

# TARRANT COUNTY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2012

**TARRANT COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended September 30, 2012**



**Prepared By**  
**County Auditor's Office**

**S. Renee Tidwell, CPA**  
**County Auditor**

**TARRANT COUNTY, TEXAS  
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**INTRODUCTORY SECTION**



## TARRANT COUNTY

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COUNTY AUDITOR  
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CRAIG MAXWELL  
FIRST ASSISTANT COUNTY AUDITOR  
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March 21, 2013

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, 2012 is submitted herewith. This report is submitted in compliance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

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

The County's financial statements have been audited by KPMG, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the County**

Tarrant County is a political subdivision of the State of Texas and was organized in 1849. The County is an urban county located in the north central part of Texas. Fort Worth serves as the county seat to a county population of approximately 1,831,230 citizens. It is one of the fastest growing urban counties in the United States today.

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

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

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

Public hearings are held on the proposed budget. The Commissioners Court must adopt an annual operating budget by a majority vote before September 30. The legal level of budgetary control is at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons are presented on pages 75-77 as part of the required supplementary information. The other budget comparisons are presented on pages 89-96 as part of budgetary compliance.

## **Local Economy**

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

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

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

Major factors of this continued stability include:

**AllianceTexas:** AllianceTexas is a 17,000-acre master-planned, mixed use community located in north Fort Worth. AllianceTexas offers a variety of commercial real estate options, including new industrial, office and retail. Anchored by the inland port known as the Alliance Global Logistics Hub, AllianceTexas is home to 300 companies, 30,000 employees and more than 7,700 single-family homes. New and expanded developments within AllianceTexas include: LG Electronics, Exel Logistics, Health Care Service Corp., the parent company of Blue Cross Blue Shield of Texas, DynCorp International, Deloitte, Fidelity Investments, and Cabela's Retail Inc.

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

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

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

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

**Lockheed Martin:** In October 2001, the U.S. Department of Defense awarded a contract valued at \$200 billion to Lockheed Martin for the production of aircraft that will be used by the U.S. Air Force, Navy, and Marines, as well as the United Kingdom's Royal Air Force and Navy. The contract, which is the largest defense contract in U.S. history, provides 15,000 jobs for Tarrant County.

**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 the 2010 NBA All Star game and the 2011 Super Bowl.

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

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

**American Airlines:** On November 29, 2011, American Airlines filed Chapter 11 bankruptcy. On February 13, 2013 the board of directors for AMR Corporation, American Airlines parent company, and US Airways Group approved a definite agreement to merge the two carriers. The bankruptcy judge and federal regulators must approve the deal before AMR can exit Chapter 11 bankruptcy protection.

## **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 2012 totaled \$0.264 with \$0.026929 per \$100 valuation to fund the annual debt service requirements. On May 7, 2006, the Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

## **Major Initiatives**

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

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the County's comprehensive annual financial report for the year ended September 30, 2011. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program

standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it for review to GFOA.

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

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

Sincerely,



S. Renée Tidwell, CPA  
County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tarrant County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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



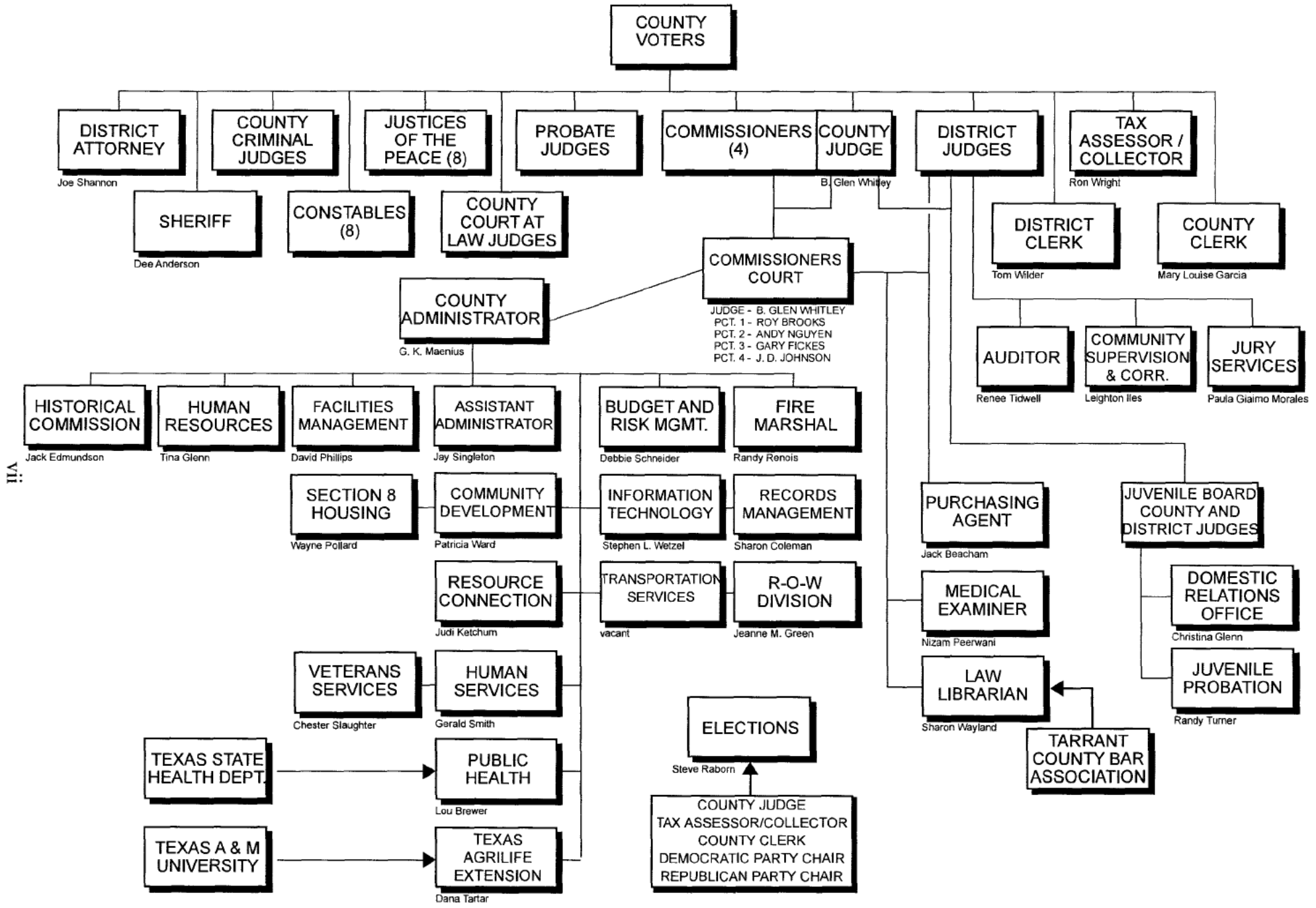
*Christopher P. Morrell*

President

*Jeffrey R. Emen*

Executive Director

# TARRANT COUNTY ORGANIZATION



11/1



**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

Commissioners Court:

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

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

Board of District Judges:

Sharen Wilson  
Wayne Salvant  
Robb Catalano  
Mike Thomas  
Melody Wilkinson  
David Evans  
Don Cosby  
R. H. Wallace, Jr.  
John P. Chupp  
Ken Curry  
Louis Sturns  
Randy Catterton  
William Harris  
Tom Lowe  
Everett Young  
Nancy Berger  
Jean Hudson Boyd  
Jerome S. Hennigan  
Judith Wells  
James Birdwell  
Dana Womack  
Bonnie Sudderth  
Michael Sinha  
Mollee Westfall  
Scott Wisch  
George Gallagher  
Ruben Gonzalez

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

County Judges:

Sherry Hill  
Michael Mitchell  
Billy Mills  
Deborah Nekhom  
Jamie Cummings  
Molly Jones  
Cheril Hardy  
Daryl Coffey  
Brent Carr  
Phillip Sorrells  
Don Pierson  
Jennifer Rymell  
Mike Hrabal  
Steve M. King  
Pat Ferchill

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

**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

County Judges: (continued)

Ralph Swearingin  
Linda Davis  
Russ Casey  
Jacquelyn Wright  
Manuel T. Valdez  
Gary Ritchie  
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:

Dee Anderson  
Joe Shannon  
Randy Turner\*  
Leighton Iles\*  
Jerry Crowder  
Robert McGinty  
Zane Hilger  
Dub Bransom  
Sergio L. DeLeon  
Joe Kubes  
Clint Burgess  
Chester Luckett  
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\*  
Stephen L. Wetzels\*

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**



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

## Independent Auditor's Report

The Honorable County Judge  
and Commissioners' Court:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tarrant County Hospital District (TCHD) or the Mental Health and Mental Retardation of Tarrant County (MHMRTC), which represents 100% of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the TCHD and MHMRTC, are based 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas, as of September 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.



In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2013 on our consideration of Tarrant County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress on pages 4 through 13, 75 through 79 and 80 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, budgetary compliance schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules and budgetary compliance schedules have 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 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 and individual fund statements and schedules and budgetary compliance schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



The introductory section and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

KPMG LLP

March 21, 2013

## 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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

### Financial Highlights

- The assets of the County exceed its liabilities at the close the most recent fiscal year by \$256,582,000 (*net assets*). This is a decrease of \$56,831,000.
- Total net assets of the County are comprised of the following:
  1. Capital assets, net of related debt of \$218,358,000 include land, buildings, infrastructure, construction in progress and other capital assets, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent bond proceeds, related to the purchase or construction of capital assets.
  2. Net assets of \$17,780,000 are restricted by constraints imposed from outside the County such as debt obligations, laws, regulations, contractual or donor imposed constraints.
  3. Unrestricted net assets of \$20,444,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$289,127,000, a decrease of \$27,991,000 in comparison with the prior year. Approximately 13 percent of this total amount, \$38,499,000, 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 \$38,499,000, or approximately 12 percent of total general fund expenditures.
- The County's bonded debt decreased by \$17,325,000 (approximately 5 percent) during the current fiscal year.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the



underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-73 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information including budget to actual schedules for general fund and road and bridge fund, as well as the County's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 75-80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on budget to actual statements, pensions, and other post employment benefits. Combining and individual fund statements and schedules can be found on pages 84-87 and 98-100 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets exceeded liabilities by \$256,582,000 at the close of the most recent fiscal year.

The largest portion of the County's net assets \$218,358,000 (approximately 85 percent) reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding, excluding unspent proceeds. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the net assets, \$20,444,000, represents unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors. The remaining balance of net assets represents resources that are subject to external restriction on how they may be used. Restrictions include \$10,703,000 for records management, \$2,152,000 contractual or donor imposed restrictions and \$4,925,000 for other purposes.

### Tarrant County's Net Assets

(Amounts in thousands)

	September 30, 2012			September 30, 2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 366,771	\$ 3,126	\$ 369,897	\$ 417,073	\$ 3,208	\$ 420,281
Internal balance	1,572	(1,572)	-	1,799	(1,799)	-
Capital assets	420,695	5,256	425,951	407,334	5,645	412,979
Total assets	789,038	6,810	795,848	826,206	7,054	833,260
Other Liabilities	101,478	461	101,939	105,058	385	105,443
Long-term liabilities outstanding	437,277	50	437,327	414,368	36	414,404
Total liabilities	538,755	511	539,266	519,426	421	519,847
Net assets:						
Invested in capital assets, net of related debt	213,102	5,256	218,358	224,257	5,645	229,902
Restricted	17,780		17,780	16,507		16,507
Unrestricted	19,401	1,043	20,444	66,016	988	67,004
Total net assets	\$ 250,283	\$ 6,299	\$ 256,582	\$ 306,780	\$ 6,633	\$ 313,413

At the end of the current fiscal year, the County is able to report positive balances in all of the categories of net assets, both for the government as a whole, as well as for its governmental activities.

The County's net assets decreased by \$56,831,000 during the current fiscal year. This decrease represents the degree to which decreases in ongoing revenues have surpassed similar increases in ongoing expenses. Expenses only increased approximately 1 percent with the largest percentage increase in public safety costs. Revenues decreased approximately 4 percent, almost all related to a decrease in fees for services and operating grants.

**Governmental activities.** Governmental activities decreased the County's net assets by \$56,497,000, thereby accounting for the decline in the net assets of the County. A key element of this decline was the reduction of total revenue; fees for services revenue decreased by \$13,718,000 or approximately 12 percent during the year. Operating grant revenues also decreased \$4,585,000 or 6 percent.

As a result of voluntary departmental cost cutting measures, expenses only increased \$7,818,000 or approximately 1 percent with public safety costs accounting for the largest percentage increase.

**Business-type activities.** Business-type activities net assets decreased \$334,000. Expenses increased \$327,000 or approximately 11 percent due to renovations for new tenants while revenues decreased \$877,000 or approximately 23 percent, related to tenant turnover and declining oil and gas royalties.

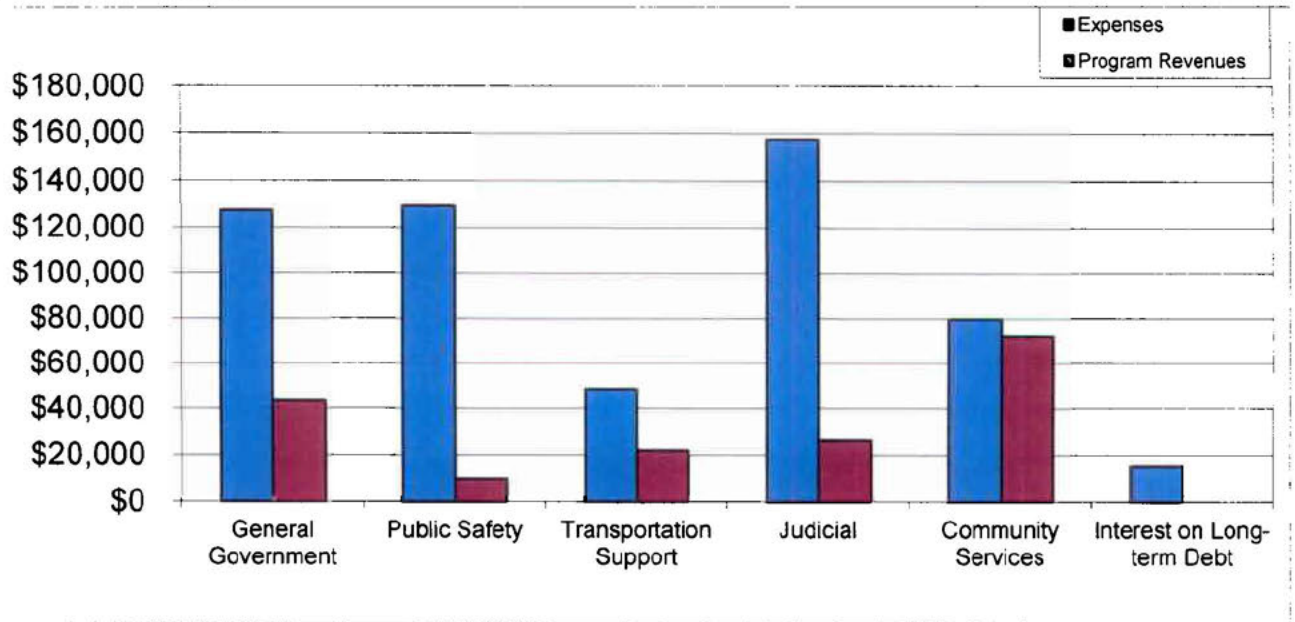
### Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended September 30, 2012			For the year ended September 30, 2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 96,785	\$ 2,626	\$ 99,411	\$ 110,503	\$ 2,745	\$ 113,248
Operating grants and contributions	72,934		72,934	77,519		77,519
Capital grants and contributions	3,505		3,505	3,339		3,339
General revenues:						
Property taxes	317,016		317,016	315,441		315,441
Alcoholic and bingo taxes	6,392		6,392	7,646		7,646
Investment earnings	825	4	829	2,098	10	2,108
Other general revenue	3,644	387	4,031	3,127	1,139	4,266
Total revenues	501,101	3,017	504,118	519,673	3,894	523,567
Expenses:						
General government	127,322		127,322	124,555		124,555
Public safety	129,313		129,313	120,881		120,881
Transportation	48,559		48,559	54,329		54,329
Judicial	157,358		157,358	150,841		150,841
Community services	79,934		79,934	84,066		84,066
Interest and fiscal charges	15,112		15,112	15,108		15,108
Resource Connection		3,351	3,351		3,024	3,024
Total expenses	557,598	3,351	560,949	549,780	3,024	552,804
Increase(decrease) in net assets	(56,497)	(334)	(56,831)	(30,107)	870	(29,237)
Net assets-beginning	306,780	6,633	313,413	336,887	5,763	342,650
Net assets-ending	\$ 250,283	\$ 6,299	\$ 256,582	\$ 306,780	\$ 6,633	\$ 313,413

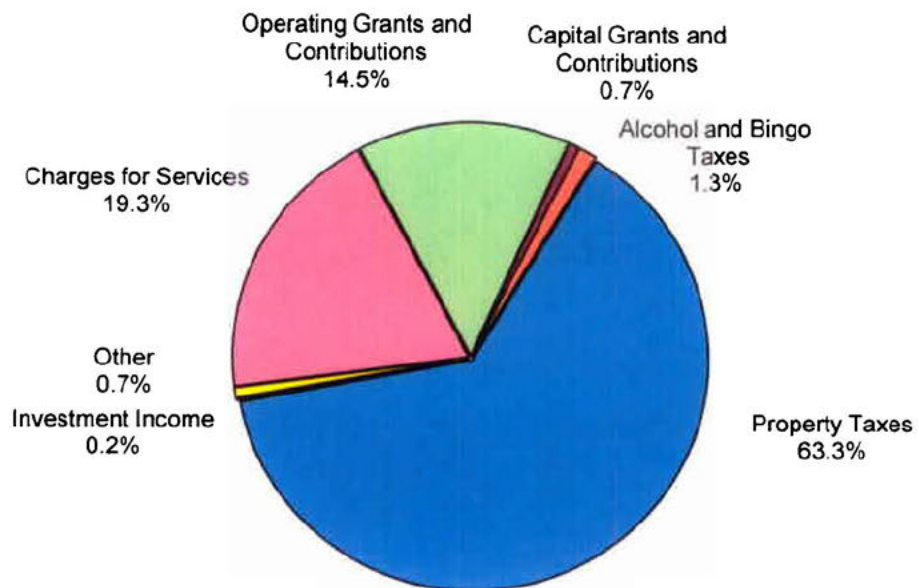
## Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



## Revenues by Source – Governmental Activities

(Amounts in thousands)



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$289,127,000 a decrease of \$27,991,000. Approximately 13% of this total amount, \$38,499,000, 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) \$4,598,000 is not in spendable form, 2) \$145,765,000 is restricted for a specific purpose externally imposed by bond covenants, grantors and contributors, or by enabling legislation, 3) \$73,637,000 has been committed by a formal action of the Commissioners Court for a specific purpose, and 4) \$26,628,000 has been assigned for a specific purpose, generally used to liquidate outstanding purchase orders.

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 \$38,499,000, while total fund balance was \$65,840,000. 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 20 percent of that same amount.

The fund balance of the County's general fund increased by \$6,419,000 during the current fiscal year. While revenues increased and expenses increased slightly, the key factor for the fund balance increase was the decrease in the amount of operating transfer to Road and Bridge fund and increase in property tax revenue.

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 \$17,439,000 all of which is either not in spendable form or committed by the Commissioners Court. The fund balance increased \$1,024,000, due to a decrease in transportation expenditures.

The debt service fund has a total fund balance of \$1,626,000, all of which is committed for the payment of debt service. The net increase in fund balance during the current year in the debt service was \$144,000. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$33,333,000 in the current fiscal year. The county maintains a policy of not retaining excess debt service funds and will budget this excess in fiscal 2013.

The capital projects fund has a total fund balance of \$179,797,000, all of which is either restricted or committed for the payment of capital projects. The net decrease in fund balance during the current year was \$36,977,000. The fund balance decreased due to the continued expenditures for capital projects. Details of the bond projects are further described in the long-term debt section on page 12.

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

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

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

Total net assets of the Resource Connection at the end of the year amounted to \$6,299,000. The total decrease in net assets for the fund was \$334,000. The expenses increased due to renovations to tenant space, while revenue from oil and gas royalties and tenant revenue decreased from prior year.

