

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

TARRANT COUNTY,
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TARRANT COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2019



Prepared By

County Auditor's Office

S. Renee Tidwell, CPA

County Auditor



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INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT, TARRANT COUNTY, TEXAS







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COUNTY AUDITOR
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VINCE CRUZ JR.
FIRST ASSISTANT COUNTY AUDITOR
vcruz@tarrantcounty.com

March 30, 2020

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, 2019 is submitted herewith. This report is submitted in compliance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

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

The County's financial statements have been audited by Deloitte & Touche LLP, independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Deloitte & Touche, LLP was also engaged to perform an audit of the County's federal and state awards that is designed to meet the audit requirements of: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; the State of Texas Uniform Grant Management Standards; and the State of Texas Single Audit Circular. The audit report on federal and state awards is issued separately.

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

Profile of the County

Tarrant County is a political subdivision of the State of Texas and was organized in 1849. The County is an urban county located in the north central part of Texas. Fort Worth serves as the county seat to a county population of approximately 2,092,419 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 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, 8) Provide for hospitals, public welfare and veterans assistance; and 9) Provide for the technology and archival needs of the County.

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

The annual budget serves as the foundation for the County's financial planning and control. Departmental annual budget requests are submitted to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1. The County Auditor prepares an estimate of available resources for the upcoming fiscal year. The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. Public hearings are held on the proposed budget. The Commissioners Court must adopt an annual operating budget by a majority vote before September 30. The legal level of budgetary control is at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons at the department level are presented on pages 89-92 as part of the required supplementary information. The other budget comparisons at the department level are presented on pages 109-117 as part of budgetary compliance. A separate budget report detailed at the legal level of control is available upon request.

Local Economy

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

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

Major factors of this continued stability include:

National Medal of Honor Museum: Arlington Texas was selected as the future home of the National Medal of Honor Museum. It is expected to bring more than 5 million annual visitors. The museum is expected to open in 2024.

AllianceTexas: AllianceTexas is a 26,000-acre master-planned, mixed use community located in north Fort Worth. AllianceTexas offers a variety of commercial real estate options, including new industrial, office, and retail. Anchored by the inland port known as the Alliance Global Logistics Hub, AllianceTexas is home to more than 480 companies, and 48,000 employees. Located within AllianceTexas is: BNSF Railway, FedEx, UPS Ground Hub, Deloitte, Fidelity Investments, TD Ameritrade, Mercedes-Benz, AT&T, DynCorp International, Facebook, Amazon, Hillwood Properties, Carolina Beverage, Walmart.com, Callaway Golf Co. and others.

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

Facebook: built a \$1 billion data center campus at AllianceTexas and will ultimately consist of five 250,000 square-foot buildings located on 110 acres.

Amazon: Amazon built a 1.1 million square-foot distribution center. This center is one of three new e-commerce fulfillment sites in Texas employing 1,000 in Tarrant County. Amazon new Regional Air Hub opened at Fort Worth Alliance Airport in October 2019.

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

Meacham International Airport: Meacham Airport features two runways, 88 buildings, 1.55 million square feet of hangar space, three full-service fixed base operators, aircraft maintenance facilities, flight schools and two aviation museums..

GM Arlington: GM has recently announced plans to invest an additional \$20 million in its assembly plant for upgrades in advance of 2021 model production.

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

Dickies Arena: the City of Fort Worth built a \$540 million multi-purpose arena to house the Fort Worth Stock Show and Rodeo as well as concerts and other performances in the city's museum district. The City's funding was capped at \$225 million, the remaining funds came from private sector participants. The arena opened in November 2019.

American Airlines: American Airlines opened the new 1.8 million square-foot headquarters campus in Fort Worth in 2019. The Hospitality complex is scheduled to finish by the end of 2021. The cost of the campus is expected to exceed \$350 million, and the new facility will house over 12,000 employees.

Tarleton State University: construction started on a new campus in the southwest portion of Tarrant County. The first building was completed in 2019 with the ribbon cutting officially opening Tarleton's Fort Worth campus on August 1, 2019.

TCU-UNTHSC: Texas Christian University and the University of North Texas Health Science Center joined forces to open a new medical school. Classes began July 15, 2019.

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

Texas Ranger Ballpark: The citizens of the City of Arlington approved a 50/50 cost-sharing plan to build a \$1 billion new ballpark with a retractable roof for the Texas Rangers. Globe Life Field will be open for the 2020 season.

Dallas Cowboy Stadium: The Dallas Cowboy Stadium opened in 2009 and has played host to numerous professional, college and high school football games, as well as basketball, pro bull riding, boxing, and concert events.

Other major businesses: Other major businesses recently locating to or expanding in Tarrant County include Core-Mark, Ben E. Keith Foods, Northern Tool, Alcon Research, LLC, Mouser Electronics, and Klein Tools.

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 2019 totaled \$0.234 with \$0.019865 per \$100 valuation to fund the annual debt service requirements. On May 7, 2006, the Commissioners Court approved a resolution expressing

its intent to be fiscally responsible in the issuance of the bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

Major Initiatives

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the County's comprehensive annual financial report for the fiscal year ended September 30, 2018. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,

A large rectangular area of the document is redacted with a solid grey fill, obscuring the signature and any handwritten notes.

