of that reconciliation explains that “Deferred outflows of resources are not reported in the funds.” The details of this \$61,747 difference are as follows (in thousands):

Deferred charges on debt refunding	\$ 4,084
Pension contributions after the measurement date	39,582
Changes in pension assumptions	10,627
OPEB contributions after the measurement date	<u>7,454</u>
Net adjustment to fund balance	<u>\$ 61,747</u>

Another element of that reconciliation explains that Deferred inflows of resources are not reported in the funds. The details of this \$64,310 difference are as follows (in thousands):

Difference in projected and actual pension earnings	\$ 17,112
Changes in pension assumptions	8,253
Difference in projected and actual pension experience	23,417
Changes in OPEB assumptions	<u>15,528</u>
Net adjustment to fund balance	<u>\$ 64,310</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$968 difference are as follows (in thousands):

Capital outlay	\$ 30,935
Depreciation expense	<u>(29,967)</u>
Net adjustment to fund balance	<u>\$ 968</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.” The details of this \$1,171 difference are as follows (in thousands):

In the statement of activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (1,566)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>395</u>
Net adjustment to fund balance	<u>\$ (1,171)</u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$27,924 difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ (150)
Principal repayments:	
General obligation debt	4,980
Limited tax refunding and general obligation debt	22,315
Capital lease	<u>779</u>
Net adjustment to fund balance	<u>\$ 27,924</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 \$16,744 difference are as follows (in thousands):

Changes in:	
Compensated absences	\$ (829)
Other postemployment benefits	(2,394)
Net pension liability	99,614
Deferred pension outflows	(70,617)
Deferred pension inflows	(35,750)
Deferred OPEB outflows	7,454
Deferred OPEB inflows	(15,528)
Accrued interest payable	145
Amortization of deferred charge on refunding	(560)
Amortization of bond premiums	1,721
Net adjustment to fund balance	<u>\$ (16,744)</u>

3. CASH AND INVESTMENTS

Cash

At year-end, the County’s carrying amount of cash (including restricted cash in the fiduciary funds) was \$368,128,763 and the bank balance was \$383,400,025, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County’s agent in the County’s name.

Investments

As of September 30, 2018 the County had the following investments and maturities (in thousands):

Investment Type	Carrying Amount	Maturity in Years		% of total Portfolio
		less than 1	1 - 5	
Governmental funds:				
U.S. Agency and government sponsored entity obligations	\$ 25,056	\$ 25,056	\$ -	22.4%
Certificates of deposit	2,225	1,608	617	2.0%
Investment pools:				
TexPool	15,608	15,608	-	14.0%
Lone Star	8,931	8,931	-	8.0%
TexStar	12,661	12,661	-	11.3%
Texas CLASS	1,531	1,531	-	1.3%
Fiduciary funds:				
Certificates of deposit	<u>45,813</u>	<u>17,312</u>	<u>28,501</u>	<u>41.0%</u>
Total Investments	<u>\$ 111,825</u>	<u>\$ 82,707</u>	<u>\$ 29,118</u>	<u>100%</u>

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

As of September 30, 2018, the County's recurring fair value measurements for US Agency or government sponsored entity obligations of \$25,056,317 are valued using quoted prices for similar assets in markets that are not active (Level 2 inputs). Certificates of deposit, interest bearing accounts and investment pools are not classified in the fair value hierarchy. The recorded position of the pools for TexPool and Lone Star are measured at amortized cost as the pool meets the requirements of GASB Statement No. 79. The recorded positions of the pools for TexStar and Texas CLASS are measured at net asset value and are designed to approximate the share value; however, the net asset value is not guaranteed or insured. All pools offer same day access to investments. The County has no unfunded commitments to these pools and may redeem investments at any time.

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

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

Credit risk: In accordance with the County's investment policy, the primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market value. All external investment pools in which the County participates have a credit quality rating of "AAA" by Standard and Poor's. The debt securities of the U.S. Government sponsored entities, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association, are rated "AA+" by Standard and Poor's rating agency.

Custodial credit risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. County policy requires all investments to be acquired on a delivery vs. payment basis at the custodial agent from brokers independent of the custodial agent. As of September 30, 2018, all of the County's investments are held in the County's name.

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

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

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

Cash	\$ 368,128
Investments	<u>111,825</u>
 Total	 <u>\$ 479,953</u>
 Cash and investments per Statement of Net Position:	
Unrestricted	\$ 346,455
 Cash and investments per Statement of Fiduciary Net Position:	
Unrestricted	70,170
Restricted	<u>63,328</u>
 Total	 <u>\$ 479,953</u>

4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

	General	Road and Bridge	Debt Service	Total
Property taxes receivable	\$ 28,921	\$ 18	\$ 4,198	\$ 33,137
Allowance for uncollectibles	<u>(21,727)</u>	<u>(11)</u>	<u>(3,379)</u>	<u>(25,117)</u>
 Net Taxes Receivable	 <u>\$ 7,194</u>	 <u>\$ 7</u>	 <u>\$ 819</u>	 <u>\$ 8,020</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				Other Governmental Funds	Total
	General	Road and Bridge	Capital Projects	Grants		
Accounts receivable	\$ 2,066	\$ 299	\$ 12	\$ 906	\$ 5,355	\$ 8,638
Fee office receivable	83,352	-	-	-	-	83,352
Intergovernmental receivable	1,158	337	-	16,113	4,918	22,526
Allowance for uncollectible	<u>(79,932)</u>	<u>-</u>	<u>-</u>	<u>(258)</u>	<u>(37)</u>	<u>(80,227)</u>
 Net accounts receivable	 <u>\$ 6,644</u>	 <u>\$ 636</u>	 <u>\$ 12</u>	 <u>\$ 16,761</u>	 <u>\$ 10,236</u>	 <u>\$ 34,289</u>
Proprietary Funds					Internal Service	Total
Accounts receivable				\$ 130	\$ 5,108	\$ 5,238
Allowance for uncollectible				<u>(19)</u>	<u>(5)</u>	<u>(24)</u>
 Net accounts receivable				 <u>\$ 111</u>	 <u>\$ 5,103</u>	 <u>\$ 5,214</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows (in thousands):

	Balance October 1, 2017	Additions	Disposals	Transfers	Balance September 30, 2018
Governmental activities:					
Capital assets; not depreciated:					
Land	\$ 65,746	\$ 721	\$ (158)	\$ -	\$ 66,309
Software in development	12,447	7,126	(247)	(143)	19,183
Construction in progress	5,508	1,622	-	(5,128)	2,002
Total capital assets not depreciated	<u>83,701</u>	<u>9,469</u>	<u>(405)</u>	<u>(5,271)</u>	<u>87,494</u>
Capital assets; being depreciated:					
Buildings and improvements	491,886	10,021	-	5,128	507,035
Furnishings and equipment	91,724	6,040	(6,714)	-	91,050
Software	48,847	448	-	143	49,438
Infrastructure	120,904	5,375	(2,647)	-	123,632
Total capital assets; being depreciated	<u>753,361</u>	<u>21,884</u>	<u>(9,361)</u>	<u>5,271</u>	<u>771,155</u>
Less accumulated depreciation for:					
Buildings and improvements	(176,244)	(14,853)	-	-	(191,097)
Furnishings and equipment	(67,873)	(6,889)	6,285	-	(68,477)
Software	(38,011)	(3,089)	-	-	(41,100)
Infrastructure	(69,706)	(5,136)	1,892	-	(72,950)
Total accumulated depreciation	<u>(351,834)</u>	<u>(29,967)</u>	<u>8,177</u>	<u>-</u>	<u>(373,624)</u>
Total capital assets; being depreciated, net	401,527	(8,083)	(1,184)	5,271	397,531
Governmental activities capital assets, net	<u>\$ 485,228</u>	<u>\$ 1,386</u>	<u>\$ (1,589)</u>	<u>\$ -</u>	<u>\$ 485,025</u>

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

Governmental activities:	
General government	\$ 16,553
Public safety	4,560
Transportation	8,195
Judicial	382
Community services	277
Total governmental activities depreciation expense	<u>\$ 29,967</u>

	Balance October 1, 2017	Additions	Disposal	Adjustment	Balance September 30, 2018
Business-type activities:					
Capital assets; not depreciated:					
Land	\$ 2,071	\$ -	\$ -	\$ -	\$ 2,071
Total capital assets not depreciated	<u>2,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071</u>
Capital assets; being depreciated:					
Buildings and improvements	6,495	-	-	-	6,495
Furnishings and equipment	519	85	(71)	-	533
Infrastructure	1,392	-	-	-	1,392
Total capital assets; being depreciated	<u>8,406</u>	<u>85</u>	<u>(71)</u>	<u>-</u>	<u>8,420</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,262)	(168)	-	-	(5,430)
Furnishings and equipment	(387)	(44)	67	-	(364)
Infrastructure	(527)	(75)	-	-	(602)
Total accumulated depreciation	<u>(6,176)</u>	<u>(287)</u>	<u>67</u>	<u>-</u>	<u>(6,396)</u>
Total capital assets; being depreciated, net	2,230	(202)	(4)	-	2,024
Business-type activities capital assets, net	<u>\$ 4,301</u>	<u>\$ (202)</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 4,095</u>

6. LONG-TERM DEBT AND LIABILITIES

General obligation debt and limited tax refunding bonds are generally payable from property tax revenues. Capital leases are payable from the capital projects fund. Pension liability, OPEB obligations and compensated absences are generally liquidated from the following funds: General, Road and Bridge, Grants, Resource Connection and Other Governmental funds.

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

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

At fiscal year-end, \$172,239,334 of debt related proceeds have not been used in the calculation of net investment in capital assets. This amount includes proceeds that are not related to County capital projects, as these expenditures are related to interlocal agreements with municipalities for road and bridge improvements, not future assets owned by the County and other unspent bond proceeds.

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

Long-term debt of the County consisted of the following at September 30, 2018 (in thousands):

Limited Tax Refunding and General Obligation - Series 2010 Original amount of \$70,045 dated September 15, 2010, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2030. The issuance included the refunding of Limited Tax Bonds \$15,600 of the 2002 Limited Tax Bonds. \$33,310 of the General Obligation was refunded with the 2017 issuance.	\$ 11,655
Limited Tax Refunding and General Obligation - Series 2013 Original amount of \$72,260 dated September 1, 2013, with interest rates from 1.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2033. The issuance included the refunding of \$19,975 of the 2004 Limited Tax Refunding and Improvement Bonds and \$17,235 of the 2005 Limited Tax Refunding Bonds.	52,630
Limited Tax Refunding and General Obligation - Series 2015 Original amount of \$67,075 dated August 1, 2015, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2035. This issuance included the refunding of \$32,455 of the 2007 Limited Tax Bonds.	64,475
Limited Tax Refunding and General Obligation - Series 2015A Original amount of \$82,980 dated August 1, 2015, with interest rate of 1.97%, payable in annual installments in varying amounts plus interest through 2026. The issuance included the refunding of \$5,465 of the 2005 Limited Tax Refunding Bonds and the \$49,890 of the 2006 Limited Tax Bonds.	63,205
Limited Tax Refunding - Series 2016 Original amount of \$70,905 dated August 1, 2016, with interest rate of 1.48%, payable in annual installments in varying amounts plus interest through 2028. The issuance included the refunding of \$65,150 of the 2008 Limited Tax Bonds.	66,310
Limited Tax Refunding - Series 2017 Original amount of \$36,860 dated August 14, 2017, with interest rate of 2.13%, payable in annual installments in varying amounts plus interest through 2030. The issuance included the refunding of \$33,310 of the 2010 Limited Tax Refunding and Improvement Bonds. All of the debt defeased remains outstanding at September 30, 2018.	36,225
	294,500
Less - current maturities	28,125
Long-term debt, net of current maturities	266,375
Plus premiums	13,496
Long-term debt, net of current maturities, and premium	\$ 279,871

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

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

<u>Fiscal Year(s)</u>	Limited Tax Refunding Bonds		Total Principal & Interest
	Principal	Interest	
2019	\$ 28,125	\$ 9,153	\$ 37,278
2020	25,930	8,270	34,200
2021	26,770	7,443	34,213
2022	27,560	6,660	34,220
2023	26,475	5,846	32,321
2024-2028	112,450	18,653	131,103
2029-2033	38,580	7,151	45,731
2034-2035	8,610	651	9,261
Total	<u>\$ 294,500</u>	<u>\$ 63,827</u>	<u>\$ 358,327</u>

The County has entered into a lease agreement for financing the acquisition of public safety radio equipment. The carrying value of the equipment as of September 30, 2018 is \$959,795, which is \$3,783,063 plus a trade-in amount of \$317,700 less accumulated depreciation of \$3,140,968. The County has also entered into a property lease agreement containing a leasehold improvement component. The carrying value of the leasehold improvement as of September 30, 2018 is \$136,250, which is \$150,000 less amortization of \$13,750. The aforementioned equipment lease agreement and leasehold improvement qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2018 is as follows (in thousands):

<u>Fiscal Year</u>	Governmental Activities
2019	\$ 795
2020	794
2021	38
2022	37
2023	3
Total minimum lease payments	\$ 1,667
Less: amount representing interest	<u>(26)</u>
Present value of minimum lease payments	<u>\$ 1,641</u>

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2018 (in thousands):

	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018	Amounts Due within One year
Governmental activities:					
Bonds payable	\$ 321,795	\$ -	\$ (27,295)	\$ 294,500	\$ 28,125
Deferred amounts:					
Premium	15,217	-	(1,721)	13,496	-
Total bonds payable	337,012	-	(29,016)	307,996	28,125
Capital lease	2,270	150	(779)	1,641	784
Total	\$ 339,282	\$ 150	\$ (29,795)	\$ 309,637	\$ 28,909
Governmental activities:					
Compensated absences	\$ 44,671	\$ 35,141	\$ (34,312)	\$ 45,500	\$ 31,781
Business-type activities:					
Compensated absences	\$ 97	\$ 116	\$ (101)	\$ 112	\$ 79

Conduit Debt

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

The estimated amount of conduit debt outstanding at September 30, 2018 is as follows (in thousands):

Tarrant County Housing Finance Corporation	\$ 145,977
Tarrant County Health Facilities Development Corporation	160,815
Tarrant County Cultural Education Facilities Finance Corporation	5,654,560
Total Conduit Debt	\$ 5,961,352

7. DEFICIT NET POSITION

The following County fund had a deficit net position as of September 30, 2018 (in thousands):

Worker's Compensation	\$ 6,049
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The deficit net position is due to the accrual of future year liabilities of \$8,521,002. This liability is based on an actuarial study. The County plans to continue to fund the current year workers compensation claims and maintain a \$1,000,000 reserve for any unforeseen expenditures.

8. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2018 and for the year then ended (in thousands):

Transfer From	Amount	Transfer To	Explanation
General Fund	\$ 32,940	Capital Projects Fund	Supplement capital funds
General Fund	8,700	Road and Bridge	Supplement transportation services
General Fund	436	Other Governmental Funds	Supplement fund sources
General Fund	500	Internal Service Funds	Supplement self insurance fund
Internal Service Funds	370	Other Governmental Funds	Supplement fund sources
Other Governmental Funds	598	General Fund	Supplement courthouse security activity
Other Governmental Funds	71	General Fund	Supplement deferred prosecution program
	<u>\$ 43,615</u>		

Funds Due From	Amount	Funds Due To	Explanation
Grants Fund	\$ 14,886	General Fund	Short-term loan
Other Governmental Funds	39	General Fund	Short-term loan
	<u>\$ 14,925</u>		

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

9. DEFERRED COMPENSATION PLANS

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

10. PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS**PENSION PLAN****(a) General Information about the Pension Plan****Plan Description**

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on

a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or viewed at www.tcdrs.org.

Benefits Provided

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

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

Annually, the County reviews the plan to determine benefit and contribution levels. In December 2017 the County granted a cost-of-living adjustment benefit increase for retirees at the rate of 50% of the Consumer Price Index (CPI).

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,434
Inactive employees entitled but not yet receiving benefits	1,794
Active employees	<u>4,174</u>
Total	<u><u>8,402</u></u>

Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed 18.75% for the calendar year 2017, which was 4.35% greater than the actuarially required contribution rate of 14.4% and contributed 19.5% for the calendar year 2018, which was 4.99% greater than the actuarially required contribution rate of 14.51%. The contribution rate payable by the employee members for calendar years 2017 and 2018 is 7% as adopted by the governing body of the County.

(b) Net Pension Liability

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%	
Salary increases	3.25%	
Investment rate of return	8.10%	(Includes 0.1% to be gross of administrative expenses)

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.60% per year for a career employee.

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, projected with 110% of the MP-2014 Ultimate scale after 2014. Service retirees, beneficiaries and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Updated mortality assumptions were adopted in 2017. All other actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown on the following table are based on January 2018 information for a 10 year time horizon and are re-assessed at a minimum every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target asset allocation was adopted by the TCDRS board in April 2018. The geometric real rate of return is net of inflation, assumed at 1.95%.

Asset Class	Target Allocation	Geometric Real Rate of Return
US equities	11.5%	4.55%
Private equity	16.0%	7.55%
Global equities	1.5%	4.85%
International equities - developed	11.0%	4.55%
International equities - emerging	8.0%	5.55%
Investment-grade bonds	3.0%	0.75%
Strategic credit	8.0%	4.12%
Direct lending	10.0%	8.06%
Distressed debt	2.0%	6.30%
REIT equities	2.0%	4.05%
Master limited partnerships	3.0%	6.00%
Private real estate partnerships	6.0%	6.25%
Hedge funds	18.0%	4.10%
	100.00%	

Discount Rate

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

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

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

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

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of December 31, 2016	\$ 1,592,831	\$ 1,219,073	\$ 373,758
Changes for the year:			
Service cost	38,878	-	38,878
Interest on total pension liability ¹	129,570	-	129,570
Effect of assumption changes or inputs	(9,933)	-	(9,933)
Difference between expected and actual activity	(16,337)	-	(16,337)
Refunds of contributions	(3,479)	(3,479)	-
Benefit payments	(65,434)	(65,434)	-
Employer contributions	-	47,657	(47,657)
Member contributions	-	17,817	(17,817)
Investment income net of investment expenses	-	178,077	(178,077)
Administrative expenses	-	(927)	927
Other ²	1,703	1,247	456
Net changes	74,968	174,958	(99,990)
Balances as of December 31, 2017	<u>\$ 1,667,799</u>	<u>\$ 1,394,031</u>	<u>\$ 273,768</u>

¹ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

² Related to allocation of system-wide items.

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

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

	Current		
	1% Decrease 7.10%	Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 1,890,115	\$ 1,667,799	\$ 1,480,927
Fiduciary net position	1,394,031	1,394,031	1,394,031
Net pension liability	<u>\$ 496,084</u>	<u>\$ 273,768</u>	<u>\$ 86,896</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018 the County recognized pension expense of \$57,489,152. As of September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

	Governmental Activities	Business- type Activities	Total
	Deferred Outflows of Resources		
Changes of assumptions	\$ 10,627	\$ 32	\$ 10,659
Contributions subsequent to the measurement date	39,582	112	39,694
Total deferred outflows of resources	<u>\$ 50,209</u>	<u>\$ 144</u>	<u>\$ 50,353</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 23,417	\$ 70	\$ 23,487
Changes of assumptions	8,253	25	8,278
Net difference between projected and actual earnings	17,112	50	17,162
Total deferred inflows of resources	<u>\$ 48,782</u>	<u>\$ 145</u>	<u>\$ 48,927</u>

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

Year ended September 30:	Amount
2019	\$ 3,936
2020	1,036
2021	(18,174)
2022	(20,688)
2023	(4,378)

(e) Payable to the Pension Plan

At September 30, 2018 , the County reported a payable of \$5,419,633 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

OTHER POSTEMPLOYMENT BENEFIT PLAN

(a) General Information about the Other Postemployment Benefit Plan

Plan Description

The County’s group medical plans (“Plan”) are administered through the Public Employee Benefits Cooperative. The Plan is a single employer defined benefit healthcare plan funded on a pay-as-you-go basis. OPEB includes health insurance and Medicare supplements.