## **General Fund Budgetary Highlights**

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

Actual revenues were 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 \$22,808,000, contingency of \$665,000 and undesignated balance of \$8,515,000.
- Several departments' expenses were less than budgeted for building operations, information technology, sheriff and jail operations.
- Actual revenue was greater than budgeted revenue in all categories except transfers.

## **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, 2012 amounted to \$425,951,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, roads and bridges and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was \$12,972,000.

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

- Continued development of criminal justice software
- Completion of a new jail
- Completion of the expansion to the medical examiner building
- Continued construction of a civil courts building
- Completion of new subcourthouse

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

### Tarrant County's Capital Assets

(Net of depreciation)  
(Amounts in thousands)

	September 30, 2012			September 30, 2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 55,032	\$ 2,071	\$ 57,103	\$ 53,133	\$ 2,071	\$ 55,204
Buildings and improvements	270,080	1,963	272,043	207,679	2,242	209,921
Furnishings and equipment	31,827	68	31,895	35,310	102	35,412
Infrastructure	45,717	1,154	46,871	45,856	1,230	47,086
Construction in progress	18,039		18,039	65,356	-	65,356
Total	\$ 420,695	\$ 5,256	\$425,951	\$ 407,334	\$ 5,645	\$412,979

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$317,725,000. All of this debt represents bonds payable solely on future ad valorem tax revenue. The remainder of the County's long-term obligation is comprised of a capital lease with a balance of \$2,325,000.

### Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities 2012	Governmental Activities 2011
General Obligation	\$ 199,425	\$ 209,525
Limited Tax Refunding Bonds	118,300	123,810
Non-Taxable Tax Notes		1,715
Capital Lease	2,325	
Total	\$ 320,050	\$ 335,050

The County's bonded debt decreased by \$17,325,000 or 5 percent during the current fiscal year. This decrease is a reflection of the principal payments of \$17,325,000. The County entered into a capital lease during the current fiscal year; at the end of the year, the balance of the capital lease was \$2,325,000.

On May 13, 2006, the voters of Tarrant County approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County has issued \$312,700,000 Limited Tax Bonds for this purpose. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. On March 7, 2006, the Tarrant County Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.



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

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the County is \$5,821,508,000, 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 48-51 of this report.

## **Economic Factors and Next Year’s Budgets and Rates**

Tarrant County’s economic condition remains positive.

- The unemployment rate decreased for Tarrant County to 6.2 percent, compared to the prior year of 8.3 percent. This is comparable to the state’s decrease in average unemployment rate of 6.3 percent from 8.4 percent a year ago. The national unemployment rate is 7.6 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 2013 fiscal year.

At September 30, 2012, the unassigned fund balance in the general fund was \$38,499,000. Total assigned funds balance, \$23,276,000, includes \$22,113,000 assigned for the purpose of spending in the 2013 fiscal year budget. This available fund balance enabled the County’s tax rate to remain the same for the 2013 fiscal year.

## **Requests for Information**

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



**BASIC FINANCIAL STATEMENTS**



TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 325,734	\$ 2,912	\$ 328,646
Taxes receivable, net of allowance for uncollectibles	7,461	-	7,461
Other receivables, net of allowance for uncollectibles	29,452	211	29,663
Internal balances	1,572	(1,572)	-
Prepaid expenses and inventory	3,202	3	3,205
Deferred charges	922	-	922
Restricted assets	-	-	-
Noncurrent cash and investments	-	-	-
Investment in joint venture	-	-	-
Capital assets, net:			
Not subject to depreciation	73,071	2,071	75,142
Subject to depreciation	347,624	3,185	350,809
Total assets	<u>789,038</u>	<u>6,810</u>	<u>795,848</u>
<b>LIABILITIES</b>			
Accounts payable	22,329	276	22,605
Accrued interest payable	3,218	-	3,218
Other liabilities	19,996	35	20,031
Unearned revenue	10,708	49	10,757
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	24,829	101	24,930
Capital lease	553	-	553
Bonds & notes payable	16,140	-	16,140
Other noncurrent liabilities	3,705	-	3,705
Portion due or payable after one year:			
Compensated absences payable	13,592	50	13,642
Capital lease payable	1,772	-	1,772
Bonds and notes payable	316,538	-	316,538
Other noncurrent liabilities	105,375	-	105,375
Total liabilities	<u>538,755</u>	<u>511</u>	<u>539,266</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	213,102	5,256	218,358
Restricted:			
Records management	10,703	-	10,703
Contractual or donor imposed	2,152	-	2,152
Other purposes	4,925	-	4,925
Unrestricted	19,401	1,043	20,444
Total net assets	<u>\$ 250,283</u>	<u>\$ 6,299</u>	<u>\$ 256,582</u>

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 211,511	\$ 16,227
4,253	-
97,821	7,462
-	-
20,792	998
-	-
285	-
187,096	-
-	608
51,199	1,458
<u>252,613</u>	<u>10,170</u>
<u>825,570</u>	<u>36,923</u>
54,119	1,936
-	-
36,567	2,426
-	270
-	-
-	279
2,265	55
5,552	85
-	2,056
-	-
54,024	548
2,407	712
<u>154,934</u>	<u>8,367</u>
250,529	10,940
-	-
4,425	-
250	-
<u>415,432</u>	<u>17,616</u>
<u>\$ 670,636</u>	<u>\$ 28,556</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (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	\$ 127,322	\$ 39,776	\$ 2,499	\$ 1,080
Public safety	129,313	5,884	3,818	156
Transportation support	48,559	19,633	33	2,166
Judicial	157,358	14,954	11,186	
Community services	79,934	16,538	55,398	103
Interest and fiscal charges	15,112	-	-	-
Total governmental activities	557,598	96,785	72,934	3,505
Business-type:				
Resource Connection	3,351	2,626	-	-
Total primary government	\$ 560,949	\$ 99,411	\$ 72,934	\$ 3,505
Component units				
Tarrant County Hospital District	\$ 732,953	\$ 271,604	\$ 122,098	\$ 2,500
MHMR of Tarrant County	92,221	27,824	63,332	-
	\$ 825,174	\$ 299,428	\$ 185,430	\$ 2,500

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

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (83,967)		\$ (83,967)		
(119,455)		(119,455)		
(26,727)		(26,727)		
(131,218)		(131,218)		
(7,895)		(7,895)		
(15,112)		(15,112)		
(384,374)		(384,374)		
-	\$ (725)	(725)		
\$ (384,374)	\$ (725)	\$ (385,099)	\$ -	\$ -
			\$ (336,751)	\$ (1,065)
			\$ (336,751)	\$ (1,065)
317,016	-	317,016	279,403	-
6,392	-	6,392	-	-
825	4	829	4,073	26
3,644	387	4,031	69,783	1,680
327,877	391	328,268	353,259	1,706
(56,497)	(334)	(56,831)	16,508	641
306,780	6,633	313,413	654,128	27,915
\$ 250,283	\$ 6,299	\$ 256,582	\$ 670,636	\$ 28,556



TARRANT COUNTY, TEXAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash, cash equivalents, and investments	\$ 67,533	\$ 16,065	\$ 1,623	\$ 187,576
Receivables				
Taxes, net of allowance for uncollectibles	6,642	8	811	-
Other receivables, net of allowance for uncollectibles	11,140	2,170	3	506
Due from other funds	9,956	-	-	-
Advance to proprietary fund	-	-	-	1,572
Supplies and prepaid items	922	549	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 96,193</u>	<u>\$ 18,792</u>	<u>\$ 2,437</u>	<u>\$ 189,654</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 6,625	\$ 875	\$ -	\$ 9,723
Other liabilities	12,069	470	-	6
Due to other funds	-	-	-	-
Deferred revenue	11,659	8	811	128
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	30,353	1,353	811	9,857
FUND BALANCES:				
Nonspendable	4,002	549	-	-
Restricted	-	-	-	126,498
Committed	63	16,890	1,626	53,299
Assigned	23,276	-	-	-
Unassigned	38,499	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	65,840	17,439	1,626	179,797
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 96,193</u>	<u>\$ 18,792</u>	<u>\$ 2,437</u>	<u>\$ 189,654</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,183	\$ 26,576	\$ 310,556
-	-	7,461
11,848	2,395	28,062
36	-	9,992
-	-	1,572
1,545	47	3,063
<u>\$ 24,612</u>	<u>\$ 29,018</u>	<u>\$ 360,706</u>

\$ 3,553	\$ 516	\$ 21,292
1,319	3,280	17,144
9,195	797	9,992
10,545	-	23,151
24,612	4,593	71,579
-	47	4,598
-	19,267	145,765
-	1,759	73,637
-	3,352	26,628
-	-	38,499
-	24,425	289,127
<u>\$ 24,612</u>	<u>\$ 29,018</u>	<u>\$ 360,706</u>

TARRANT COUNTY, TEXAS

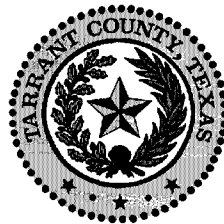
RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET ASSETS  
SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

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

Total fund balance - total governmental funds (pages 18-19)	\$ 289,127
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	420,695
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	12,450
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	3,769
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>(475,758)</u>
Net assets of governmental activities (page 14)	<u>\$ 250,283</u>

See accompanying notes to the financial statements.



TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES:</b>				
Taxes	\$ 289,666	\$ 1	\$ 33,333	\$ -
Licenses and permits	1,137	-	-	-
Fees of office	42,247	19,633	-	-
Intergovernmental	15,520	33	-	390
Investment income	427	23	19	296
Other revenues	11,966	1,730	-	1,087
	<u>360,963</u>	<u>21,420</u>	<u>33,352</u>	<u>1,773</u>
<b>EXPENDITURES:</b>				
Current:				
General government	89,597	2,758	-	-
Public safety	106,245	-	-	-
Transportation support	-	20,723	-	-
Judicial	130,287	-	-	-
Community services	5,100	-	-	-
Capital outlay	-	72	-	61,564
Debt service:				
Principal payments	-	-	17,325	-
Interest and fiscal charges	-	-	16,110	-
	<u>331,229</u>	<u>23,553</u>	<u>33,435</u>	<u>61,564</u>
Excess (deficiency) of revenues over (under) expenditures	29,734	(2,133)	(83)	(59,791)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,520	3,157	227	20,671
Transfers out	(24,835)	-	-	(227)
Proceeds from capital lease	-	-	-	2,370
	<u>(23,315)</u>	<u>3,157</u>	<u>227</u>	<u>22,814</u>
Change in fund balance	6,419	1,024	144	(36,977)
FUND BALANCES, beginning of year	<u>59,421</u>	<u>16,415</u>	<u>1,482</u>	<u>216,774</u>
FUND BALANCES, end of year	<u>\$ 65,840</u>	<u>\$ 17,439</u>	<u>\$ 1,626</u>	<u>\$ 179,797</u>

See accompanying notes to the financial statements.

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<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 34	\$ 323,034
-	-	1,137
1,547	10,005	73,432
71,508	12,894	100,345
12	48	825
881	4,204	19,868
<u>73,948</u>	<u>27,185</u>	<u>518,641</u>
2,052	6,590	100,997
4,174	1,720	112,139
	-	20,723
10,221	3,969	144,477
52,337	13,206	70,643
5,164	915	67,715
-	-	17,325
-	-	16,110
<u>73,948</u>	<u>26,400</u>	<u>550,129</u>
-	785	(31,488)
392	1,299	27,266
(392)	(685)	(26,139)
-	-	2,370
<u>-</u>	<u>614</u>	<u>3,497</u>
-	1,399	(27,991)
-	23,026	317,118
<u>\$ -</u>	<u>\$ 24,425</u>	<u>\$ 289,127</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

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

Net change in fund balances--total governmental funds (pages 22-23)	\$ (27,991)
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)	12,256
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (Note 2)	1,105
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(19,790)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	15,000
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)	(35,322)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>(1,755)</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ (56,497)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,912	\$ 15,178
Other receivables, net of allowance for uncollectibles	211	1,390
Prepaid expenses and inventory	3	139
Total current assets	3,126	16,707
Noncurrent assets:		
Capital assets		
Land	2,071	-
Building and improvements, net	1,962	-
Equipment, net	68	-
Infrastructure, net	1,155	-
Total noncurrent assets	5,256	-
Total assets	8,382	16,707
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	276	1,037
Other liabilities	35	6,557
Deferred revenue	49	7
Compensated absences payable	101	-
Advance from governmental fund	200	-
Total current liabilities	661	7,601
Noncurrent liabilities:		
Other noncurrent liabilities	-	5,337
Compensated absences payable	50	-
Long term advance from governmental fund	1,372	-
Total noncurrent liabilities	1,422	5,337
Total liabilities	2,083	12,938
<b>NET ASSETS</b>		
Invested in capital assets	5,256	-
Unrestricted	1,043	3,769
Total net assets	\$ 6,299	\$ 3,769

See accompanying notes to the financial statements.



TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<b>OPERATING REVENUES:</b>		
Building rental	\$ 2,626	\$ -
User fees	-	15,551
County contributions	-	50,297
Oil and gas royalties	382	-
Other revenues	5	1,043
	<u>3,013</u>	<u>66,891</u>
<b>OPERATING EXPENSES</b>		
Personnel	1,025	-
Building and equipment maintenance and repairs	1,777	61
Depreciation and amortization	383	-
Self insurance claims	-	57,225
Insurance premiums	16	5,645
Other expenses	150	4,611
	<u>3,351</u>	<u>67,542</u>
Total operating expenses	<u>3,351</u>	<u>67,542</u>
Operating income (loss)	(338)	(651)
<b>NONOPERATING REVENUES:</b>		
Investment income	4	23
	<u>4</u>	<u>23</u>
Total nonoperating revenues	<u>4</u>	<u>23</u>
Income (loss) before transfers	(334)	(628)
Transfers in		782
Transfers out	-	(1,909)
	<u>-</u>	<u>(1,909)</u>
Change in net assets	(334)	(1,755)
Total net assets - beginning	<u>6,633</u>	<u>5,524</u>
Total net assets - ending	<u>\$ 6,299</u>	<u>\$ 3,769</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>Business-type</u> <u>Activities-</u> <u>Enterprise</u>	<u>Governmental</u> <u>Activities-</u> <u>Internal</u> <u>Service</u>
<b>OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 2,915	\$ 66,764
Payments to suppliers	(1,894)	-
Payments on behalf of employees	-	(66,957)
Payments to employees	<u>(1,006)</u>	<u>-</u>
Net cash flows provided by (used in) operating activities	15	(193)
<b>INVESTING ACTIVITIES:</b>		
Investment income	<u>4</u>	<u>23</u>
Net cash flows provided by investing activities	4	23
<b>NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers in		782
Transfers out	<u>-</u>	<u>(1,909)</u>
Net cash flows used in noncapital financing activities	-	(1,127)
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Advance to other funds	(227)	-
Adjustment to capital assets	<u>6</u>	<u>-</u>
Net cash flows provided by (used in) capital and related financial activities	(221)	-
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(202)	(1,297)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>3,114</u>	<u>16,475</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,912</u>	<u>\$ 15,178</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Income (loss) from operations	\$ (338)	\$ (651)
Net cash provided by operating activities:		
Depreciation & amortization	383	-
Changes in assets and liabilities:		
Supplies & prepaid items	(1)	-
Other receivables	(119)	(113)
Accounts payable	50	30
Other liabilities	6	555
Deferred revenue	21	(14)
Compensated absences	<u>13</u>	<u>-</u>
Net cash flows provided by (used in) operating activities	<u>\$ 15</u>	<u>\$ (193)</u>

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

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	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 39,824
Other receivables	133,754
Restricted asset	<u>72,721</u>
 TOTAL ASSETS	 <u>\$ 246,299</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 5
Due to third parties	<u>246,294</u>
 TOTAL LIABILITIES	 <u>\$ 246,299</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The following is a summary of the significant policies:

**(a) Reporting Entity**

The accompanying financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in 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") is governed by a board of directors, appointed by the County Commissioners Court, which currently are the Commissioners Court members. The County Commissioners Court created the TCHFC, but it is not a political subdivision of the County under state law. The TCHFC is authorized to issue bonded debt without County Commissioners Court approval. The TCHFC is reported in the other governmental column in the fund financial statements.

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

**DISCRETELY PRESENTED COMPONENT UNITS**

The Tarrant County Hospital District ("TCHD") d/b/a JPS Health Network serves the citizens of the County and is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. The County Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD assets. TCHD cannot issue bonded debt without County Commissioners Court approval. TCHD's financial statements include the JPS Physicians Group and JPS Foundation as component units within the reporting entity.

The Mental Health and Mental Retardation of Tarrant County ("MHMRTC") serves the citizens of the County and is governed by a board of directors which the County Commissioners Court may appoint and remove at will. The County Commissioners Court approves the MHMRTC budget, but does not hold title to any of its assets. MHMRTC can issue bonded debt without the approval of the County Commissioners Court. The fiscal year end of MHMRTC is August 31 and the financial statements presented herein are

as of August 31, 2012. MHMRTC has two component units, MHMR Visions which is included in their financial statements and Trinity Behavior Corporation, which has had no financial activity and therefore not included.

The Tarrant County Health Facilities Development Corporation ("TCHFDC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC has no material balance sheet or results of operations as of and for the year ended September 30, 2012. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

The Tarrant County Cultural Education Facilities Finance Corporation ("TCCEFFC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC has no material balance sheet or results of operations as of and for the year ended September 30, 2012. 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  
1500 S. Main  
Fort Worth, Texas 76104

MHMRTC  
3840 Hulen Street  
Fort Worth, Texas 76107

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

**(b) Basis of Presentation**

**GOVERNMENT-WIDE STATEMENTS**

The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

**FUND FINANCIAL STATEMENTS**

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

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

The County reports the following major governmental funds:

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

**Road and Bridge Fund** – The Road and Bridge Fund accounts for the collection and expenditure of those monies designated to be spent for acquisition, construction, and maintenance of county roads and bridges.

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

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

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

The County reports the following proprietary funds:

**Resource Connection** – The Resource Connection fund accounts for the activities of the Resource Connection, a 15-building, one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The County is the owner/landowner of the property and leases space to the various entities. The Resource Connection has a permanent gas pipeline easement and oil and gas lease agreement. These proceeds will be used to finance capital improvements and capital purchases for the Resource Connection.

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

Additionally, the County reports the following fiduciary funds:

**Agency Funds** – These funds account for assets held by the County in a trustee capacity or as an agent for others. They include the Payroll Clearing fund for payroll deductions and the Fee Office fund for moneys in the custody of the fee office of the County.

**(c) Basis of Accounting**

**GOVERNMENT-WIDE, PROPRIETARY, AND FIDUCIARY FUND FINANCIAL STATEMENTS**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred regardless of when the related cash flow takes place. Non-exchange transactions, in which the County 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 in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The primary revenue sources susceptible to accrual are property taxes, which are recognized as deferred revenue until cash is received, and grant income, which is accrued when the legal and contractual requirements of the individual programs are met. Expenditures are recorded when incurred. However, expenditures for principal and interest on general long-term debt, compensated absences, and claims and judgments are recorded when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, The County, TCHD, and MHMRTC have elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) including those issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**(d) Encumbrances**

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

**(e) Cash and Cash Equivalents and Investments**

Cash and cash equivalents of the County and its component units are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents in the cash flow statement do not include restricted assets.

All investments of the County and its component units are recorded at fair value (defined as the price at which two willing parties would complete an exchange) and made pursuant to the Texas Public Funds Investments Act and investment policy established and approved by the Commissioners Court. Authorized investments include the following:

- a. Obligations of the United States or its agencies and instrumentalities;
- b. Direct obligations of the State of Texas;
- c. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States;
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;
- e. Certificates of deposit issued by state and national banks domiciled in Texas that are:
  - (1) Guaranteed or insured by the FDIC, or its successor; or
  - (2) Secured by obligation described by Items a-d above and that have a market value of not less than the principal amount of the certificate;
- f. Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by item a. above, pledged with a third party selected or approved by the County, and placed through a primary government securities dealer or a bank domiciled in Texas;
- g. Commercial paper with a stated maturity of 270 days or less from the date of issuance that either:
  - (1) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
  - (2) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

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

TCHD may also invest, to a limited extent, in corporate bonds and equity securities.

**(f) Supplies and Prepaid Items**

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

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

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

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



**(g) Restricted Assets**

Restricted assets are used to differentiate assets, the use of which is restricted by the donor or contractual agreement. The County's restricted assets represent funds held in the fiduciary fund pursuant to court-ordered trust accounts and securities posted by bondsmen to secure bail bonds.