S. Renee Tidwell, CPA
County Auditor



Government Finance Officers Association

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

Presented to

**Tarrant County
Texas**

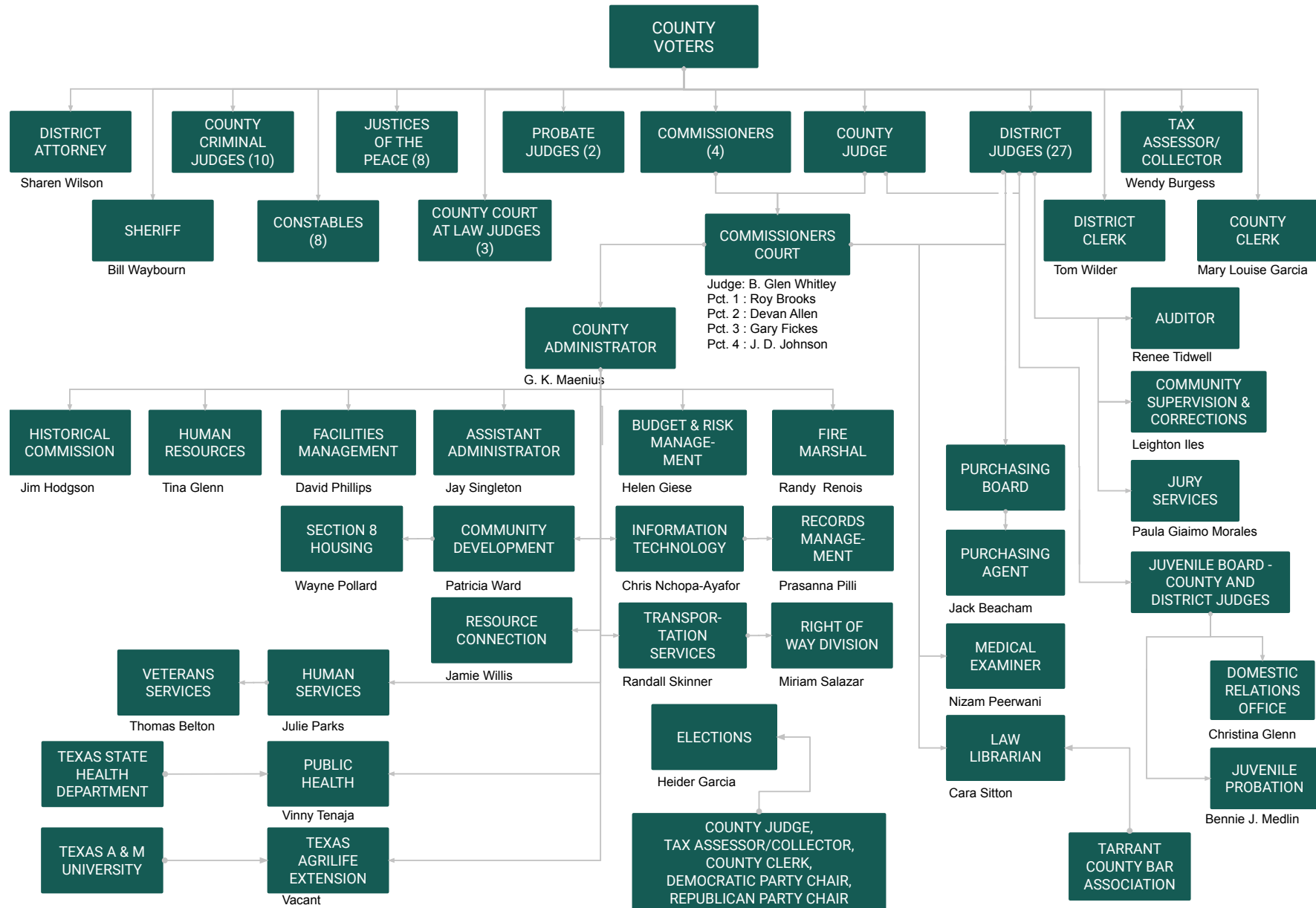
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

TARRANT COUNTY ORGANIZATION



PRINCIPAL OFFICIALS

September 30, 2019

Commissioners Court:

B. Glen Whitley
 Roy Charles Brooks
 Devan Allen
 Gary Fickes
 J. D. Johnson

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

Board of District Judges:

Elizabeth H. Beach
 Wayne Salvant
 Robb Catalano
 Mike Thomas
 Melody Wilkinson
 David Evans
 Don Cosby
 R. H. Wallace, Jr.
 John P. Chupp
 Susan McCoy
 Chris Wolfe
 Jesus Nevarez, Jr.
 Kenneth E. Newell
 Tom Lowe
 David C. Hagerman
 James Munford
 Alex Kim
 Jerome S. Hennigan
 Judith Wells
 Kimberly Fitzpatrick
 Megan Fahey
 Josh Burgess
 Patricia Baca Bennett
 Mollee Westfall
 Scott Wisch
 George Gallagher
 Ruben Gonzalez

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

County Judges:

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

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

PRINCIPAL OFFICIALS

September 30, 2019

County Judges: (continued)

Chris Ponder	Judge, Probate Court No. 1
Brooke Allen	Judge, Probate Court No. 2
Ralph Swearingin, Jr.	Justice of the Peace, Precinct 1
Mary Tom Curnutt	Justice of the Peace, Precinct 2
Bill Brandt	Justice of the Peace, Precinct 3
Christopher Gregory	Justice of the Peace, Precinct 4
Sergio L. DeLeon	Justice of the Peace, Precinct 5
Jason Charbonnet	Justice of the Peace, Precinct 6
Kenneth Sanders	Justice of the Peace, Precinct 7
Lisa R. Woodard	Justice of the Peace, Precinct 8

Law Enforcement:

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

Administrative Officials:

G.K. Maenius*	County Administrator
S. Renee Tidwell*	County Auditor
Wendy Burgess	Tax Assessor-Collector
Jack Beacham*	Purchasing Agent
Helen Giese*	Budget and Risk Management Director
Christopher Nchopa-Ayafor*	Chief Information Officer

Recording Officials:

Mary Louise Garcia	County Clerk
Tom Wilder	District Clerk

*Appointed officials. All others listed are elected officials.