Benefits Provided

Tarrant County provides medical and dental insurance benefits, as well as mental health benefits to its retired employees and their dependents. An employee must be eligible for retirement and currently enrolled in the Plan to be eligible for retiree insurance. A separate audited report is not available.

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.

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.

Employees Covered by Benefit Terms

At September 30, 2017, the measurement date, the following participants were covered by the Plan:

Retired participants and surviving spouses	948
Active participating employees	<u>4,060</u>
Total	<u><u>5,008</u></u>

(b) Total OPEB Liability

The County’s total OPEB liability of \$219,561,002 was measured as of September 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability at September 30, 2017 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.25%
Discount rate	3.64%, based on the Bond Buyer Index
Healthcare cost trend rates	7.00% for 2017, decreasing 0.25% per year to an ultimate rate of 5.00% for 2025 and later years
Medicare cost trend rates	6.00% for 2017, decreasing 0.25% per year to an ultimate rate of 5.00% for 2021 and later years
Salary Increases	Varies by entry age and years of service between 3.77% and 8.41%

Retirees share of benefit-related costs

Pre-65 Retirees:

Participants who retired prior to October 1, 2005, and their covered spouses are assumed to pay contributions equal to 17% of gross pre-65 costs. For all future retirees and all current retirees who retired on or after October 1, 2005, pre-65 retiree contributions are based on years of service at retirement, according to the chart below. These contribution percentages are applied against pre-65 per capita costs, which are based on pre-65 retirees only.

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

Post-65 Retirees:

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

Mortality rates for active employees are based on 90% of the RP-2014 Healthy Mortality Table for males and females as appropriate, projected with 110% of the MP-2014 Ultimate scale after 2014. Inactive employees are based on 130% of the RP-2014 Healthy Mortality Table for males and 110% of the RP-2014 Healthy Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the September 30, 2017 measurement were based on the results of an actuarial experience study for the period January 1, 2009 – September 30, 2017.

(c) Changes in Total OPEB Liability (in thousands):

	<u>Total OPEB Liability</u>
Balances as of September 30, 2016	\$ 224,465
Changes for the year:	
Service cost	12,432
Interest	7,137
Changes in assumptions or other inputs	(17,168)
Benefit payments	<u>(7,305)</u>
Net changes	<u>(4,904)</u>
Balances as of September 30, 2017	<u>\$ 219,561</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.06% in 2016 to 3.64% in 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 3.64%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64 %) than the current rate (amounts in thousands):

	<u>1% Decrease 2.64%</u>	<u>Current Discount Rate 3.64%</u>	<u>1% Increase 4.64%</u>
Total OPEB liability	\$ 250,401	\$ 219,561	\$ 193,940

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rates of 7% and 6% decreasing to 5%, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (6% and 5% decreasing to 4%) or 1-percentage-point higher (8% and 7% decreasing to 6%) than the current rate of 7% for pre-65 and 6% for post-65 retirees (amounts in thousands):

	<u>1% Decrease (6% and 5% decreasing to 4%)</u>	<u>Healthcare Cost Trend Rate (7% and 6% decreasing to 5%)</u>	<u>1% Increase (8% and 7% decreasing to 6%)</u>
Total OPEB liability	\$ 180,559	\$ 219,561	\$ 272,155

(d) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$17,979,476. As of September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Governmental Activities	Business- type Activities	Total
Deferred Outflows of Resources:			
Contributions subsequent to the measurement date	\$7,454	\$24	\$7,478
Deferred Inflows of Resources:			
Changes of assumptions	15,528	50	15,578

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

Year ended September 30:	Amount
2019	\$1,589
2020	1,589
2021	1,590
2022	1,590
2023	1,590
after 2023	7,630

(e) 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 a net OPEB liability measured by an actuary, even though it may not have a legally enforceable obligation to pay OPEB benefits.

The County implemented GASB 75 during fiscal year 2018. Accordingly, information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expenses/expenditures, related deferred outflows, deferred inflows, 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.

11. COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year end, the County's governmental funds had the following outstanding encumbrances (amounts in thousands):

General	\$ 2,740
Road and Bridge	1,930
Capital Projects	19,560
Grants	10,609
Other Governmental Funds	<u>1,393</u>
 Total	 <u>\$ 36,232</u>

Construction and other significant commitments

The County has several active construction and software development projects as of September 30, 2018. The County has also entered into agreements with cities and the Texas Department of Transportation to assist with the funding of transportation projects to mitigate congestion and improve air quality within Tarrant County. At fiscal year end the County's commitments with contractors and municipalities are as follows (in thousands):

<u>Project:</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Juvenile justice complex	\$ 2,464	\$ 2,050
Southwest subcourthouse expansion	15,249	1,188
Criminal courts software	15,704	455
Jail management system	2,951	877
Transportation projects	<u>22,801</u>	<u>10,485</u>
 Total	 <u>\$ 59,169</u>	 <u>\$ 15,055</u>

The County has no material future operating lease commitments. Total rental expense incurred for the County for fiscal year 2018 was \$2,987,642.

12. CONTINGENCIES

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2018 have not yet been completed. Accordingly, the County's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, and, accordingly, no accrual has been made for them, as management believes these to be immaterial.

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

The County is self-insured for workers’ compensation, automobile bodily injury and property damage, comprehensive general liability and all self-insured retentions for existing policies. It is the opinion of County management that the amounts accrued at September 30, 2018 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

13. SELF-INSURANCE PROGRAMS

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

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

Employee Benefits Fund – accounts for County employee benefits.

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

Workers Compensation Fund – accounts for workers compensation claims.

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

	<u>Coverage</u>	<u>Deductible</u>
Buildings	\$600,000,000	\$ 250,000/500,000
Boilers and machinery	100,000,000	25,000
Scheduled heavy equipment	23,124,756	15,000
Scheduled equipment	36,198,518	2,500

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

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

During fiscal year 2018, the County purchased an excess workers' compensation policy with a \$1,000,000 per occurrence retention.

Beginning in fiscal 1994, the County elected to self-insure a portion of the employee/retiree group health care program. Specifically, employees and retirees are offered options for group health coverage, some of which provide an insured coverage based on fixed premiums while others are self-insured programs. The self-insured options are re-insured to prevent extraordinary or catastrophic losses. Dental coverage is offered with one option being a self-insured indemnity plan, and all other options being fixed premium Dental Maintenance Organization plans. At September 30, 2018, 3,604 and 3,334 employees participate in health care coverage and dental coverage, respectively.

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

	<u>2017</u>	<u>2018</u>
Beginning liability	\$ 4,270	\$ 3,976
New claims/adjustments	56,436	59,034
Claims paid/adjustments	<u>(56,730)</u>	<u>(58,576)</u>
Ending liability	<u>\$ 3,976</u>	<u>\$ 4,434</u>

For the year ended September 30, 2018, 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, 2018

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

	<u>2017</u>	<u>2018</u>
Beginning liability	\$ 8,600	\$ 8,602
New claims/adjustments	3,518	2,976
Claims paid/adjustments	(3,518)	(2,976)
Other - change in estimate	<u>2</u>	<u>845</u>
Ending liability	<u>\$ 8,602</u>	<u>\$ 9,447</u>
Amount due within 1 year	\$ 3,556	\$ 3,529

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

14. OPERATING LEASES - LESSOR

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

	Carrying Value
Buildings	\$ 5,390
Less: accumulated depreciation	(4,507)
Net carrying value	\$ 883

15. ECONOMIC DEVELOPMENT AGREEMENTS

Tax Incremental Financing Agreements

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

On April 17, 2018, the County approved amendment #2 to the City of Arlington Tax Increment Financing #4 (Arlington Highlands), clarifying the provisions for final accounting for early termination of the agreement, since all the projects have been completed. On May 22, 2018, the Arlington City Council approved the termination of TIF #4.

On July 3, 2018, the County approved participation in the City of Sansom Park Tax Increment Financing Reinvestment Zone #1, beginning with fiscal year 2019, at a participation rate of 80% of its collected incremental tax revenue up to a maximum cumulative contribution of \$916,574.

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

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

Name	Participation Rate	Taxes Forgone During 2018
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 356
City of Arlington #5	70%	352
City of Arlington #6	75%	814
City of Azle #1	50%	15
City of Benbrook #1	100%	305
City of Euless #3	75%	305
City of Everman #1	50%	3
City of Fort Worth #3	40%	686
City of Fort Worth #4	50%	562
City of Fort Worth #6	100%	28
City of Fort Worth #7	80%	1,765
City of Fort Worth #8	40%	345
City of Fort Worth #9	80%	800
City of Fort Worth #10	50%	90
City of Fort Worth #12	100%	191
City of Fort Worth #13	80%	227
City of Fort Worth #14	50%	157
City of Fort Worth #15	50%	45
City of Haltom City #1	75%	<1
City of Keller #1	66%	336
City of Kennedale #1	75%	5
City of Mansfield #1	30%	127
City of Mansfield #2	75%	29
City of North Richland Hills #1	100%	36
City of North Richland Hills #2	100%	1,022
City of Richland Hills #1	75%	20
Town of Trophy Club #1	60%	31
		<u>\$ 8,652</u>

The following TIF's had no increase to the taxable appraised value, therefore, no taxes were forgone:

Name	Participation Rate
City of Euless #4	75%

Tax Abatements

Chapter 312 of the Texas Property Tax Code, Property Redevelopment and Tax Abatement Act, grants the Commissioners Court the authority to execute tax abatement agreements for the County and on behalf of the Tarrant County Hospital District (TCHD). The County enters into economic development agreements with businesses that locate or expand within the County with the expectation of stimulating the economy and tax base.

County policy grants tax abatements on ad valorem real and personal property that is expected to produce a minimum added assessed value of 1) \$5,000,000 for new business, with creation of 25 jobs, 2) \$3,000,000 for expansion or modernization of existing business, sustaining existing employment levels, or 3) agreed upon additional evaluation criteria. The agreements provide for a reduction of incremental assessed value over a period not to exceed ten years. Some agreements provide for repayment of forgone taxes if the business fails to meet certain criteria.

No commitments have been made as part of the agreements other than to reduce incremental assessed values. The County is not subject to tax abatement agreements entered into by other governmental entities.

For the fiscal year ended September 30, 2018, the County's and TCHD's abated property taxes were (in thousands):

Tax Abatement	# of Entities	Assessed Value Abated	Total Amount of Taxes Forgone	
			County	TCHD
Multi-Family Residential Development	1	80%	\$ 58	\$ 53
Mixed Use Development	1	50 - 80%	40	23
Retail Facility	6	50 - 80%	77	58
Corporate Offices/Data Center	3	40 - 75%	403	169
Convention Center Hotel	1	60 - 80%	158	-
Manufacturing Facility	4	30 - 70%	612	563
Total Abated Taxes			\$ 1,348	\$ 866

The County has entered into tax abatement agreements which begin in future years for the following:

Tax Abatement	# of Entities	Participation %
Multi-Family Residential Development	1	50 - 70%
Mixed Use Development	1	50%
Corporate Offices/Data Center	2	40 - 70%
Manufacturing Facility	2	40 - 70%
Maintenance/Operations Facility	1	40 - 50%

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

16. FUND BALANCES

The following is the detail of the County's fund balances at September 30, 2018 (in thousands):

	General	Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental Funds	Total
Nonspendable:							
Supplies/prepaid items	\$ 2,666	\$ 760	\$ -	\$ 673	\$ 1,973	\$ 69	\$ 6,141
	<u>2,666</u>	<u>760</u>	<u>-</u>	<u>673</u>	<u>1,973</u>	<u>69</u>	<u>6,141</u>
Restricted:							
Law library	-	-	-	-	-	719	719
Records management	-	-	-	-	-	17,440	17,440
Education	-	-	-	-	-	193	193
Public health	-	-	-	-	-	2,776	2,776
Law enforcement and prosecution	-	-	-	-	-	5,733	5,733
Contractual agreement	-	-	-	-	-	2,622	2,622
Court designated	-	-	-	-	-	2,733	2,733
VIT administration	-	-	-	-	-	1,149	1,149
Construction and equipment	-	-	-	36,454	-	-	36,454
Transportation project	-	-	-	45,039	-	-	45,039
	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,493</u>	<u>-</u>	<u>33,365</u>	<u>114,858</u>
Committed:							
Law library	-	-	-	-	-	129	129
Records management	9	-	-	-	-	818	827
Public health	24	-	-	-	-	24,832	24,856
Law enforcement and prosecution	46	-	-	-	-	320	366
Contractual agreement	301	-	-	-	-	525	826
Court designated	-	-	-	-	-	289	289
Construction and equipment	-	-	-	61,378	-	-	61,378
Transportation project	6	10,673	-	1,896	-	-	12,575
Debt service	-	-	1,841	-	-	-	1,841
	<u>386</u>	<u>10,673</u>	<u>1,841</u>	<u>63,274</u>	<u>-</u>	<u>26,913</u>	<u>103,087</u>
Assigned:							
Economic development	-	-	-	-	-	3,765	3,765
Purchases on order	2,354	-	-	-	-	-	2,354
Subsequent year's budget: appropriation of fund balance	24,651	-	-	-	-	-	24,651
	<u>27,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,765</u>	<u>30,770</u>
Unassigned	51,478	-	-	-	(1,973)	-	49,505
Total Fund Balance	<u>\$ 81,535</u>	<u>\$ 11,433</u>	<u>\$ 1,841</u>	<u>\$ 145,440</u>	<u>\$ -</u>	<u>\$ 64,112</u>	<u>\$ 304,361</u>

17. RECENT ACCOUNTING PRONOUNCEMENTS

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

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

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

GASB Statement No. 87, *Leases*, is effective for the County beginning fiscal year 2021. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*, is effective for the County beginning in fiscal year 2019. The statement clarifies different types of debt, the accounting and financial reporting of certain types of debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is effective for the County beginning fiscal year 2021. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, is effective for the County beginning fiscal year 2020. The statement defines a majority equity interest and establishes the accounting and financial reporting required.

18. ADJUSTMENT TO BEGINNING NET POSITION

The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, resulted in a restatement of beginning net position for the recording of the beginning total OPEB liability, and the beginning deferred outflow for contributions made after the measurement date.

The following is a reconciliation of beginning net position as originally reported to the restated amount (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position at September 30, 2017, as previously reported	\$ 7,624	\$ 5,358
Elimination of total OPEB liability as of September 30, 2017, measured in accordance with GASB 45	175,122	-
Recording of total OPEB liability as of September 30, 2017, measured in accordance with GASB 75	(223,744)	(721)
Deferred outflows for OPEB contributions made after the measurement date	<u>7,282</u>	<u>23</u>
Net position September 30, 2017, as restated	<u>\$ (33,716)</u>	<u>\$ 4,660</u>

19. TARRANT COUNTY HOSPITAL DISTRICT NOTES

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

Cash and Cash Equivalents and Investments

TCHD considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2018, cash equivalents consisted primarily of money market accounts with brokers and state investment pools.

Investments and Investment Income

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

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

Patient Accounts Receivable

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

Supplies

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

Capital Assets

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

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

TCHD capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was \$997,000.

Compensated Absences

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

Defined Benefit Pension Plan

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

Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources. As of September 30, 2018, TCHD's deferred outflows and deferred inflows of resources were related to TCHD's defined benefit pension plan as described more fully in Note (k).

Net Patient Service Revenue

TCHD has agreements with third-party payers that provide for payments to TCHD at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments, and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. During the year ended September 30, 2018 the TCHD received approximately \$7,299,000 related to the settlement. This revenue is recognized as other revenue.

Charity Care

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

Income Taxes

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

Risk Management

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

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

(b) Net Patient Service Revenue

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

Medicare – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. TCHD is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicare administrative contractor. TCHD's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2015.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system. Inpatient reimbursement is inclusive of an add-on for trauma care that is based on the Medicaid Standards Dollar Amount. Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. TCHD is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicaid administrative contractor. TCHD's Medicaid cost reports have been audited through September 30, 2013.

Approximately 76 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended September 30, 2018. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that the recorded estimates will change materially in the near term.

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

(c) Supplemental Medicaid Funding Revenue

Supplemental Medicaid funding revenue includes revenue received from the Medicaid Disproportionate Share Program of approximately \$23,700,000 for the year ended September 30, 2018. The funding TCHD has received is subject to audit and is not representative of funding to be received in future years.

On December 12, 2011, the United States Department of Health & Human Services (HHSC) approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program". This demonstration expanded existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. During 2018, TCHD recognized approximately \$49,526,000 and \$59,260,000 from the UC Pool and the DSRIP Pool, respectively. The funding TCHD has received is subject to audit and is not representative of funding to be received in future years.

The Waiver was effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as HHSC and the Centers for Medicare and Medicaid Services (CMS) negotiated a longer term extension. On December 21, 2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan requires a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five year period. The impact of these changes has not yet been determined, but could have an adverse impact on TCHD's operating results.

On March 1, 2018, TCHD began participating in the Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP, HHSC may direct Medicaid managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospital, increasing revenue from services provided to Medicaid managed care beneficiaries. The state's share of UHRIP funding is funded through intergovernmental transfers from certain hospitals, including TCHD. Revenue from UHRIP is recognized as a component of net patient service revenue.

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

During 2017, TCHD began participation in a Local Provider Participation Fund (LPPF) in Tarrant County. TCHD acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in Tarrant County. These payments are to be used to fund intergovernmental transfers representing the state's share of supplemental Medicaid funding programs. During 2018, TCHD collected \$97,021,000 in mandatory payments and made intergovernmental transfers of \$112,637,000. At September 30, 2018, TCHD held \$4,628,000 in mandatory payments that will be transferred in 2019. During 2017, TCHD collected \$38,907,000 in mandatory payments and made intergovernmental transfers of \$17,703,000. At September 30, 2017, TCHD held \$20,244,000 in mandatory payments that were transferred in 2018.

(d) Property Tax Revenue

TCHD received approximately 38 percent of its support from property taxes. Property taxes are levied on October 1, based on assessed property values on the preceding January 1. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and TCHD records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year. TCHD recorded an allowance for uncollectible property taxes of approximately \$9,155,000 at September 30, 2018.

TCHD's property tax rate was \$0.223264 per \$100 valuation for the maintenance and operation fund and property tax revenue for this fund was \$378,291,000. TCHD's property tax rate was \$0.001165 per \$100 valuation for the interest and sinking fund and property tax revenue for this fund was \$1,974,000.

(e) Deposits, Investments and Investment Income

Deposits

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

State law requires collateralization of all deposit with federal depository insurance or other qualified investments. At September 30, 2018, TCHD's deposits were either insured or collateralized in accordance with state law.

At September 30, 2018, a blended component unit of TCHD's cash accounts exceeded federally insured limits by \$3,067,000.