**(h) 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. MHMRTC defines capital assets as assets with an individual value of more than \$1,000 and an estimated useful life greater than 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Infrastructure	20 - 35 years
Land improvements	5 - 25 years
Buildings and improvements	15 - 40 years
Furnishings and equipment	5 - 25 years
Major movable equipment	5 - 8 years

**(i) Unearned and Deferred Revenue**

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

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

**(j) Long-term Obligations**

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

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

**(k) 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 liquidated from various funds.

**(l) Property Taxes**

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

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.264 (\$0.237071 for the maintenance and operations and \$0.026929 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 during the fiscal year.

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

Ad valorem taxes are levied, become a legal enforceable claim to TCHD, and are due each year on October 1, based on assessed property values on the preceding January 1. Ad valorem tax revenue, net of provisions for estimated uncollectible taxes, is recognized under the accrual basis of accounting, which results in the recognition of this revenue when assessed, subject to a reserve for uncollectible taxes.

TCHD ad valorem tax rate was .227897 per \$100 valuation (\$0.226175 per \$100 valuation for the maintenance and operation fund and \$0.001722 per \$100 valuation for the interest and sinking fund).

**(m) Tobacco Settlement Revenue – TCHD**

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, 2012 the TCHD received approximately \$5,285,000 related to the settlement.

**(n) Risk Management – MHMRTC**

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 2012, MHMRTC was covered under a general liability insurance plan with a combined single limit of \$3,000,000 at a cost it considered to be economically justifiable.

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

**(o) 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.

**(p) Net Assets**

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

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

**Net Assets: Restricted**

This component of net assets is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that are restricted for specific use by legal or external restrictions.

**Net Assets: Unrestricted**

This component of net assets is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt or Net Assets, Restricted.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$475,758 difference are as follows (in thousands):

Bonds payable	\$ 317,725
Less: Deferred charge on refunding (to be amortized as interest expense)	(1,756)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(922)
Less: Issuance discount (to be amortized as interest expense)	(1,273)
Plus: Premium on issuance (to be amortized as interest expense)	17,982
Accrued interest payable	3,218
Capital lease payable	2,325
Compensated absences	38,421
Other postemployment benefits liability	<u>100,038</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 475,758</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful

lives and reported as depreciation expense." The details of this \$12,256 difference are as follows (in thousands):

Capital outlay	\$ 36,538
Depreciation expense	<u>(24,282)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 12,256</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets." The details of this \$1,105 difference are as follows (in thousands):

In the statement of activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (48)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>1,153</u>
Net adjustment to decrease <i>net changes in fund balances--total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,105</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$15,000 difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 2,370
Principal repayments:	
General obligation debt	(10,100)
Limited tax refund debt	(5,510)
Non-taxable tax notes	(1,715)
Capital lease	<u>(45)</u>
Net adjustment to increase <i>net changes in fund balances -total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (15,000)</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 \$35,322 difference are as follows (in thousands):

Compensated absences	\$ (1,736)
Other postemployment benefits	(34,512)
Accrued interest payable	138
Amortization of deferred charge on refunding	(111)
Amortization of issuance costs	(81)
Amortization of bond discounts	(85)
Amortization of bond premiums	<u>1,065</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (35,322)</u>

### 3. CASH AND INVESTMENTS

#### Cash

At year-end, the County's carrying amount of cash (including restricted cash in the fiduciary funds) was \$131,247,141 and the bank balance was \$135,301,147, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County's agent in the County's name.

At year-end, TCHD's carrying amount of deposits (including restricted assets) was \$258,681,000. State law requires collateralization of all deposits with federal depository insurance or other qualified investments. All of TCHD's deposits were either insured or collateralized in accordance with state law.

On August 31, 2012, MHMRTC's carrying amount of cash and cash equivalents was \$15,716,935 all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC, its agent or by pledging financial institution's trust department or agent in MHMRTC's name.

#### Investments

##### County

As of September 30, 2012, the County had the following investments and maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>		<u>% of total Portfolio</u>
		<u>less than 1</u>	<u>1 - 5</u>	
Governmental funds:				
Investment pools	\$ 220,637	\$ 220,637		71.2%
Certificate of deposit	52,309	51,596	713	16.9%
U.S. Agency obligations	6		6	0.0%
Fiduciary funds:				
Certificates of deposit	36,216	16,446	19,770	11.6%
Money market fund	776	776		0.3%
Total Investments	<u>\$ 309,944</u>	<u>\$ 289,455</u>	<u>\$ 20,489</u>	<u>100%</u>

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

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

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

*Credit risk:* In accordance with the County's investment policy, the primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market value. All external investment pools in which the County participates have a credit quality rating of "AAA" by Standard and Poor's. The debt securities of the U.S. Government sponsored entities are 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, 2012, all of the County's investments are held in the County's name.

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

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

## TCHD

At September 30, 2012, TCHD's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>		
		<u>less than 1</u>	<u>1-5</u>	<u>6-10</u>
Money market mutual funds	\$ 3,224	\$ 3,224	\$ -	\$ -
Investment pools	94,361	94,361	-	-
U.S. Treasury obligations	1,263	-	1,263	-
U.S. Agencies obligations	40,590	2,447	31,721	6,422
Municipal bonds	574	203	371	-
		<u>\$ 100,235</u>	<u>\$ 33,355</u>	<u>\$ 6,422</u>
Mutual funds	<u>199</u>			
Total Fair Value of Investments	<u>\$ 140,211</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 obligation decreases. 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 obligation. 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 AA+ by Standard and Poor's rating agency.

TCHD also invests in the State Investment Pools (the Pools), which are considered investments for financial reporting. TCHD has an undivided beneficial interest in the pool of assets held by the Pools. Authorized investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit, and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool. The Pools, as well as, the money market mutual funds invested in by TCHD, are rated as AAAM by Standard & Poor's. TCHD also invests in certificates of deposits, 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	8.1%
Federal National Mortgage Association	5.2%
Federal Farm Credit Bank	8.9%
Federal Home Loan Mortgage Association	2.3%
Federal Agricultural Mortgage Corporation	4.2%

## MHMRTC

At August 31, 2012, MHMRTC had the following investments (in thousands):

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Certificate of deposit	510	510	n/a	199
Total Investments	<u>\$ 510</u>	<u>\$ 510</u>		

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

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



*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, MHMRTC's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes. During the year ended August 31, 2012, MHMRTC did not own any types of securities other than those permitted by statute or its investment policy.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. MHMRTC's investment policy requires maturities of investments to correspond with projected cash flow needs. Remaining maturities shall be no longer than two years, except as specifically authorized by the Board of Trustees. MHMRTC policy further provides that maturities on investments exceeding one year shall not exceed 15% of the total portfolio. During the year ended August 31, 2012, MHMRTC did not own investments other than those permitted by policy.

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

Description	Carrying Amount	Percentage of Portfolio
First National Bank CD	\$ 245,000	48%
American Bank CD	245,000	48%

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

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

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

	Primary Government	Component Units
Cash:		
County	\$ 131,247	\$ -
TCHD	-	258,681
MHMRTC	-	15,717
Investments:		
County	309,944	-
TCHD	-	140,211
MHMRTC	-	510
Total	\$ 441,191	\$ 415,119
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 328,646	\$ 227,738
Restricted	-	285
Noncurrent cash and investments	-	187,096
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	39,824	-
Restricted	72,721	-
Total	\$ 441,191	\$ 415,119

#### 4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>	<u>TCHD</u>
Taxes receivable	\$ 23,965	\$ 20	\$ 3,815	\$ 27,800	\$ 12,998
Allowance for uncollectibles	<u>(17,323)</u>	<u>(12)</u>	<u>(3,004)</u>	<u>(20,339)</u>	<u>(8,745)</u>
Net taxes receivable	<u>\$ 6,642</u>	<u>\$ 8</u>	<u>\$ 811</u>	<u>\$ 7,461</u>	<u>\$ 4,253</u>

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

##### Governmental Funds

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts receivable	\$ 2,260	\$ 1,645	\$ -	\$ 506	\$ 2,058	\$ 2,301	\$ 8,770
Fee office receivable	65,701	-	-	-	-	-	65,701
Intergovernmental receivable	912	525	3	-	10,028	94	11,562
Long-term receivable	3,080	-	-	-	-	-	3,080
Allowance for uncollectible	<u>(60,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(238)</u>	<u>-</u>	<u>(61,051)</u>
Net accounts receivable	<u>\$ 11,140</u>	<u>\$ 2,170</u>	<u>\$ 3</u>	<u>\$ 506</u>	<u>\$ 11,848</u>	<u>\$ 2,395</u>	<u>\$ 28,062</u>

##### Business-type Activities

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Accounts receivable	\$ 218	\$ 1,390	\$ 1,608
Allowance for uncollectible	<u>(7)</u>	<u>-</u>	<u>(7)</u>
Net accounts receivable	<u>\$ 211</u>	<u>\$ 1,390</u>	<u>\$ 1,601</u>

##### Component Units

	<u>TCHD</u>	<u>MHMRTC</u>	<u>Total</u>
Accounts receivable	\$281,539	\$ 12,652	\$294,191
Allowance for uncollectible	<u>(183,718)</u>	<u>(5,190)</u>	<u>(188,908)</u>
Net accounts receivable	<u>\$ 97,821</u>	<u>\$ 7,462</u>	<u>\$105,283</u>

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

The Tarrant County tax office contracts with other taxing entities for the collection of their ad valorem taxes. Of the \$133,753,761 reported as other receivables in the County's agency fund, \$133,716,216 is recorded for this purpose.

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.

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.

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 policy was \$152,132,000. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges. TCHD also provides care to patients who do not pay all or a portion of the charges billed. These charges are adjusted through the provision for uncollectible accounts in the net patient service revenue. The cost of providing care to these patients, estimated using the same ratio used in estimating charity care costs, was \$89,354,000.

MHMRTC accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. MHMRTC provides for an amount of uncollectible patient fees using the reserve method based on past history.

## 5. CAPITAL ASSETS

### County

Capital asset activity for the year ended September 30, 2012 was as follows (in thousands):

	<b>Balance October 1, 2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Balance September 30, 2012</b>
<b>Governmental activities:</b>					
Capital assets not depreciated:					
Land	\$ 53,133	\$ 1,922	\$ (23)		\$ 55,032
Construction in progress	65,356	10,340		(57,657)	18,039
Total capital assets not depreciated	118,489	12,262	(23)	(57,657)	73,071
Other capital assets:					
Buildings and improvements	317,300	15,018	(129)	57,657	389,846
Furnishings and equipment	111,828	6,635	(3,252)		115,211
Infrastructure	93,354	4,059	(646)		96,767
Total other capital assets at cost	522,482	25,712	(4,027)	57,657	601,824
Less accumulated depreciation for:					
Buildings and improvements	(109,621)	(10,258)	113		(119,766)
Furnishings and equipment	(76,518)	(9,939)	3,073		(83,384)
Infrastructure	(47,498)	(4,085)	533		(51,050)
Total accumulated depreciation	(233,637)	(24,282)	3,719		(254,200)
Other capital assets, net	288,845	1,430	(308)	57,657	347,624
Governmental activities capital assets, net	<u>\$ 407,334</u>	<u>\$ 13,692</u>	<u>\$ (331)</u>	<u>\$ -</u>	<u>\$ 420,695</u>

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Disposal</u>	<u>Adjustment</u>	<u>Balance September 30, 2012</u>
<b>Business-type activities:</b>					
Capital assets not depreciated:					
Land	\$ 2,071	\$ -	\$ -		\$ 2,071
Other capital assets:					
Buildings and improvements	6,033	-	-		6,033
Furnishings and equipment	441	-	-	(6)	435
Infrastructure	1,325				1,325
Total other capital assets at cost	<u>7,799</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>7,793</u>
Accumulated depreciation	<u>(4,225)</u>	<u>(383)</u>	<u>-</u>	<u>-</u>	<u>(4,608)</u>
Other capital assets, net	3,574	(383)	-	(6)	3,185
Business-type activities capital assets, net	<u>\$ 5,645</u>	<u>\$ (383)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ 5,256</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 12,656
Public safety	3,134
Transportation	7,712
Judicial	460
Community services	320
Total governmental activities depreciation expense	<u>\$ 24,282</u>

Construction in progress primarily consists of criminal justice software development, construction contracts for the construction and expansion of the juvenile justice complex, sub-courthouse facility, civil courts, and jail. At September 30, 2012, the remaining commitments on contracts and agreements are \$58,695,098.

Also, in fiscal year 2002 the County entered into a lease agreement with the City of Fort Worth #3 (Tax Increment Financing District) to allow public parking in the Law Center parking garage on weekends and evenings. The City of Fort Worth #3 has agreed to pay a total of \$2,500,000 plus 6% interest thru January 2013.

## TCHD

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

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance September 30, 2012</u>
Land and improvements	\$ 47,900	\$ 3,272	\$ -	\$ 27	\$ 51,199
Buildings and improvements	231,792	609	(547)	333	232,187
Equipment	338,074	10,940	(48,375)	53,403	354,042
Construction in progress	28,405	30,177	(417)	(53,763)	4,402
	<u>646,171</u>	<u>44,998</u>	<u>(49,339)</u>	<u>-</u>	<u>641,830</u>
Less accumulated depreciation	<u>(342,253)</u>	<u>(43,567)</u>	<u>47,802</u>	<u>-</u>	<u>(338,018)</u>
Capital assets, net	<u>\$ 303,918</u>	<u>\$ 1,431</u>	<u>\$ (1,537)</u>	<u>\$ -</u>	<u>\$ 303,812</u>

## MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2012, is as follows (in thousands):

	<u>Balance August 31, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance August 31, 2012</u>
Capital assets not depreciated:					
Land	\$ 1,294	\$ -	\$ -	\$ -	\$ 1,294
Construction in progress	-	164	-	-	164
Total capital assets not depreciated	<u>1,294</u>	<u>164</u>	<u>-</u>	<u>-</u>	<u>1,458</u>
Other capital assets:					
Buildings and improvements	11,713	265	(5)	-	11,973
Equipment and furniture	14,814	687	(348)	-	15,153
Total other capital assets at cost	<u>26,527</u>	<u>952</u>	<u>(353)</u>	<u>-</u>	<u>27,126</u>
Accumulated depreciation	<u>(15,229)</u>	<u>(2,049)</u>	<u>322</u>	<u>-</u>	<u>(16,956)</u>
Other capital assets, net	<u>11,298</u>	<u>(1,097)</u>	<u>(31)</u>	<u>-</u>	<u>10,170</u>
Capital assets, net	<u>\$ 12,592</u>	<u>\$ (933)</u>	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ 11,628</u>

## 6. LONG-TERM DEBT

### County

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

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

At year end \$126,498,256 of these bond proceeds remained unspent and accordingly the debt related to the proceeds has not been used in the calculation of net assets invested in capital, net of related debt.

Long-term debt of the County consisted of the following at September 30, 2012 (in thousands):

General Obligation Bonds - Series 2006 with interest rates from 4.1% to 5.0%, payable in annual installments in varying amounts plus interest through 2026	\$ 64,085
General Obligation Bonds - Series 2007 with interest rates from 4.5% to 5.25%, payable in annual installments in varying amounts plus interest through 2027	43,535
General Obligation Bonds - Series 2008 with interest rates from 3.5% to 5.0%, payable in annual installments in varying amounts plus interest through 2028	91,805
Limited Tax Refunding - Series 2004 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2024	22,895
Limited Tax Refunding - Series 2005 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2025	30,175
Limited Tax Refunding and General Obligation - Series 2010 with interest rates from 3.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2030	<u>65,230</u>
	317,725
Less - current maturities	<u>16,140</u>
Long-term debt, net of current maturities	301,585
Plus (less) deferred amounts:	
For issuance premiums	17,982
For issuance discounts	(1,273)
On refunding	<u>(1,756)</u>
Long-term debt, net of current maturities, premium, discount and refunding	<u>\$ 316,538</u>

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

Fiscal Year	General Obligation		Limited Tax Refunding Bonds		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2013	\$ 9,300	\$ 9,810	\$ 6,840	\$ 5,635	\$ 31,585
2014	9,725	9,385	7,110	5,391	31,611
2015	10,120	8,991	7,455	5,076	31,642
2016	10,625	8,485	7,810	4,752	31,672
2017	11,160	7,954	8,215	4,376	31,705
2018-2022	64,535	31,014	42,290	15,803	153,642
2023-2027	75,920	13,174	26,860	6,360	122,314
2028-2030	8,040	402	11,720	1,191	21,353
Total	<u>\$ 199,425</u>	<u>\$ 89,215</u>	<u>\$ 118,300</u>	<u>\$ 48,584</u>	<u>\$ 455,524</u>

The County has entered into a lease agreement for financing the acquisition of computer equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The carrying value of the equipment acquired through the lease agreement is \$2,284,410, which is \$2,370,254 plus trade-in amount of \$278,926 less accumulated depreciation of \$364,770.

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2012 is as follows (in thousands):

Fiscal Year	Governmental Activities
2013	\$ 652
2014	652
2015	652
2016	597
Total minimum lease payments	<u>\$ 2,553</u>
Less: amount representing interest	<u>(228)</u>
Present value of minimum lease payments	<u>\$ 2,325</u>

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2012 (in thousands):

	<b>Balance October 1, 2011</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2012</b>	<b>Amounts Due within One year</b>
<b>Governmental activities:</b>					
Bonds payable	\$ 335,050	\$ -	\$ (17,325)	\$ 317,725	\$ 16,140
Deferred amounts:					
Premium	19,047	-	(1,065)	17,982	-
Discount	(1,358)	-	85	(1,273)	-
Refunding	(1,867)	-	111	(1,756)	-
Total bonds payable	350,872		(18,194)	332,678	16,140
Capital lease		2,370	(45)	2,325	553
OPEB obligation	65,526	39,461	(4,949)	100,038	-
Claims and judgements	7,906	5,858	(4,722)	9,042	3,705
Compensated absences	36,685	28,428	(26,692)	38,421	24,829
<b>Total</b>	<b>\$ 460,989</b>	<b>\$ 76,117</b>	<b>\$ (54,602)</b>	<b>\$ 482,504</b>	<b>\$ 45,227</b>
<b>Business-type activities:</b>					
Compensated absences	\$ 138	\$ 87	\$ (74)	\$ 151	\$ 101
<b>Total</b>	<b>\$ 138</b>	<b>\$ 87</b>	<b>\$ (74)</b>	<b>\$ 151</b>	<b>\$ 101</b>

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County has issued \$312,700,000 Limited Tax Bonds for this purpose.

#### **TCHD**

Long-term debt of TCHD consisted of the following at September 30, 2012 (in thousands):

##### **Revenue Bonds, Series 2002:**

Original amount of \$40,940 dated June 1, 2002, which bear interest at rates ranging from 2.0% to 5.5%, payable annually with remaining installments ranging from \$1,355 to \$2,790 through 2027;

All of the bonds still outstanding may be redeemed at TCHD's option on or after August 15, 2012, at par value plus accrued interest.

The bonds are secured by the net revenues of TCHD, excluding property tax revenue.

\$ 30,100



Certificates of Obligation Bonds, Series 2006:

Original amount of \$30,330 dated March 1, 2006, bearing interest at rates ranging from 4.0% to 5.0%, payable annually with remaining installments from \$910 to \$2,025 through 2031;

All of the bonds still outstanding may be redeemed at TCHD's option on or after February 15, 2016, at par value plus accrued interest.

The bonds are secured by the net revenues of TCHD, including property tax revenue.