FINANCIAL SECTION

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





INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge and Commissioners Court
Tarrant County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining financial statements and budgetary compliance schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary compliance schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Deloitte & Touche LLP

Dallas, Texas
March 30, 2020



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, 2019. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section.

Financial Highlights

- The assets and deferred outflows of the County exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$51,953,000 (net position). This is an increase of \$77,192,000.
- Total net position of the County is comprised of the following:
 1. Net investment in capital assets of \$369,212,000 includes land, buildings, computer software, infrastructure, construction in progress and other capital assets, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent bond proceeds, related to the purchase or construction of capital assets.
 2. Net position of \$34,488,000 is restricted by constraints imposed from outside the County, such as debt obligations, laws, regulations, contractual or donor imposed constraints.
 3. Unrestricted net position of a negative \$351,747,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$324,140,000, an increase of \$19,779,000 in comparison with the prior year. Approximately 23 percent of this total amount, \$74,000,000, 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 \$75,997,000, or approximately 17 percent of total general fund expenditures.
- The County's bonded debt decreased by \$28,125,000 (approximately 10 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Tarrant County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental

activities of the County include general government, public safety, transportation support, judicial, and community services. The business-type activities of Tarrant County include the Resource Connection.

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

The government-wide financial statements can be found on pages 14-17 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 18-23 of this report. The combining nonmajor governmental fund financial statements begin on page 105.

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

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

The basic proprietary fund financial statements can be found on pages 24-26 of this report. The combining internal service fund financial statements begin on page 119.

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 27 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 28-88 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes budget to actual schedules for general fund and road and bridge fund. Also included are schedules regarding the funding, contributions and unfunded liabilities of pension and other postemployment benefits to employees. Required supplementary information can be found on pages 89-102 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets and deferred outflows exceeded liabilities and deferred inflows by \$51,953,000 at the close of the most recent fiscal year.

A large portion of the County's net position, \$369,212,000, reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding, excluding unspent proceeds. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another balance of net position represents resources that are subject to external restriction on how they may be used. Restricted net position include \$18,339,000 for records management, \$4,893,000 for contractual or donor imposed restrictions, and \$11,256,000 for other purposes. The remaining portion of the net position is unrestricted net position, which is a negative \$351,747,000.

Tarrant County's Net Position

(Amounts in thousands)

	September 30, 2019			September 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 425,289	\$ 2,555	\$ 427,844	\$ 397,558	\$ 2,760	\$ 400,318
Capital assets	481,837	4,154	485,991	485,025	4,095	489,120
Total assets	907,126	6,709	913,835	882,583	6,855	889,438
Deferred outflows	145,650	398	146,048	61,747	168	61,915
Other liabilities	66,632	228	66,860	53,785	277	54,062
Long-term liabilities	840,003	1,618	841,621	856,392	1,633	858,025
Total liabilities	906,635	1,846	908,481	910,177	1,910	912,087
Deferred inflows	99,131	318	99,449	64,310	195	64,505
Net position:						
Net investment in						
capital assets	365,058	4,154	369,212	351,713	4,095	355,808
Restricted	34,488	-	34,488	31,287	-	31,287
Unrestricted	(352,536)	789	(351,747)	(413,157)	823	(412,334)
Total net position (deficit)	\$ 47,010	\$ 4,943	\$ 51,953	\$ (30,157)	\$ 4,918	\$ (25,239)

The County has a positive net position for the government as a whole, as well as for its governmental activities. The negative unrestricted net position is a result of the required accounting and reporting for pension and other postemployment benefit liabilities and associated deferred inflows and outflows of resources. The net pension liability and OPEB liability of the governmental activities are \$342,755,000 and \$163,194,000, respectively. More information regarding contributions, net pension liability and OPEB liability can be found in the required supplemental information on pages 95-99.

The County's net position increased by \$77,192,000, during the current fiscal year. This increase represents the degree to which ongoing revenues have surpassed ongoing expenses. Revenues increased \$37,858,000 approximately 6 percent, related to increases in prescription rebates, tax collection commissions, and property taxes resulting from increased property values. Expenses decreased \$35,517,000, or by nearly 6 percent.

Governmental activities. Governmental activities increased the County's net position by \$77,167,000, thereby accounting for the increase in the net position of the County. Revenue increased \$37,866,000 or approximately 6 percent from prior year as a result of increase in program revenues and property taxes. Expenses decreased \$35,742,000 or by approximately 6 percent from prior year as a result of decreased spending in public safety, transportation, and judicial governmental funds.

Business-type activities. Business-type activities net position increased \$25,000. Expenses increased \$225,000 or approximately 7 percent from the prior year as a result of recognition of OPEB liabilities and current year revenues only decreased \$8,000 or less than 1 percent.