Investments

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

At September 30, 2018, TCHD's investment balances were as follows (in thousands):

Investment Type	Fair Value	Maturity in Years	
		less than 1	1-5
Investment pools	\$ 138,756	\$ 138,756	\$ -
U.S. Treasury obligations	101,521	101,521	-
U.S. Agencies obligations	105,122	46,890	58,232
Money market mutual funds	1,050	1,050	-
Commercial paper	26,160	26,160	-
		<u>\$ 314,377</u>	<u>\$ 58,232</u>
Mutual funds	<u>416</u>		
Total Investments	<u>\$ 373,025</u>		

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

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

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

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

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

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

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

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

Federal Home Loan Bank	6.30%
Federal Home Loan Mortgage Association	6.90%
Federal National Mortgage Association	9.80%
Federal Farm Credit Bank	5.10%
JP Morgan Securities Commercial Paper	3.80%
Philadelphia, PA - Airport Revenue Commercial Paper	1.70%

Investment Income

Investment income for the fiscal year ended September 30, 2018 consisted of interest and dividend income of \$10,857,000 and a net decrease in fair value of investments of \$1,114,000 for a total of \$9,743,000.

(f) Patient Accounts Receivable

TCHD grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, 2018 consisted of (in thousands):

Medicare	\$	21,363
Medicaid		18,074
Other third-party payers		35,857
Patients		97,562
		<u>172,856</u>
Less allowance for uncollectible accounts		<u>(110,737)</u>
Total	\$	<u>62,119</u>

(g) Capital Assets

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

	Balance October 1, 2017	Additions	Disposals	Transfers	Balance September 30, 2018
Land and improvements	\$ 64,145	\$ 123	\$ -	\$ 1,198	\$ 65,466
Buildings and improvements	254,989	-	-	6,531	261,520
Equipment	440,769	20,239	(5,049)	3,087	459,046
Construction in progress	1,902	14,436	-	(10,816)	5,522
	<u>761,805</u>	<u>34,798</u>	<u>(5,049)</u>	<u>-</u>	<u>791,554</u>
Less accumulated depreciation	(493,405)	(39,241)	5,049	-	(527,597)
Capital assets, net	<u>\$ 268,400</u>	<u>\$ (4,443)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,957</u>

(h) Self-Insurance Programs

Medical Malpractice and General Liability Risks

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

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

	2017	2018
Balance, beginning of year	\$ 561	\$ 558
Current year claims incurred and changes in estimates for claims incurred in prior years	73	261
Claims and expenses paid	<u>(76)</u>	<u>(37)</u>
Balance, end of year	<u>\$ 558</u>	<u>\$ 782</u>

Employee Health Claims

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

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

	<u>2017</u>	<u>2018</u>
Balance, beginning of year	\$ 4,040	\$ 4,551
Current year claims incurred and changes in estimates for claims incurred in prior years	52,033	56,787
Claims and expenses paid	<u>(51,522)</u>	<u>(55,988)</u>
Balance, end of year	<u>\$ 4,551</u>	<u>\$ 5,350</u>

Worker's Compensation Claims

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

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

	<u>2017</u>	<u>2018</u>
Balance, beginning of year	\$ 2,189	\$ 2,107
Current year claims incurred and changes in estimates for claims incurred in prior years	1,782	2,286
Claims and expenses paid	<u>(1,864)</u>	<u>(1,923)</u>
Balance, end of year	<u>\$ 2,107</u>	<u>\$ 2,470</u>

(i) Long-Term Debt

Long-term debt of TCHD consisted of the following at September 30, 2018 (in thousands):

General Obligation Refunding Bonds - Series 2016:

Original amount of \$22,415 dated January 1, 2016, which bears interest at a rate of 2.24%, payable annually with installments ranging from \$1,565 to \$1,955 through 2029. The bonds are secured by property tax revenue.

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

\$ 19,300

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

Original amount of \$25,890 dated September 1, 2012, which bear interest at rates ranging from 3.0% to 5.0%, payable annually with installments ranging from \$1,575 to \$2,205 through 2027. The bonds are secured by revenues of TCHD, excluding property tax revenue. All of the bonds still outstanding may be redeemed at TCHD's option on or after August 15, 2023, at par value plus accrued interest. The proceeds from the bonds were used to advance refund the Series 2002 bonds.

17,130

36,430

Less - current maturities

(3,140)

Long-term debt, net of current maturities

33,290

Plus premium

228

Long-term debt, net of current maturities and premium

\$ 33,518

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

Fiscal Year	Principal	Interest	Total Principal & Interest
2019	\$ 3,140	\$ 1,111	\$ 4,251
2020	3,255	997	4,252
2021	3,375	878	4,253
2022	3,495	754	4,249
2023	3,625	625	4,250
2024-2028	17,585	1,413	18,998
2028-2029	1,955	22	1,977
Total	<u>\$ 36,430</u>	<u>\$ 5,800</u>	<u>\$ 42,230</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2018 (in thousands):

Beginning liability	\$	39,500
Additions		-
Retirements		<u>(3,070)</u>
Ending liability	\$	<u>36,430</u>
Amount due within one year	\$	3,140

(j) Uncompensated Care

In support of its mission, TCHD voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The cost of charity care provided under the charity care policy was \$177,430,000. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

(k) Retirement Plans

Plan Description

TCHD sponsors an agent multiple-employer defined benefit pension plan for eligible employees within a multiemployer retirement program sponsored for member hospitals by the Texas Hospital Association (THA). HealthShare/THA, a wholly owned subsidiary of THA, is the plan administrator of the pension plan. The Plan's assets are invested as a portion of the THA's master pension trust fund. The Plan provides retirement, death, and disability benefits. Amendments to the Plan are made only with the authority of TCHD's Board of Managers. The Plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from TCHD or HealthShare/THA. The report may be obtained by writing HealthShare/THA at 1108 Lavaca, Suite 700, Austin, Texas 78701.

Benefits Provided

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

Participants with five years of participation service are eligible to retire at age 65. Participants may retire at any age after 55 if they have ten years or vesting service. Unreduced Early Retirement is available at age 62 if they have 10 years of vesting service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. Death benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. An employee who leaves the employer's service may withdraw his or her contributions, plus any accumulated interest.

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

The employees covered by the Plan at October 1, 2017 (measurement date), are:

Inactive employees or beneficiaries currently receiving benefits	340
Inactive employees entitled to but not yet receiving benefits	1,309
Active employees	<u>3,811</u>
 Total	 <u><u>5,460</u></u>

Contributions

The TCHD Board has the sole authority to establish and amend the contribution requirements of the active employees. TCHD's contributions are based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the established amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. TCHD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For TCHD's fiscal year ended September 30, 2018, the average active employee contribution rate was 1.0% of annual pay, and TCHD's average contribution rate was 6.75% of annual payroll. Effective October 1, 2018, an amendment to the pension plan increases the annual employee contribution from 1.00% of annual pay to 2.00% of annual pay.

TCHD's contribution rate is based on a rate determined to be sufficient to pay the Employer Normal Cost and amortize the Unfunded Actuarial Liability (Net Pension Liability) over a period of not more than 25 years. TCHD's contribution rate may be lowered in future years given the current funded status of the plan.

The employer contributions were 6.75% of estimated participant compensation for the year ended September 30, 2018. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

Net Pension Liability

TCHD's net pension liability was measured as of October 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the October 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.0%, average, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.25%, net of pension plan investment expense, including inflations

Mortality rates were based on the Society of Actuaries RP-2014 Mortality Table with Projection Scale MP-2017.

The actuarial assumptions used in the October 1, 2017, valuation were based on the results of an actuarial experience study for the period 2011-2016.

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

target asset allocation percentage and by adding expected inflation (2.25%). In addition, the final 7.25% assumption reflected a reduction of 0.14% for adverse deviation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	65.0%	6.3%
International equity	10.0%	5.5%
Fixed income	25.0%	2.0%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% at October 1, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, Plan fiduciary net position and the net pension liability (in thousands):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2017	\$ 231,364	\$ 217,773	\$ 13,591
Changes for the year:			
Service cost	12,604	-	12,604
Interest on total pension liability	17,416	-	17,416
Difference between expected and actual experience	5,794	-	5,794
Contributions - employee	-	1,933	(1,933)
Contributions - employer	-	14,443	(14,443)
Net investment income	-	29,994	(29,994)
Benefit payments, including refunds of employee contributions	(6,590)	(6,590)	-
Administrative expenses	(515)	(515)	-
Assumption changes	(1,084)	-	(1,084)
Net changes	<u>27,625</u>	<u>39,265</u>	<u>(11,640)</u>
Balances as of September 30, 2018	<u>\$ 258,989</u>	<u>\$ 257,038</u>	<u>\$ 1,951</u>

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

The net pension liability of TCHD has been calculated using a discount rate of 7.25% at October 1, 2017. The following presents the net pension liability using a discount rate 1 % higher and 1 % lower than the current rate (in thousands).

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability (asset)	\$ 34,015	\$ 1,951	\$ (24,580)

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

For the year ended September 30, 2018, TCHD recognized pension expense of \$11,207,000. At September 30, 2018, TCHD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,025	\$ 149
Employer contributions subsequent to the measurement date	17,305	-
Changes of assumptions	1,383	3,822
Net difference between projected and actual earnings on plan investments	-	10,834
Total	<u>\$ 24,713</u>	<u>\$ 14,805</u>

At September 30, 2018, TCHD reported \$17,305,000 as deferred outflows of resources related to pensions resulting from TCHD's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2019.

Other amounts reported as deferred inflows of resources and deferred outflows of resources at September 30, 2018, related to pensions will be recognized in pension expense as follows (in thousands):

Year Ended September 30:	Amount
2019	\$ (1,242)
2020	(541)
2021	(3,419)
2022	<u>(2,195)</u>
Total	<u>\$ (7,397)</u>

Pension Plan Fiduciary Net Position

As of October 1, 2017, the Plan's fiduciary net position was comprised of the following (in thousands):

Cash and cash equivalents	\$ 38,094
Investments, at fair value	
Common stocks	93,111
Mutual funds	269,469
Common/collective trust funds	406,693
103-12 investment fund	40,302
 Total investments at fair value	 809,575
 Total plan fiduciary net position	 \$ 847,669

TCHD's interest in the Plan net position as of the measurement date of October 1, 2017 was \$257,038,000.

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

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

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

Asset Class/Style	Target Asset Mix
Large Cap U.S. Equities	50%
Small Cap U.S. Equities	15%
International Equities	10%
 Total Equities	 75%
 Intermediate fixed income	 24%
Cash	1%
 Total fixed income	 25%

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

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

Active equity managers have the following requirements:

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

Active Fixed Income managers have the following requirements:

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

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

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

Investment Rate of Return: The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was (13.2%) for the 12 months ended October 1, 2017.

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

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

Concentration of Credit Risk: It is the Plan's policy to limit equity holdings in any one economic sector to the greater of 25% of the portfolio or 10% above the sector weight in the benchmark and limit equity holdings in any single company to 7% of the portfolio. Additionally, the Plan's policy limits holdings in fixed income obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio.

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

State Street S&P 500 Index NL Fund	35.70%
Vanguard Small Cap Index	14.40%
State Street Aggregate Bond Index NL Fund	12.20%
PIMCO Total Return	12.40%
Dodge & Cox International Stock	5.00%

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy. The fair value of the pension plan assets at October 1, 2017 were as follows (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Common stocks	\$ 93,111	\$ 93,111	\$ -	\$ -
Mutual funds	269,469	269,469	-	-
Total investments by fair value level	<u>362,580</u>	<u>\$ 362,580</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) (A)				
Common/collective trust fund	406,693			
103-12 investment fund	40,302			
Total investments measured at the NAV	<u>446,995</u>			
Total investments at fair value	<u>\$ 809,575</u>			

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

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at October 1, 2017. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

Other Benefit Plans

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution to the IRC Section 403(b) plan discussed below, up to 4% of pay. The contributions for the employer match on the plan were approximately \$6,902,000 for the fiscal year ended September 30, 2018.

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

Also, TCHD offers its employees a tax deferred annuity plan created in accordance with IRC Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan and income attributable to those amounts are solely the

property of the employee. Thus, the plan amounts are not reported in the financial statements. Employee contributions were \$16,163,000 for the fiscal year ended September 30, 2018.

TCHD has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board of Managers. This plan is to provide participants in the defined benefit plan that portion of a participant's benefits that would otherwise be payable under the terms of the defined benefit plan, except for the limitations on benefits imposed by Section 415(b) of the IRC. Contributions to this plan are included in cash and investments and the plan liability is recorded in other long-term liabilities in the balance sheet. As of September 30, 2018, \$1,050,000 in contributions are included in cash and investments and approximately \$918,000 was due under this plan. Approximately \$35,000 of benefit expense was recognized in fiscal year 2018.

(I) Disclosures About Fair Value of Assets and Liabilities

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

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

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

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

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018 (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 101,521	\$ 101,521	\$ -	\$ -
U.S. Agency obligations	105,122	28,212	76,910	-
Investment pool	112,415	-	112,415	-
Commercial paper	26,160	-	26,160	-
Money market mutual funds	1,050	1,050	-	-
Mutual funds	416	416	-	-
Total investments by fair value level	346,684	\$ 131,199	\$ 215,485	\$ -
Investment pool carried at amortized cost	26,341			
Total Investments	\$ 373,025			

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. TCHD held no Level 3 investments as of September 30, 2018.

20. MY HEALTH MY RESOURCES OF TARRANT COUNTY NOTES**(a) Summary of Significant Accounting Policies****Deposits and Investments**

MHMRTC's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Interest revenue is recorded in the applicable fund.

The Public Funds Investment Act generally permits MHMRTC to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of state, agencies, countries, cities and other political subdivisions having

been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent. During the year ended August 31, 2018, MHMRTC did not own any types of securities other than those permitted by statute.

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

Receivables

MHMRTC accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. MHMRTC provides for an amount of uncollectible patient fees using the reserve method based on past payment history. At the year ended August 31 2018, accounts receivable for client services are \$14,613,711 less the allowance for doubtful accounts in the amount of \$11,457,857 for a net realizable value of \$3,155,854.

Inventories and Prepaid Expenditures

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

Capital Assets

Capital assets include property, plant and equipment. Capital assets are defined as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

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

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

Source Funds

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

Compensated Absences

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

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

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

Risk Management

MHMRTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters. During fiscal 2018, MHMRTC is covered under a general liability insurance plan with a combined single limit of \$3,000,000 at a cost it considers to be economically justifiable.

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

(b) Cash and Investments

Deposits

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

Deposits of MHMRTC are fully insured or collateralized with securities held by MHMRTC, its agent or by the pledging financial institution's trust department or agent in the name of MHMRTC at all times during the year ended August 31, 2018.

Certificates of deposit held by MHMRTC in the amount of \$13,244,000 at year-end have a weighted average maturity of 177 days.

Investment Policies

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. MHMRTC's investment policy requires maturities of investments to correspond with projected cash flow needs. Remaining maturities shall be no longer than two years, except as specifically authorized by the Board of Trustees.

MHMRTC policy further provides that maturities on investments exceeding one year shall not exceed 15% of the total portfolio. During the fiscal year ended August 31, 2018, MHMRTC did not own investments other than those permitted by policy.

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

(c) Receivables From Other Governments

Receivables from other governments represent reimbursement of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. At year-end, MHMRTC had \$14,567,521 of receivables from other governments.

(d) Capital Assets

A summary of changes in capital asset balances for the fiscal year ended August 31, 2018, is as follows (in thousands):

	Balance September 1, 2017	Additions	Disposals	Prior Period Adjustment	Balance August 31, 2018
Nondepreciable assets					
Land	\$ 3,735	\$ -	\$ -	\$ -	\$ 3,735
Land-restricted	989	-	-	-	989
Total nondepreciable assets	4,724	-	-	-	4,724
Depreciable assets					
Buildings and improvements	20,629	994	(14)	-	21,609
Buildings and improvements-restricted	3,617	-	-	-	3,617
Vehicles	2,943	168	(300)	-	2,811
Furniture and equipment	14,724	6,098	(1,955)	-	18,867
Total depreciable assets	41,913	7,260	(2,269)	-	46,904
Less accumulated depreciation					
Buildings and improvements	(9,781)	(998)	-	-	(10,779)
Buildings and improvements-restricted	(1,592)	-	-	-	(1,592)
Vehicles	(2,074)	(256)	258	-	(2,072)
Furniture and equipment	(10,351)	(1,223)	1,851	-	(9,723)
Total accumulated depreciation	(23,798)	(2,477)	2,109	-	(24,166)
Capital assets, net	\$ 22,839	\$ 4,783	\$ (160)	\$ -	\$ 27,462

Total depreciation expense is \$2,476,727.

(e) Lease Obligations

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2018. The gross amount of assets acquired by capital lease is \$3,760,382 and \$406,672 of depreciation expense. Net book value of these assets is \$2,892,411.

During 2018, operating lease payments by MHMRTC are \$1,948,160. 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, 2018 are as follows (in thousands):

Year Ended August 31:	Operating Leases	Capital Leases	
		Principal	Interest
2019	\$ 1,475	\$ 857	\$ -
2020	1,035	832	-
2021	979	831	-
2022	723	-	-
2023	100	-	-
and thereafter	-	-	-
Total minimum lease payment	<u>\$ 4,312</u>	<u>\$ 2,520</u>	<u>\$ -</u>

(f) Long-Term Obligations

The following is a summary of the changes in long-term obligations for MHMRTC for the fiscal year ended August 31, 2018 (in thousands):

	Balance September 1, 2017	Additions	Retirements	Balance August 31, 2018	Due Within One Year
Compensated absences	\$ 3,054	\$ 438	\$ 310	\$ 3,182	\$ 310
Capital lease obligations	266	2,496	242	2,520	857
Total	<u>\$ 3,320</u>	<u>\$ 2,934</u>	<u>\$ 552</u>	<u>\$ 5,702</u>	<u>\$ 1,167</u>

Interest expense for the year ended August 31, 2018, is \$749.

(g) Pension Plan

MHMRTC maintains a defined contribution money purchase pension plan under code section 401(a) of the Internal Revenue Code identified as the Tarrant County MHMR Money Purchase Plan. Participation in the plan is available to full-time employees who have completed one year of service and contribute 5% of compensation to the plan. MHMRTC contributes 8% of employee compensation on behalf of participating employees. The plan is administered by ICMA Retirement Corporation. Participants begin to vest in the employer's contribution at the completion of one year of service with 100% vesting occurring after five years (20% per year). During 2018, \$168,551 of employee forfeitures are used to reduce employer contributions for the year.

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Percentage Contributed</u>
2016	\$ 2,813	\$ 1,757	100%
2017	3,417	2,051	100%
2018	3,518	2,186	100%

(h) Deferred Compensation Plan

MHMRTC offered its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan is available to all MHMRTC employees. Employee elective deferrals are voluntary and permit them to defer a portion of their salary in accordance with maximum limits established by the Internal Revenue Code. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employee contributions to these deferred compensation plans are \$1,263,475 during the fiscal year.

(i) Partially Self-Funded Health Benefit Plan

MHMRTC established a partially self-funded health benefits plan for employee health benefits. MHMRTC purchases commercial stop-loss coverage through Unimerica Insurance Company for medical claims in excess of \$175,000 per plan participant, per policy period with an annual aggregate limit of \$21,270,660. Settled claims have not exceeded insurance coverage for the fiscal year. Liabilities for health benefits are calculated considering known claims and estimates of future claims based on the lag time for medical claims. The claim liability at year end is \$2,222,645. This claims liability is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. MHMRTC does not discount its claims liabilities.

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

	<u>2017</u>	<u>2018</u>
Beginning liability	\$ 1,717	\$ 2,586
Expenses incurred	16,131	14,583
Expenses paid	(15,262)	(14,946)
Ending liability	<u>\$ 2,586</u>	<u>\$ 2,223</u>

Claims liability is expected to be paid within one year of August 31, 2018.