	<u>26,285</u>
	56,385
Less - current maturities	<u>2,265</u>
Long-term debt, net of current maturities	54,120
Plus (less) deferred amounts:	
Premium (discounts)	<u>(96)</u>
Long-term debt, net of current maturities, premium and discount	<u>\$ 54,024</u>

The indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the balance sheet. The indenture agreements also require TCHD to comply with certain restrictive covenants including minimum insurance coverage and days cash on hand.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal &amp; Interest</u>
2013	\$ 2,265	\$ 2,737	\$ 5,002
2014	2,385	2,625	5,010
2015	2,500	2,507	5,007
2016	2,620	2,384	5,004
2017	2,750	2,254	5,004
2018-2022	15,950	9,066	25,016
2023-2027	20,345	4,672	25,017
2028-2031	7,570	724	8,294
Less discount	<u>(96)</u>	<u>-</u>	<u>(96)</u>
Total	<u>\$ 56,289</u>	<u>\$ 26,969</u>	<u>\$ 83,258</u>

The following is a summary of the changes in long-term obligations for TCHD for the year ended September 30, 2012 (in thousands):

	<b>Balance October 1, 2011</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2012</b>	<b>Amounts Due within One year</b>
Bonds payable	\$ 58,565	\$ -	\$ (2,180)	\$ 56,385	\$ 2,265
Deferred premium (discount)	(33)	-	(63)	(96)	-
Self insurance liability	7,175	31,117	(31,329)	6,963	5,552
Other long-term liability	1,279	-	(283)	996	-
<b>Total</b>	<b>\$ 66,986</b>	<b>\$ 31,117</b>	<b>\$ (33,855)</b>	<b>\$ 64,248</b>	<b>\$ 7,817</b>

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 during 2012 was \$2,752,000; interest costs capitalized were \$988,000.

Subsequent to September 30, 2012, TCHD issued the Tarrant County Hospital District Senior Lien Revenue Refunding Bond, Series 2012 in the original amount of \$25,890,000. These bonds are secured by revenues of TCHD exclusive of ad valorem tax revenue. The proceeds from the bonds, along with funds held in a debt service reserve account, were used to advance refund the Series 2002 bonds. The loss on the advance refunding was approximately \$327,000.

#### MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2012 (in thousands):

J P Morgan Chase Bank, Note Payable with an interest of 4.88%, payable in semiannual payments through 2018	\$ 633
Capital lease obligations: Payments are scheduled through 2013, carrying value of leased assets at August 31, 2012 is \$1,839,210.	<u>55</u>
	688
Less - current maturities	<u>140</u>
Long-term debt, net of current maturities	<u>\$ 548</u>

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

Fiscal Year	Notes Payable		Capital Lease		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2013	\$ 85	\$ 30	\$ 55	\$ -	\$ 170
2014	89	25	-	-	114
2015	94	21	-	-	115
2016	98	17	-	-	115
2017	103	12	-	-	115
2018-2019	164	8	-	-	172
Total	<u>\$ 633</u>	<u>\$ 113</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 801</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2012 (in thousands):

	Balance September 1, 2011	Additions	Retirements	Balance August 31, 2012	Due Within One Year
Compensated absences	\$ 2,381	\$ 232	\$ (278)	\$ 2,335	\$ 279
Capital lease obligations	378	-	(323)	55	55
Notes payable	714	-	(81)	633	85
Self insurance liability	942	7,791	(8,021)	712	-
Total	<u>\$ 4,415</u>	<u>\$ 8,023</u>	<u>\$ (8,703)</u>	<u>\$ 3,735</u>	<u>\$ 419</u>

Interest expenses for the year ended August 31, 2012, was \$36,219.

## CONDUIT DEBT

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

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

User Corporation	Outstanding Principal Amount September 30, 2012
Multifamily (S F Apartments) 93	\$ 7,050
Multifamily (Sierra Springs) 1999	7,760
Multifamily (Remington Hill) 1998	12,600
Multifamily (Barrington at Beach St) 2000	27,215
Multifamily (Provident) 2001	13,300
Multifamily (Crossroads) 2001C	1,480

Multifamily (Gateway Arl) 2003	13,540
Multifamily (Alameda Villas) 2003	10,410
Multifamily (Sycamore Villas) 2003	12,375
Multifamily (Blue Lake at Marine Creek Apt)	10,512
Multifamily (Evergreen at Keller Senior Apts)	12,807
Multifamily (Shady Oaks)	3,298
Multifamily (The Courtyards at Riverpark) 85	3,225
Multifamily (Cobblestone) 2006	13,250
Multifamily (Worthington Point)	11,785
Multifamily (Village Creek) 2006	15
Multifamily (Amelia Parc) 2007	11,345
Multifamily (The Park at Sycamore) 2008	12,205
Single family 1985 A	83,763
	<hr/>
Total Conduit Debt	\$ 267,935
	<hr/> <hr/>

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

<b>User Corporation</b>	<b>Outstanding Principal Amount September 30, 2012</b>
<hr/>	<hr/>
Harris Methodist Health Systems 87A	\$ 11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	65,340
Harris Methodist Health Systems 96	16,350
Texas Health Resources Series 97	43,905
Carter Blood Care Series 98	6,300
Cook Children's Medical Center 2007	51,045
Cook Children's Medical Center, 2010A	121,960
Cook Children's Medical Center, 2010B	64,615
Cook Children's Medical Center, 2010C	35,335
Baylor Healthcare System 2002A	64,040
Eastview Nursing Center 2000 A-1	2,720
Eastview Nursing Center 2000B	348
Cumberland Rest Inc, Series 2012	45,225
	<hr/>
Total Conduit Debt	\$ 553,058
	<hr/> <hr/>

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

<b>User Corporation</b>	<b>Outstanding Principal Amount September 30, 2012</b>
<hr/>	<hr/>
Northwest Senior Housing Foundation - 2006	\$ 18,465
West 380 Family Care, Doctors Hospital, 2007	59,130

Texas Health Resources, 2007 A	571,005
Texas Health Resources, 2007 B	100,000
Buckingham Senior Living Community, Inc 2007	67,925
Valley Baptist Health System Project, 2007	94,000
Air Force Village Obligated Group Project, 2007	65,680
Air Force Village Obligated Group Project, 2009	47,810
Adventist Long-term Care Obligated Group 2007	9,610
C C Young Memorial Home, 2007	14,800
Buckner Retirement Services, 2007	98,150
Scott and White Memorial Hospital and Scott, Sherwood and Brindley Foundation Project, 2008	159,600
Scott and White Memorial Hospital, 2008-1	85,775
Scott and White Memorial Hospital, 2008-2	94,395
Methodist Hospital of Dallas, 2008	92,350
WGH Heritage, Inc 2008A-1	23,850
WGH Heritage, Inc 2008A-2	1,200
WGH Heritage, Inc 2008B	3,975
Texas Health Resources, 2008A	65,000
Texas Health Resources, 2008B	50,285
Texas Health Resources, 2008C	60,770
CHRISTUS Health, 2008A	190,025
CHRISTUS Health, 2008C	193,795
Baylor Healthcare, 2009	213,810
Tarrant County Senior Living Center (SQLC Stayton at Museum Way), 2009	166,575
CHRISTUS Health, 2009	67,980
SQLC Senior Living Center (The Mirador), 2010A, 2010B-1, 2010B-2	79,040
C C Young Memorial Home, 2009A, 2009B	53,995
MRC Crestview, 2010	27,250
Scott and White Healthcare, 2010	344,325
Texas Health Resource, 2010	157,550
Baylor Healthcare, 2011	359,220
	<hr/>
Total Conduit Debt	\$ 3,637,340
	<hr/>

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

<b>User Corporation</b>	<b>Outstanding Principal Amount September 30, 2012</b>
Fox Meyer – TBL, Inc.	\$ 5,500
Mortex Products, Inc.	3,330
	<hr/>
Total Conduit Debt	\$ 8,830
	<hr/>

**7. DEFICIT FUND BALANCES/NET ASSETS**

The following are County funds which had a deficit fund balance or deficit net assets as of September 30, 2012 (in thousands):

Worker's Compensation      \$ 7,115                                      District Attorney Contracts \$ 6

For the Workers Compensation fund, the County funds all current year claims, the deficit fund balance is due to the accrual of future year liabilities based on an actuarial study. The County plans to reduce the deficit in this fund along with the District Attorney Contracts fund with future revenues.

**8. INTERFUND BALANCES AND ACTIVITY**

The following is a summary of County interfund transfers, receivable and payables at September 30, 2012 and for the year then ended (in thousands):

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Explanation</u>
General Fund	\$ 20,671	Capital Projects Fund	Supplement Capital funds
General Fund	3,157	Road & Bridge	Supplement Road & Bridge fund
General Fund	1,007	Other Governmental	Supplement fund sources
Capital Projects Fund	227	Debt Service	Residual transfer
Internal Service	292	Other Governmental	Supplement fund sources
Other Governmental	685	General Fund	Supplement courthouse security activity
Internal Service	835	General Fund	Residual transfer
Self Insurance	782	Workers Compensation	Residual transfer
Grants Fund	392	Grants Fund	Required match and supplement fund sources
	<u>\$ 28,048</u>		

<u>Funds Due From</u>	<u>Amount</u>	<u>Funds Due To</u>	<u>Explanation</u>
Grant Fund	\$ 9,159	General Fund	Short-term loan
Grant Fund	36	Grant Fund	Short-term loan
Other Governmental	797	General Fund	Short-term loan
	<u>\$ 9,992</u>		

<u>Advance From</u>	<u>Amount</u>	<u>Advance To</u>	<u>Explanation</u>
Capital Project Fund	<u>\$ 1,572</u>	Resource Connection	Repayment for HVAC system to be repaid as funds are available.

**9. NET PATIENT SERVICE REVENUE – TCHD**

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 through September 30, 2007.

*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, 2007.

On December 12, 2011, the United States Department of Health & Human services approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program". This demonstration will expand existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs and promote health system transformation. This demonstration is effective from December 12, 2011 to September 30, 2016, and will likely have a material impact on TCHD's future Medicaid funding. The funding received through this demonstration could impact the funding TCHD has historically received under the Texas Medicaid Disproportionate Share (DSH) program and will replace the funding historically received through the Upper Payment Limit (UPL) program, both designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. Total funding received through the Texas Medicaid supplemental funding programs was \$121,596,000 for the year ended September 30, 2012.

Approximately 38 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended September 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

TCHD has also entered into payment agreements with certain commercial insurance carriers, HMO's 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.

## **10. ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM - TCHD**

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

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

In 2012, TCHD completed the first year requirements under the Medicaid program and has recorded revenue of approximately \$4,760,000.

## **11. DEFERRED COMPENSATION PLANS**

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

## **12. RETIREMENT PLANS**

### **County**

#### **a. Plan Description**

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

#### **b. Funding Policy**

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 12.31% for the months of the calendar year in 2011, and 12.99% for the months of the calendar



year in 2012. The contribution rate payable by the employee members for calendar years 2011 and 2012 is the rate of 7% as adopted by the governing body of the employer.

**c. Annual Pension Cost**

For the County's accounting year ending September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$27,458,349 and the actual contributions were \$27,458,349. (This excludes contributions of \$1,810,229 for Community Supervision, which is not considered a department or component unit of the County.) The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2011, the basis for determining the contribution rates for calendar year 2012. The December 31, 2011 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	SAF: 10 year smoothed value ESF: fund value	SAF: 10 year smoothed value ESF: fund value	SAF: 10 year smoothed value ESF: fund value
Actuarial assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate

**Trend Information  
for the Retirement Plan for the Employees of the County  
(excludes Community Supervision)**

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2010	\$ 24,867,002	100%	\$ -
September 30, 2011	26,434,847	100%	-
September 30, 2012	27,458,349	100%	-

**Schedule of Funding (including Community Supervision)**

(in thousands)

Actuarial Valuation Date		12/31/2011
Actuarial Value of Assets	\$	683,739
Actuarial Accrued Liability (AAL)		850,055
Unfunded Actuarial Accrued Liability (UAAL)		166,315
Funded Ratio		80.43%
Annual Covered Payroll		226,289
UAAL as Percentage of Covered Payroll		73.50%

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

**d. Postemployment Healthcare Benefits**

**Plan Description**

Tarrant County provides medical and dental insurance benefits, as well as access to an employee assistance program (EAP) to its retired employees and their dependents. The single employer plan provides medical and dental insurance to plan members. A separate audited report is not available. Membership in the plan at October 2011, data used for the latest actuarial valuation, consists of the following:

Retired participants and surviving spouses	722
Retiree dependents	273
Active members	4,000

**Funding Policy**

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

For retirements effective on or prior to September 30, 2005, retirees and spouses pay contributions equal to 23% of gross pre-65 costs. Retirements effective on or after October 1, 2005, pre-65 retiree contributions will be based on years of service at retirement, according to the chart below. Post-65 contributions are assumed to be 42.3% of gross costs for all retirees and spouses.

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

The rates are set annually by the Commissioners Court based on the combination of premiums and prior year costs of the self-funded portion of the plan. The plan is funded on a pay-as-you-go basis. For the year ended, September 30, 2012, the County contributed \$4,949,276, while the retirees' contributions were \$2,508,066 for a total contribution of \$7,457,342. Total contributions included actual medical claims paid as well as, premiums for certain other insurances.

**Annual OPEB Cost**

For 2012, the County's annual OPEB cost (expense) was \$39,461,352 for the postemployment healthcare plan. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Annual required contribution	\$ 40,027,309
Add interest on net OPEB obligation	1,965,764
Less adjustment to annual required contribution	<u>(2,531,721)</u>
Annual OPEB cost	39,461,352
Less contributions made	<u>(4,949,276)</u>
Change in Net OPEB obligation	34,512,076
Net OPEB Obligation beginning of the year	<u>65,525,465</u>
Net OPEB Obligation end of the year	<u><u>\$ 100,037,541</u></u>

**Tarrant County Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 26,343,662	\$ 5,658,470	21.48%	\$ 43,393,655
2011	28,352,373	6,220,563	21.94%	65,525,465
2012	39,461,352	4,949,276	12.54%	100,037,541

**Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2011 was as follows (in thousands):

**Schedule of Funding**

Actuarial accrued liability (AAL)	\$ 354,393
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	354,393
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	214,190
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll	165.46%

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

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are made on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed

to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In order to perform the valuation, it was necessary for the County and the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare trend and interest rates.

In the October 1, 2011 actuarial valuation, a 3.0% discount rate was used along with an investment rate of return of 3.0%, inflation rate of 3.0% and projected salary increases of 2.0%. The 2011 health care cost trends were assumed to be 9.0%, reducing 0.5% each year, reaching 5.5% in the year 2018 and after.

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

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

### **Medical Reimbursements**

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

### **Additional Disclosures**

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

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

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

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

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

## **TCHD**

### **a. Plan Description**

TCHD sponsors a defined benefit pension plan for eligible employees within a multiple-employer retirement program sponsored for member hospitals by the Texas Hospital Association (THA). HealthShare/THA, a wholly owned subsidiary of THA, is the plan administrator of 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.

### **b. Funding Policy**

The Board of Managers of TCHD has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer. TCHD is not subject to any explicit legal or contractual contribution rate. Plan members are required to annually contribute 1% of their compensation. Effective October 1, 2006 participation in the pension plan became mandatory for full-time employees completing one year of service on or after October 1, 2006. An amendment effective October 1, 2011, made plan participation voluntary for employees hired after that date.

TCHD makes annual contributions, which are actuarially determined as a level percentage of total participant compensation less the projected employee contributions in accordance with the Entry Age Normal (EAN) actuarial funding method. Under the EAN method, TCHD contribution rate is set equal to 6.5% of total participant compensation beginning with the current fiscal year until a future actuarial valuation shows that: (a) actuarial value of assets equals or exceeds the EAN accrued liability, which will cause a reduction to the employer contribution rate or (b) the implicit amortization period of the unfunded EAN accrued liability at the current contribution rate exceeds 25 year, which would be remediated by an increase in the employer contribution rate. The employer contributions were 6.5% of estimated participant compensation for the plan year ended September 30, 2012. The costs of administering the plan are paid by the plan and are considered in the determination of the employer contribution rate.

### **c. Annual Pension Cost**

For the fiscal year ended September 30, 2012, TCHD's annual pension cost was \$12,051,401. This cost was equal to the annual required contributions determined in the October 1, 2011 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2012 were based on the results of the actuarial valuation as of October 1, 2011 using the EAN actuarial funding method and were in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions included: (a) an 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 8% per year varying by attained age; both (a) and (b) reflect an inflation component of 4%. The assumptions did not include any post-retirement benefit increases. The actuarial value of plan assets was determined using a five-year smoothed market value method.

**Three Year Trend Information**

<b>Fiscal Year Ended</b>	<b>Annual Pension cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2010	\$ 11,205,667	100%	\$ -
2011	12,652,413	100%	-
2012	12,051,401	100%	-

**d. Other Benefit Plans**

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution up to 4% of pay. The contributions for the employer match on the plan were approximately \$3,641,000 for the year ended September 30, 2012.

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

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

TCHD has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board. This plan is to provide participants in the defined benefit plan that portion of a participant's benefits that would otherwise be payable under the terms of the defined benefit plan except for the limitations on benefits imposed by Section 415(b) of the IRC. As of September 30, 2012, there were no benefits due under this plan.

**MHMRTC**

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Percentage Contributed</u>
2010	\$ 1,995,662	\$ 1,326,916	100%
2011	2,163,960	1,386,065	100%
2012	2,066,949	1,262,936	100%

### 13. COMMITMENTS

#### County

##### Construction and other significant commitments

The County has active construction projects as of September 30, 2012. These projects consist of construction of a new jail and civil courts building. The County has entered into agreements with cities and the Texas Department of Transportation to assist with the funding of transportation projects to mitigate congestion and improve air quality within Tarrant County. At 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>
Civil courts building construction	\$ 10,421	\$ 55,873
Jail construction	70,815	2,822
Transportation projects	82,108	32,674
Total	<u>\$ 163,344</u>	<u>\$ 91,369</u>

These commitment amounts were encumbered at year end.

##### Encumbrances

As discussed in note 1(d) and the notes to RSI, encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows (in thousands):

General fund	\$ 1,226
Road and Bridge fund	1,714
Capital projects fund	93,598
Nonmajor governmental funds	\$ 238
Total	<u>\$ 96,776</u>

The County has no material future operating lease commitments. Total rental expense incurred for the County for fiscal 2012 was \$2,242,114.

#### MHMRTC

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2012. The gross amount of assets acquired by capital leases included in the balance sheet is \$1,839,210.

During 2012, operating lease payments by MHMRTC were \$1,680,422. 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, 2012 are as follows (in thousands):

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2013	\$ 1,237
2014	927
2015	122
2016	84
2017	84
and thereafter	<u>140</u>
Total minimum lease payment	<u>\$ 2,594</u>

The present value of future minimum lease payments is \$2,639,422.

#### 14. CONTINGENCIES

##### County

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2012 have not yet been completed. Accordingly, the County's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, and, accordingly, no accrual has been made for them, as management believes these to be immaterial.

The County is party to lawsuits and claims in the ordinary course of operation. The possible losses of these lawsuits would be less than \$1 million. County management has accrued for an estimate of losses for such claims in the accompanying basic financial statements. County management believes the outcome of these legal matters would not have a material adverse effect on the County's financial position.

The County is self-insured for workers' compensation, automobile bodily injury and property damage, comprehensive general liability and all self-insured retentions for existing policies. It is the opinion of County management that the amounts accrued at September 30, 2012 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

##### TCHD

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.



## MHMRTC

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

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

## 15. SELF-INSURANCE PROGRAMS

### County

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

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

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

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

Workers Compensation Fund – accounts for workers compensation claims.

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

	<u>Coverage</u>	<u>Deductible</u>
Buildings	\$ 400,000,000	\$ 250,000 for windstorm related claims 50,000 for other perils
Boilers and machinery	100,000,000	10,000
Scheduled heavy equipment	20,000,000	25,000
Scheduled equipment	33,000,000	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 \$1,000,000 with a deductible of \$500 to \$10,000.

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

During fiscal year 2012, 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, 2012, 3,493 and 3,228 employees participate in health care coverage and dental coverage, respectively.

For the year ended September 30, 2012, 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, 2012.