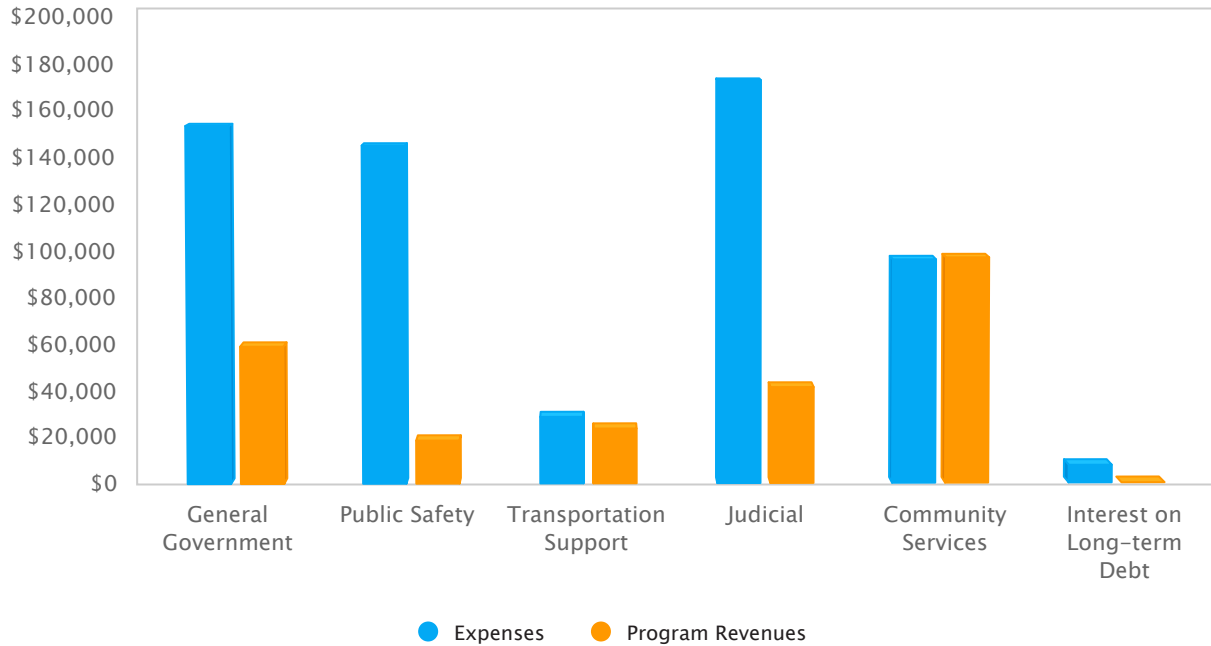
Tarrant County's Changes in Net Position

(Amounts in thousands)

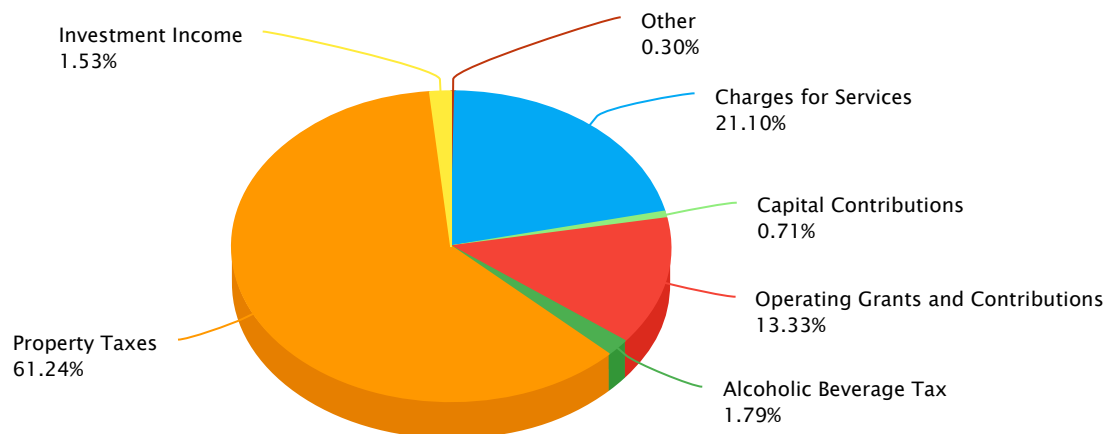
	For the year ended September 30, 2019			For the year ended September 30, 2018		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 143,884	\$ 3,272	\$ 147,156	\$ 132,839	\$ 3,284	\$ 136,123
Operating grants and contributions	90,900	-	90,900	87,599	-	87,599
Capital grants and contributions	4,833	-	4,833	642	-	642
General revenues:			-			-
Property taxes	417,540	-	417,540	403,618	-	403,618
Alcohol, bingo, and other taxes	12,188	-	12,188	11,321	-	11,321
Investment earnings	10,453	72	10,525	6,888	44	6,932
Other general revenue	2,012	116	2,128	1,037	140	1,177
Total revenues	<u>681,810</u>	<u>3,460</u>	<u>685,270</u>	<u>643,944</u>	<u>3,468</u>	<u>647,412</u>
Expenses:						
General government	153,715	-	153,715	151,006	-	151,006
Public safety	145,317	-	145,317	155,980	-	155,980
Transportation	28,634	-	28,634	49,564	-	49,564
Judicial	172,703	-	172,703	182,031	-	182,031
Community services	96,341	-	96,341	93,103	-	93,103
Interest and fiscal charges	7,933	-	7,933	8,701	-	8,701
Resource Connection	-	3,435	3,435	-	3,210	3,210
Total expenses	<u>604,643</u>	<u>3,435</u>	<u>608,078</u>	<u>640,385</u>	<u>3,210</u>	<u>643,595</u>
Increase in net position	77,167	25	77,192	3,559	258	3,817
Net position (deficit)-beginning	(30,157)	4,918	(25,239)	(33,716)	4,660	(29,056)
Net position (deficit)-ending	<u>\$ 47,010</u>	<u>\$ 4,943</u>	<u>\$ 51,953</u>	<u>\$ (30,157)</u>	<u>\$ 4,918</u>	<u>\$ (25,239)</u>

Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$324,140,000, an increase of \$19,779,000. Approximately 23 percent of this total amount, \$74,000,000, 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) \$5,866,000 is not in spendable form, 2) \$114,326,000 is restricted for a specific purpose externally imposed by bond covenants, grantors and contributors, or by enabling legislation, 3) \$114,899,000 has been committed by a formal action of the Commissioners Court for a specific purpose, and 4) \$15,049,000 has been assigned for a specific purpose, generally used to liquidate outstanding purchase orders, to fund next year's budget, and economic development.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$75,997,000, while total fund balance was \$89,754,000. 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 17 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 \$8,219,000 during the current fiscal year. Revenues and expenditures along with operating transfers were closely matched for the year. Revenues increased about 5 percent from prior year mostly due to increased tax collections from increased property values as well as tax collection commissions. Expenditures increased about 5 percent, mostly due to increase in employee salaries and fringe benefits.