(j) Tarrant-Harris Software Solution

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

HTSS is governed by a five member board. MHMRTC and MHMRA each appoint two members to the Board, with the fifth member appointed by the four board members selected by MHMRTC and MHMRA.

In April of 2015, HTSS entered into an agreement with Dallas County Mental Health and Mental Retardation Center, doing business as XenatiX, for the purchase of licenses of fully developed software. In April of 2017, HTSS notified XenatiX of termination of this agreement due to product delivery issues. The cost associated with the termination of this contract has not been fully determined. Negotiations are underway to make this determination.

HTSS total revenues are \$25,907 and total expenses are \$25,907 for the year ending August 31, 2018. MHMRTC's carrying value of HTSS was zero at year-end. Separate financial statements for HTSS may be obtained from the finance department of MHMRTC.

(k) Commitments and Contingencies

MHMRTC management has recorded a liability of \$213,000 at year end as a reasonable estimate of what they believe may actually be due as a result of the termination of the XenatiX agreement described in Note (j). Management estimates that MHMRTC's potential maximum exposure will not exceed this amount.

In May 2017, MHMRTC entered into a contract with Netsmart Technologies, Inc. to receive and implement an electronic health records system and billing system. The total cost associated with this contract will be approximately \$11,650,000 to be incurred over the course of the next six years.

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

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

(l) Permanently Restricted Capital Assets

The Texas Health and Human Services Commission (HHSC), formerly the Department of Aging and Disability Services (DADS), transferred title to five separate real estate properties to MHMRTC in return for the payoff of DADS bonded indebtedness in a prior year. These properties are used by MHMRTC to provide group home services to its clients. In addition, MHMRTC received title to another separate property from DADS to be used to provide program services. The deeds received for these properties contain a restriction that states if the properties cease to be utilized by MHMRTC to provide community-based mental health or disability services for a continuous period of more than 180 days, then title to the property reverts to HHSC as successor to DADS. In accordance with this deed restriction, MHMRTC reports the cost of these properties of \$4,605,775 as restricted capital assets within the building and improvements – restricted and land – restricted captions in Note (d). The net book value of these assets after depreciation is \$2,835,940.



REQUIRED SUPPLEMENTARY INFORMATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT, [TARRANT COUNTY, TEXAS](#)

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the year ended September 30, 2018 (Amounts in thousands)

	General Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 361,385	\$ 361,385	\$ 366,471	\$ 5,086
Licenses and permits	1,115	1,115	1,214	99
Fees of office	56,742	56,742	60,087	3,345
Intergovernmental	20,766	20,766	21,668	902
Investment income	1,220	1,220	2,818	1,598
Other revenues	15,955	12,942	11,695	(1,247)
Transfers	650	650	669	19
Total Revenues	\$ 457,833	\$ 454,820	\$ 464,622	\$ 9,802
EXPENDITURES:				
County Judge	\$ 1,070	\$ 1,075	\$ 1,019	\$ 56
County Administrator	2,843	2,753	2,611	142
Non-Departmental	109,276	104,684	57,265	47,419
Auditor	7,286	7,323	7,202	121
Budget/Risk Management	841	837	824	13
Tax Assessor / Collector	15,838	15,907	15,389	518
Elections Administration	6,402	6,417	5,758	659
Information Technology	41,860	41,963	38,353	3,610
Human Resources	3,297	3,312	3,241	71
Purchasing	2,454	2,466	2,289	177
Facilities	4,844	4,790	4,379	411
Sheriff	47,955	48,109	46,215	1,894
Sheriff - Confinement	84,082	84,454	81,621	2,833
Constable Precinct 1	1,343	1,350	1,339	11
Constable Precinct 2	1,258	1,265	1,251	14
Constable Precinct 3	1,428	1,435	1,429	6
Constable Precinct 4	1,067	1,072	1,063	9
Constable Precinct 5	904	912	876	36
Constable Precinct 6	932	942	936	6
Constable Precinct 7	1,361	1,368	1,330	38
Constable Precinct 8	1,222	1,228	1,142	86
Medical Examiner	9,803	9,840	9,689	151
Fire Marshal	419	421	417	4
Community Supervision	146	146	137	9
Juvenile Services	22,428	22,509	21,591	918
Pretrial Services	1,419	1,708	1,584	124
Buildings	23,028	23,125	22,676	449
17TH District Court	307	308	305	3
48TH District Court	289	290	287	3
67TH District Court	290	292	288	4
96TH District Court	288	289	283	6
141ST District Court	286	287	281	6
153RD District Court	298	299	290	9
236TH District Court	302	302	284	18

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the year ended September 30, 2018 (Amounts in thousands)

	General Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES:				
342ND District Court	\$ 289	\$ 291	\$ 261	\$ 30
348TH District Court	286	288	283	5
352ND District Court	298	313	313	-
Criminal District Court 1	1,384	1,948	1,920	28
Criminal District Court 2	1,419	1,557	1,523	34
Criminal District Court 3	1,439	2,003	1,969	34
Criminal District Court 4	1,364	1,519	1,512	7
213TH District Court	1,560	1,639	1,634	5
297TH District Court	1,429	1,646	1,635	11
371ST District Court	1,584	2,104	2,093	11
372ND District Court	1,571	1,910	1,880	30
396TH District Court	1,793	2,001	1,960	41
432nd District Court	1,653	2,407	2,351	56
Magistrate Court	992	1,319	1,317	2
231ST District Court	639	646	637	9
233RD District Court	793	797	778	19
322ND District Court	636	639	629	10
323RD District Court	3,193	3,343	3,304	39
324TH District Court	730	733	693	40
325TH District Court	657	659	598	61
360TH District Court	622	624	582	42
Special Judges	281	399	396	3
Criminal Court Administration	1,703	2,270	2,261	9
Grand Jury	197	198	197	1
Criminal Attorney Appointment	716	511	506	5
Criminal Mental Health Court	259	251	215	36
County Court at Law #1	595	598	593	5
County Court at Law #2	595	598	597	1
County Court at Law #3	591	597	581	16
County Criminal Court #1	901	1,031	992	39
County Criminal Court #2	893	1,030	1,002	28
County Criminal Court #3	860	894	863	31
County Criminal Court #4	879	960	933	27
County Criminal Court #5	1,233	1,236	1,204	32
County Criminal Court #6	763	837	816	21
County Criminal Court #7	886	969	954	15
County Criminal Court #8	793	835	804	31
County Criminal Court #9	774	835	811	24
County Criminal Court #10	817	885	858	27
Probate Court 1	2,228	2,235	2,147	88
Probate Court 2	2,390	2,398	2,343	55
Justice of the Peace Pct. 1	770	774	751	23
Justice of the Peace Pct. 2	760	765	761	4
Justice of the Peace Pct. 3	733	753	745	8

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONCLUDED)

For the year ended September 30, 2018 (Amounts in thousands)

	General Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES:				
Justice of the Peace Pct. 4	\$ 733	\$ 737	\$ 729	\$ 8
Justice of the Peace Pct. 5	564	567	554	13
Justice of the Peace Pct. 6	687	690	678	12
Justice of the Peace Pct. 7	787	790	764	26
Justice of the Peace Pct. 8	723	726	720	6
District Attorney	40,829	41,040	39,626	1,414
District Clerk	10,825	10,874	10,654	220
County Clerk	11,169	11,222	10,651	571
Domestic Relations	7,926	7,965	7,713	252
Jury Services	2,124	2,127	1,954	173
Courts / Judiciary	2,926	629	628	1
Human Services	4,819	4,831	3,670	1,161
Child Protective Services	2,660	2,660	2,556	104
Public Assistance	722	722	722	-
TX Cooperative Extension	802	805	669	136
Veterans Services	475	477	471	6
Historical Commission	205	205	195	10
Total Expenditures	<u>\$ 530,790</u>	<u>\$ 530,790</u>	<u>\$ 465,800</u>	<u>\$ 64,990</u>

BUDGETARY COMPARISON SCHEDULE ROAD AND BRIDGE

For the year ended September 30, 2018 (Amounts in thousands)

	Road and Bridge			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Fees of office	17,824	17,824	18,568	744
Intergovernmental	30	30	292	262
Investment income	71	71	176	105
Other revenues	72	72	445	373
Transfers	8,700	8,700	8,700	-
Total Revenues	\$ 26,697	\$ 26,697	\$ 28,182	\$ 1,485
EXPENDITURES:				
Buildings	\$ 33	\$ 33	\$ 26	\$ 7
Commissioner Precinct 1	8,358	8,384	7,407	977
Commissioner Precinct 2	4,735	4,753	4,192	561
Commissioner Precinct 3	5,223	5,242	4,835	407
Commissioner Precinct 4	7,546	7,573	6,899	674
Right of Way	2,970	2,930	634	2,296
Transportation	3,365	3,419	2,892	527
Road and Bridge Non-Departmental	864	760	478	282
Total Expenditures	\$ 33,094	\$ 33,094	\$ 27,363	\$ 5,731

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
For the year ended September 30, 2018**

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.
- Some budgets are developed at a “sub-fund” level. These “sub-funds” may not be budgeted at the 10 categorical levels, but budgeted at the total “sub-fund” level.
- A separate budget report detailed to the legal level of control is available upon request. The detailed budget report has “sub-funds” and contains more detail than the budget information provided within this report.
- Annual appropriated budgets are legally adopted for all funds except TCHFC, TCIDC and Grants Fund. The budget is prepared utilizing a modified cash basis of accounting, as allowed by state statutes. Beginning fund balance is budgeted as revenue, as required by state statutes.
- Encumbrances are used for budgetary basis accounting for the appropriated budgets. Encumbrances consume budget as an actual when a purchase order is issued. Encumbrances do not represent expenditures or liabilities for modified accrual basis until the goods or services are received.
- Unencumbered appropriations lapse at year-end for all funds.
- The financial statements are prepared in accordance with GAAP and, accordingly, there are differences between the amounts reported as revenues and expenditures in the financial statements and the amounts reflected in the budgetary comparison schedule.

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):

	<u>General Fund</u>	<u>Road and Bridge</u>
Revenues		
Budgetary Basis	\$ 464,622	\$ 28,182
Transfers in	(669)	(8,700)
Market value adjustment for securities not budget relevant	32	-
Available in 2018, received in 2019	765	-
Accrued in prior years, received in 2018	<u>(956)</u>	<u>-</u>
Revenues on modified accrual (GAAP) basis	<u>463,794</u>	<u>19,482</u>
Expenditures		
Budgetary Basis	465,800	27,363
Transfers out	(42,576)	-
Incurred in prior years, paid in 2018	821	118
Incurred during 2018, payable in future years	(2,120)	(699)
Prepaid, bad debt & inventory adjustments not budget relevant	<u>(1,334)</u>	<u>(87)</u>
Expenditures on modified accrual (GAAP) basis	<u>420,591</u>	<u>26,695</u>
Other Financing Sources (Uses)	<u>(41,907)</u>	<u>8,700</u>
Changes in fund balance on modified accrual (GAAP) basis	<u>\$ 1,296</u>	<u>\$ 1,487</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.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
(Amounts in thousands)**

	Year ended September 30				
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 38,055	\$ 36,398	\$ 35,941	\$ 34,260	\$ 32,472
Contributions in relation to the actuarially determined contribution	50,786	46,843	44,024	39,342	38,235
Contribution (excess)	<u>(12,731)</u>	<u>(10,445)</u>	<u>(8,083)</u>	<u>(5,082)</u>	<u>(5,763)</u>
Covered payroll	\$ 262,718	\$ 253,641	\$ 251,567	\$ 234,785	\$ 225,829
Contributions as a percentage of covered payroll	19.33%	18.47%	17.50%	16.76%	16.93%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6.0 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career, including inflation
Investment rate of return	8%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Tables for males and 110% of the RP-2014 Healthy Annuitant Mortality Tables for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule *	Calendar year 2015: Employer contributions reflect that a 50% CPI COLA adoption Calendar year 2016: No changes in plan provisions Calendar year 2017: Employer contributions reflect a 50% CPI COLA adoption Also, new Annuity Purchase rates were reflected for benefits earned after 2017
Changes in Assumptions Methods Reflected in the Schedule *	Calendar year 2015: New inflation, mortality and other assumptions reflected. Calendar year 2017: New mortality assumptions were reflected.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 29,612	\$ 27,321	\$ 26,366	\$ 24,815	\$ 23,223
<u>32,372</u>	<u>27,321</u>	<u>26,366</u>	<u>24,815</u>	<u>23,223</u>
<u>(2,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 217,492	\$ 213,321	\$ 216,495	\$ 212,965	\$ 211,127
14.88%	12.81%	12.18%	11.65%	11.00%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Amounts in thousands)

	Plan Year ended December 31			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 38,878	\$ 39,393	\$ 37,283	\$ 35,951
Interest on total pension liability	129,570	120,402	113,517	105,804
Effect of plan changes	-	-	(7,351)	-
Effect of assumption changes or inputs	(9,933)	-	21,317	-
Difference between expected and actual activity	(16,337)	(2,578)	(15,711)	(898)
Refunds of contributions	(3,479)	(2,321)	(2,989)	(2,207)
Benefit payments	(65,434)	(59,509)	(54,948)	(49,258)
Other	1,703	1,600	1,503	-
Net change in total pension liability	74,968	96,987	92,621	89,392
Total pension liability, beginning	1,592,831	1,495,844	1,403,223	1,313,831
Total pension liability, ending (a)	<u>\$ 1,667,799</u>	<u>\$ 1,592,831</u>	<u>\$ 1,495,844</u>	<u>\$ 1,403,223</u>
Fiduciary Net Position				
Employer contributions	\$ 47,657	\$ 42,720	\$ 41,529	\$ 33,317
Member contributions	17,817	17,094	16,662	16,120
Investment income (loss) net of investment expenses	178,077	84,033	(3,788)	72,724
Refunds of contributions	(3,479)	(2,321)	(2,989)	(2,207)
Benefit payments	(65,434)	(59,509)	(54,948)	(49,258)
Administrative expenses	(927)	(913)	(818)	(850)
Other	1,247	4,229	517	31
Net change in fiduciary net position	174,958	85,333	(3,835)	69,877
Fiduciary net position, beginning	1,219,073	1,133,740	1,137,575	1,067,698
Fiduciary net position, ending (b)	<u>\$ 1,394,031</u>	<u>\$ 1,219,073</u>	<u>\$ 1,133,740</u>	<u>\$ 1,137,575</u>
Net pension liability, ending = (a) - (b)	<u>\$ 273,768</u>	<u>\$ 373,758</u>	<u>\$ 362,104</u>	<u>\$ 265,648</u>
Fiduciary net position as a percentage of total pension liability	83.59%	76.53%	75.79%	81.07%
Covered payroll	\$ 254,133	\$ 244,001	\$ 237,309	\$ 228,675
Net pension liability as a percentage of covered payroll	107.73%	153.18%	152.59%	116.17%

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
 (Amounts in thousands)

	Measurement date September 30, 2017
Total OPEB Liability	
Service cost	\$ 12,432
Interest cost	7,137
Effect of assumption changes or inputs	(17,168)
Benefit payments	(7,305)
Net change in total OPEB liability	(4,904)
Total OPEB liability, beginning	224,465
Total OPEB liability, ending (a)	\$ 219,561
Fiduciary Net Position	
Employer contributions	\$ 7,305
Benefit payments	(7,305)
Net change in fiduciary net position	-
Fiduciary net position, beginning	-
Fiduciary net position, ending (b)	-
Total OPEB liability, ending = (a) - (b)	\$ 219,561
Fiduciary net position as a percentage of total OPEB liability	0.00%
Covered employee payroll	\$ 254,210
Total OPEB liability as a percentage of covered employee payroll	86.37%

Notes to schedule

There are no assets in a qualifying trust, as defined by GASB 75, to pay related benefits.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.64%
2016	3.06%

The County implemented GASB 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available, therefore, ten years of data will accumulate over time.

DISCRETELY PRESENTED COMPONENT UNIT - TCHD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Amounts in thousands)

	Year ended September 30			
	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 12,604	\$ 12,028	\$ 12,181	\$ 11,556
Interest on total pension liability	17,416	15,931	14,805	12,953
Effect of assumption changes or inputs	(1,084)	(2,152)	(4,900)	6,650
Difference between expected and actual activity	5,794	1,522	1,720	(717)
Benefit payments, including refunds of employee contributions	(6,590)	(7,210)	(6,069)	(7,021)
Administrative expenses	(515)	(496)	-	-
Net change in total pension liability	<u>27,625</u>	<u>19,623</u>	<u>17,737</u>	<u>23,421</u>
Total pension liability, beginning	<u>231,364</u>	<u>211,741</u>	<u>194,004</u>	<u>170,583</u>
Total pension liability, ending (a)	<u>\$ 258,989</u>	<u>\$ 231,364</u>	<u>\$ 211,741</u>	<u>\$ 194,004</u>
Fiduciary Net Position				
Employer contributions	\$ 14,443	\$ 13,579	\$ 12,313	\$ 11,625
Member contributions	1,933	1,805	1,641	1,574
Investment income (loss) net of investment expenses	29,994	20,967	(2,629)	20,134
Benefit payments, including refunds of employee contributions	(6,590)	(7,210)	(6,069)	(7,021)
Administrative expenses	(515)	(496)	(587)	(407)
Net change in fiduciary net position	<u>39,265</u>	<u>28,645</u>	<u>4,669</u>	<u>25,905</u>
Fiduciary net position, beginning	<u>217,773</u>	<u>189,128</u>	<u>184,459</u>	<u>158,554</u>
Fiduciary net position, ending (b)	<u>\$ 257,038</u>	<u>\$ 217,773</u>	<u>\$ 189,128</u>	<u>\$ 184,459</u>
Net pension liability, ending = (a) - (b)	<u>\$ 1,951</u>	<u>\$ 13,591</u>	<u>\$ 22,613</u>	<u>\$ 9,545</u>
Fiduciary net position as a percentage of total pension liability	99.25%	94.13%	89.32%	95.08%
Covered payroll	\$ 213,963	\$ 201,170	\$ 182,418	\$ 178,847
Net pension liability as a percentage of covered payroll	0.91%	6.76%	12.40%	5.34%

Notes to schedule:

Changes of assumptions:

- 1) Mortality updated to RP-2014 projected from 2006 base year using MP-2017
- 2) IRC Sections 401(a)(17) and 415 Limitations adjusted future increases in limits from 2.50% to 2.25%

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

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

**DISCRETELY PRESENTED COMPONENT UNIT - TCHD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - TCHD
(Amounts in thousands)**

Year ended September 30,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2018	\$ 17,305	\$ 17,305	\$ -	256,366	6.75%
2017	14,443	14,443	-	213,963	6.75%
2016	13,579	13,579	-	201,170	6.75%
2015	12,313	12,313	-	182,418	6.75%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	“Closed group” level dollar of payroll
Remaining amortization period	6 years at October 1, 2017; recalculated annually; employer contribution rate constant unless amortization period > 25 years or ≤ 0 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Retirement age	60
Mortality	RP-2014 Total Employee Mortality Table, projected from 2006 base year with Scale MP-2017 mortality improvement scale

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

NONMAJOR GOVERNMENTAL FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT, [TARRANT COUNTY, TEXAS](#)

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS - FUND DESCRIPTIONS

LAW LIBRARY FUND

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

RECORDS PRESERVATION & AUTOMATION FUNDS

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

EDUCATION FUND

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

PUBLIC HEALTH CONTRACT

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

DISTRICT ATTORNEY CONTRACTS

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

SHERIFF CONTRACTS

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

MISCELLANEOUS CONTRACTS

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

COURT DESIGNATED FUNDS

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

VEHICLE INVENTORY TAX FUND

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

CONSUMER HEALTH FUND

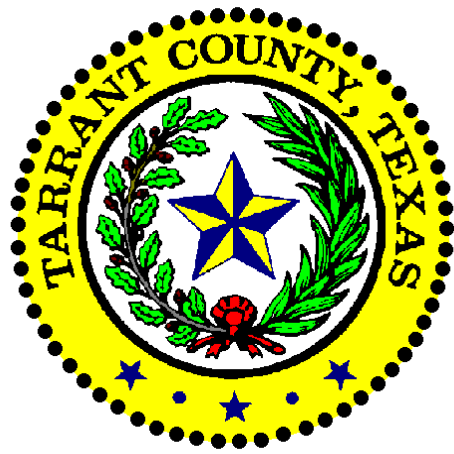
This fund was established, pursuant to State statutes, to account for the collection of food permit fees and expenditures incurred in connection with issuing permits and conducting inspections.