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>2011</u>	<u>2012</u>
Beginning liability	\$ 8,111	\$ 7,906
New claims/adjustments	3,604	4,722
Claims paid/adjustments	(3,604)	(4,722)
Other - change in estimate	(205)	1,136
Ending liability	<u>\$ 7,906</u>	<u>\$ 9,042</u>
Amount due within 1 year	\$ 3,604	\$ 3,705

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

#### **TCHD**

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

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

	<u>2011</u>	<u>2012</u>
Balance, beginning of year	\$ 1,211	\$ 1,106
Current year claims incurred and changes in estimates for claims incurred in prior years	(54)	(312)
Claims and expenses paid	<u>(51)</u>	<u>(9)</u>
Balance, end of year	<u>\$ 1,106</u>	<u>\$ 785</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 summarized as follows (in thousands):

	<u>2011</u>	<u>2012</u>
Balance, beginning of year	\$ 4,250	\$ 4,300
Current year claims incurred and changes in estimates for claims incurred in prior years	35,273	30,392
Claims and expenses paid	<u>(35,223)</u>	<u>(30,242)</u>
Balance, end of year	<u>\$ 4,300</u>	<u>\$ 4,450</u>

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

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

	<u>2011</u>	<u>2012</u>
Balance, beginning of year	\$ 2,101	\$ 1,769
Current year claims incurred and changes in estimates for claims incurred in prior years	537	1,037
Claims and expenses paid	<u>(869)</u>	<u>(1,078)</u>
Balance, end of year	<u>\$ 1,769</u>	<u>\$ 1,728</u>

## MHMRTC

Effective September 1, 2007, MHMRTC established a self-insurance plan for employee health benefits. MHMRTC purchases commercial stop-loss coverage for medical claims in excess of \$85,000 per plan participant, per policy period. Settled claims have not exceeded insurance coverage for the fiscal year. Liabilities for health benefits are calculated considering known claims and estimates of future claims based on the lag time for medical claims. MHMRTC accounts for this activity in an internal service fund. This internal service fund reflects a claims liability in the amount of \$712,105 at year end. This claims liability is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. MHMRTC does not discount its claims liabilities.

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

	<u>2011</u>	<u>2012</u>
Beginning liability	\$ 710	\$ 942
Expenses incurred	8,974	7,791
Expenses paid	<u>(8,742)</u>	<u>(8,021)</u>
Ending liability	<u>\$ 942</u>	<u>\$ 712</u>

## 16. FUND BALANCES

The following is the detail of the County's fund balances at September 30, 2012 (in thousands):

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable:						
Supplies and prepaid items	\$ 922	\$ 549	\$ -	\$ -	\$ 47	\$ 1,518
Long-term receivable	3,080	-	-	-	-	3,080
	<u>4,002</u>	<u>549</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>4,598</u>
Restricted:						
Law library	-	-	-	-	335	335
Records management	-	-	-	-	10,919	10,919
Education	-	-	-	-	109	109
Public health	-	-	-	-	1,355	1,355
Law enforcement & prosecution	-	-	-	-	2,019	2,019
Contractual agreements	-	-	-	-	2,207	2,207
Court designated programs	-	-	-	-	2,003	2,003
VIT administration	-	-	-	-	320	320
Construction & equipment	-	-	-	75,906	-	75,906
Transportation projects	-	-	-	50,592	-	50,592
	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,498</u>	<u>19,267</u>	<u>145,765</u>
Committed:						
Law library	-	-	-	-	103	103
Records management	-	-	-	-	150	150
Public health	-	-	-	-	496	496
Law enforcement & prosecution	43	-	-	-	117	160
Contractual agreements	20	-	-	-	724	744
Court designated programs	-	-	-	-	169	169
Construction & equipment	-	-	-	50,656	-	50,656
Transportation projects	-	16,890	-	2,643	-	19,533
Debt service	-	-	1,626	-	-	1,626
	<u>63</u>	<u>16,890</u>	<u>1,626</u>	<u>53,299</u>	<u>1,759</u>	<u>73,637</u>
Assigned:						
Economic development	-	-	-	-	3,352	3,352
Purchases on order	1,163	-	-	-	-	1,163
Subsequent year's budget: appropriation of fund balance	22,113	-	-	-	-	22,113
	<u>23,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,352</u>	<u>26,628</u>
Unassigned	38,499	-	-	-	-	38,499
<b>Total Fund Balance</b>	<u><u>\$ 65,840</u></u>	<u><u>\$ 17,439</u></u>	<u><u>\$ 1,626</u></u>	<u><u>\$ 179,797</u></u>	<u><u>\$ 24,425</u></u>	<u><u>\$ 289,127</u></u>

## 17. TAX INCREMENT FINANCING AGREEMENTS

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

On May 17, 2011, the County entered into an Interlocal Agreement with the City of Grapevine for the refund, on an annual basis, of the County's contribution to the TIF District No. 1. The refund in tax year 2011 totaled \$604,889.

On May 1, 2012, the County's combined total amount of Tax Increment deposits to the City of Colleyville TIF #1 totaled \$4,350,000. This represents the maximum deposit limitation per the Participation Agreement, and no future deposits are applicable for this TIF.

The June 20, 2012 minutes of the Combined Meeting of the Board of Directors of the City of Grand Prairie Tax Increment Financing Districts 1, 2 & 3 reported the completion of all projects related to the Tarrant County portion of Grand Prairie TIF #3. The remaining funds were refunded to participating districts. On July 23, 2012, the County received \$1,117,049 of the \$1,183,263 tax year 2011 payment.

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

<u>Name</u>	<u>Percentage Committed</u>	<u>Taxes Forgone During 2012</u>
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 109
City of Arlington #4	75%	309
City of Arlington #5	70%	63
City of Arlington #6	75%	102
City of Benbrook #1	100%	185
City of Colleyville #1	100%	223
City of Euless #3	75%	-
City of Fort Worth #3	100%	597
City of Fort Worth #4	100%	581
City of Fort Worth #6	100%	-
City of Fort Worth #7	80%	425
City of Fort Worth #8	80%	471
City of Fort Worth #9	80%	440
City of Fort Worth #10	70%	61
City of Fort Worth #12	100%	39
City of Fort Worth #13	80%	1

City of Grand Prairie #2	75%	332
City of Grand Prairie #3	75%	66
City of Grapevine #1	100%	-
City of Keller #1	66.20%	231
City of Mansfield #1	30%	60
City of North Richland Hills #1	100%	-
City of North Richland Hills #2	100%	586
City of Richland Hills #1	75%	-
City of Southlake #1	100%	743
Total taxes forgone		<u>\$ 5,624</u>

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**REQUIRED SUPPLEMENTARY**  
**INFORMATION**



TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 285,941	\$ 285,941	\$ 289,666	\$ 3,725
Licenses and permits	998	998	1,137	139
Fees of office	39,732	39,732	42,499	2,767
Intergovernmental	14,297	14,297	15,497	1,200
Investment income	1,092	1,092	1,092	-
Other revenues	11,897	11,062	12,006	944
Transfers	730	1,565	1,520	(45)
<b>Total Revenues</b>	<b>\$ 354,687</b>	<b>\$ 354,687</b>	<b>\$ 363,417</b>	<b>\$ 8,730</b>
<b>EXPENDITURES:</b>				
County Judge	\$ 796	\$ 810	\$ 795	\$ 15
County Administrator	1,660	1,660	1,591	69
Non-Departmental	68,643	67,663	35,313	32,350
Auditor	5,751	5,751	5,690	61
Budget/Risk Management	578	578	481	97
Tax Assessor / Collector	12,381	12,381	11,822	559
Elections Administration	5,796	5,796	5,253	543
Information Technology	29,465	29,465	28,240	1,225
Human Resources	2,454	2,454	2,379	75
Purchasing	1,858	1,858	1,825	33
Facilities	3,667	3,700	3,576	124
Sheriff	35,823	35,823	34,509	1,314
Sheriff - Confinement	68,750	68,750	65,486	3,264
Constable Precinct 1	1,055	1,063	1,040	23
Constable Precinct 2	956	956	953	3
Constable Precinct 3	1,018	1,024	1,008	16
Constable Precinct 4	778	778	768	10
Constable Precinct 5	642	644	641	3
Constable Precinct 6	775	777	774	3
Constable Precinct 7	902	902	884	18
Constable Precinct 8	893	904	901	3
Medical Examiner	7,202	7,202	7,172	30
Fire Marshal	317	319	316	3
Community Supervision	158	158	98	60
Juvenile Services	19,006	19,006	18,346	660
Pretrial Services	1,191	1,191	1,110	81
Buildings	20,500	20,489	18,708	1,781
17TH District Court	245	246	237	9
48TH District Court	245	245	243	2
67TH District Court	233	233	230	3
96TH District Court	235	235	232	3
141ST District Court	234	234	231	3
153RD District Court	238	238	235	3
236TH District Court	253	261	255	6
342ND District Court	236	237	234	3
348TH District Court	223	223	220	3
352ND District Court	240	240	240	-
Criminal District Court 1	1,042	1,108	1,094	14
Criminal District Court 2	1,165	1,215	1,209	6
Criminal District Court 3	1,239	1,129	1,124	5
Criminal District Court 4	1,102	2,288	2,256	32
213TH District Court	1,221	1,481	1,480	1

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	\$ 1,259	\$ 1,304	\$ 1,300	\$ 4
371ST District Court	1,309	1,464	1,460	4
372ND District Court	1,097	1,191	1,186	5
396TH District Court	1,343	1,524	1,519	5
432ND District Court	1,080	1,384	1,377	7
Magistrate Court	786	786	768	18
231ST District Court	573	569	562	7
233RD District Court	537	527	520	7
322ND District Court	555	555	547	8
323RD District Court	2,881	2,840	2,829	11
324TH District Court	707	668	663	5
325TH District Court	561	561	554	7
360TH District Court	535	545	542	3
Special Judges	277	283	282	1
Criminal District Court Support System	716	716	716	-
Grand Jury	133	133	129	4
Criminal Attorney Appointment	512	512	503	9
Criminal Mental Health Court	138	138	137	1
County Court at Law #1	391	391	387	4
County Court at Law #2	392	394	391	3
County Court at Law #3	403	404	386	18
County Criminal Court #1	703	714	709	5
County Criminal Court #2	497	538	533	5
County Criminal Court #3	613	640	628	12
County Criminal Court #4	681	738	725	13
County Criminal Court #5	1,176	1,256	1,188	68
County Criminal Court #6	578	609	602	7
County Criminal Court #7	739	754	744	10
County Criminal Court #8	628	662	657	5
County Criminal Court #9	623	646	638	8
County Criminal Court #10	477	477	458	19
Probate Court 1	1,700	1,685	1,652	33
Probate Court 2	1,666	1,674	1,668	6
Justice of the Peace Pct. 1	615	620	610	10
Justice of the Peace Pct. 2	599	599	576	23
Justice of the Peace Pct. 3	566	566	539	27
Justice of the Peace Pct. 4	591	591	587	4
Justice of the Peace Pct. 5	385	385	379	6
Justice of the Peace Pct. 6	463	463	457	6
Justice of the Peace Pct. 7	602	602	585	17
Justice of the Peace Pct. 8	481	481	456	25
District Attorney	33,777	33,977	33,236	741
District Clerk	9,082	9,082	8,969	113
County Clerk	8,900	8,900	8,149	751
Domestic Relations	6,314	6,314	6,145	169
Jury Services	1,896	1,896	1,673	223
Courts / Judiciary	2,262	497	491	6
Human Services	4,769	4,769	3,857	912
Child Protective Services	2,038	2,038	1,973	65
Public Assistance	256	256	255	1
TX Cooperative Extension	770	770	625	145
Veterans Services	355	355	350	5
Historical Commission	86	81	80	1
<b>Total Expenditures</b>	<b>\$ 402,239</b>	<b>\$ 402,239</b>	<b>\$ 356,151</b>	<b>\$ 46,088</b>

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Fees of office	17,720	17,720	19,633	1,913
Intergovernmental	-	-	33	33
Investment income	16	16	23	7
Other revenues	52	52	1,730	1,678
Transfers	<u>3,157</u>	<u>3,157</u>	<u>3,157</u>	<u>-</u>
Total Revenues	\$ 20,945	\$ 20,945	\$ 24,577	\$ 3,632
EXPENDITURES:				
Buildings	\$ 34	\$ 34	\$ 32	\$ 2
Commissioner Precinct 1	6,292	6,292	5,808	484
Commissioner Precinct 2	4,053	4,053	3,267	786
Commissioner Precinct 3	4,614	4,614	4,134	480
Commissioner Precinct 4	6,291	6,291	5,889	402
Right of Way	5,620	5,620	1,887	3,733
Transportation	2,319	2,319	2,039	280
Road and Bridge Non-Departmental	<u>1,164</u>	<u>1,164</u>	<u>328</u>	<u>836</u>
Total Expenditures	\$ 30,387	\$ 30,387	\$ 23,384	\$ 7,003

## TARRANT COUNTY, TEXAS

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2012

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#### **1. Budgets and Budgetary Accounting**

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

- Departmental annual budget requests are submitted by the department head to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1.
- The County Auditor prepares an estimate of available resources for the upcoming fiscal year.
- The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.
- Public hearings are held on the proposed budget.
- The Commissioners Court must adopt an annual operating budget by a majority vote of the Commissioners Court before September 30. To support the budget, property taxes are assessed on October 1, creating a legal enforceable claim. The adopted budget must be balanced; that is, available resources must be sufficient to support annual appropriations.
- The legal level of budgetary control is 10 categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriations between categories even within the same department.
- A separate budget report detailed to the legal level of control is available upon request. The detailed budget report has "sub-funds" and contains more detail than the budget information provided within this report.
- Annual appropriated budgets are legally adopted for all funds except TCHFC, TCIDC and Grants Fund. The budget is prepared utilizing a modified cash basis of accounting, as allowed by state statutes. Beginning fund balance is budgeted as revenue, as required by state statutes.
- Unencumbered appropriations lapse at year-end for all funds.
- The financial statements are prepared in accordance with GAAP and, accordingly, there are differences between the amounts reported as revenues and expenditures in the financial statements and the amounts reflected in the budgetary comparison schedule.
- Supplemental appropriations were made for certain funds and may only be budgeted at only one level.

## 2. Reconciliation to Fund Statements

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

	<b>General Fund</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Budgetary Basis	\$ 363,417	\$ 24,577
Transfers in	(1,520)	(3,157)
Accrued in prior years, received in 2012	<u>(934)</u>	<u>-</u>
Revenues on modified accrual (GAAP) basis	360,963	21,420
<b>Expenditures</b>		
Budgetary Basis	356,151	23,384
Transfers out	(24,835)	-
Incurred in prior years, paid in 2012	880	997
Incurred during 2012, payable in future years	(1,045)	(948)
Prepaid, bad debt & inventory adjustments not budget relevant	<u>78</u>	<u>120</u>
Expenditures on modified accrual (GAAP) basis	<u>331,229</u>	<u>23,553</u>
<b>Other Financing Sources (Uses)</b>	<u>(23,315)</u>	<u>3,157</u>
Changes in Fund Balance	<u>\$ 6,419</u>	<u>\$ 1,024</u>

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

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

**RETIREMENT PLAN FOR THE EMPLOYEES OF THE COUNTY**

**Primary Government**

(Amounts in thousands)

(UNAUDITED)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
2010	12/31/2009	\$ 619,335	\$ 750,089	\$ 130,754	82.57%	\$ 236,684	55.24%
2011	12/31/2010	653,885	804,632	150,747	81.27%	233,330	64.61%
2012	12/31/2011	683,739	850,055	166,315	80.43%	226,289	73.50%

**OTHER POSTEMPLOYMENT BENEFITS PLAN**

**Primary Government**

(Amounts in thousands)

(UNAUDITED)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
2008	10/1/2007	\$ -	\$ 141,223	\$ 141,223	0.00%	\$ 201,064	70.24%
2010	10/1/2009	-	229,319	229,319	0.00%	213,182	107.57%
2012	10/1/2011	-	354,393	354,393	0.00%	214,190	165.46%

**PENSION PLAN**

**Discretely Presented Component Unit - TCHD**

(Amounts in thousands)

(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Plan Assets Less than AAL	Funded Ratio	Covered Payroll	Plan Assets Less Than AAL as a Percentage of Covered Payroll
12/31/2009	\$ 89,497	\$ 113,781	\$ (24,284)	78.70%	\$ 172,395	-14.10%
12/31/2010	101,345	134,597	(33,252)	75.30%	194,653	-17.10%
12/31/2011	113,033	144,579	(31,546)	78.20%	185,406	-17.00%

**NONMAJOR GOVERNMENTAL FUNDS**

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

**LAW LIBRARY FUND**

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

**RECORDS PRESERVATION & AUTOMATION FUNDS**

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

**EDUCATION FUND**

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

**PUBLIC HEALTH CONTRACT**

The Tarrant County Hospital District provides funding for the operation of the Tarrant County Health Department in an effort to aggregate the cost of health service to Tarrant County residents. These funds are restricted.

**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 committed by the Commissioners Court.

**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.

**MISCELLANEOUS CONTRACTS**

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

**COURT DESIGNATED FUNDS**

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

**VEHICLE INVENTORY TAX FUND**

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

**CONSUMER HEALTH FUND**

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



#### HOUSING FINANCE CORPORATION

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

#### INDUSTRIAL DEVELOPMENT CORPORATION

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



TARRANT COUNTY, TEXAS

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
<u>ASSETS</u>					
Cash, cash equivalents, and investments	\$ 520	\$ 11,124	\$ 112	\$ 1,741	\$ 2,807
Other receivables, net of allowance for uncollectibles	10	63	-	-	4
Supplies and prepaid items	-	6	-	14	12
<b>TOTAL ASSETS</b>	<b>\$ 530</b>	<b>\$ 11,193</b>	<b>\$ 112</b>	<b>\$ 1,755</b>	<b>\$ 2,823</b>
<u>LIABILITIES</u>					
Accounts payable	\$ 83	\$ 54	\$ 3	\$ 84	\$ 35
Other liabilities	9	64	-	254	2,794
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>92</b>	<b>118</b>	<b>3</b>	<b>338</b>	<b>2,829</b>
<u>FUND BALANCES</u>					
Nonspendable	-	6	-	14	12
Restricted:					
Law library	335	-	-	-	-
Records management	-	10,919	-	-	-
Education	-	-	109	-	-
Public health	-	-	-	949	-
Law enforcement and prosecution	-	-	-	-	-
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
VIT administration	-	-	-	-	-
Committed:					
Law library	103	-	-	-	-
Records management	-	150	-	-	-
Public health	-	-	-	454	-
Law enforcement and prosecution	-	-	-	-	(18)
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
Assigned:					
Economic development	-	-	-	-	-
<b>Total fund balances</b>	<b>438</b>	<b>11,075</b>	<b>109</b>	<b>1,417</b>	<b>(6)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 530</b>	<b>\$ 11,193</b>	<b>\$ 112</b>	<b>\$ 1,755</b>	<b>\$ 2,823</b>

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 2,194	\$ 2,349	\$ 2,174	\$ 322	\$ 471	\$ 2,701	\$ 61	\$ 26,576
20	1,635	7	-	-	656	-	2,395
15	-	-	-	-	-	-	47
<u>\$ 2,229</u>	<u>\$ 3,984</u>	<u>\$ 2,181</u>	<u>\$ 322</u>	<u>\$ 471</u>	<u>\$ 3,357</u>	<u>\$ 61</u>	<u>\$ 29,018</u>
\$ 33	\$ 219	\$ 3	\$ -	\$ 2	\$ -	\$ -	\$ 516
27	37	6	2	21	66	-	3,280
-	797	-	-	-	-	-	797
<u>60</u>	<u>1,053</u>	<u>9</u>	<u>2</u>	<u>23</u>	<u>66</u>	<u>-</u>	<u>4,593</u>
15	-	-	-	-	-	-	47
-	-	-	-	-	-	-	335
-	-	-	-	-	-	-	10,919
-	-	-	-	-	-	-	109
-	-	-	-	406	-	-	1,355
2,019	-	-	-	-	-	-	2,019
-	2,207	-	-	-	-	-	2,207
-	-	2,003	-	-	-	-	2,003
-	-	-	320	-	-	-	320
-	-	-	-	-	-	-	103
-	-	-	-	-	-	-	150
-	-	-	-	42	-	-	496
135	-	-	-	-	-	-	117
-	724	-	-	-	-	-	724
-	-	169	-	-	-	-	169
-	-	-	-	-	3,291	61	3,352
<u>2,169</u>	<u>2,931</u>	<u>2,172</u>	<u>320</u>	<u>448</u>	<u>3,291</u>	<u>61</u>	<u>24,425</u>
<u>\$ 2,229</u>	<u>\$ 3,984</u>	<u>\$ 2,181</u>	<u>\$ 322</u>	<u>\$ 471</u>	<u>\$ 3,357</u>	<u>\$ 61</u>	<u>\$ 29,018</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	1,191	4,861	19	1,387	65
Intergovernmental	-	-	-	8,867	-
Investment income	1	15	-	3	-
Other revenues	25	1	-	19	1,185
Total revenues	1,217	4,877	19	10,276	1,250
EXPENDITURES:					
Current:					
General government	-	2,217	-	210	-
Public safety	-	-	24	-	-
Judicial	179	320	17	-	2,136
Community services	1,142	-	-	10,203	-
Capital outlay	16	507	-	9	1
Total expenditures	1,337	3,044	41	10,422	2,137
Excess (deficiency) of revenues over (under) expenditures	(120)	1,833	(22)	(146)	(887)
OTHER FINANCING SOURCES (USES) -					
Transfers in	-	-	-	20	900
Transfers out	-	-	-	-	(65)
Total other financing sources (uses)	-	-	-	20	835
Change in fund balance	(120)	1,833	(22)	(126)	(52)
FUND BALANCES, beginning of year	558	9,242	131	1,543	46
FUND BALANCES, end of year	\$ 438	\$ 11,075	\$ 109	\$ 1,417	\$ (6)