The road and bridge fund accounts for monies designated for the acquisition, construction and maintenance of county roads and bridges. The fund has a total fund balance of \$12,296,000 of which \$973,000 is in nonspendable form, the remainder is committed by the Commissioners Court. The fund balance increased \$863,000. Revenues increased \$385,000 or approximately 2 percent from the prior year, expenditures increased \$614,000 or 2 percent primarily due to increase in employee salaries and fringe benefits.

The debt service fund has a total fund balance of \$1,262,000, all of which is committed for the payment of debt service. The net decrease in fund balance during the current year was \$579,000 due to a decrease in the allocation of tax revenues to the debt service fund. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax, along with delinquent collections, produced revenues of \$36,276,000 in the current fiscal year. The County maintains a budgeted reserve of at least \$1,000,000 in this fund.

The capital projects fund has a total fund balance of \$143,919,000, 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 \$1,521,000. The fund balance decreased due to payments for construction projects, software development, furniture, equipment, and transportation projects. Details of the bond projects are further described in the long-term debt section beginning on page 43.

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

Other governmental funds are for specific purposes. Revenues exceed expenditures resulting in an increase of the fund balance by \$12,797,000. Records preservation and automation fund increased \$1,436,000 with revenues exceeding expenditures related to projects to enhance public access and to make records searchable and available online. Public health contract fund balance increased \$5,826,000 due to revenues exceeding expenditures related to Medicaid 1115 waiver. Miscellaneous contracts increased \$3,697,000, a majority of this increase is due to contracts with pharmacies for 340B prescription rebates.

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

Total net position of the Resource Connection fund at the end of the year amounted to \$4,943,000. The total increase in net position for the fund was \$25,000. Expenses increased \$225,000 or approximately 7 percent due to the payback of the expenditures incurred in the capital projects fund. Current year revenues only decreased \$8,000 or less than 1 percent from decreased mineral lease royalties.

General Fund Budgetary Highlights

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

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

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$43,822,634, contingency of \$5,000,000 and undesignated balance of \$2,357,322.
- There were large budget transfers from non-departmental to other departments for judicial expenses, including court appointed attorneys. Department expenses were less than budgeted for information technology, sheriff, and jail operations.
- Actual revenue was greater than budgeted revenue, this is to be expected as the budget includes a contingency of \$5,000,000. Besides property taxes, actual revenues exceeded budgeted revenue in the fees of office for the tax office commissions, county clerk for deeds of trust filings, and investment income.

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, 2019 amounted to \$485,991,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, computer software, infrastructure and construction in progress. The total decrease in the County's investment in capital assets for the current fiscal year was \$3,129,000.

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

- Continued development of criminal justice software
- Continued development of a jail management system
- Continued development of Juvenile Justice Complex

Additional information on the County's capital assets can be found in Note 6 on pages 42-43 of this report.

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

	September 30, 2019			September 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 66,580	\$ 2,071	\$ 68,651	\$ 66,309	\$ 2,071	\$ 68,380
Buildings and improvements	303,072	1,195	304,267	315,938	1,065	317,003
Furnishings and equipment	23,753	172	23,925	22,573	169	22,742
Software	6,675	-	6,675	8,338	-	8,338
Infrastructure	54,157	716	54,873	50,682	790	51,472
Construction in progress	2,925	-	2,925	2,002	-	2,002
Software in development	24,675	-	24,675	19,183	-	19,183
Total	<u>\$ 481,837</u>	<u>\$ 4,154</u>	<u>\$ 485,991</u>	<u>\$ 485,025</u>	<u>\$ 4,095</u>	<u>\$ 489,120</u>

Long-term debt.

At the end of the current fiscal year, the County had total bonded debt outstanding of \$266,375,000. All of this debt represents bonds payable solely on future ad valorem tax revenue. The remainder of the County's long-term debt obligation is comprised of a capital lease with a balance of \$857,000.

Tarrant County's Outstanding Debt
(Amounts in thousands)

	Governmental Activities September 30	
	2019	2018
Bonds	\$ 266,375	\$ 294,500
Capital Lease	857	1,641
Total	<u>\$ 267,232</u>	<u>\$ 296,141</u>

The County's bonded debt decreased by \$28,125,000 or 10 percent during the current fiscal year.

On May 13, 2006, the voters of Tarrant County approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County has issued all the debt for this purpose and has no plan for another proposition.

The County maintains an "AAA" rating from Standard and Poor's and an Aaa rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the County is \$9,309,657,000, 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 7 on pages 43-46 of this report.

Economic Factors and Next Year's Budgets and Rates

Tarrant County's economic condition remains positive.