HOUSING FINANCE CORPORATION

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

INDUSTRIAL DEVELOPMENT CORPORATION

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



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

For the year ended September 30, 2018 (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	\$ 964	\$ 18,280	\$ 198	\$ 22,767	\$ 3,591
Other receivables, net of allowance for uncollectibles	8	45	3	4,847	-
Supplies and prepaid items	-	6	5	15	-
TOTAL ASSETS	\$ 972	\$ 18,331	\$ 206	\$ 27,629	\$ 3,591
LIABILITIES					
Accounts payable	\$ 118	\$ 17	\$ 8	\$ 265	\$ 37
Other liabilities	6	50	-	227	2,243
Due to other funds	-	-	-	-	-
Total liabilities	124	67	8	492	2,280
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-other receivables	-	-	-	4,847	-
Total deferred inflows of resources	-	-	-	4,847	-
FUND BALANCES					
Nonspendable	-	6	5	15	-
Restricted:					
Law library	719	-	-	-	-
Records management	-	17,440	-	-	-
Education	-	-	193	-	-
Public health	-	-	-	2,274	-
Law enforcement and prosecution	-	-	-	-	1,277
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
VIT administration	-	-	-	-	-
Committed:					
Law library	129	-	-	-	-
Records management	-	818	-	-	-
Public health	-	-	-	20,001	-
Law enforcement and prosecution	-	-	-	-	34
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
Assigned:					
Economic development	-	-	-	-	-
Total fund balances	848	18,264	198	22,290	1,311
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 972	\$ 18,331	\$ 206	\$ 27,629	\$ 3,591

Sheriff Contracts	Miscellaneous Contracts	Court Designated Funds	Vehicle Inventory Tax	Consumer Health	Housing Finance Corporation	Industrial Development Corporation	Total
\$ 4,787	\$ 6,798	\$ 2,335	\$ 1,150	\$ 574	\$ 3,718	\$ 47	\$ 65,209
104	5,088	141	-	-	-	-	10,236
43	-	-	-	-	-	-	69
<u>\$ 4,934</u>	<u>\$ 11,886</u>	<u>\$ 2,476</u>	<u>\$ 1,150</u>	<u>\$ 574</u>	<u>\$ 3,718</u>	<u>\$ 47</u>	<u>\$ 75,514</u>
\$ 50	\$ 567	\$ 109	\$ -	\$ 23	\$ -	\$ -	\$ 1,194
108	63	7	1	17	-	-	2,722
-	39	-	-	-	-	-	39
<u>158</u>	<u>669</u>	<u>116</u>	<u>1</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>3,955</u>
-	2,600	-	-	-	-	-	7,447
-	2,600	-	-	-	-	-	7,447
43	-	-	-	-	-	-	69
-	-	-	-	-	-	-	719
-	-	-	-	-	-	-	17,440
-	-	-	-	-	-	-	193
-	29	-	-	473	-	-	2,776
4,449	7	-	-	-	-	-	5,733
-	2,622	-	-	-	-	-	2,622
-	573	2,160	-	-	-	-	2,733
-	-	-	1,149	-	-	-	1,149
-	-	-	-	-	-	-	129
-	-	-	-	-	-	-	818
-	4,770	-	-	61	-	-	24,832
284	2	-	-	-	-	-	320
-	525	-	-	-	-	-	525
-	89	200	-	-	-	-	289
-	-	-	-	-	3,718	47	3,765
<u>4,776</u>	<u>8,617</u>	<u>2,360</u>	<u>1,149</u>	<u>534</u>	<u>3,718</u>	<u>47</u>	<u>64,112</u>
<u>\$ 4,934</u>	<u>\$ 11,886</u>	<u>\$ 2,476</u>	<u>\$ 1,150</u>	<u>\$ 574</u>	<u>\$ 3,718</u>	<u>\$ 47</u>	<u>\$ 75,514</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	1,309	4,677	27	1,069	8
Intergovernmental	-	-	99	28,099	-
Investment income	13	277	-	354	21
Other revenues	33	1	-	40	595
Total revenues	1,355	4,955	126	29,562	624
EXPENDITURES:					
Current:					
General government	-	2,260	-	155	-
Public safety	-	-	106	-	47
Judicial	138	984	29	-	239
Community services	1,107	-	-	23,687	-
Capital outlay	-	179	-	316	468
Total expenditures	1,245	3,423	135	24,158	754
Excess (deficiency) of revenues over (under) expenditures	110	1,532	(9)	5,404	(130)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balance	110	1,532	(9)	5,404	(130)
FUND BALANCES, beginning of year	738	16,732	207	16,886	1,441
FUND BALANCES, end of year	\$ 848	\$ 18,264	\$ 198	\$ 22,290	\$ 1,311

Sheriff Contracts	Miscellaneous Contracts	Court Designated Funds	Vehicle Inventory Tax	Consumer Health	Housing Finance Corporation	Industrial Development Corporation	Total
\$ -	\$ -	\$ -	\$ 352	\$ -	\$ -	\$ -	\$ 352
-	4,660	1,670	108	1,085	-	-	14,613
-	3,472	216	-	-	-	-	31,886
71	102	37	15	9	36	1	936
2,318	891	-	-	2	252	-	4,132
2,389	9,125	1,923	475	1,096	288	1	51,919
-	2,697	523	76	-	-	-	5,711
2,044	781	76	-	-	-	-	3,054
-	816	667	-	-	-	-	2,873
-	3,035	-	-	1,069	240	1	29,139
576	479	18	3	106	-	-	2,145
2,620	7,808	1,284	79	1,175	240	1	42,922
(231)	1,317	639	396	(79)	48	-	8,997
300	506	-	-	-	-	-	806
-	(71)	(598)	-	-	-	-	(669)
150	-	-	-	-	-	-	150
450	435	(598)	-	-	-	-	287
219	1,752	41	396	(79)	48	-	9,284
4,557	6,865	2,319	753	613	3,670	47	54,828
\$ 4,776	\$ 8,617	\$ 2,360	\$ 1,149	\$ 534	\$ 3,718	\$ 47	\$ 64,112



BUDGETARY COMPLIANCE

COMPREHENSIVE ANNUAL FINANCIAL REPORT, [TARRANT COUNTY, TEXAS](#)

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - DEBT SERVICE**

For the year ended September 30, 2018 (Amounts in thousands)

	Debt Service Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 36,907	\$ 36,907	\$ 37,363	\$ 456
Investment income	122	122	281	159
Total Revenues	<u>\$ 37,029</u>	<u>\$ 37,029</u>	<u>\$ 37,644</u>	<u>\$ 615</u>
EXPENDITURES:				
Debt service	\$ 38,293	\$ 38,293	\$ 37,290	\$ 1,003
Total Expenditures	<u>\$ 38,293</u>	<u>\$ 38,293</u>	<u>\$ 37,290</u>	<u>\$ 1,003</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS (CONTINUED)

For the year ended September 30, 2018 (Amounts in thousands)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Investment income	\$ 1,167	\$ 1,167	\$ 2,491	\$ 1,324
Other revenues	-	165	667	502
Transfers/bond proceeds	32,905	32,940	32,940	-
Total Revenues	\$ 34,072	\$ 34,272	\$ 36,098	\$ 1,826
EXPENDITURES:				
County Administrator	\$ -	\$ 9	\$ 9	\$ -
Non-Departmental	19,278	17,448	4	17,444
Auditor	-	7	7	-
Tax Assessor / Collector	139	141	112	29
Information Technology	23,102	23,012	13,571	9,441
Human Resources	8	2	2	-
Facilities	35	113	81	32
Sheriff	143	500	492	8
Sheriff - Confinement	27	25	25	-
Constable Precinct 5	3	3	3	-
Constable Precinct 8	7	7	-	7
Medical Examiner	133	133	132	1
Fire Marshal	-	4	4	-
Community Supervision	9	9	9	-
Juvenile Services	5	11	10	1
Buildings	62,425	64,421	7,142	57,279
Criminal District Court 2	3	4	3	1
371ST District Court	2	1	1	-
372nd District Court	1	1	1	-
Magistrate Court	-	1	1	-
360TH District Court	-	1	-	1
Criminal Court Administration	46	20	18	2
County Criminal Court 3	-	1	1	-
County Criminal Court 5	1	1	-	1
County Criminal Court 6	2	3	1	2
County Criminal Court 10	-	2	2	-
Probate Court 1	1	4	4	-
Probate Court 2	6	6	2	4
Justice of the Peace Pct. 1	-	1	1	-
Justice of the Peace Pct. 2	4	6	6	-
Justice of the Peace Pct. 3	6	9	9	-
Justice of the Peace Pct. 6	-	4	4	-
Justice of the Peace Pct. 8	1	2	2	-
District Clerk	11	11	9	2
County Clerk	44	44	33	11

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS (CONCLUDED)**

For the year ended September 30, 2018 (Amounts in thousands)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES:				
Domestic Relations	\$ 4	\$ 5	\$ 5	\$ -
Courts / Judiciary	55	26	-	26
Human Services	9	9	8	1
TX Cooperative Extension	-	1	1	-
Commissioner Precinct 1	3,395	3,395	881	2,514
Commissioner Precinct 2	1,374	1,423	1,227	196
Commissioner Precinct 3	915	958	660	298
Commissioner Precinct 4	364	442	200	242
Right of Way	550	550	-	550
Transportation	38,872	38,981	5,640	33,341
Total Expenditures	<u>\$ 150,980</u>	<u>\$ 151,757</u>	<u>\$ 30,323</u>	<u>\$ 121,434</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Law Library			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,175	\$ 1,175	\$ 1,309	\$ 134
Investment income	5	5	13	8
Other revenues	30	30	33	3
Total Revenues	<u>\$ 1,210</u>	<u>\$ 1,210</u>	<u>\$ 1,355</u>	<u>\$ 145</u>
EXPENDITURES:				
Law Library	\$ 1,598	\$ 1,598	\$ 1,102	\$ 496
Judicial Law Library	175	175	147	28
Total Expenditures	<u>\$ 1,773</u>	<u>\$ 1,773</u>	<u>\$ 1,249</u>	<u>\$ 524</u>

	Records Preservation and Automation			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 4,596	\$ 4,596	\$ 4,677	\$ 81
Investment income	103	103	277	174
Other revenues	-	-	1	1
Total Revenues	<u>\$ 4,699</u>	<u>\$ 4,699</u>	<u>\$ 4,955</u>	<u>\$ 256</u>
EXPENDITURES:				
Information Technology	\$ 2,544	\$ 2,544	\$ 540	\$ 2,004
Buildings	30	45	45	-
District Clerk	1,419	1,404	732	672
County Clerk	16,787	16,787	2,042	14,745
Total Expenditures	<u>\$ 20,780</u>	<u>\$ 20,780</u>	<u>\$ 3,359</u>	<u>\$ 17,421</u>

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS**

For the year ended September 30, 2018 (Amounts in thousands)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 23	\$ 23	\$ 27	\$ 4
Intergovernmental	-	99	99	-
Total Revenues	<u>\$ 23</u>	<u>\$ 122</u>	<u>\$ 126</u>	<u>\$ 4</u>
EXPENDITURES:				
Sheriff	\$ 82	\$ 167	\$ 91	\$ 76
Sheriff-Confinement	20	21	20	1
Constable Precinct 1	2	3	1	2
Constable Precinct 2	3	4	-	4
Constable Precinct 3	2	3	-	3
Constable Precinct 4	9	10	-	10
Constable Precinct 5	3	4	-	4
Constable Precinct 6	5	6	-	6
Constable Precinct 7	6	7	2	5
Constable Precinct 8	1	3	1	2
Fire Marshal	1	1	1	-
Probate Court 1	31	31	7	24
Probate Court 2	28	28	8	20
District Attorney	1	5	5	-
Total Expenditures	<u>194</u>	<u>293</u>	<u>136</u>	<u>157</u>

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,099	\$ 1,099	\$ 1,069	\$ (30)
Intergovernmental	23,251	23,251	28,098	4,847
Investment income	74	74	355	281
Other revenues	-	-	40	40
Transfer	549	549	549	-
Total Revenues	<u>\$ 24,973</u>	<u>\$ 24,973</u>	<u>\$ 30,111</u>	<u>\$ 5,138</u>
EXPENDITURES:				
Non-Departmental	\$ 14,555	\$ 10,975	\$ 549	\$ 10,426
Buildings	301	294	154	140
Public Health	<u>25,372</u>	<u>28,959</u>	<u>24,309</u>	<u>4,650</u>
Total Expenditures	<u>\$ 40,228</u>	<u>\$ 40,228</u>	<u>\$ 25,012</u>	<u>\$ 15,216</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	District Attorney			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ -	\$ -	\$ 8	\$ 8
Investment income	7	7	21	14
Other revenues	-	-	595	595
Transfer	-	51	51	-
Total Revenues	\$ 7	\$ 58	\$ 675	\$ 617
EXPENDITURES:				
Facilities	\$ 23	\$ 263	\$ 263	\$ -
Sheriff	-	47	47	-
Buildings	-	45	35	10
District Attorney	1258	977	406	571
Total Expenditures	\$ 1,281	\$ 1,332	\$ 751	\$ 581

	Sheriff Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Investment income	\$ 27	\$ 27	\$ 71	\$ 44
Other revenues	1500	1500	2318	818
Transfer	300	300	300	-
Total Revenues	\$ 1,827	\$ 1,827	\$ 2,689	\$ 862
EXPENDITURES:				
Sheriff	\$ 917	\$ 917	\$ 437	\$ 480
Sheriff - Confinement	4730	4730	1854	2876
Total Expenditures	\$ 5,647	\$ 5,647	\$ 2,291	\$ 3,356

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS**

For the year ended September 30, 2018 (Amounts in thousands)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 201	\$ 1,362	\$ 4,663	\$ 3,301
Intergovernmental	490	4,382	3,472	(910)
Investment income	27	27	102	75
Other revenues	661	878	891	13
Transfer	143	143	506	363
Total Revenues	\$ 1,522	\$ 6,792	\$ 9,634	\$ 2,842
EXPENDITURES:				
County Administrator	\$ -	\$ 2	\$ -	\$ 2
Non-Departmental	31	31	24	7
Elections Administration	1,002	4,893	3,093	1,800
Information Technology	-	10	-	10
Self Insurance	1,227	1,227	113	1,114
Disaster Relief	-	25	25	-
Sheriff	9	26	24	2
Constable Precinct 3	-	3	3	-
Constable Precinct 7	12	17	10	7
Medical Examiner	49	49	1	48
Fire Marshal	85	85	82	3
Community Supervision	593	691	691	-
Juvenile Services	311	311	19	292
Criminal Court Administration	417	417	135	282
Veterans Diversion Court	24	24	5	19
District Attorney	469	500	465	35
Domestic Relations	15	15	15	-
8th Admin Judicial Region	112	113	113	-
Public Health	1,039	3,183	2,950	233
Human Services	112	197	149	48
Child Protective Services	213	213	138	75
Public Assistance	79	79	26	53
Historical Commission	43	43	-	43
Peace Officers Memorial Monument	21	21	21	-
Total Expenditures	\$ 5,863	\$ 12,175	\$ 8,102	\$ 4,073

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,582	\$ 1,593	\$ 1,670	\$ 77
Intergovernmental	140	140	215	75
Investment income	14	14	38	24
Total Revenues	\$ 1,736	\$ 1,747	\$ 1,923	\$ 176
EXPENDITURES:				
Non Departmental	\$ 2,157	\$ 2,169	\$ 1,121	\$ 1,048
Information Technology	263	263	8	255
Facilities	2	2	-	2
Community Supervision	90	90	76	14
323rd District Court	374	374	201	173
Appeals Court	181	181	172	9
Criminal Court Administration	267	267	187	80
Probate Court 1	261	261	58	203
Probate Court 2	158	158	49	109
Total Expenditures	\$ 3,753	\$ 3,765	\$ 1,872	\$ 1,893

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 300	\$ 300	\$ 352	\$ 52
Fees of office	40	40	108	68
Investment income	3	3	15	12
Total Revenues	\$ 343	\$ 343	\$ 475	\$ 132
EXPENDITURES:				
Tax Assessor/Collector	\$ 1,059	\$ 1,059	\$ 78	\$ 981
Total Expenditures	\$ 1,059	\$ 1,059	\$ 78	\$ 981

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS**

For the year ended September 30, 2018 (Amounts in thousands)

	Consumer Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 980	\$ 980	\$ 1,086	\$ 106
Investment income	3	3	9	6
Other	-	-	1	1
Total Revenues	<u>\$ 983</u>	<u>\$ 983</u>	<u>\$ 1,096</u>	<u>\$ 113</u>
EXPENDITURES:				
Public Health	\$ 1,409	\$ 1,409	\$ 1,124	\$ 285
Total Expenditures	<u>\$ 1,409</u>	<u>\$ 1,409</u>	<u>\$ 1,124</u>	<u>\$ 285</u>



INTERNAL SERVICE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT, [TARRANT COUNTY, TEXAS](#)

**INTERNAL SERVICE FUNDS
FUND DESCRIPTIONS****EMPLOYEE BENEFITS FUND**

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

SELF INSURANCE FUND

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

WORKERS' COMPENSATION FUND

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

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

<u>ASSETS</u>	Employee Benefits	Self Insurance	Workers Compensation	Total
Current assets:				
Cash and cash equivalents	\$ 17,261	\$ 2,777	\$ 2,545	\$ 22,583
Other receivables, net of allowance for uncollectibles	5,099	3	1	5,103
Prepaid expenses and inventory	194	-	-	194
Total current assets	<u>22,554</u>	<u>2,780</u>	<u>2,546</u>	<u>27,880</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	392	72	74	538
Other liabilities	4,450	-	-	4,450
Unearned revenue	88	-	-	88
Other long term liabilities-current portion	-	372	3,157	3,529
Total current liabilities	<u>4,930</u>	<u>444</u>	<u>3,231</u>	<u>8,605</u>
Noncurrent liabilities:				
Other noncurrent liabilities	-	554	5,364	5,918
Total noncurrent liabilities	<u>-</u>	<u>554</u>	<u>5,364</u>	<u>5,918</u>
Total liabilities	<u>4,930</u>	<u>998</u>	<u>8,595</u>	<u>14,523</u>
 <u>NET POSITION</u>				
Unrestricted	<u>17,624</u>	<u>1,782</u>	<u>(6,049)</u>	<u>13,357</u>
Total net position	<u>\$ 17,624</u>	<u>\$ 1,782</u>	<u>\$ (6,049)</u>	<u>\$ 13,357</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - INTERNAL SERVICE FUNDS**