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ 34
-	-	1,640	8	834	-	-	10,005
-	3,877	150	-	-	-	-	12,894
3	3	3	1	1	18	-	48
<u>1,460</u>	<u>1,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>-</u>	<u>4,204</u>
1,463	5,254	1,793	43	835	158	-	27,185
-	3,715	390	58	-	-	-	6,590
925	771	-	-	-	-	-	1,720
-	961	356	-	-	-	-	3,969
-	313	100	-	912	529	7	13,206
<u>150</u>	<u>211</u>	<u>4</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915</u>
1,075	5,971	850	75	912	529	7	26,400
388	(717)	943	(32)	(77)	(371)	(7)	785
-	379	-	-	-	-	-	1,299
<u>-</u>	<u>-</u>	<u>(620)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685)</u>
-	379	(620)	-	-	-	-	614
388	(338)	323	(32)	(77)	(371)	(7)	1,399
<u>1,781</u>	<u>3,269</u>	<u>1,849</u>	<u>352</u>	<u>525</u>	<u>3,662</u>	<u>68</u>	<u>23,026</u>
<u>\$ 2,169</u>	<u>\$ 2,931</u>	<u>\$ 2,172</u>	<u>\$ 320</u>	<u>\$ 448</u>	<u>\$ 3,291</u>	<u>\$ 61</u>	<u>\$ 24,425</u>



**BUDGETARY COMPLIANCE**



TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Debt Service Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 33,434	\$ 33,434	\$ 33,333	\$ (101)
Investment income	20	20	19	(1)
Transfers	-	-	227	227
Total Revenues	\$ 33,454	\$ 33,454	\$ 33,579	\$ 125
EXPENDITURES:				
Debt service	\$ 34,943	\$ 34,943	\$ 33,435	\$ 1,508
Total Expenditures	\$ 34,943	\$ 34,943	\$ 33,435	\$ 1,508

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 393	\$ 393	\$ 390	\$ (3)
Investment income	415	290	296	6
Other revenues	-	-	664	664
Transfers	20,671	20,671	20,671	-
<b>Total Revenues</b>	<b>\$ 21,479</b>	<b>\$ 21,354</b>	<b>\$ 22,021</b>	<b>\$ 667</b>
<b>EXPENDITURES:</b>				
Non-Departmental	\$ 19,486	\$ 6,184	\$ 4	\$ 6,180
Tax Assessor/Collector	140	140	55	85
Information Technology	7,348	8,410	3,495	4,915
Facilities	-	12	12	-
Sheriff	79	81	81	-
Sheriff - Confinement	92	89	80	9
Constable Precinct 2	3	3	3	-
Constable Precinct 4	1	-	-	-
Medical Examiner	-	5	4	1
Community Supervision	5	5	5	-
Juvenile Services	16	16	16	-
Buildings	104,435	117,368	65,351	52,017
Criminal District Court 1	1	1	-	1
297TH District Court	-	1	1	-
396TH District Court	1	1	1	-
231ST District Court	5	5	5	-
Criminal Attorney Appointment	1	1	1	-
County Court at Law #3	-	1	1	-
Probate Court 2	5	5	4	1
Justice of the Peace Pct. 1	3	3	3	-
Justice of the Peace Pct. 7	2	2	2	-
Justice of the Peace Pct. 8	5	5	5	-
District Attorney	16	16	11	5
District Clerk	9	9	7	2
Domestic Relations	11	13	13	-
Courts / Judiciary	24	6	-	6
Historical Commission	5	4	4.00	-
Commissioner Precinct 1	127	127	118	9
Commissioner Precinct 2	141	141	-	141
Commissioner Precinct 3	473	473	37	436
Commissioner Precinct 4	598	599	400	199
Right of Way	2,669	2,446	2,446	-
Transportation	38,899	39,020	21,053	17,967
<b>Total Expenditures</b>	<b>\$ 174,600</b>	<b>\$ 175,192</b>	<b>\$ 93,218</b>	<b>\$ 81,974</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>Law Library</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,176	\$ 1,176	\$ 1,191	\$ 15
Investment income	1	1	1	-
Other revenues	27	27	26	(1)
Total Revenues	\$ 1,204	\$ 1,204	\$ 1,218	\$ 14
EXPENDITURES:				
Law Library	\$ 1,615	\$ 1,605	\$ 1,171	\$ 434
Judicial Law Library	175	185	181	4
Total Expenditures	\$ 1,790	\$ 1,790	\$ 1,352	\$ 438

	<u>Records Preservation and Automation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 4,787	\$ 4,787	\$ 4,862	\$ 75
Investment income	13	13	15	2
Other revenues	-	-	1	1
Total Revenues	\$ 4,800	\$ 4,800	\$ 4,878	\$ 78
EXPENDITURES:				
Information Technology	\$ 722	\$ 719	\$ 504	\$ 215
Buildings	44	69	65	4
District Clerk	937	940	264	676
County Clerk	11,599	11,574	1,986	9,588
Total Expenditures	\$ 13,302	\$ 13,302	\$ 2,819	\$ 10,483

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 19	\$ 2
Total Revenues	\$ 17	\$ 17	\$ 19	\$ 2
EXPENDITURES:				
Sheriff	\$ 97	\$ 97	\$ 25	\$ 72
Sheriff-Confinement	3	3	-	3
Constable Precinct 1	2	2	-	2
Constable Precinct 2	1	1	-	1
Constable Precinct 3	2	2	1	1
Constable Precinct 4	10	10	-	10
Constable Precinct 6	2	2	1	1
Constable Precinct 7	2	2	-	2
Constable Precinct 8	2	2	1	1
Probate Court 1	11	11	10	1
Probate Court 2	12	12	4	8
District Attorney	6	6	-	6
Total Expenditures	\$ 150	\$ 150	\$ 42	\$ 108

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,091	\$ 1,091	\$ 1,387	\$ 296
Intergovernmental	8,867	8,867	8,867	-
Investment income	4	4	3	(1)
Other revenues	-	-	18	18
Transfer	20	20	20	-
Total Revenues	\$ 9,982	\$ 9,982	\$ 10,295	\$ 313
EXPENDITURES:				
Buildings	\$ 250	\$ 250	\$ 208	\$ 42
Public Health	10,633	11,234	10,254	980
Total Expenditures	\$ 10,883	\$ 11,484	\$ 10,462	\$ 1,022

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>District Attorney</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 90	\$ 93	\$ 65	\$ (28)
Other revenues	1,461	1,461	1,182	(279)
Transfer	<u>700</u>	<u>700</u>	<u>900</u>	<u>200</u>
Total Revenues	\$ 2,251	\$ 2,254	\$ 2,147	\$ (107)
EXPENDITURES:				
District Attorney	<u>\$ 2,251</u>	<u>\$ 2,254</u>	<u>\$ 2,202</u>	<u>\$ 52</u>
Total Expenditures	\$ 2,251	\$ 2,254	\$ 2,202	\$ 52

	<u>Sheriff Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment income	\$ 2	\$ 2	\$ 3	\$ 1
Other revenues	<u>1,000</u>	<u>1,000</u>	<u>1,460</u>	<u>460</u>
Total Revenues	\$ 1,002	\$ 1,002	\$ 1,463	\$ 461
EXPENDITURES:				
Sheriff	\$ 839	\$ 839	\$ 164	\$ 675
Sheriff - Confinement	<u>1,825</u>	<u>1,825</u>	<u>942</u>	<u>883</u>
Total Expenditures	\$ 2,664	\$ 2,664	\$ 1,106	\$ 1,558

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Fees of office	\$ 370	\$ 370	\$ -	\$ (370)
Intergovernmental	605	5,131	3,900	(1,231)
Investment income	2	2	4	2
Other revenues	541	1,050	1,374	324
Transfer	145	145	379	234
<b>Total Revenues</b>	<b>\$ 1,663</b>	<b>\$ 6,698</b>	<b>\$ 5,657</b>	<b>\$ (1,041)</b>
<b>EXPENDITURES:</b>				
County Administrator	\$ 189	\$ 189	\$ 123	\$ 66
Non-Departmental	27	27	26	1
Elections Administration	477	4,891	3,181	1,710
Self Insurance	1,380	1,380	434	946
Sheriff	2	2	-	2
Sheriff - Confinement	-	175	150	25
Medical Examiner	30	30	7	23
Fire Marshal	73	74	73	1
Community Supervision	605	605	541	64
Juvenile Services	311	311	47	264
323rd District Court	178	178	178	-
Criminal Court Support System	26	26	7.00	19
District Attorney	615	615	581	34
Domestic Relations	9	11	11	-
Public Health	60	60	19	41
Human Services	66	399	280	119
Child Protective Services	378	498	155	343
Public Assistance	48	48	13	35
Historical Commission	66	66	30	36
Peace Officers Memorial Monument	20	20	-	20
<b>Total Expenditures</b>	<b>\$ 4,560</b>	<b>\$ 9,605</b>	<b>\$ 5,856</b>	<b>\$ 3,749</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,611	\$ 1,611	\$ 1,641	\$ 30
Intergovernmental	136	155	150	(5)
Investment income	2	2	3	1
<b>Total Revenues</b>	<b>\$ 1,749</b>	<b>\$ 1,768</b>	<b>\$ 1,794</b>	<b>\$ 26</b>
EXPENDITURES:				
Non Departmental	\$ 2,166	\$ 2,167	\$ 1,010	\$ 1,157
Information Technology	221	221	4	217
323rd District Court	255	255	5	250
Appeals Court	325	325	188	137
Criminal Court Support System	250	250	6.00	244
Probate Court 1	142	180	63	117
Probate Court 2	82	124	93	31
Public Assistance	100	100	100	-
<b>Total Expenditures</b>	<b>\$ 3,541</b>	<b>\$ 3,622</b>	<b>\$ 1,469</b>	<b>\$ 2,153</b>

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 30	\$ 30	\$ 34	\$ 4
Fees of office	10	10	8	(2)
Investment income	1	1	1	-
<b>Total Revenues</b>	<b>\$ 41</b>	<b>\$ 41</b>	<b>\$ 43</b>	<b>\$ 2</b>
EXPENDITURES:				
Tax Assessor/Collector	\$ 394	\$ 394	\$ 78	\$ 316
<b>Total Expenditures</b>	<b>\$ 394</b>	<b>\$ 394</b>	<b>\$ 78</b>	<b>\$ 316</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

---

	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 725	\$ 725	\$ 835	\$ 110
Investment income	2	2	1	(1)
Total Revenues	\$ 727	\$ 727	\$ 836	\$ 109
EXPENDITURES:				
Public Health	\$ 1,237	\$ 1,237	\$ 912	\$ 325
Total Expenditures	\$ 1,237	\$ 1,237	\$ 912	\$ 325



**INTERNAL SERVICE FUNDS**

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

**EMPLOYEE BENEFITS FUND**

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

**SELF INSURANCE FUNDS**

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

**WORKERS' COMPENSATION FUND**

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

---

<u>ASSETS</u>	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 11,069	\$ 2,814	\$ 1,295	\$ 15,178
Other receivables, net of allowance for uncollectibles	1,368	12	10	1,390
Supplies and prepaid items	<u>139</u>	<u>-</u>	<u>-</u>	<u>139</u>
Total current assets	<u>12,576</u>	<u>2,826</u>	<u>1,305</u>	<u>16,707</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	470	462	105	1,037
Other liabilities	2,852	401	3,304	6,557
Deferred revenue	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total current liabilities	<u>3,329</u>	<u>863</u>	<u>3,409</u>	<u>7,601</u>
Noncurrent liabilities:				
Other noncurrent liabilities	<u>-</u>	<u>326</u>	<u>5,011</u>	<u>5,337</u>
Total noncurrent liabilities	<u>-</u>	<u>326</u>	<u>5,011</u>	<u>5,337</u>
Total liabilities	<u>3,329</u>	<u>1,189</u>	<u>8,420</u>	<u>12,938</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>9,247</u>	<u>1,637</u>	<u>(7,115)</u>	<u>3,769</u>
Total net assets (deficit)	<u>\$ 9,247</u>	<u>\$ 1,637</u>	<u>\$ (7,115)</u>	<u>\$ 3,769</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
User fees	\$ 15,551	\$ -	\$ -	\$ 15,551
County contributions	48,991	-	1,306	50,297
Other revenues	925	25	93	1,043
<b>Total operating revenues</b>	<b>65,467</b>	<b>25</b>	<b>1,399</b>	<b>66,891</b>
<b>OPERATING EXPENSES:</b>				
Building and equipment	3	58	-	61
Self insurance claims	52,950	508	3,767	57,225
Insurance premiums	5,645	-	-	5,645
Other expenses	3,086	379	1,146	4,611
<b>Total operating expenses</b>	<b>61,684</b>	<b>945</b>	<b>4,913</b>	<b>67,542</b>
Operating income (loss)	3,783	(920)	(3,514)	(651)
<b>NONOPERATING REVENUES :</b>				
Investment income	14	7	2	23
Income (loss) before transfers	3,797	(913)	(3,512)	(628)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	782	782
Transfers out	(291)	(1,618)	-	(1,909)
Change in net assets	3,506	(2,531)	(2,730)	(1,755)
Total net assets (deficit)-beginning	5,741	4,168	(4,385)	5,524
Total net assets (deficit)-ending	<u>\$ 9,247</u>	<u>\$ 1,637</u>	<u>\$ (7,115)</u>	<u>\$ 3,769</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 65,351	\$ 24	\$ 1,389	\$ 66,764
Payments on behalf of employees	<u>(62,730)</u>	<u>(237)</u>	<u>(3,990)</u>	<u>(66,957)</u>
Net cash flows provided by (used in) operating activities	2,621	(213)	(2,601)	(193)
INVESTING ACTIVITIES:				
Investment income, net	14	7	2	23
NONCAPITAL FINANCING ACTIVITIES:				
Transfers in			782	782
Transfers out	<u>(291)</u>	<u>(1,618)</u>	<u>-</u>	<u>(1,909)</u>
Net cash flows used in noncapital financing activities	<u>(291)</u>	<u>(1,618)</u>	<u>782</u>	<u>(1,127)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,344	(1,824)	(1,817)	(1,297)
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,725</u>	<u>4,638</u>	<u>3,112</u>	<u>16,475</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 11,069</u>	<u>\$ 2,814</u>	<u>\$ 1,295</u>	<u>\$ 15,178</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ 3,783	\$ (920)	\$ (3,514)	\$ (651)
Changes in assets and liabilities:				
Other receivables	(102)	(1)	(10)	(113)
Accounts payable	(465)	456	39	30
Other liabilities	(581)	252	884	555
Deferred revenue	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>(14)</u>
Net cash flows provided by (used in) operating activities	<u>\$ 2,621</u>	<u>\$ (213)</u>	<u>\$ (2,601)</u>	<u>\$ (193)</u>

**FIDUCIARY FUNDS**

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

**PAYROLL CLEARING FUND**

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

**FEE OFFICE FUND**

This fund was established to account for the monies still in the custody of the several fee officers of the County that have not been remitted to the County Treasury, including "trust funds".

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

---

<u>ASSETS</u>	<u>Payroll Clearing</u>	<u>Fee Office</u>	<u>Total</u>
Current assets:			
Cash, cash equivalents, and investments	\$ 3,475	\$ 36,349	\$ 39,824
Other receivables	36	133,718	133,754
Restricted asset	-	72,721	72,721
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,511</u>	<u>\$ 242,788</u>	<u>\$ 246,299</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 5	\$ -	\$ 5
Due to third parties	3,506	242,788	246,294
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 3,511</u>	<u>\$ 242,788</u>	<u>\$ 246,299</u>



TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012 (AMOUNTS IN THOUSANDS)

	<u>October 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2012</u>
<b>PAYROLL CLEARING:</b>				
Cash, cash equivalents, and investments	\$ 3,307	\$ 106,068	\$ 105,900	\$ 3,475
Other receivables	<u>14</u>	<u>92</u>	<u>70</u>	<u>36</u>
	<u>\$ 3,321</u>	<u>\$ 106,160</u>	<u>\$ 105,970</u>	<u>\$ 3,511</u>
Accounts payable	\$ 5	\$ -	\$ -	\$ 5
Due to third parties	<u>3,316</u>	<u>106,160</u>	<u>105,970</u>	<u>3,506</u>
	<u>\$ 3,321</u>	<u>\$ 106,160</u>	<u>\$ 105,970</u>	<u>\$ 3,511</u>
<b>FEE OFFICE:</b>				
Cash, cash equivalents, and investments	\$ 33,383	\$ 3,440,659	\$ 3,437,693	\$ 36,349
Other receivables	135,365	2,598,293	2,599,940	133,718
Restricted assets	<u>76,695</u>	<u>76,166</u>	<u>80,140</u>	<u>72,721</u>
	<u>\$ 245,443</u>	<u>\$ 6,115,118</u>	<u>\$ 6,117,773</u>	<u>\$ 242,788</u>
Accounts payable		\$ 191	\$ 191	\$ -
Due to third parties	<u>\$ 245,443</u>	<u>6,114,927</u>	<u>6,117,582</u>	<u>242,788</u>
	<u>\$ 245,443</u>	<u>\$ 6,115,118</u>	<u>\$ 6,117,773</u>	<u>\$ 242,788</u>
<b>TOTAL:</b>				
Cash, cash equivalents, and investments	\$ 36,690	\$ 3,546,727	\$ 3,543,593	\$ 39,824
Other receivables	135,379	2,598,385	2,600,010	133,754
Restricted assets	<u>76,695</u>	<u>76,166</u>	<u>80,140</u>	<u>72,721</u>
	<u>\$ 248,764</u>	<u>\$ 6,221,278</u>	<u>\$ 6,223,743</u>	<u>\$ 246,299</u>
Accounts payable	\$ 5	\$ 191	\$ 191	\$ 5
Due to third parties	<u>248,759</u>	<u>6,221,087</u>	<u>6,223,552</u>	<u>246,294</u>
	<u>\$ 248,764</u>	<u>\$ 6,221,278</u>	<u>\$ 6,223,743</u>	<u>\$ 246,299</u>



**STATISTICAL SECTION**

## TARRANT COUNTY, TEXAS STATISTICAL SECTION

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

CONTENTS	PAGE
FINANCIAL TRENDS	106
<p>These schedules contain trend information to aid in understanding how the County's financial performance and well being have changed over time.</p> <p>The first three schedules relate to government wide; the remaining schedules relate to fund information.</p>	
REVENUE CAPACITY	116
<p>These schedules contain information to aid in assessing the factors affecting the County's ability to generate its property taxes, its most significant local revenue source.</p>	
DEBT CAPACITY	122
<p>These schedules present information to aid in assessing the County's current debt levels and its ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	130
<p>These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.</p>	
OPERATING INFORMATION	132
<p>These schedules contain information about the County's operations and resources to aid in understanding how the County's financial information relates to the services the County provides and the activities it performs.</p>	

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

	FISCAL YEAR				
	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 108,534	\$ 134,092	\$ 151,544	\$ 180,820	\$ 195,824
Restricted	-	-	-	-	-
Unrestricted	75,000	73,027	83,180	90,495	114,985
Total governmental activities net assets	<u>\$ 183,534</u>	<u>\$ 207,119</u>	<u>\$ 234,724</u>	<u>\$ 271,315</u>	<u>\$ 310,809</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 1,861	\$ 1,861	\$ 1,793	\$ 5,800	\$ 5,501
Unrestricted	823	680	458	(1,955)	(1,835)
Total business-type activities net assets	<u>\$ 2,684</u>	<u>\$ 2,541</u>	<u>\$ 2,251</u>	<u>\$ 3,845</u>	<u>\$ 3,666</u>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	\$ 110,395	\$ 135,953	\$ 153,337	\$ 186,620	\$ 201,325
Restricted	-	-	-	-	-
Unrestricted	75,823	73,707	83,638	88,540	113,150
Total primary government net assets	<u>\$ 186,218</u>	<u>\$ 209,660</u>	<u>\$ 236,975</u>	<u>\$ 275,160</u>	<u>\$ 314,475</u>