- The unemployment rate for Tarrant County decreased from 3.4 percent to 3.1 percent. The state's average unemployment rate decreased to 3.3 percent compared to the prior year of 3.7 percent. The national unemployment rate also decreased to 3.3 percent.
- Continued increase in the tax rolls in Tarrant County, due to both new construction and increase in values.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

At September 30, 2019, the unassigned fund balance in the general fund was \$75,997,000. Total assigned fund balance, \$10,794,000, includes \$7,558,000 assigned for the purpose of spending in the 2020 fiscal year budget. This available fund balance enabled the County's tax rate to remain the same for the 2020 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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





STATEMENT OF NET POSITION

September 30, 2019 (Amounts in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 376,977	\$ 3,065	\$ 380,042
Taxes receivable, net of allowance for uncollectibles	6,445	-	6,445
Other receivables, net of allowance for uncollectibles	35,153	92	35,245
Internal balances	607	(607)	-
Prepaid expenses and inventory	6,107	5	6,112
Other assets	-	-	-
Capital assets, net:			
Not subject to depreciation	94,180	2,071	96,251
Subject to depreciation	387,657	2,083	389,740
Total assets	907,126	6,709	913,835
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	133,947	373	134,320
Deferred OPEB outflows	8,179	25	8,204
Deferred charge on refunding	3,524	-	3,524
Total deferred outflows of resources	145,650	398	146,048
LIABILITIES			
Accounts payable	26,272	133	26,405
Accrued interest payable	1,723	-	1,723
Other liabilities	22,428	23	22,451
Unearned revenue	16,209	72	16,281
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	33,021	91	33,112
Capital lease	786	-	786
Bonds & notes payable	25,930	-	25,930
Other post employment benefit liability	8,179	25	8,204
Other noncurrent liabilities	3,481	-	3,481
Portion due or payable after one year:			
Compensated absences payable	12,892	35	12,927
Capital lease payable	71	-	71
Bonds and notes payable	252,329	-	252,329
Net pension liability	342,755	969	343,724
Other post employment benefit liability	155,015	498	155,513
Other noncurrent liabilities	5,544	-	5,544
Total liabilities	906,635	1,846	908,481
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	25,275	76	25,351
Deferred OPEB inflows	73,856	242	74,098
Total deferred inflows of resources	99,131	318	99,449
NET POSITION (DEFICIT)			
Net investment in capital assets	365,058	4,154	369,212
Restricted:			
Records management	18,339	-	18,339
Contractual or donor imposed	4,893	-	4,893
Other purposes	11,256	-	11,256
Unrestricted	(352,536)	789	(351,747)
Total net position (deficit)	\$ 47,010	\$ 4,943	\$ 51,953

See accompanying notes to the financial statements

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 691,940	\$ 39,009
4,844	-
96,630	16,015
-	-
30,659	2,616
496	-
76,347	4,723
185,344	21,617
<u>1,086,260</u>	<u>83,980</u>
31,771	-
-	-
-	-
<u>31,771</u>	<u>-</u>
62,746	4,254
-	-
130,831	9,307
-	480
-	399
-	1,154
3,255	-
-	-
6,234	-
-	3,021
-	1,274
30,119	-
5,257	-
-	-
8,370	-
<u>246,812</u>	<u>19,889</u>
15,868	-
-	-
<u>15,868</u>	<u>-</u>
225,499	23,912
-	-
2,130	-
382	1,099
627,340	39,080
<u>\$ 855,351</u>	<u>\$ 64,091</u>

STATEMENT OF ACTIVITIES

For the year ended September 30, 2019 (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	\$ 153,715	\$ 57,787	\$ 1,410	\$ 88
Public safety	145,317	12,169	5,992	26
Transportation support	28,634	19,236	38	4,719
Judicial	172,703	29,455	11,690	-
Community services	96,341	25,237	71,770	-
Interest and fiscal charges	7,933	-	-	-
Total governmental activities	604,643	143,884	90,900	4,833
Business-type:				
Resource Connection	3,435	3,272	-	-
Total primary government	\$ 608,078	\$ 147,156	\$ 90,900	\$ 4,833
Component units				
Tarrant County Hospital District	\$ 1,074,255	\$ 466,657	\$ 131,572	\$ -
MHMR of Tarrant County	152,484	42,772	106,498	-
	\$ 1,226,739	\$ 509,429	\$ 238,070	\$ -

General revenues:

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

Change in net position

- Net position (deficit)-beginning
- Net position-ending

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (94,430)	\$ -	\$ (94,430)	\$ -	\$ -
(127,130)	-	(127,130)	-	-
(4,641)	-	(4,641)	-	-
(131,558)	-	(131,558)	-	-
666	-	666	-	-
(7,933)	-	(7,933)	-	-
(365,026)	-	(365,026)	-	-
-	(163)	(163)	-	-
<u>\$ (365,026)</u>	<u>\$ (163)</u>	<u>\$ (365,189)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (476,026)	\$ -
			-	(3,214)
			<u>\$ (476,026)</u>	<u>\$ (3,214)</u>
417,540	-		413,858	-
12,188	-		-	-
10,453	72		18,077	766
2,012	116		76,803	1,006
<u>442,193</u>	<u>188</u>	<u>-</u>	<u>508,738</u>	<u>1,772</u>
77,167	25	77,192	32,712	(1,442)
(30,157)	4,918	(25,239)	822,639	65,533
<u>\$ 47,010</u>	<u>\$ 4,943</u>	<u>\$ 51,953</u>	<u>\$ 855,351</u>	<u>\$ 64,091</u>

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2019 (Amounts in thousands)