For the year ended September 30, 2018 (Amounts in thousands)

	Employee Benefits	Self Insurance	Workers Compensation	Total
OPERATING REVENUES				
Charges for services - external	\$ 17,355	\$ -	\$ -	\$ 17,355
Charges for services - internal	51,497	-	2,390	53,887
Other revenues	3,470	19	102	3,591
Total operating revenues	72,322	19	2,492	74,833
OPERATING EXPENSES				
Building and equipment	-	148	-	148
Self insurance claims	58,576	83	2,367	61,026
Insurance premiums	2,477	-	-	2,477
Other expenses	4,236	436	785	5,457
Total operating expenses	65,289	667	3,152	69,108
Operating income (loss)	7,033	(648)	(660)	5,725
NONOPERATING REVENUES				
Investment income	241	46	37	324
Total nonoperating revenues	241	46	37	324
Income (loss) before transfers	7,274	(602)	(623)	6,049
Transfers in	-	500	-	500
Transfers out	(370)	-	-	(370)
Change in net position	6,904	(102)	(623)	6,179
Net position - beginning	10,720	1,884	(5,426)	7,178
Net position (deficit) - ending	\$ 17,624	\$ 1,782	\$ (6,049)	\$ 13,357

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Employee Benefits	Self Insurance	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and employees	\$ 17,640	\$ 19	\$ 103	\$ 17,762
Receipts from interfund charges	51,497	-	2,390	53,887
Payments for claims and judgments	(64,833)	(353)	(2,619)	(67,805)
Net cash provided by (used in) operating activities	4,304	(334)	(126)	3,844
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income, net	241	46	37	324
Net cash provided by investing activities	241	46	37	324
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	500	-	500
Transfers out	(370)	-	-	(370)
Net cash provided by (used in) noncapital financing activities	(370)	500	-	130
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,175	212	(89)	4,298
CASH AND CASH EQUIVALENTS, beginning of year	13,086	2,565	2,634	18,285
CASH AND CASH EQUIVALENTS, end of year	\$ 17,261	\$ 2,777	\$ 2,545	\$ 22,583
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Income (loss) from operations	\$ 7,033	\$ (648)	\$ (660)	\$ 5,725
Changes in assets and liabilities:				
Other receivables	(3,196)	-	1	(3,195)
Accounts payable	(2)	37	(35)	-
Other liabilities	458	277	568	1,303
Unearned revenue	11	-	-	11
Net cash provided by (used in) operating activities	\$ 4,304	\$ (334)	\$ (126)	\$ 3,844

FIDUCIARY FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT, TARRANT COUNTY, TEXAS



FIDUCIARY FUNDS FUND DESCRIPTIONS

AGENCY FUNDS:

PAYROLL CLEARING FUND

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

FEE OFFICE FUND

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

COMMUNITY SUPERVISION & CORRECTIONS FUND

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the year ended September 30, 2018 (Amounts in thousands)

	Agency Funds			
	Payroll Clearing	Fee Office	Community Supervision & Corrections	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	\$ 5,720	\$ 56,272	\$ 8,178	\$ 70,170
Other receivables	40	3	166	209
Restricted cash, cash equivalents, and investments	-	63,328	-	63,328
TOTAL ASSETS	\$ 5,760	\$ 119,603	\$ 8,344	\$ 133,707
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 23	\$ 558	\$ 581
Due to third parties	5,760	119,580	7,786	133,126
TOTAL LIABILITIES	\$ 5,760	\$ 119,603	\$ 8,344	\$ 133,707

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FIDUCIARY FUNDS

For the year ended September 30, 2018 (Amounts in thousands)

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
PAYROLL CLEARING:				
Cash, cash equivalents, and investments	\$ 7,954	\$ 149,424	\$ 151,658	\$ 5,720
Other receivables	43	38	41	40
	<u>\$ 7,997</u>	<u>\$ 149,462</u>	<u>\$ 151,699</u>	<u>\$ 5,760</u>
Accounts payable	\$ 5	\$ -	\$ 5	\$ -
Due to third parties	7,992	149,383	151,615	5,760
	<u>\$ 7,997</u>	<u>\$ 149,383</u>	<u>\$ 151,620</u>	<u>\$ 5,760</u>
FEE OFFICE:				
Cash, cash equivalents, and investments	\$ 48,209	\$ 4,667,027	\$ 4,658,964	\$ 56,272
Other receivables	235	2	234	3
Restricted cash, cash equivalents, and investments	61,488	40,058	38,218	63,328
	<u>\$ 109,932</u>	<u>\$ 4,707,087</u>	<u>\$ 4,697,416</u>	<u>\$ 119,603</u>
Accounts payable	\$ 1	\$ 100	\$ 78	\$ 23
Due to third parties	109,931	4,706,853	4,697,204	119,580
	<u>\$ 109,932</u>	<u>\$ 4,706,953</u>	<u>\$ 4,697,282</u>	<u>\$ 119,603</u>
COMMUNITY SUPERVISION & CORRECTIONS:				
Cash, cash equivalents, and investments	\$ 9,282	\$ 22,411	\$ 23,515	\$ 8,178
Other receivables	155	1,396	1,385	166
	<u>\$ 9,437</u>	<u>\$ 23,807</u>	<u>\$ 24,900</u>	<u>\$ 8,344</u>
Accounts payable	\$ 1,405	\$ 13,132	\$ 13,979	\$ 558
Due to third parties	8,032	10,675	10,921	7,786
	<u>\$ 9,437</u>	<u>\$ 23,807</u>	<u>\$ 24,900</u>	<u>\$ 8,344</u>
TOTAL:				
Cash, cash equivalents, and investments	\$ 65,445	\$ 4,838,862	\$ 4,834,137	\$ 70,170
Other receivables	433	1,436	1,660	209
Restricted cash, cash equivalents, and investments	61,488	40,058	38,218	63,328
	<u>\$ 127,366</u>	<u>\$ 4,880,356</u>	<u>\$ 4,874,015</u>	<u>\$ 133,707</u>
Accounts payable	\$ 1,411	\$ 13,232	\$ 14,057	\$ 581
Due to third parties	125,955	4,866,911	4,859,740	133,126
	<u>\$ 127,366</u>	<u>\$ 4,880,143</u>	<u>\$ 4,873,797</u>	<u>\$ 133,707</u>

STATISTICAL SECTION

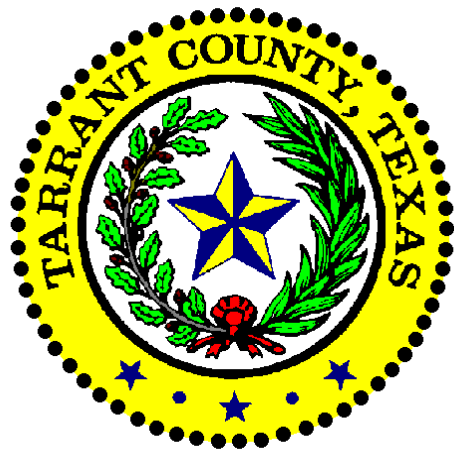
COMPREHENSIVE ANNUAL FINANCIAL REPORT, **TARRANT COUNTY, TEXAS**



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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.

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These schedules contain trend information to aid in understanding how the County’s financial performance and well being have changed over time.	
The first three schedules relate to government wide; the remaining schedules relate to fund information.	
REVENUE CAPACITY	140
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.	
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These schedules present information to aid in assessing the County’s current debt levels and its ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	154
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County’s financial activities take place.	
OPERATING INFORMATION	156
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.	



NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2009	2010	2011	2012	2013
Governmental activities:					
Net investment in capital assets	\$ 200,501	\$ 236,273	\$ 224,257	\$ 213,102	\$ 187,832
Restricted	-	15,784	16,507	17,780	20,967
Unrestricted	144,382	84,830	66,016	19,401	11,749
Total governmental activities net position (deficit)	<u>\$ 344,883</u>	<u>\$ 336,887</u>	<u>\$ 306,780</u>	<u>\$ 250,283</u>	<u>\$ 220,548</u>
Business-type activities:					
Net investment in capital assets	\$ 5,560	\$ 5,282	\$ 5,645	\$ 5,256	\$ 4,922
Unrestricted	(16)	481	988	1,043	1,519
Total business-type activities net position	<u>\$ 5,544</u>	<u>\$ 5,763</u>	<u>\$ 6,633</u>	<u>\$ 6,299</u>	<u>\$ 6,441</u>
Primary government:					
Net investment in capital assets	\$ 206,061	\$ 241,555	\$ 229,902	\$ 218,358	\$ 192,754
Restricted	-	15,784	16,507	17,780	20,967
Unrestricted	144,366	85,311	67,004	20,444	13,268
Total primary government net position (deficit)	<u>\$ 350,427</u>	<u>\$ 342,650</u>	<u>\$ 313,413</u>	<u>\$ 256,582</u>	<u>\$ 226,989</u>

- (1) The County implemented GASB 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.
- (2) The County implemented GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

TABLE I

2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾
\$ 214,058	\$ 205,217	\$ 242,704	\$ 263,098	\$ 351,713
23,439	35,733	27,460	56,753	31,287
12,510	(211,929)	(251,868)	(312,227)	(413,157)
<u>\$ 250,007</u>	<u>\$ 29,021</u>	<u>\$ 18,296</u>	<u>\$ 7,624</u>	<u>\$ (30,157)</u>
\$ 4,567	\$ 4,302	\$ 4,480	\$ 4,301	\$ 4,095
1,638	843	890	1,057	823
<u>\$ 6,205</u>	<u>\$ 5,145</u>	<u>\$ 5,370</u>	<u>\$ 5,358</u>	<u>\$ 4,918</u>
\$ 218,625	\$ 209,519	\$ 247,184	\$ 267,399	\$ 355,808
23,439	35,733	27,460	56,753	31,287
14,148	(211,086)	(250,978)	(311,170)	(412,334)
<u>\$ 256,212</u>	<u>\$ 34,166</u>	<u>\$ 23,666</u>	<u>\$ 12,982</u>	<u>\$ (25,239)</u>

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

Expenses	FISCAL YEAR				
	2009	2010	2011	2012	2013
Governmental activities:					
General government	\$ 132,725	\$ 126,700	\$ 124,555	\$ 127,322	\$ 130,932
Public safety	111,314	118,807	120,881	129,313	133,199
Transportation support	44,690	42,121	54,329	48,559	40,820
Judicial	142,450	150,002	150,841	157,358	160,619
Community services	78,814	91,269	84,066	79,934	82,852
Interest and fiscal charges	14,966	14,612	15,108	15,112	14,140
Total governmental activities expenses	524,959	543,511	549,780	557,598	562,562
Business-type activities:					
Resource Connection	3,138	3,048	3,024	3,351	3,158
Total primary government expenses	528,097	546,559	552,804	560,949	565,720
Program Revenues (1)					
Governmental activities:					
Fees, Fines, and Charges for Services	103,120	103,510	110,503	96,785	118,963
Operating Grants and Contributions	89,858	90,914	77,519	72,934	76,631
Capital Grants and Contributions	3,597	1,566	3,339	3,505	1,144
Total governmental activities program revenues	196,575	195,990	191,361	173,224	196,738
Business-type activities:					
Resource Connection	2,923	2,880	2,745	2,626	2,962
Total primary government program revenues	199,498	198,870	194,106	175,850	199,700
Net (Expenses)/Revenue					
Governmental activities	(328,384)	(347,521)	(358,419)	(384,374)	(365,824)
Business-type activities	(215)	(168)	(279)	(725)	(196)
Total primary government net expenses	\$ (328,599)	\$ (347,689)	\$ (358,698)	\$ (385,099)	\$ (366,020)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 321,868	\$ 327,566	\$ 315,441	\$ 317,016	\$ 325,106
Alcoholic beverage and bingo taxes	6,819	7,217	7,646	6,392	6,694
Unrestricted investment earnings	8,937	2,090	2,098	825	816
Other general revenue	2,686	2,652	3,127	3,644	3,473
Total governmental activities	340,310	339,525	328,312	327,877	336,089
Business-type activities:					
Unrestricted investment earnings	45	16	10	4	4
Other general revenue	145	371	1,139	387	334
Total business-type activities	190	387	1,149	391	338
Total primary government	340,500	339,912	329,461	328,268	336,427
Changes in Net Position					
Governmental activities	11,926	(7,996)	(30,107)	(56,497)	(29,735)
Business-type activities	(25)	219	870	(334)	142
Total primary government	\$ 11,901	\$ (7,777)	\$ (29,237)	\$ (56,831)	\$ (29,593)

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

TABLE II

	2014	2015	2016	2017	2018
\$	127,883	\$ 143,920	\$ 145,969	\$ 157,056	\$ 151,006
	127,787	132,926	145,216	159,812	155,980
	32,234	38,500	37,363	36,952	49,564
	157,483	162,219	174,043	182,028	182,031
	78,405	82,042	92,572	99,256	93,103
	14,124	16,066	13,275	10,435	8,701
	<u>537,916</u>	<u>575,673</u>	<u>608,438</u>	<u>645,539</u>	<u>640,385</u>
	3,699	3,735	3,453	3,496	3,210
	<u>541,615</u>	<u>579,408</u>	<u>611,891</u>	<u>649,035</u>	<u>643,595</u>
	119,321	126,633	131,550	131,310	132,839
	80,696	88,776	85,747	99,132	87,599
	347	1,728	1,318	3,579	642
	<u>200,364</u>	<u>217,137</u>	<u>218,615</u>	<u>234,021</u>	<u>221,080</u>
	3,138	3,092	3,292	3,284	3,284
	<u>203,502</u>	<u>220,229</u>	<u>221,907</u>	<u>237,305</u>	<u>224,364</u>
	(337,552)	(358,536)	(389,823)	(411,518)	(419,305)
	(561)	(643)	(161)	(212)	74
\$	<u>(338,113)</u>	<u>(359,179)</u>	<u>(389,984)</u>	<u>(411,730)</u>	<u>(419,231)</u>
\$	335,242	\$ 350,708	\$ 363,964	\$ 384,555	\$ 403,618
	9,110	11,136	10,953	10,943	11,321
	1,151	1,134	2,188	3,815	6,888
	5,205	4,322	1,993	1,533	1,037
	<u>350,708</u>	<u>367,300</u>	<u>379,098</u>	<u>400,846</u>	<u>422,864</u>
	5	5	9	20	44
	320	195	377	180	140
	<u>325</u>	<u>200</u>	<u>386</u>	<u>200</u>	<u>184</u>
	<u>351,033</u>	<u>367,500</u>	<u>379,484</u>	<u>401,046</u>	<u>423,048</u>
	13,156	8,764	(10,725)	(10,672)	3,559
	(236)	(443)	225	(12)	258
\$	<u>12,920</u>	<u>8,321</u>	<u>(10,500)</u>	<u>(10,684)</u>	<u>3,817</u>

PROGRAM REVENUE BY FUNCTION/PROGRAM LAST TEN YEARS

(Accrual basis of accounting - Unaudited)
(Amounts in thousands)

Function/Program	FISCAL YEAR				
	2009	2010	2011	2012	2013
Fees, Fines, and Charges for Services					
Governmental:					
General government	\$ 51,847	\$ 49,983	\$ 51,078	\$ 39,776	\$ 44,789
Public safety	3,052	3,607	5,274	5,884	6,383
Transportation support	-	-	-	19,633	19,419
Judicial	33,352	35,005	39,104	14,954	30,646
Community services	14,869	14,915	15,047	16,538	17,726
Total Governmental	<u>103,120</u>	<u>103,510</u>	<u>110,503</u>	<u>96,785</u>	<u>118,963</u>
Business-type:	2,923	2,880	2,745	2,626	2,962
Total Fees, Fines and Charges for Service	<u>\$ 106,043</u>	<u>\$ 106,390</u>	<u>\$ 113,248</u>	<u>\$ 99,411</u>	<u>\$ 121,925</u>
Operating Grants and Contributions					
Governmental:					
General government	\$ 15,709	\$ 7,961	744	\$ 2,499	\$ 1,962
Public safety	3,435	3,308	3,359	3,818	3,896
Transportation support	30	75	33	33	153
Judicial	12,061	11,968	12,094	11,186	11,390
Community services	58,623	67,602	61,289	55,398	59,230
Total Governmental	<u>89,858</u>	<u>90,914</u>	<u>77,519</u>	<u>72,934</u>	<u>76,631</u>
Total Operating Grants and Contributions	<u>\$ 89,858</u>	<u>\$ 90,914</u>	<u>\$ 77,519</u>	<u>\$ 72,934</u>	<u>\$ 76,631</u>
Capital Grants and Contributions					
Governmental:					
General government	\$ 1,326	\$ 302	\$ 2,163	\$ 1,080	\$ 1,083
Public safety	61	195	593	156	33
Transportation support	2,001	173	446	2,166	28
Judicial	4	477	76	-	-
Community services	205	419	61	103	-
Total Governmental	<u>3,597</u>	<u>1,566</u>	<u>3,339</u>	<u>3,505</u>	<u>1,144</u>
Business-type:	-	-	-	-	-
Total Capital Grants and Contributions	<u>\$ 3,597</u>	<u>\$ 1,566</u>	<u>\$ 3,339</u>	<u>\$ 3,505</u>	<u>\$ 1,144</u>
Total Program Revenues					
Governmental:					
General government	\$ 68,882	\$ 58,246	\$ 53,985	\$ 43,355	\$ 47,834
Public safety	6,548	7,110	9,226	9,858	10,312
Transportation support	2,031	248	479	21,832	19,600
Judicial	45,417	47,450	51,274	26,140	42,036
Community services	73,697	82,936	76,397	72,039	76,956
Total Governmental	<u>196,575</u>	<u>195,990</u>	<u>191,361</u>	<u>173,224</u>	<u>196,738</u>
Business-type:	2,923	2,880	2,745	2,626	2,962
Total Program Revenues	<u>\$ 199,498</u>	<u>\$ 198,870</u>	<u>\$ 194,106</u>	<u>\$ 175,850</u>	<u>\$ 199,700</u>

TABLE III

	2014	2015	2016	2017	2018
\$	47,345	\$ 51,688	\$ 52,059	\$ 53,037	\$ 54,323
	6,621	6,915	7,468	10,521	10,995
	18,851	17,449	18,484	18,021	18,830
	29,311	28,103	29,827	28,937	29,143
	17,193	22,478	23,712	20,794	19,548
	119,321	126,633	131,550	131,310	132,839
	3,138	3,092	3,253	3,284	3,284
\$	<u>122,459</u>	<u>\$ 129,725</u>	<u>\$ 134,803</u>	<u>\$ 134,594</u>	<u>\$ 136,123</u>
\$	2,263	\$ 8,873	\$ 677	\$ 6,969	\$ 1,134
	3,892	3,902	3,961	3,965	4,659
	217	137	31	85	31
	12,614	11,626	11,776	12,469	11,370
	61,710	64,238	69,302	75,644	70,405
	80,696	88,776	85,747	99,132	87,599
\$	<u>80,696</u>	<u>\$ 88,776</u>	<u>\$ 85,747</u>	<u>\$ 99,132</u>	<u>\$ 87,599</u>
\$	-	\$ -	\$ 377	\$ 63	\$ 85
	325	229	482	25	38
	-	1,392	256	3,404	519
	22	107	-	-	-
	-	-	203	87	-
	347	1,728	1,318	3,579	642
	-	-	39	-	-
\$	<u>347</u>	<u>\$ 1,728</u>	<u>\$ 1,357</u>	<u>\$ 3,579</u>	<u>\$ 642</u>
\$	49,608	\$ 60,561	\$ 53,113	\$ 60,069	\$ 55,542
	10,838	11,046	11,911	14,511	15,692
	19,068	18,978	18,771	21,510	19,380
	41,947	39,836	41,603	41,406	40,513
	78,903	86,716	93,217	96,525	89,953
	200,364	217,137	218,615	234,021	221,080
	3,138	3,092	3,292	3,284	3,284
\$	<u>203,502</u>	<u>\$ 220,229</u>	<u>\$ 221,907</u>	<u>\$ 237,305</u>	<u>\$ 224,364</u>