TABLE I

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 185,168	\$ 200,501	\$ 236,273	\$ 224,257	\$ 213,102
-	-	15,784	16,507	17,780
147,789	144,382	84,830	66,016	19,401
<u>\$ 332,957</u>	<u>\$ 344,883</u>	<u>\$ 336,887</u>	<u>\$ 306,780</u>	<u>\$ 250,283</u>
\$ 5,229	\$ 5,560	\$ 5,282	\$ 5,645	\$ 5,256
340	(16)	481	988	1,043
<u>\$ 5,569</u>	<u>\$ 5,544</u>	<u>\$ 5,763</u>	<u>\$ 6,633</u>	<u>\$ 6,299</u>
\$ 190,397	\$ 206,061	\$ 241,555	\$ 229,902	\$ 218,358
-	-	15,784	16,507	17,780
148,129	144,366	85,311	67,004	20,444
<u>\$ 338,526</u>	<u>\$ 350,427</u>	<u>\$ 342,650</u>	<u>\$ 313,413</u>	<u>\$ 256,582</u>

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

	FISCAL YEAR				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 66,121	\$ 86,469	\$ 87,645	\$ 104,005	\$ 105,708
Public safety	107,910	77,318	84,147	91,152	99,860
Transportation support	21,725	20,913	25,107	28,734	33,753
Judicial	80,201	115,010	112,173	118,003	124,066
Community services	62,217	58,123	55,320	62,192	62,437
Interest and fiscal charges	7,313	7,061	7,677	6,853	9,529
Total governmental activities expenses	<u>345,487</u>	<u>364,894</u>	<u>372,069</u>	<u>410,939</u>	<u>435,353</u>
Business-type activities:					
Resource Connection	<u>2,666</u>	<u>2,854</u>	<u>2,929</u>	<u>2,793</u>	<u>2,854</u>
Total primary government expenses	<u>348,153</u>	<u>367,748</u>	<u>374,998</u>	<u>413,732</u>	<u>438,207</u>
<b>Program Revenues (1)</b>					
Governmental activities:					
Fees, Fines, and Charges for Services	76,379	87,817	86,263	93,164	98,334
Operating Grants and Contributions	64,744	60,003	54,155	59,803	62,090
Capital Grants and Contributions	2,626	-	2,959	16,909	7,512
Total governmental activities program revenues	<u>143,749</u>	<u>147,820</u>	<u>143,377</u>	<u>169,876</u>	<u>167,936</u>
Business-type activities:					
Resource Connection	<u>2,780</u>	<u>2,701</u>	<u>2,625</u>	<u>4,375</u>	<u>2,662</u>
Total primary government program revenues	<u>146,529</u>	<u>150,521</u>	<u>146,002</u>	<u>174,251</u>	<u>170,598</u>
<b>Net (Expenses)/Revenue</b>					
Governmental activities	(201,738)	(217,074)	(228,692)	(241,063)	(267,417)
Business-type activities	114	(153)	(304)	1,582	(192)
Total primary government net expenses	<u>\$ (201,624)</u>	<u>\$ (217,227)</u>	<u>\$ (228,996)</u>	<u>\$ (239,481)</u>	<u>\$ (267,609)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 216,118	\$ 231,288	\$ 243,775	\$ 260,572	\$ 282,491
Alcoholic beverage and bingo taxes	4,000	4,835	5,197	5,652	6,154
Unrestricted investment earnings	2,285	2,315	5,265	9,368	15,834
Miscellaneous	2,145	2,221	2,060	2,062	2,432
Total governmental activities	<u>224,548</u>	<u>240,659</u>	<u>256,297</u>	<u>277,654</u>	<u>306,911</u>
Business-type activities:					
Unrestricted investment earnings	10	10	14	12	13
Miscellaneous	-	-	-	-	-
Total business-type activities	<u>10</u>	<u>10</u>	<u>14</u>	<u>12</u>	<u>13</u>
Total primary government	<u>224,558</u>	<u>240,669</u>	<u>256,311</u>	<u>277,666</u>	<u>306,924</u>
<b>Changes in Net Assets</b>					
Governmental activities	22,810	23,585	27,605	36,591	39,494
Business-type activities	124	(143)	(290)	1,594	(179)
Total primary government	<u>\$ 22,934</u>	<u>\$ 23,442</u>	<u>\$ 27,315</u>	<u>\$ 38,185</u>	<u>\$ 39,315</u>

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

TABLE II

2008	2009	2010	2011	2012
\$ 119,234	\$ 132,725	\$ 126,700	\$ 124,555	\$ 127,322
109,282	111,314	118,807	120,881	129,313
42,741	44,690	42,121	54,329	48,559
137,287	142,450	150,002	150,841	157,358
72,088	78,814	91,269	84,066	79,934
11,751	14,966	14,612	15,108	15,112
<u>492,383</u>	<u>524,959</u>	<u>543,511</u>	<u>549,780</u>	<u>557,598</u>
3,077	3,138	3,048	3,024	3,351
<u>495,460</u>	<u>528,097</u>	<u>546,559</u>	<u>552,804</u>	<u>560,949</u>
104,965	103,120	103,510	110,503	96,785
76,291	89,858	90,914	77,519	72,934
6,740	3,597	1,566	3,339	3,505
<u>187,996</u>	<u>196,575</u>	<u>195,990</u>	<u>191,361</u>	<u>173,224</u>
4,940	2,923	2,880	2,745	2,626
<u>192,936</u>	<u>199,498</u>	<u>198,870</u>	<u>194,106</u>	<u>175,850</u>
(304,387)	(328,384)	(347,521)	(358,419)	(384,374)
1,863	(215)	(168)	(279)	(725)
<u>\$ (302,524)</u>	<u>\$ (328,599)</u>	<u>\$ (347,689)</u>	<u>\$ (358,698)</u>	<u>\$ (385,099)</u>
\$ 303,474	\$ 321,868	\$ 327,566	\$ 315,441	\$ 317,016
6,023	6,819	7,217	7,646	6,392
12,287	8,937	2,090	2,098	825
4,751	2,686	2,652	3,127	3,644
<u>326,535</u>	<u>340,310</u>	<u>339,525</u>	<u>328,312</u>	<u>327,877</u>
40	45	16	10	4
-	145	371	1,139	387
<u>40</u>	<u>190</u>	<u>387</u>	<u>1,149</u>	<u>391</u>
<u>326,575</u>	<u>340,500</u>	<u>339,912</u>	<u>329,461</u>	<u>328,268</u>
22,148	11,926	(7,996)	(30,107)	(56,497)
1,903	(25)	219	870	(334)
<u>\$ 24,051</u>	<u>\$ 11,901</u>	<u>\$ (7,777)</u>	<u>\$ (29,237)</u>	<u>\$ (56,831)</u>



**TARRANT COUNTY, TEXAS**  
**PROGRAM REVENUE BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**

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

Function/Program	FISCAL YEAR				
	2003	2004	2005	2006	2007
<b>Fees, Fines, and Charges for Services</b>					
<b>Governmental:</b>					
General government	\$ 11,558	\$ 54,960	\$ 42,440	\$ 47,244	\$ 50,630
Public safety	6,588	4,883	7,825	3,375	4,293
Transportation support	23,625	1,608	-	-	-
Judicial	26,061	17,404	26,007	30,030	31,446
Community services	8,547	8,962	9,991	12,515	11,965
Total Governmental	76,379	87,817	86,263	93,164	98,334
<b>Business-type</b>	2,646	2,701	2,625	2,404	2,662
Total Fees, Fines and Charges for Service	<u>\$ 79,025</u>	<u>\$ 90,518</u>	<u>\$ 88,888</u>	<u>\$ 95,568</u>	<u>\$ 100,996</u>
<b>Operating Grants and Contributions</b>					
<b>Governmental:</b>					
General government	\$ 24	\$ 4,748	\$ 1,309	\$ 1,322	\$ 2,076
Public safety	12,559	1,984	1,177	1,358	2,630
Transportation support	-	-	-	-	33
Judicial	3,711	9,698	11,319	10,647	12,126
Community services	48,450	43,573	40,350	46,476	45,225
Total Governmental	64,744	60,003	54,155	59,803	62,090
Total Operating Grants and Contributions	<u>\$ 64,744</u>	<u>\$ 60,003</u>	<u>\$ 54,155</u>	<u>\$ 59,803</u>	<u>\$ 62,090</u>
<b>Capital Grants and Contributions</b>					
<b>Governmental:</b>					
General government	\$ -	\$ -	\$ 3	\$ 5,971	\$ 2,074
Public safety	-	-	1,191	534	237
Transportation support	2,626	-	1,547	10,384	4,744
Judicial	-	-	218	20	457
Community services	-	-	-	-	-
Total Governmental	2,626	-	2,959	16,909	7,512
<b>Business-type</b>	134	-	-	1,971	-
Total Capital Grants and Contributions	<u>\$ 2,760</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 18,880</u>	<u>\$ 7,512</u>
<b>Total Program Revenues</b>					
<b>Governmental:</b>					
General government	\$ 11,582	\$ 59,708	\$ 43,752	\$ 54,537	\$ 54,780
Public safety	19,147	6,867	10,193	5,267	7,160
Transportation support	26,251	1,608	1,547	10,384	4,777
Judicial	29,772	27,102	37,326	40,677	43,572
Community services	56,997	52,535	50,341	58,991	57,190
Total Governmental	143,749	147,820	143,159	169,856	167,479
<b>Business-type</b>	2,780	2,701	2,625	4,375	2,662
Total Program Revenues	<u>\$ 146,529</u>	<u>\$ 150,521</u>	<u>\$ 145,784</u>	<u>\$ 174,231</u>	<u>\$ 170,141</u>

TABLE III

2008	2009	2010	2011	2012
\$ 53,905	\$ 51,847	\$ 49,983	\$ 51,078	\$ 39,776
4,532	3,052	3,607	5,274	5,884
-	-	-	-	19,633
33,104	33,352	35,005	39,104	14,954
13,424	14,869	14,915	15,047	16,538
104,965	103,120	103,510	110,503	96,785
4,940	2,923	2,880	2,745	2,626
<u>\$ 109,905</u>	<u>\$ 106,043</u>	<u>\$ 106,390</u>	<u>\$ 113,248</u>	<u>\$ 99,411</u>
\$ 7,443	\$ 15,709	\$ 7,961	\$ 744	\$ 2,499
3,707	3,435	3,308	3,359	3,818
49	30	75	33	33
12,579	12,061	11,968	12,094	11,186
52,513	58,623	67,602	61,289	55,398
76,291	89,858	90,914	77,519	72,934
<u>\$ 76,291</u>	<u>\$ 89,858</u>	<u>\$ 90,914</u>	<u>\$ 77,519</u>	<u>\$ 72,934</u>
\$ -	\$ 1,326	\$ 302	\$ 2,163	\$ 1,080
136	61	195	593	156
6,597	2,001	173	446	2,166
7	4	477	76	-
-	205	419	61	103
6,740	3,597	1,566	3,339	3,505
-	-	-	-	-
<u>\$ 6,740</u>	<u>\$ 3,597</u>	<u>\$ 1,566</u>	<u>\$ 3,339</u>	<u>\$ 3,505</u>
\$ 61,348	\$ 68,882	\$ 58,246	\$ 53,985	\$ 43,355
8,375	6,548	7,110	9,226	9,858
6,646	2,031	248	479	21,832
45,683	45,417	47,450	51,274	26,140
65,937	73,697	82,936	76,397	72,039
187,989	196,575	195,990	191,361	173,224
4,940	2,923	2,880	2,745	2,626
<u>\$ 192,929</u>	<u>\$ 199,498</u>	<u>\$ 198,870</u>	<u>\$ 194,106</u>	<u>\$ 175,850</u>

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

	FISCAL YEAR				
	2003	2004	2005	2006	2007
<b>General Fund</b>					
Reserved:					
For encumbrances	\$ 1,675	\$ 2,012	\$ 1,604	\$ 3,667	\$ 1,549
For supplies and prepaid items	814	732	825	794	865
For long-term receivable	8,880	7,605	7,120	6,630	6,115
Unreserved	22,917	31,231	38,201	41,708	44,975
Nonspendable	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Total General fund	<u>\$ 34,286</u>	<u>\$ 41,580</u>	<u>\$ 47,750</u>	<u>\$ 52,799</u>	<u>\$ 53,504</u>
<b>All Other Governmental Funds</b>					
Reserved:					
For debt service	\$ 1,564	\$ 1,621	\$ 2,092	\$ 1,739	\$ 1,020
For capital projects	39,431	36,507	31,107	120,068	159,179
For encumbrances	4,944	15,474	10,903	7,191	19,482
For supplies and prepaid items	732	977	1,011	819	1,289
For long-term receivable	2,694	2,499	2,299	2,099	2,099
Unreserved, reported in:					
Special revenue funds	21,704	23,084	20,148	25,584	31,261
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Total all other governmental funds	<u>\$ 71,069</u>	<u>\$ 80,162</u>	<u>\$ 67,560</u>	<u>\$ 157,500</u>	<u>\$ 214,330</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

2008	2009	2010	2011 (1)	2012
\$ 2,995	\$ 2,743	\$ 3,401	N/A	N/A
761	800	878	N/A	N/A
5,570	4,995	4,390	N/A	N/A
38,347	39,802	56,306	N/A	N/A
N/A	N/A	N/A	\$ 4,619	\$ 4,002
N/A	N/A	N/A	292	63
N/A	N/A	N/A	17,868	23,276
N/A	N/A	N/A	36,642	38,499
<u>\$ 47,673</u>	<u>\$ 48,340</u>	<u>\$ 64,975</u>	<u>\$ 59,421</u>	<u>\$ 65,840</u>
\$ 492	\$ 895	\$ 1,611	N/A	N/A
243,413	238,905	178,068	N/A	N/A
47,394	41,657	129,155	N/A	N/A
825	1,073	961	N/A	N/A
2,099	2,099	2,099	N/A	N/A
27,761	23,774	28,072	N/A	N/A
N/A	N/A	N/A	\$ 721	\$ 596
N/A	N/A	N/A	185,117	145,765
N/A	N/A	N/A	68,129	73,574
N/A	N/A	N/A	3,730	3,352
<u>\$ 321,984</u>	<u>\$ 308,403</u>	<u>\$ 339,966</u>	<u>\$ 257,697</u>	<u>\$ 223,287</u>

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

	FISCAL YEAR				
	2003	2004	2005	2006	2007
<b>Revenues:</b>					
Taxes	\$ 215,337	\$ 230,833	\$ 244,560	\$ 260,357	\$ 283,255
Licenses and permits	597	627	588	723	804
Fees of office	57,171	58,980	60,529	67,853	72,136
Intergovernmental	78,308	76,853	72,274	85,597	83,485
Investment income	2,755	2,315	5,265	9,368	15,834
Other revenues	13,435	14,871	15,081	13,101	16,677
<b>Total revenues</b>	<b>367,603</b>	<b>384,479</b>	<b>398,297</b>	<b>436,999</b>	<b>472,191</b>
<b>Expenditures:</b>					
Current:					
General government	58,761	73,018	73,783	81,601	85,970
Public safety	106,954	78,098	81,721	88,307	96,449
Transportation support	18,890	18,387	23,583	24,194	22,210
Judicial	79,229	109,903	111,827	116,480	122,612
Community services	58,868	53,481	51,787	58,398	58,740
Capital outlay	34,533	52,199	46,873	38,782	48,385
Debt service:					
Principal payments	22,215	22,090	19,970	20,825	23,795
Interest and fiscal charges	7,593	6,840	7,275	6,430	9,368
Bond issuance costs	-	-	163	-	-
<b>Total expenditures</b>	<b>387,043</b>	<b>414,016</b>	<b>416,982</b>	<b>435,017</b>	<b>467,529</b>
Excess (deficiency) of revenues over (under) expenditures	(19,440)	(29,537)	(18,685)	1,982	4,662
<b>Other Financing Sources (Uses):</b>					
Transfers in	22,811	8,231	19,066	24,339	34,078
Transfers out	(23,716)	(8,165)	(18,998)	(24,664)	(35,087)
Proceeds from capital lease	-	-	-	-	-
Issuance of debt	12,000	59,550	12,045	89,990	52,510
Premium on new debt	-	1,433	1,675	3,342	1,372
Discount on new debt	-	-	-	-	-
Refunding bonds issued	-	-	39,870	-	-
Premium on refunding bonds	-	-	-	-	-
Discount on refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	(15,125)	(41,405)	-	-
<b>Total other financing sources (uses)</b>	<b>11,095</b>	<b>45,924</b>	<b>12,253</b>	<b>93,007</b>	<b>52,873</b>
<b>Change in fund balance</b>	<b>\$ (8,345)</b>	<b>\$ 16,387</b>	<b>\$ (6,432)</b>	<b>\$ 94,989</b>	<b>\$ 57,535</b>
Debt Service as a percentage of noncapital expenditures	8.4%	7.9%	7.3%	6.6%	7.6%

TABLE V

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 299,894	\$ 320,593	\$ 327,003	\$ 316,206	\$ 323,034
793	903	1,159	851	1,137
74,607	70,615	66,743	69,515	73,432
100,006	117,658	119,163	107,945	100,345
12,287	8,937	2,090	2,098	825
17,567	17,407	17,288	18,509	19,868
505,154	536,113	533,446	515,124	518,641
98,866	111,307	105,412	98,733	100,997
102,676	105,151	107,190	109,744	112,139
29,376	28,734	21,313	22,936	20,723
132,500	138,962	140,845	143,531	144,477
66,138	73,164	83,369	77,230	70,643
49,077	52,908	53,037	114,674	67,715
25,905	24,285	21,185	20,420	17,325
11,469	15,048	15,207	15,964	16,110
-	-	254	-	-
516,007	549,559	547,812	603,232	550,129
(10,853)	(13,446)	(14,366)	(88,108)	(31,488)
42,951	35,194	23,305	30,031	27,266
(42,606)	(34,662)	(23,009)	(29,746)	(26,139)
-	-	-	-	2,370
107,480	-	55,315	-	-
5,422	-	7,196	-	-
(571)	-	(300)	-	-
-	-	14,730	-	-
-	-	2,363	-	-
-	-	(78)	-	-
-	-	(16,958)	-	-
112,676	532	62,564	285	3,497
<u>\$ 101,823</u>	<u>\$ (12,914)</u>	<u>\$ 48,198</u>	<u>\$ (87,823)</u>	<u>\$ (27,991)</u>
7.7%	7.6%	7.1%	6.9%	6.5%

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

<b>Tarrant County Direct Rates</b>					
<b>Fiscal Year</b>	<b>Operating Fund</b>	<b>Debt Service Fund</b>	<b>Tarrant County Hospital District</b>	<b>Total Direct Rate</b>	
2003	\$ 0.237419	\$ 0.035081	\$ 0.232400	\$	0.504900
2004	0.241757	0.030743	0.235397		0.507897
2005	0.244048	0.028452	0.235397		0.507897
2006	0.245376	0.027124	0.235397		0.507897
2007	0.241664	0.029836	0.235397		0.506897
2008	0.234866	0.031634	0.230397		0.496897
2009	0.232187	0.031813	0.227897		0.491897
2010	0.234823	0.029177	0.227897		0.491897
2011	0.234621	0.029379	0.227897		0.491897
2012	0.237071	0.026929	0.227897		0.491897

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

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

Source of rates: Tarrant Appraisal District

TABLE VI

Overlapping Rates (1)				
<u>Tarrant County College District</u>	<u>Tarrant County Regional Water District</u>	<u>Tarrant County Fresh Water Supply</u>	<u>Emergency Service District</u>	
\$ 0.139380	\$ 0.020000	\$ 0.218000	\$ 0.100000	
0.139380	0.020000	0.218000	0.080000	
0.139380	0.020000	0.218000	0.070000	
0.139380	0.020000	-	0.069350	
0.139380	0.020000	-	0.069000	
0.139380	0.020000	-	0.064000	
0.137960	0.020000	-	0.064000	
0.137670	0.020000	-	0.064000	
0.137640	0.020000	-	0.064000	
0.148970	0.020000	-	0.064000	