	General	Road and Bridge	Debt Service	Capital Projects
ASSETS				
Cash, cash equivalents, and investments	\$ 87,490	\$ 13,183	\$ 1,210	\$ 154,220
Receivables				
Taxes, net of allowance for uncollectibles	5,811	7	627	-
Other receivables, net of allowance for uncollectibles	7,945	769	6	32
Due from other funds	15,575	-	-	-
Advance to proprietary fund	-	-	-	607
Supplies and prepaid items	2,825	973	-	-
TOTAL ASSETS	\$ 119,646	\$ 14,932	\$ 1,843	\$ 154,859
LIABILITIES				
Accounts payable	\$ 7,200	\$ 2,237	\$ -	\$ 10,927
Other liabilities	13,528	392	-	13
Due to other funds	-	-	-	-
Unearned revenue	3	-	-	-
Total liabilities	20,731	2,629	-	10,940
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	5,333	7	581	-
Unavailable revenue-other receivables	3,828	-	-	-
Total deferred inflows of resources	9,161	7	581	-
FUND BALANCES				
Nonspendable	2,825	973	-	-
Restricted	-	-	-	78,272
Committed	138	11,323	1,262	65,647
Assigned	10,794	-	-	-
Unassigned	75,997	-	-	-
Total fund balances	89,754	12,296	1,262	143,919
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 119,646	\$ 14,932	\$ 1,843	\$ 154,859

See accompanying notes to the financial statements

Grants	Other Governmental Funds	Total Governmental Funds
\$ 15,608	\$ 77,998	\$ 349,709
-	-	6,445
19,163	3,684	31,599
-	-	15,575
-	-	607
1,997	71	5,866
<u>\$ 36,768</u>	<u>\$ 81,753</u>	<u>\$ 409,801</u>
\$ 3,736	\$ 1,075	\$ 25,175
1,380	2,101	17,414
15,544	31	15,575
16,108	-	16,111
<u>36,768</u>	<u>3,207</u>	<u>74,275</u>
-	-	5,921
-	1,637	5,465
-	1,637	11,386
1,997	71	5,866
-	36,054	114,326
-	36,529	114,899
-	4,255	15,049
(1,997)	-	74,000
-	76,909	324,140
<u>\$ 36,768</u>	<u>\$ 81,753</u>	<u>\$ 409,801</u>

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

September 30, 2019 (Amounts in thousands)

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

Total fund balance - total governmental funds	\$ 324,140
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	481,837
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	11,386
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	15,829
Deferred outflows of resources are not an available resource and, therefore are not reported in the funds.	145,650
Deferred inflows of resources are not an available resource and, therefore are not reported in the funds.	(99,131)
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>(832,701)</u>
Net position - governmental activities	<u>\$ 47,010</u>

See accompanying notes to the financial statements



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

For the year ended September 30, 2019 (Amounts in thousands)

	General	Road and Bridge	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 382,335	\$ 1	\$ 36,276	\$ -
Licenses and permits	1,410	-	-	-
Fees of office	64,304	19,167	-	-
Intergovernmental	24,149	99	-	-
Investment income	4,476	277	428	3,468
Other revenues	11,589	323	-	1,529
Total revenues	488,263	19,867	36,704	4,997
EXPENDITURES:				
Current:				
General government	117,784	4,065	-	-
Public safety	143,530	-	-	-
Transportation support	-	23,244	-	-
Judicial	173,198	-	-	-
Community services	5,750	-	-	-
Capital outlay	60	-	-	37,240
Debt service:				
Principal payments	-	-	28,125	-
Interest and fiscal charges	-	-	9,158	-
Total expenditures	440,322	27,309	37,283	37,240
Excess (deficiency) of revenues over (under) expenditures	47,941	(7,442)	(579)	(32,243)
OTHER FINANCING SOURCES (USES):				
Transfers in	667	8,305	-	30,722
Transfers out	(40,389)	-	-	-
Total other financing sources (uses)	(39,722)	8,305	-	30,722
Change in fund balance	8,219	863	(579)	(1,521)
FUND BALANCES, beginning of year	81,535	11,433	1,841	145,440
FUND BALANCES, end of year	\$ 89,754	\$ 12,296	\$ 1,262	\$ 143,919

See accompanying notes to the financial statements

Grants	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 181	\$ 418,793
-	12	1,422
805	21,951	106,227
77,659	30,445	132,352
245	1,559	10,453
236	5,041	18,718
<u>78,945</u>	<u>59,189</u>	<u>687,965</u>
540	5,562	127,951
4,090	4,077	151,697
-	-	23,244
9,595	3,084	185,877
59,682	32,428	97,860
5,038	2,055	44,393
-	-	28,125
-	-	9,158
<u>78,945</u>	<u>47,206</u>	<u>668,305</u>
-	11,983	19,660
-	1,481	41,175
-	(667)	(41,056)
-	814	119
-	12,797	19,779
-	64,112	304,361
<u>\$ -</u>	<u>\$ 76,909</u>	<u>\$ 324,140</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2019 (Amounts in thousands)

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

Net change in fund balances--total governmental funds	\$ 19,779
 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)	 (6,930)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note 2)	 3,742
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	 (7,129)
 The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	 28,909
 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)	 36,324
 The change in net position of certain activities of internal service funds is reported with governmental activities.	 <u>2,472</u>
 Change in net position - governmental activities	 <u>\$ 77,167</u>

See accompanying notes to the financial statements

STATEMENT OF NET POSITION PROPRIETARY FUNDS

September 30, 2019 (Amounts in thousands)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,065	\$ 27,268
Other receivables, net of allowance for uncollectibles	92	3,554
Prepaid expenses and inventory	5	241
Total current assets	3,162	31,063
Noncurrent assets:		
Capital assets		
Land	2,071	-
Building and improvements, net	1,195	-
Equipment, net	172	-
Infrastructure, net	716	-
Total noncurrent assets	4,154	-
Total assets	7,316	31,063
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	373	-
Deferred OPEB outflows	25	-
Total deferred outflows of resources	398	-
LIABILITIES		
Current liabilities:		
Accounts payable	133	1,097
Other liabilities	23	5,014
Advance from capital projects fund	607	-
Unearned revenue	72	98
Compensated absences payable	91	-
Other post employment benefit liability	25	-
Other long term liabilities-current portion	-	3,481
Total current liabilities	951	9,690
Noncurrent liabilities:		
Other noncurrent liabilities	-	5,544
Net pension liability	969	-
Compensated absences payable	35	-
Other post employment benefit liability	498	-
Total noncurrent liabilities	1,502	5,544
Total liabilities	2,453	15,234
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	76	-
Deferred OPEB inflows	242	-
Total deferred inflows of resources	318	-
NET POSITION		
Investment in capital assets	4,154	-
Unrestricted	789	15,829
Total net position	\$ 4,943	\$ 15,829