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS

(Modified accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2009	2010	2011 ⁽¹⁾	2012	2013
General Fund					
Reserved:					
For encumbrances	\$ 2,743	\$ 3,401	N/A	N/A	N/A
For supplies and prepaid items	800	878	N/A	N/A	N/A
For long-term receivable	4,995	4,390	N/A	N/A	N/A
Unreserved	39,802	56,306	N/A	N/A	N/A
Nonspendable	N/A	N/A	\$ 4,619	\$ 4,002	\$ 3,409
Committed	N/A	N/A	292	63	603
Assigned	N/A	N/A	17,868	23,276	25,015
Unassigned	N/A	N/A	36,642	38,499	49,101
Total General fund	<u>\$ 48,340</u>	<u>\$ 64,975</u>	<u>\$ 59,421</u>	<u>\$ 65,840</u>	<u>\$ 78,128</u>
All Other Governmental Funds					
Reserved:					
For debt service	\$ 895	\$ 1,611	N/A	N/A	N/A
For capital projects	238,905	178,068	N/A	N/A	N/A
For encumbrances	41,657	129,155	N/A	N/A	N/A
For supplies and prepaid items	1,073	961	N/A	N/A	N/A
For long-term receivable	2,099	2,099	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	23,774	28,072	N/A	N/A	N/A
Nonspendable	N/A	N/A	\$ 721	\$ 596	\$ 1,107
Restricted	N/A	N/A	185,117	145,765	146,653
Committed	N/A	N/A	68,129	73,574	80,443
Assigned	N/A	N/A	3,730	3,352	3,357
Unassigned	N/A	N/A	-	-	-
Total all other governmental funds	<u>\$ 308,403</u>	<u>\$ 339,966</u>	<u>\$ 257,697</u>	<u>\$ 223,287</u>	<u>\$ 231,560</u>

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

N/A-Not applicable

TABLE IV

2014	2015	2016	2017	2018
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
\$ 2,442	\$ 1,703	\$ 830	\$ 1,432	\$ 2,666
307	244	795	320	386
27,578	26,917	31,146	27,942	27,005
48,616	52,580	52,861	50,545	51,478
<u>\$ 78,943</u>	<u>\$ 81,444</u>	<u>\$ 85,632</u>	<u>\$ 80,239</u>	<u>\$ 81,535</u>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
\$ 2,604	\$ 2,321	\$ 2,355	\$ 2,592	\$ 3,475
114,877	153,572	144,294	134,580	114,858
78,467	90,117	101,253	95,569	102,701
3,488	3,597	3,703	3,717	3,765
(1,482)	(1,462)	(1,691)	(1,859)	(1,973)
<u>\$ 197,954</u>	<u>\$ 248,145</u>	<u>\$ 249,914</u>	<u>\$ 234,599</u>	<u>\$ 222,826</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS

(Modified accrual basis of accounting - Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2009	2010	2011	2012	2013
Revenues:					
Taxes	\$ 320,593	\$ 327,003	\$ 316,206	\$ 323,034	\$ 326,100
Licenses and permits	903	1,159	851	1,137	983
Fees of office	70,615	66,743	69,515	73,432	80,247
Intergovernmental	117,658	119,163	107,945	100,345	104,592
Investment income	8,937	2,090	2,098	825	816
Other revenues	17,407	17,288	18,509	19,868	24,990
Total revenues	536,113	533,446	515,124	518,641	537,728
Expenditures:					
Current:					
General government	111,307	105,412	98,733	100,997	105,773
Public safety	105,151	107,190	109,744	112,139	115,081
Transportation support	28,734	21,313	22,936	20,723	19,548
Judicial	138,962	140,845	143,531	144,477	147,520
Community services	73,164	83,369	77,230	70,643	73,433
Capital outlay	52,908	53,037	114,674	67,715	64,269
Debt service:					
Principal payments	24,285	21,185	20,420	17,325	16,140
Interest and fiscal charges	15,048	15,207	15,964	16,110	15,574
Bond issuance costs	-	254	-	-	-
Total expenditures	549,559	547,812	603,232	550,129	557,338
Excess (deficiency) of revenues over (under) expenditures	(13,446)	(14,366)	(88,108)	(31,488)	(19,610)
Other Financing Sources (Uses):					
Transfers in	35,194	23,305	30,031	27,266	27,507
Transfers out	(34,662)	(23,009)	(29,746)	(26,139)	(27,782)
Proceeds from capital lease	-	-	-	2,370	184
Issuance of debt	-	55,315	-	-	36,940
Premium on new debt	-	7,196	-	-	3,361
Discount on new debt	-	(300)	-	-	(163)
Refunding bonds issued	-	14,730	-	-	35,320
Premium on refunding bonds	-	2,363	-	-	4,703
Discount on refunding bonds	-	(78)	-	-	(148)
Payment to refunded bond escrow agent	-	(16,958)	-	-	(39,751)
Total other financing sources (uses)	532	62,564	285	3,497	40,171
Change in fund balance	\$ (12,914)	\$ 48,198	\$ (87,823)	\$ (27,991)	\$ 20,561
Debt Service as a percentage of noncapital expenditures	7.6%	7.1%	6.9%	6.5%	6.1%

TABLE V

	2014	2015	2016	2017	2018
\$	333,417	\$ 351,233	\$ 364,485	\$ 384,275	\$ 403,972
	1,078	1,435	1,198	1,291	1,214
	81,740	85,429	90,803	93,665	94,059
	112,639	121,625	120,058	125,472	126,883
	1,151	1,134	2,188	3,813	6,891
	21,240	19,225	18,672	17,127	17,292
	551,265	580,081	597,404	625,643	650,311
	111,910	117,878	115,112	128,382	123,409
	118,983	123,359	127,142	136,224	143,914
	20,451	23,136	22,523	24,978	22,929
	152,770	158,622	161,072	168,256	177,228
	74,836	77,537	83,886	87,797	90,764
	70,370	62,106	44,487	62,761	65,274
	18,815	18,645	22,990	25,940	27,295
	15,508	16,128	14,542	11,911	9,995
	-	-	-	-	-
	583,643	597,411	591,754	646,249	660,808
	(32,378)	(17,330)	5,650	(20,606)	(10,497)
	29,040	39,303	36,974	44,571	43,115
	(29,453)	(39,350)	(36,894)	(44,810)	(43,245)
	-	3,783	-	-	150
	-	61,095	-	-	-
	-	4,677	-	-	-
	-	-	-	-	-
	-	88,960	70,905	36,860	-
	-	4,566	-	-	-
	-	-	-	-	-
	-	(93,012)	(70,678)	(36,723)	-
	(413)	70,022	307	(102)	20
\$	(32,791)	\$ 52,692	\$ 5,957	\$ (20,708)	\$ (10,477)
	6.5%	6.2%	6.6%	6.3%	5.9%

DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)

LAST TEN YEARS

(Per \$100 of Assessed Value)
(Unaudited)

Governmental Unit	FISCAL YEAR				
	2009	2010	2011	2012	2013
Tarrant County	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000
Special Districts Rates					
Live Oak Creek Municipal Utility District #1	-	0.990000	0.990000	0.990000	0.990000
Viridian Municipal Management District	-	-	0.448100	0.448100	0.448100
Tarrant County Hospital District	0.227897	0.227897	0.227897	0.227897	0.227897
Tarrant County College District	0.137960	0.137670	0.137640	0.148970	0.148970
Tarrant Regional Water District	0.020000	0.020000	0.020000	0.020000	0.020000
Tarrant Emergency Services District	0.064000	0.064000	0.064000	0.064000	0.064000
County Line Special District Rates					
Trophy Club Municipal Utility District #1	0.225000	0.205000	0.195000	0.175000	0.133390
City Rates					
Arlington	0.648000	0.648000	0.648000	0.648000	0.648000
Bedford	0.446882	0.463348	0.491609	0.504329	0.499115
Benbrook	0.677500	0.657500	0.657500	0.657500	0.657500
Blue Mound	0.645000	0.638000	0.638000	0.680000	0.750000
Colleyville	0.355900	0.355900	0.355900	0.355900	0.355900
Dalworthington Gardens	0.262739	0.262739	0.262739	0.262739	0.262739
Edgecliff Village	0.304112	0.294112	0.294112	0.285934	0.294000
Eules	0.470000	0.470000	0.470000	0.470000	0.470000
Everman	0.854127	0.904127	1.105413	1.105413	1.105413
Forest Hill	0.950000	1.060000	1.060000	1.060000	1.060000
Fort Worth	0.855000	0.855000	0.855000	0.855000	0.855000
Haltom City	0.598300	0.598300	0.646371	0.651740	0.651740
Haslet	0.279164	0.267197	0.304645	0.304645	0.320869
Hurst	0.535000	0.535000	0.578000	0.578000	0.608498
Keller	0.432190	0.442190	0.442190	0.442190	0.442190
Kennedale	0.722500	0.722500	0.722500	0.722500	0.722500
Lake Worth	0.318720	0.428590	0.492512	0.466419	0.474411
Lakeside	0.298020	0.323516	0.372940	0.379248	0.379248
North Richland Hills	0.570000	0.570000	0.570000	0.570000	0.610000
Pantego	0.373270	0.373270	0.373270	0.410000	0.410000
Pelican Bay	0.898499	0.898499	0.898499	0.898499	0.898499
Richland Hills	0.459202	0.473042	0.518012	0.551757	0.528094
River Oaks	0.782700	0.820000	0.860000	0.853006	0.856519
Saginaw	0.446000	0.449115	0.484000	0.480000	0.490000
Sansom Park	0.535000	0.571627	0.627401	0.719518	0.737215
Watauga	0.580763	0.580763	0.580763	0.589001	0.591216
Westover Hills	0.388800	0.366739	0.351894	0.365806	0.360238
Westworth Village	0.500000	0.500000	0.500000	0.500000	0.492000
White Settlement	0.613726	0.686037	0.686037	0.742135	0.614715
County Line City Rates					
Azle	0.631000	0.631000	0.636000	0.643800	0.649500
Burleson	0.694000	0.694000	0.710000	0.690000	0.690000
Crowley	0.575500	0.575500	0.640000	0.640000	0.669019
Flower Mound	0.449700	0.449700	0.449700	0.449700	0.449700
Grand Prairie	0.669998	0.669998	0.669998	0.669998	0.669998
Grapevine	0.350000	0.350000	0.350000	0.348000	0.345695

TABLE VI

2014	2015	2016	2017	2018
\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.254000	\$ 0.244000
0.990000	0.990000	0.990000	0.990000	0.990000
0.448100	0.448100	0.448100	0.448100	0.448100
0.227897	0.227897	0.227897	0.227897	0.224429
0.149500	0.149500	0.149500	0.144730	0.140060
0.020000	0.020000	0.020000	0.019400	0.019400
0.080000	0.080000	0.080000	0.080000	0.082500
0.133390	0.133390	0.131140	0.127220	0.120210
0.648000	0.648000	0.648000	0.644800	0.639800
0.494830	0.494830	0.494830	0.476509	0.520000
0.657500	0.657500	0.657500	0.650000	0.640000
0.750000	0.750000	0.806250	0.806250	0.741530
0.355900	0.355900	0.355900	0.339130	0.333834
0.262739	0.262739	0.253670	0.273979	0.374379
0.299000	0.305216	0.305216	0.270359	0.270359
0.470000	0.467500	0.467500	0.462500	0.462500
1.255205	1.255205	1.255205	1.230000	1.158630
1.060000	0.996054	0.996054	0.990000	0.990000
0.855000	0.855000	0.855000	0.835000	0.805000
0.699990	0.699990	0.699990	0.699990	0.668180
0.320869	0.292785	0.285693	0.290253	0.333044
0.608498	0.606000	0.610560	0.587900	0.580940
0.442190	0.437190	0.434690	0.430000	0.427500
0.747500	0.747500	0.767500	0.767500	0.777500
0.482083	0.467828	0.499252	0.460660	0.454920
0.379260	0.379260	0.360192	0.360192	0.375000
0.610000	0.610000	0.610000	0.610000	0.590000
0.420000	0.420000	0.420000	0.420000	0.420000
0.898499	0.898499	0.898499	0.898499	0.898499
0.528094	0.528094	0.528805	0.595633	0.563738
0.850351	0.850351	0.852309	0.794444	0.780000
0.510000	0.510000	0.544000	0.513000	0.495000
0.733655	0.704741	0.690692	0.767304	0.787304
0.591216	0.591216	0.618718	0.618411	0.601788
0.350500	0.347400	0.347400	0.355000	0.355000
0.492000	0.492000	0.500000	0.500000	0.500000
0.670653	0.690660	0.733103	0.755693	0.762127
0.659500	0.668000	0.679500	0.679500	0.671500
0.690000	0.740000	0.740000	0.735000	0.735000
0.696829	0.696829	0.739270	0.739270	0.719000
0.449700	0.439000	0.439000	0.439000	0.439000
0.669998	0.669998	0.669998	0.669998	0.669998
0.342500	0.332439	0.328437	0.289271	0.289271

DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONCLUDED) LAST TEN YEARS

(Per \$100 of Assessed Value)
(Unaudited)

Governmental Unit (cont'd)	FISCAL YEAR				
	2009	2010	2011	2012	2013
Mansfield	0.710000	0.710000	0.710000	0.710000	0.710000
Reno	0.420000	0.420000	0.453000	0.492700	0.492700
Roanoke	0.375120	0.375120	0.375120	0.375120	0.375120
Southlake	0.462000	0.462000	0.462000	0.462000	0.462000
Trophy Club	0.455510	0.470000	0.515000	0.530000	0.518430
Westlake	-	-	0.160100	0.156840	0.156840
School District Rates					
Arlington Independent School District	1.272000	1.272000	1.335000	1.305500	1.301000
Birdville Independent School District	1.410000	1.405000	1.425000	1.435000	1.435000
Carroll Independent School District	1.415000	1.415000	1.415000	1.415000	1.400000
Castleberry Independent School District	1.199750	1.213300	1.453300	1.453300	1.453300
Eagle Mountain Saginaw Independent School District	1.465800	1.465800	1.495800	1.530000	1.540000
Everman Independent School District	1.360000	1.270000	1.292500	1.277500	1.395000
Fort Worth Independent School District	1.257000	1.322000	1.322000	1.322000	1.322000
Hurst Eules Bedford Independent School District	1.295453	1.295453	1.288189	1.414000	1.407500
Keller Independent School District	1.416900	1.486300	1.530600	1.540000	1.540000
Kennedale Independent School District	1.488610	1.488610	1.544821	1.512068	1.512068
Lake Worth Independent School District	1.665000	1.670000	1.670000	1.670000	1.670000
White Settlement Independent School District	1.498400	1.540000	1.540000	1.540000	1.540000
County Line School District Rates					
Aledo Independent School District	1.425200	1.425200	1.425200	1.425200	1.425200
Azle Independent School District	1.190000	1.190000	1.190000	1.190000	1.190000
Burleson Independent School District	1.468800	1.540000	1.540000	1.540000	1.540000
Crowley Independent School District	1.535000	1.535000	1.535000	1.535000	1.670000
Godley Independent School District	1.081800	1.071481	1.122390	1.137090	1.128700
Grapevine Colleyville Independent School District	1.290000	1.290000	1.290000	1.310000	1.320100
Lewisville Independent School District	1.380000	1.408700	1.426700	1.426000	1.453000
Mansfield Independent School District	1.450000	1.450000	1.496000	1.496000	1.540000
Northwest Independent School District	1.335000	1.355000	1.375000	1.375000	1.375000

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

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

Source: Tarrant Appraisal District

TABLE VI

2014	2015	2016	2017	2018
0.710000	0.710000	0.710000	0.710000	0.710000
0.499600	0.499900	0.530000	0.530000	0.520000
0.375120	0.375120	0.375120	0.375120	0.375120
0.462000	0.462000	0.462000	0.462000	0.462000
0.499300	0.490000	0.484000	0.473000	0.451442
0.156840	0.156340	0.156340	0.136950	0.136150
1.292170	1.348110	1.412952	1.390080	1.368670
1.435000	1.435000	1.453900	1.453900	1.453900
1.400000	1.400000	1.395000	1.390000	1.385000
1.415500	1.399700	1.415500	1.376600	1.392200
1.540000	1.540000	1.540000	1.540000	1.540000
1.490000	1.510000	1.530000	1.525000	1.510000
1.322000	1.322000	1.352000	1.352000	1.352000
1.387500	1.375000	1.350000	1.316000	1.263000
1.540000	1.540000	1.540000	1.520000	1.520000
1.492068	1.514717	1.486724	1.486724	1.480000
1.670000	1.670000	1.670000	1.670000	1.670000
1.540000	1.540000	1.540000	1.540000	1.540000
1.425200	1.425200	1.595000	1.595000	1.595000
1.190000	1.203000	1.203000	1.203000	1.329000
1.540000	1.540000	1.540000	1.540000	1.670000
1.670000	1.650000	1.650000	1.650000	1.670000
1.172752	1.195500	1.247660	1.540000	1.540000
1.320100	1.320100	1.320100	1.396700	1.396700
1.477000	1.477000	1.476730	1.420000	1.407500
1.527100	1.527100	1.510000	1.510000	1.540000
1.452500	1.452500	1.452500	1.452500	1.490000

**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**

TABLE VII

(Unaudited)

(Amounts in thousands)

Fiscal Year Ended September 30	Assessed Real Property	Assessed Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate ⁽¹⁾
2009	\$ 123,576,095	\$ 25,016,550	\$ 24,642,175	\$ 123,950,470	\$ 0.264000
2010	126,395,431	26,776,981	26,273,875	126,898,537	0.264000
2011	122,414,337	24,737,656	25,624,969	121,527,024	0.264000
2012	124,087,054	25,696,928	26,401,558	123,382,424	0.264000
2013	127,035,192	26,185,771	28,213,654	125,007,309	0.264000
2014	131,383,399	26,034,219	29,025,508	128,392,110	0.264000
2015	140,621,096	25,012,208	30,338,644	135,294,660	0.264000
2016	146,065,649	26,475,593	31,481,815	141,059,427	0.264000
2017	162,709,268	28,237,199	36,254,928	154,691,539	0.254000
2018	181,216,179	28,982,575	39,610,155	170,588,598	0.244000

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

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

TABLE VIII

(Unaudited)

(Amounts in thousands)

Taxpayer	FISCAL YEAR					
	2018			2009		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 1,104,561	1	0.65%	\$ 1,065,755	1	0.86%
American Airlines	914,365	2	0.54%	498,731	3	0.40%
Alcon Laboratories	603,392	3	0.35%	-	-	
Walmart Real Estate Bus. Trust	551,430	4	0.32%	370,550	7	0.30%
Bell Helicopter Textron	426,308	5	0.25%	445,725	4	0.36%
General Motors LLC	395,096	6	0.23%	-		
Atmos Energy/Mid Tex Division	391,051	7	0.23%	-		
Mouser Electronics	370,536	8	0.22%	-		
Winner LLC	368,974	9	0.22%	-		
Dallas MTA LP	297,653	10	0.17%	-		
XTO Energy Inc.	-			717,253	2	0.58%
Devon Energy Produciton	-			414,203	5	0.33%
Southwestern Bell	-			408,342	6	0.33%
Opryland Hotel	-			285,568	8	0.23%
Ddr/Dtccity Investments	-			271,365	9	0.22%
Grapevine Mills Ltd. Partnership	-			218,045	10	0.18%
	<u>\$ 5,423,366</u>		<u>3.18%</u>	<u>\$ 4,695,537</u>		<u>3.79%</u>

Source: Tarrant Appraisal District

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	
2009	\$ 325,929	\$ (215)	\$ 325,714	\$ 321,181	98.54%	\$ 3,933
2010	333,272	(322)	332,950	328,774	98.65%	3,542
2011	319,354	11	319,365	315,758	98.87%	3,064
2012	324,066	122	324,188	320,705	98.96%	2,940
2013	328,199	(246)	327,953	324,960	99.01%	2,364
2014	336,803	(134)	336,669	333,806	99.11%	2,020
2015	354,272	(497)	353,775	350,698	98.99%	2,099
2016	368,922	262	369,184	365,724	99.13%	2,252
2017	387,855	(115)	387,740	384,387	99.11%	1,756
2018	409,336	-	409,336	406,075	99.20%	-

Source: Tarrant County Tax Office and Tarrant Appraisal District

TABLE IX

Total Collections	
Amount	Percentage of Levy
\$ 325,114	99.82%
332,316	99.81%
318,822	99.83%
323,645	99.83%
327,324	99.81%
335,826	99.75%
352,797	99.72%
367,976	99.67%
386,143	99.59%
406,075	99.20%

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

TABLE X

(Unaudited)

(Amounts in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Limited Tax Refunding	Non-Taxable Tax Notes	Capital Leases	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2009	\$ 253,393	\$ 66,073	\$ 12,586	-	\$ 332,052	0.49%	\$ 183.68
2010	226,980	139,287	5,947	-	372,214	0.52%	205.75
2011	216,827	132,318	1,727	-	350,872	0.47%	193.02
2012	206,334	126,344	-	\$ 2,325	335,003	0.43%	182.94
2013 ⁽³⁾	196,521	158,983	-	1,920	357,424	0.43%	192.27
2014	186,343	152,406	-	1,304	340,053	0.38%	176.07
2015	91,551	295,620	-	4,441	391,612	0.41%	199.86
2016	12,378	352,616	-	3,064	368,058	0.39%	184.80
2017	5,089	331,923	-	2,270	339,282	0.35%	167.63
2018	-	307,996	-	1,641	309,637	0.32% ⁽²⁾	150.46

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

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

(1) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data.