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

TABLE VII

<b>Fiscal Year Ended September 30</b>	<b>Assessed Real Property</b>	<b>Assessed Personal Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (1)</b>
2003	\$ 82,784,242	\$ 16,955,809	\$ 20,560,234	\$ 79,179,817	\$ 0.504900
2004	88,648,803	16,885,486	20,533,188	85,001,101	0.507897
2005	92,876,831	17,690,825	20,967,656	89,600,000	0.507897
2006	97,462,235	18,564,235	19,896,195	96,130,275	0.507897
2007	108,005,011	20,280,725	23,149,967	105,135,769	0.506897
2008	116,141,002	22,316,843	24,527,707	113,930,138	0.496897
2009	123,575,202	25,016,550	25,133,830	123,457,922	0.491897
2010	126,395,312	26,776,981	26,927,226	126,245,067	0.491897
2011	122,408,926	24,737,656	26,185,517	120,961,065	0.491897
2012	124,086,966	25,696,928	27,031,749	122,752,145	0.491897

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

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

Source: Tarrant Appraisal District

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

**TABLE VIII**

Taxpayer	FISCAL YEAR					
	2012			2003		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 888,088	1	0.72%			
Chesapeake Operating	736,222	2	0.60			
Devon Energy Food Co.	506,053	3	0.41			
Bell Helicopter Textron	418,973	4	0.34			
Walmart Real Estate Bus. Trust	395,427	5	0.32			
Quicksilver Resources	359,055	6	0.29			
Southwestern Bell	308,901	7	0.25	\$ 470,068	3	0.59%
American Airlines	292,075	8	0.24	588,517	2	0.74
Opryland Hotel	273,332	9	0.22			
Barnett Gathering Lp	251,248	10	0.20			
Texas Utilities Electric				846,564	1	1.07
Albertson, Inc.				269,909	4	0.34
Textron, Inc.				222,464	5	0.28
Grapevine Mills Ltd. Partnership				166,084	6	0.21
General Motors Corp.				155,303	7	0.20
City Center Development Co.				134,594	8	0.17
Miller Brewing Co.				125,823	9	0.16
Alcon Laboratories Inc.				123,850	10	0.16
	<u>\$ 4,429,374</u>		<u>3.61%</u>	<u>\$ 3,103,176</u>		<u>3.92%</u>

Source: Tarrant Appraisal District

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

Fiscal Year Ended September 30	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2003	\$ 215,766	\$ (198)	\$ 215,568	\$ 211,528	98.04%	\$ 3,416
2004	231,628	(50)	231,578	227,468	98.20%	3,459
2005	244,160	(378)	243,782	239,933	98.27%	3,197
2006	261,955	(342)	261,613	257,648	98.36%	3,343
2007	285,433	(692)	284,741	280,951	98.43%	3,134
2008	303,624	(93)	303,531	299,681	98.70%	3,038
2009	325,929	(273)	325,656	321,181	98.54%	3,336
2010	333,272	(490)	332,782	328,774	98.65%	2,554
2011	319,354	(294)	319,060	315,758	98.87%	1,590
2012	324,066	-	324,066	320,705	98.96%	-

Source: Tarrant County Tax Office and Tarrant Appraisal District

<b>Total Collections</b>		
<b>Amount</b>	<b>Percentage of Levy</b>	
\$ 214,944	99.71%	
230,927	99.72%	
243,130	99.73%	
260,991	99.76%	
284,085	99.77%	
302,719	99.73%	
324,517	99.65%	
331,328	99.56%	
317,348	99.46%	
320,705	98.96%	

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

TABLE X

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Taxable Tax Notes</u>	<u>Non-Taxable Tax Notes</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2003	\$ 42,790	\$ 37,150	\$ 32,945	\$ 28,315	\$ 12,000	-	\$ 153,200	0.31	\$ 98.58
2004	41,240	22,940	59,120	28,315	24,000	-	175,615	0.34	110.51
2005	27,405	14,210	91,650	-	33,775	-	167,040	0.30	101.67
2006	107,750	7,880	83,445	-	37,130	-	236,205	0.38	138.76
2007	155,290	4,015	75,465	-	30,150	-	264,920	0.39	151.81
2008	256,390	-	68,610	-	21,495	-	346,495	0.50	194.64
2009	245,185	-	64,460	-	12,565	-	322,210	0.45	178.24
2010	219,225	-	130,315	-	5,930	-	355,470	0.50	196.50
2011	209,525	-	123,810	-	1,715	-	335,050	0.45	184.31
2012	199,425	-	118,300	-	-	\$ 2,325	320,050	0.43 (2)	174.77

Note: All debt is related to government activities. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data  
(2) Calculation based on most recent information for personal income data, fiscal year 2011



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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates Of Obligation</b>	<b>Limited Tax Refunding</b>	<b>Taxable Tax Notes</b>	<b>Non-Taxable Tax Notes</b>	<b>Total Primary Government</b>	<b>Less: Amount Available In Debt Service Fund</b>	<b>Total</b>
2003	\$ 42,790	\$ 37,150	\$ 32,945	\$ 28,315	\$ 12,000	\$ 153,200	\$ 1,564	\$ 151,636
2004	41,240	22,940	59,120	28,315	24,000	175,615	1,621	173,994
2005	27,405	14,210	91,650	-	33,775	167,040	2,092	164,948
2006	107,750	7,880	83,445	-	37,130	236,205	1,739	234,466
2007	155,290	4,015	75,465	-	30,150	264,920	1,020	263,900
2008	256,390	-	68,610	-	21,495	346,495	492	346,003
2009	245,185	-	64,460	-	12,565	322,210	895	321,315
2010	219,225	-	130,315	-	5,930	355,470	1,611	353,859
2011	209,525	-	123,810	-	1,715	335,050	1,482	333,568
2012	199,425	-	118,300	-	-	317,725	1,626	316,099

Note: All debt is related to government activities. Taxable and 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

TABLE XI

<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
0.19%	\$ 97.58
0.20%	109.49
0.18%	100.40
0.24%	137.74
0.25%	151.23
0.30%	194.37
0.26%	177.74
0.28%	195.61
0.28%	183.50
0.26%	172.62



**TARRANT COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2012**  
**(Unaudited)**  
**(Amounts in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2012</u>
Debt repaid with property taxes:			
Special Districts:			
Tarrant County College District	\$ 22,705	100.00%	\$ 22,705
Live Oak Creek Numicipal Utility District #1	2,165	100.00%	2,165
Viridian Municipal Management District	20,975	100.00%	20,975
County Line Special District:			
Trophy Club Municipal Utility District #1	6,692	28.64%	1,917
Cities:			
Arlington	320,810	100.00%	320,810
Bedford	60,265	100.00%	60,265
Benbrook	12,750	100.00%	12,750
Blue Mound	57	100.00%	57
Colleyville	14,740	100.00%	14,740
Dalworthington Gardens	1,315	100.00%	1,315
Eules	41,290	100.00%	41,290
Everman	1,840	100.00%	1,840
Forest Hill	9,855	100.00%	9,855
Fort Worth	816,885	97.44%	795,973
Haltom City	60,280	100.00%	60,280
Haslet	5,350	100.00%	5,350
Hurst	66,085	100.00%	66,085
Keller	100,635	100.00%	100,635
Kennedale	17,420	100.00%	17,420
Lake Worth	20,165	100.00%	20,165
North Richland Hills	126,070	100.00%	126,070
Pantego	455	100.00%	455
Pelican Bay	1,607	100.00%	1,607
Richland Hills	8,732	100.00%	8,732
River Oaks	910	100.00%	910
Saginaw	19,590	100.00%	19,590
Sansom Park	1,939	100.00%	1,939
Watauga	28,205	100.00%	28,205
Westlake	21,647	98.66%	21,357
Westworth Village	5,335	100.00%	5,335
White Settlement	14,855	100.00%	14,855
County Line Cities:			
Azle	8,915	82.13%	7,322

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

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2012</u>
Burleson	\$ 107,110	22.96%	\$ 24,593
Crowley	29,915	99.54%	29,777
Flower Mound	120,660	2.17%	2,618
Grand Prairie	220,940	49.24%	108,791
Grapevine	107,049	98.11%	105,026
Mansfield	95,290	94.71%	90,249
Reno	385	3.95%	15
Southlake	158,150	97.81%	154,687
Trophy Club	12,059	7.81%	942
<b>School Districts:</b>			
Arlington Independent School District	465,377	100.00%	465,377
Birdville Independent School District	213,970	100.00%	213,970
Carroll Independent School District	241,860	100.00%	241,860
Castleberry Independent School District	48,280	100.00%	48,280
Eagle Mountain Saginaw Independent School District	578,790	100.00%	578,790
Everman Independent School District	58,690	100.00%	58,690
Fort Worth Independent School District	715,115	100.00%	715,115
Hurst Euless Bedford Independent School District	312,938	100.00%	312,938
Keller Independent School District	700,087	100.00%	700,087
Kennedale Independent School District	46,481	100.00%	46,481
Lake Worth Independent School District	74,676	100.00%	74,676
White Settlement Independent School District	168,902	100.00%	168,902
<b>County Line School Districts:</b>			
Aledo Independent School District	145,116	4.48%	6,501
Azle Independent School District	20,715	64.62%	13,386
Burleson Independent School District	310,441	35.65%	110,672
Crowley Independent School District	304,133	98.56%	299,753
Godley Independent School District	33,735	7.59%	2,560
Grapevine Colleyville Independent School District	354,381	88.57%	313,876
Lewisville Independent School District	1,089,993	2.50%	27,250
Mansfield Independent School District	722,445	94.16%	680,254
Northwest Independent School District	629,986	46.16%	290,802
<b>Sub-total Overlapping Debt</b>			<u>7,699,887</u>
Tarrant County (direct debt)	-	100.00%	-
Tarrant County Hospital District (direct debt)	26,285	100.00%	26,285
<b>Total Direct and Overlapping Debt</b>			<u>\$ 7,726,172</u>

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

	<b>FISCAL YEAR</b>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 3,652,910	\$ 4,250,055	\$ 4,480,000	\$ 4,806,514	\$ 5,256,788
Total net debt applicable to limit	<u>151,636</u>	<u>173,994</u>	<u>164,948</u>	<u>234,466</u>	<u>263,900</u>
Legal debt margin	<u>\$ 3,501,274</u>	<u>\$ 4,076,061</u>	<u>\$ 4,315,052</u>	<u>\$ 4,572,048</u>	<u>\$ 4,992,888</u>
Total net debt applicable to the limit as a percentage of debt limit	4.15%	4.09%	3.68%	4.88%	5.02%

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

TABLE XIII

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 5,696,507	\$ 6,172,896	\$ 6,312,253	\$ 6,048,053	\$ 6,137,607
<u>346,003</u>	<u>321,315</u>	<u>353,859</u>	<u>333,568</u>	<u>316,099</u>
<u>\$ 5,350,504</u>	<u>\$ 5,851,581</u>	<u>\$ 5,958,394</u>	<u>\$ 5,714,485</u>	<u>\$ 5,821,508</u>
6.07%	5.21%	5.61%	5.52%	5.15%

**Legal Debt Margin Calculation (1) for Fiscal Year 2012**

Assessed value	\$ 122,752,145
Debt Limit (5% of total assessed value)	6,137,607
Debt applicable to limit:	
Total General Bonded debt	317,725
Less: Amount available in Debt Service Fund	<u>(1,626)</u>
Total net debt applicable to limit	<u>316,099</u>
Legal debt margin	<u>\$ 5,821,508</u>

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

**TABLE XIV**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Amounts in thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (3)</b>	<b>Public School Enrollment (4)</b>
2003	1,554,000	\$ 49,052,010	\$ 31,565	6.5%	288,999
2004	1,589,200	52,022,462	32,735	5.7	295,194
2005	1,642,950	56,312,111	34,275	5.0	300,688
2006	1,702,250	62,373,845	36,642	4.6	312,524
2007	1,745,050	67,250,737	38,538	4.3	318,324
2008	1,780,150	69,279,878	38,918	5.1	323,703
2009	1,807,750	67,911,744	37,567	8.2	323,703
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	NA	NA	6.2	347,573

Data Sources:

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

NA-Not available

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

**TABLE XV**

<u>Employer</u>	<u>2012 (1)</u>			<u>2003 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>
AMRCorp./American Airlines	24,888	1	2.80%	26,700	1	2.99%
Texas Health Resources	22,000	2	2.48	7,268	5	0.81
Lockheed Martin Aeronautics Company	14,988	3	1.69	16,800	2	1.88
NAS Fort Worth JRB	11,350	4	1.28			
Fort Worth Independent School District	11,000	5	1.24	11,200	3	1.25
Arlington Independent School District	7,908	6	0.89	8,082	4	0.90
Bell Helicopter-Textron	6,700	7	0.75	5,053	7	0.57
City of Fort Worth	6,195	8	0.70	5,400	6	0.60
University of Texas at Arlington	6,022	9	0.68			
Cook Children's Health Care System	5,310	10	0.60			
Radio Shack Corp.				4,453	8	0.50
Tarrant County				4,373	9	0.49
U.S. Postal Service				4,231	10	0.47

Data Sources:

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

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

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

Function	Full-Time Equivalent Employees as of September 30				
	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
General government	696	646	660	661	681
Public safety	1,327	1,359	1,343	1,372	1,439
Transportation	195	195	195	197	199
Judicial	1,290	1,239	1,247	1,255	1,289
Community services	489	446	446	444	442
<b>Business-type activities</b>					
Resource Connection	21	20	20	18	18
Total full-time equivalent employees	<u>4,018</u>	<u>3,905</u>	<u>3,911</u>	<u>3,947</u>	<u>4,068</u>

Source: Tarrant County Budget Office

TABLE XVI

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
701	735	734	731	718
1,441	1,440	1,409	1,403	1,428
199	203	203	200	200
1,314	1,330	1,343	1,333	1,336
477	483	509	510	507
<u>18</u>	<u>18</u>	<u>13</u>	<u>13</u>	<u>13</u>
<u>4,150</u>	<u>4,209</u>	<u>4,211</u>	<u>4,190</u>	<u>4,202</u>



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

FUNCTION	FISCAL YEAR			
	2003	2004	2005	2006
<b>District Clerk</b>				
Civil court cases filed	7,268	6,012	6,427	6,678
Criminal court cases filed	15,215	16,371	16,529	16,290
Family court cases filed (Attorney General cases)	7,874	8,407	10,822	11,526
Family court cases filed (Non-Attorney General cases)	14,992	14,933	14,137	14,332
Juvenile court cases filed	3,312	3,577	3,521	3,163
Tax foreclosure cases filed	3,177	3,460	2,521	3,435
Passport applications accepted	7,365	9,406	9,690	12,005
<b>County Clerk</b>				
County court at law cases filed	6,912	7,780	9,083	10,013
Mental health cases filed	1,312	1,436	1,585	1,922
Probate cases filed	3,648	3,896	3,772	3,721
Birth certificates issued	13,343	13,824	15,036	15,881
Marriage licenses issued	13,702	14,141	13,601	14,015
<b>Justice of the Peace (all precincts)</b>				
Traffic cases	14,384	14,808	17,123	10,762
Non-traffic cases	5,906	6,144	7,451	7,541
Small claims cases	3,543	3,591	3,354	3,229
Forcible entry & detainer cases	18,580	19,833	21,492	23,886
Other	3,918	3,499	4,028	5,613
<b>Sheriff</b>				
Prisoner bed days in county jail	1,219,881	1,271,394	1,232,776	1,248,639
<b>Public Health</b>				
Chronic disease prevention, average monthly caseload	NA	554	543	464
Notifiable diseases reported	NA	3,264	3,477	3,841
Food establishment inspections	NA	4,763	5,157	5,249
Sexually transmitted disease clinic visits	NA	7,169	7,442	7,343
Milk and dairy tests	NA	19,603	20,673	24,184
Tuberculosis DOT/DOPT doses administered	NA	20,573	21,417	22,047
Women, infants & children visits and immunizations	NA	581,051	606,976	612,968
<b>Tax Assessor/Collector</b>				
Tax accounts collected	602,094	621,693	641,074	659,911
Contracts with entities for tax collection	52	52	52	52
<b>Transportation</b>				
Miles of roads maintained in un-incorporated areas	378	374	451	394
Inter-local contracts executed/performed	NA	59	80	53
Square yards of right of way	12,288,910	12,180,657	12,604,433	13,186,763
<b>Human Services</b>				
Rent vouchers issued	2,877	2,580	2,044	1,659
Utility vouchers issued	7,229	8,670	14,016	14,262
Food/hygiene vouchers issued	3,607	3,729	3,291	2,267

Source: Various County departments

NA-Not available

TABLE XVII

2007	2008	2009	2010	2011	2012
6,363	6,491	7,906	7,437	7,556	6,995
18,705	17,371	17,013	15,674	15,507	16,880
12,525	15,024	12,551	12,776	12,958	11,505
14,530	15,468	15,219	15,478	15,045	15,372
3,156	2,950	2,717	2,431	1,687	2,516
4,179	4,174	4,001	3,906	4,820	5,601
18,625	17,194	13,932	13,510	13,249	16,583
11,001	9,593	9,480	9,468	9,981	8,947
2,226	2,192	2,599	2,653	2,841	3,002
3,788	3,887	3,672	3,988	3,875	3,858
17,169	15,740	40,771	44,266	42,591	41,415
14,196	13,396	12,708	13,533	13,397	14,223
11,791	11,809	8,883	8,616	8,286	6,352
7,917	8,353	8,235	6,691	6,788	4,839
3,159	3,539	3,693	3,242	2,988	2,843
25,109	25,999	26,656	28,445	29,230	27,324
6,569	13,023	10,107	9,831	9,637	10,907
1,260,588	1,264,725	1,231,751	1,179,111	1,252,502	1,213,861
492	544	1,710	1,590	1,091	1,009
5,405	5,990	5,091	4,319	5,619	5,543
5,430	4,706	5,435	5,661	5,228	6,234
7,190	8,226	7,289	6,638	6,142	6,137
25,834	23,218	21,671	20,649	21,637	18,870
23,222	21,688	17,645	18,342	22,749	16,609
624,493	673,445	685,010	741,208	702,749	686,603
659,911	676,757	706,300	763,957	807,229	834,962
53	53	54	54	57	56
405	423	422	417	409	412
61	67	70	66	68	91
13,779,805	14,441,830	14,422,252	14,392,994	14,071,312	13,889,638
1,445	1,541	1,676	1,398	1,209	1,133
12,758	11,565	10,571	10,763	7,214	8,158
2,399	1,790	2,199	1,836	872	4,694

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

	<b>FISCAL YEAR</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Government</b>				
Number of buildings				
Subcourthouses	8	8	8	8
Courts buildings	5	5	6	6
Other	15	16	18	18
Building square footage	2,604,082	2,606,082	2,864,019	2,915,381
Subcourthouses	245,111	245,111	245,111	245,111
Courts buildings	922,352	922,352	1,180,289	1,180,289
Other	1,436,619	1,438,619	1,438,619	1,489,981
<b>Public Safety</b>				
Number of jails	4	4	4	4
Building square footage	906,204	906,204	906,204	906,204
Number of patrol vehicles	82	85	88	93
<b>Transportation</b>				
Miles of roads in un-incorporated areas	378	374	451	394
Square yards of right of way	12,288,910	12,180,657	12,604,433	13,186,763
Number of heavy equipment	166	201	210	220
Number of vehicles	461	466	463	492
<b>Judicial</b>				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
<b>Community Services</b>				
Public Health vehicles	30	33	35	36
<b>Resource Connection</b>				
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

2007	2008	2009	2010	2011	2012
8	9	9	9	9	9
6	6	6	6	6	6
17	17	16	16	16	15
2,903,068	2,976,068	2,937,619	2,955,001	3,060,459	3,054,447
245,111	318,111	318,111	317,962	363,420	363,420
1,180,289	1,180,289	1,180,289	1,179,968	1,179,968	1,179,968
1,477,668	1,477,668	1,439,219	1,457,071	1,517,071	1,511,059
4	4	4	4	4	5
907,736	907,736	907,736	907,823	907,823	1,115,523
98	97	98	102	102	102
405	423	422	417	409	412
13,779,805	14,441,830	14,422,252	14,392,994	14,071,312	13,889,638
245	247	254	250	249	251
445	450	506	461	465	475
124,770	124,770	124,770	124,770	124,770	124,770
37	37	38	41	43	43
15	15	15	15	15	15
348,464	348,464	348,464	348,464	348,464	348,464