(2) Calculation based on most recent information for personal income data, fiscal year 2017.

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

TABLE XI

(Unaudited)

(Amounts in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Limited Tax Refunding	Non-Taxable Tax Notes	Total Primary Government	Less: Amount Available In Debt Service Fund	Total	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2009	\$ 253,393	\$ 66,073	\$ 12,586	\$ 332,052	\$ 895	\$ 331,157	0.27%	\$ 183.19
2010	226,980	139,287	5,947	372,214	1,611	370,603	0.29%	204.86
2011	216,827	132,318	1,727	350,872	1,482	349,390	0.29%	192.20
2012	206,334	126,344	-	332,678	1,626	331,052	0.27%	180.78
2013 ⁽³⁾	196,521	158,983	-	355,504	486	355,018	0.28%	190.98
2014	186,343	152,406	-	338,749	1,112	337,637	0.26%	174.82
2015	91,551	295,620	-	387,171	1,151	386,020	0.29%	197.00
2016	12,378	352,616	-	364,994	1,421	363,573	0.26%	182.55
2017	5,089	331,923	-	337,012	1,513	335,499	0.22%	165.76
2018	-	307,996	-	307,996	1,841	306,155	0.18%	148.77

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

(1) See Schedule of Assessed and Actual Value of Taxable Property Table VII for property value data.

(2) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data.

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**As of September 30, 2018**

(Unaudited)

(Amounts in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt 9/30/2018
Debt repaid with property taxes:			
Special Districts:			
Live Oak Creek Municipal Utility District #1	\$ 6,620	100.00%	\$ 6,620
Viridian Municipal Management District	107,025	100.00%	107,025
Tarrant County Hospital District	19,300	100.00%	19,300
County Line Special District:			
Trophy Club Municipal Utility District #1	8,725	26.11%	2,278
Cities:			
Arlington	408,365	100.00%	408,365
Bedford	137,575	100.00%	137,575
Benbrook	6,810	100.00%	6,810
Colleyville	5,665	100.00%	5,665
Dalworthington Gardens	4,655	100.00%	4,655
Euless	52,625	100.00%	52,625
Everman	2,225	100.00%	2,225
Forest Hill	4,800	100.00%	4,800
Fort Worth	731,730	97.01%	709,851
Fort Worth	17,840	100.00%	17,840
Haltom City	51,475	100.00%	51,475
Haslet	8,777	100.00%	8,777
Hurst	60,945	100.00%	60,945
Keller	57,990	100.00%	57,990
Kennedale	11,150	100.00%	11,150
Lake Worth	12,345	100.00%	12,345
North Richland Hills	119,765	100.00%	119,765
Pantego	30	100.00%	30
Pelican Bay	973	100.00%	973
Richland Hills	22,402	100.00%	22,402
Saginaw	32,330	100.00%	32,330
Sansom Park	4,253	100.00%	4,253
Watauga	35,300	100.00%	35,300
Westover Hills	2,500	100.00%	2,500
Westworth Village	9,746	100.00%	9,746
White Settlement	21,230	100.00%	21,230
County Line Cities:			
Azle	15,915	82.41%	13,116

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

Not all overlapping rates apply to all County property owners (e.g., the rates for the special districts apply only to the portion of the County's property owners whose property is located within the geographic boundaries of the special district.)

Source: Municipal Advisory Council of Texas

TABLE XII

Governmental Unit (cont'd)	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt 9/30/2018
Burleson	\$ 153,645	19.37%	\$ 29,761
Crowley	34,325	99.71%	34,225
Flower Mound	159,305	2.27%	3,616
Grand Prairie	245,945	50.35%	123,833
Grapevine	149,818	97.97%	146,777
Mansfield	134,445	94.89%	127,575
Reno	385	3.99%	15
Southlake	89,985	98.04%	88,221
Trophy Club	23,035	6.55%	1,509
Westlake	34,666	98.76%	34,236
School Districts:			
Arlington Independent School District	824,136	100.00%	824,136
Birdville Independent School District	253,562	100.00%	253,562
Carroll Independent School District	254,925	100.00%	254,925
Castleberry Independent School District	38,795	100.00%	38,795
Eagle Mountain Saginaw Independent School District	584,983	100.00%	584,983
Everman Independent School District	85,215	100.00%	85,215
Fort Worth Independent School District	966,280	100.00%	966,280
Hurst Euleless Bedford Independent School District	299,715	100.00%	299,715
Keller Independent School District	680,509	100.00%	680,509
Kennedale Independent School District	33,330	100.00%	33,330
Lake Worth Independent School District	65,992	100.00%	65,992
White Settlement Independent School District	156,267	100.00%	156,267
County Line School Districts:			
Aledo Independent School District	171,024	6.72%	11,493
Azle Independent School District	83,335	63.93%	53,276
Burleson Independent School District	345,696	33.97%	117,433
Crowley Independent School District	467,572	99.05%	463,130
Godley Independent School District	60,660	9.79%	5,939
Grapevine Colleyville Independent School District	415,917	90.14%	374,908
Lewisville Independent School District	1,243,717	0.54%	6,716
Mansfield Independent School District	750,175	95.48%	716,267
Northwest Independent School District	870,670	48.84%	425,235
Sub-total Overlapping Debt			<u>8,957,835</u>
Tarrant County (direct debt)	309,637	100.00%	<u>309,637</u>
Total Direct and Overlapping Debt			<u>\$ 9,267,472</u>

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

(Unaudited)

(Amounts in thousands)

	FISCAL YEAR				
	2009	2010	2011	2012	2013 ⁽²⁾
Debt Limit	\$ 6,197,524	\$ 6,344,927	\$ 6,076,351	\$ 6,169,121	\$ 6,250,365
Total net debt applicable to limit	<u>331,157</u>	<u>370,603</u>	<u>349,390</u>	<u>331,052</u>	<u>355,018</u>
Legal debt margin	<u>\$ 5,866,367</u>	<u>\$ 5,974,324</u>	<u>\$ 5,726,961</u>	<u>\$ 5,838,069</u>	<u>\$ 5,895,347</u>
Total net debt applicable to the limit as a percentage of debt limit	5.34%	5.84%	5.75%	5.37%	5.68%

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

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

TABLE XIII

2014	2015	2016	2017	2018
\$ 6,419,606	\$ 6,764,733	\$ 7,052,971	\$ 7,734,577	\$ 8,529,430
337,637	386,020	363,573	335,499	306,155
<u>\$ 6,081,969</u>	<u>\$ 6,378,713</u>	<u>\$ 6,689,398</u>	<u>\$ 7,399,078</u>	<u>\$ 8,223,275</u>
5.26%	5.71%	5.15%	4.34%	3.59%

Legal Debt Margin Calculation (1) for Fiscal Year 2018

Assessed value	\$ 170,588,598
Debt Limit (5% of total assessed value)	8,529,430
Debt applicable to limit:	
Total General Bonded debt	307,996
Less: Amount available in Debt Service Fund	(1,841)
Total net debt applicable to limit	<u>306,155</u>
Legal debt margin	<u>\$ 8,223,275</u>

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE XIV

(Unaudited)

Fiscal Year	Population ⁽¹⁾	Personal Income (Amounts in thousands)	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾	Public School Enrollment ⁽⁴⁾
2009	1,807,750	\$ 67,911,744	\$ 37,567	8.2%	329,402
2010	1,809,034	71,216,241	39,367	7.9%	336,266
2011	1,817,840	74,467,816	40,965	8.3%	342,813
2012	1,831,230	78,823,464	43,044	6.2%	347,573
2013	1,858,921	82,567,694	44,417	6.0%	353,806
2014	1,931,335	89,167,806	46,169	5.0%	357,126
2015	1,959,449	95,478,071	48,727	4.0%	355,833
2016	1,991,639	95,698,254	48,050	4.1%	356,941
2017	2,023,985	96,189,887	47,525	3.4%	359,879
2018	2,057,926	NA	NA	3.4%	359,140

Data Sources:

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

NA-Not available

TEN PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

TABLE XV

Employer	2018 ⁽¹⁾			2009 ⁽²⁾		
	Employees	Rank	% of Total Tarrant County Employment	Employees	Rank	% of Total Tarrant County Employment
AMR Corp./American Airlines	31,000	1	3.04%	24,540	1	2.92%
Texas Health Resources	24,000	2	2.35%	18,448	2	2.20%
Lockheed Martin Aeronautics Company	15,200	3	1.49%	13,500	3	1.61%
Fort Worth Independent School District	12,000	4	1.18%	10,316	4	1.23%
NAS Fort Worth JRB	10,000	5	0.98%	-		
Arlington Independent School District	8,500	6	0.83%	8,126	5	0.97%
University of Texas at Arlington	7,558	7	0.74%	5,422	8	0.65%
Cook Children's Health Care System	6,694	8	0.66%	-		
JPS Health Network	6,500	9	0.64%	4,633	9	0.55%
City of Fort Worth	6,161	10	0.60%	6,558	6	0.78%
Bell Helicopter-Textron	-			5,718	7	0.68%
Texas Health Harris Methodis Ft. Worth	-			4,500	10	0.54%

Data Sources:

(1) Fort Worth Business Press and Texas Workforce Commission

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

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

(Unaudited)

FUNCTION	Full-Time Equivalent Employees as of September 30				
	2009	2010	2011	2012	2013
Governmental activities:					
General government	735	734	731	718	726
Public safety	1,440	1,409	1,403	1,428	1,441
Transportation	203	203	200	200	201
Judicial	1,330	1,343	1,333	1,336	1,344
Community services	483	509	510	507	512
Business-type activities:					
Resource Connection	18	13	13	13	14
Total full-time equivalent employees	<u>4,209</u>	<u>4,211</u>	<u>4,190</u>	<u>4,202</u>	<u>4,238</u>

Source: Tarrant County Budget Office

TABLE XVI

2014	2015	2016	2017	2018
727	738	740	741	742
1,445	1,467	1,487	1,490	1,501
201	202	204	205	204
1,348	1,369	1,358	1,372	1,390
516	523	527	537	532
14	15	16	16	16
<u>4,251</u>	<u>4,314</u>	<u>4,332</u>	<u>4,361</u>	<u>4,385</u>

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

(Unaudited)

FUNCTION	FISCAL YEAR			
	2009	2010	2011	2012
District Clerk				
Civil court cases filed	7,906	7,437	7,556	6,995
Criminal court cases filed	17,013	15,674	15,507	16,880
Family court cases filed (Attorney General cases)	12,551	12,776	12,958	11,505
Family court cases filed (Non-Attorney General cases)	15,219	15,478	15,045	15,372
Juvenile court cases filed	2,717	2,431	1,687	2,516
Tax foreclosure cases filed	4,001	3,906	4,820	5,601
Passport applications accepted	13,932	13,510	13,249	16,583
County Clerk				
County court at law cases filed	9,480	9,468	9,981	8,947
Mental health cases filed	2,599	2,653	2,841	3,002
Probate cases filed	3,672	3,988	3,875	3,858
Birth certificates issued	40,771	44,266	42,591	41,415
Marriage licenses issued	12,708	13,533	13,397	14,223
Passport applications accepted	N/A	N/A	N/A	N/A
Justice of the Peace (all precincts)				
Traffic cases	8,883	8,616	8,286	6,352
Non-traffic cases	8,235	6,691	6,788	4,839
Small claims cases	3,693	3,242	2,988	2,843
Landlord/Tenant	26,656	28,445	29,230	27,324
Debt Claims	10,107	9,831	9,637	10,907
Sheriff				
Prisoner bed days in county jail	1,231,751	1,179,111	1,252,502	1,213,861
Public Health				
Chronic disease prevention, average monthly caseload	1,710	1,590	1,091	1,009
Notifiable diseases reported	5,091	4,319	5,619	5,543
Food establishment inspections	5,435	5,661	5,228	6,234
Sexually transmitted disease clinic visits	7,289	6,638	6,142	6,137
Milk and dairy tests	21,671	20,649	21,637	18,870
Tuberculosis DOT/DOPT doses administered	17,645	18,342	22,749	16,609
Women, infants & children visits and immunizations	685,010	741,208	702,749	686,603
Tax Assessor/Collector				
Tax accounts collected	706,300	763,957	807,229	834,962
Contracts with entities for tax collection	54	54	57	56
Transportation				
Miles of roads maintained in un-incorporated areas	422	417	409	412
Inter-local contracts executed/performed	70	66	68	91
Square yards of right of way	14,422,252	14,392,994	14,071,312	13,889,638
Human Services				
Rent vouchers issued	1,676	1,398	1,209	1,133
Utility vouchers issued	10,571	10,763	7,214	8,158
Food/hygiene vouchers issued	2,199	1,836	872	4,694

Source: Various County departments

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

TABLE XVII

2013	2014	2015	2016 ⁽¹⁾	2017 ⁽¹⁾	2018 ⁽¹⁾
6,692	8,752	9,143	6,785	7,752	8,060
17,367	17,167	17,305	20,289	20,830	24,242
15,551	13,285	11,386	12,078	14,148	15,113
14,836	14,821	15,368	15,734	16,106	16,114
2,487	2,175	1,974	1,850	2,609	3,013
2,196	3,541	4,786	4,055	4,251	3,933
25,868	35,659	33,520	N/A	N/A	N/A
8,212	7,480	7,754	7,932	7,940	8,555
2,954	3,096	3,606	4,604	5,093	4,791
4,288	4,353	4,431	4,588	4,049	4,207
45,460	46,979	51,389	54,793	43,207	42,210
14,439	14,754	15,424	15,560	17,079	20,284
N/A	N/A	N/A	887	11,444	13,753
5,725	6,660	9,068	9,380	9,638	12,345
5,479	4,842	5,423	3,956	4,368	5,158
2,379	5,558	5,556	5,503	5,921	6,930
27,176	27,511	24,245	25,124	26,021	26,558
11,195	6,609	8,548	8,969	13,137	16,711
1,179,322	1,256,067	1,113,814	1,167,826	1,304,411	1,427,461
947	1,105	1,139	1,125	1,500	1,500
5,057	4,337	4,371	5,509	11,375	10,052
5,752	6,127	7,035	7,528	7,244	7,711
5,939	6,516	7,049	5,982	6,207	6,126
18,468	17,836	17,485	18,319	19,070	18,077
18,192	24,343	20,860	17,481	18,229	13,178
652,496	616,333	605,912	584,517	545,408	460,552
940,493	1,142,980	1,329,246	1,669,671	1,686,094	1,730,397
58	56	58	60	60	67
407	403	402	401	398	397
84	70	70	53	66	67
13,751,279	13,651,932	13,578,587	13,558,253	13,395,295	13,346,720
856	813	588	616	699	553
9,724	10,312	10,408	9,254	14,125	5,055
1,512	2,331	3,602	2,109	2,233	1,354

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN YEARS

(Unaudited)

	FISCAL YEAR			
	2009	2010	2011	2012
General Government				
Number of buildings				
Subcourthouses	9	9	9	9
Courts buildings	6	6	6	6
Other	16	16	16	15
Building square footage	2,937,619	2,955,001	3,060,459	3,054,447
Subcourthouses	318,111	317,962	363,420	363,420
Courts buildings	1,180,289	1,179,968	1,179,968	1,179,968
Other	1,439,219	1,457,071	1,517,071	1,511,059
Public Safety				
Number of jails	4	4	4	5
Building square footage	907,736	907,823	907,823	1,115,523
Number of patrol vehicles	98	102	102	102
Transportation				
Miles of roads in un-incorporated areas	422	417	409	412
Square yards of right of way	14,422,252	14,392,994	14,071,312	13,889,638
Number of heavy equipment	254	250	249	251
Number of vehicles	506	461	465	475
Judicial				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
Community Services				
Public Health vehicles	38	41	43	43
Resource Connection				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

Source: Tarrant County Facilities Office

TABLE XVIII

2013	2014	2015	2016	2017	2018
8	8	9	8	8	8
5	5	6	6	6	6
14	14	14	14	15	15
2,825,302	2,826,802	3,101,552	3,083,629	3,198,103	3,218,798
346,781	346,781	389,031	371,108	371,108	391,803
1,074,510	1,074,510	1,307,010	1,307,010	1,307,010	1,307,010
1,404,011	1,405,511	1,405,511	1,405,511	1,519,985	1,519,985
5	5	4	4	5	5
1,115,523	1,115,523	1,044,755	1,044,755	1,230,985	1,230,985
102	102	102	102	101	100
407	403	402	401	398	397
13,751,279	13,651,932	13,578,587	13,558,253	13,395,295	13,346,720
247	250	258	257	263	260
492	523	516	497	522	495
124,770	124,770	124,770	124,770	124,770	124,770
47	45	44	43	45	45
16	16	16	16	16	16
348,464	348,464	348,464	348,464	348,464	348,464