See accompanying notes to the financial statements

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

For the year ended September 30, 2019 (Amounts in thousands)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING REVENUES		
Building rental	\$ 3,272	\$ -
Charges for services - external	-	17,389
Charges for services - internal	-	54,546
Oil and gas royalties	111	-
Other revenues	5	5,523
	<u>3,388</u>	<u>77,458</u>
OPERATING EXPENSES		
Personnel	1,098	-
Building and equipment	1,466	116
Depreciation and amortization	304	-
Self insurance claims	-	67,603
Insurance premiums	30	2,404
Other expenses	537	5,330
	<u>3,435</u>	<u>75,453</u>
Total operating revenues	3,388	77,458
Operating income (loss)	<u>(47)</u>	<u>2,005</u>
NONOPERATING REVENUES		
Investment income	72	586
	<u>72</u>	<u>586</u>
Total nonoperating revenues	72	586
Income before transfers	<u>25</u>	<u>2,591</u>
Transfers in	-	375
Transfers out	-	(494)
Change in net position	25	2,472
Net position - beginning of year	<u>4,918</u>	<u>13,357</u>
Net position - ending	<u>\$ 4,943</u>	<u>\$ 15,829</u>

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended September 30, 2019 (Amounts in thousands)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers and employees	\$ 2,407	\$ 24,471
Receipts from interfund charges	1,274	54,546
Payments to suppliers	(2,100)	-
Payments for claims and judgements	-	(74,799)
Payments to employees	(1,218)	-
Net cash provided by operating activities	<u>363</u>	<u>4,218</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	<u>72</u>	<u>586</u>
Net cash provided by investing activities	<u>72</u>	<u>586</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in	-	375
Transfers out	-	(494)
Net cash used in noncapital financing activities	<u>-</u>	<u>(119)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	<u>(363)</u>	<u>-</u>
Net cash used in capital and related financial activities	<u>(363)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	72	4,685
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,993</u>	<u>22,583</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,065</u>	<u>\$ 27,268</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Income (loss) from operations	\$ (47)	\$ 2,005
Net cash provided by operating activities:		
Depreciation & amortization	304	-
Changes in assets and liabilities:		
Other receivables	19	1,549
Prepaid expenses and inventory	-	(47)
Pension related outflows	(229)	-
OPEB related outflows	(1)	-
Accounts payable	(67)	559
Other liabilities	2	142
Advance from capital projects fund	258	-
Unearned revenue	16	10
Pension liability	153	-
Pension related inflows	(69)	-
OPEB liability	(182)	-
OPEB related inflows	192	-
Compensated absences	14	-
Net cash provided by operating activities	<u>\$ 363</u>	<u>\$ 4,218</u>

See accompanying notes to the financial statements

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

September 30, 2019 (Amounts in thousands)

	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 55,490
Other receivables	107
Restricted cash, cash equivalents, and investments	<u>50,480</u>
 TOTAL ASSETS	 \$ <u>106,077</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 742
Due to third parties	<u>105,335</u>
 TOTAL LIABILITIES	 \$ <u>106,077</u>

See accompanying notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the County conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. GASB periodically updates its codification of the existing standards. In fiscal year 2019, the County implemented GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowing and Direct Placements*. The implementation of the other statements did not have a significant impact to the County. The following is a summary of the significant policies:

(a) Reporting Entity

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

BLENDING COMPONENT UNITS

The Tarrant County Housing Finance Corporation ("TCHFC") provides financing for purchase of single family home mortgages and multifamily projects, both relating to low and moderate income residents. The County Commissioners Court created the TCHFC, but it is not a political subdivision of the County under state law. The criteria used to include the TCHFC as a blended component unit of the County include: the County is able to impose its will, as the TCHFC's board of directors and the Commissioners Court are the same and County staff maintain the books and records of the corporation. The TCHFC is reported in the other governmental column in the fund financial statements. All debt issued through TCHFC was conduit debt (see Note 7).

The Tarrant County Industrial Development Corporation ("TCIDC") provides financing through the issuance of industrial and manufacturing bonds, which promotes and encourages employment and the public welfare in the County. The criteria used to include the TCIDC as a blended component unit of the County include: the County is able to impose its will, as the TCIDC's board of directors and the Commissioners Court are the same and County staff maintain the books and records of the corporation. TCIDC is reported in the other governmental column in the fund financial statements. All debt issued through TCIDC was conduit debt (see Note 7).

DISCRETELY PRESENTED COMPONENT UNITS

The Tarrant County Hospital District ("TCHD") d/b/a JPS Health Network serves the citizens of the County by providing medical, dental and hospital care for the indigent and needy. The criteria used to determine inclusion as a discretely presented component unit are: TCHD is governed by a board of directors, which the County Commissioners Court appoints and removes at will, the County Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD's

assets, and TCHD cannot issue bonded debt without County Commissioners Court approval. Services provided by TCHD are to the citizenry and not to the County. TCHD's financial statements include the JPS Physicians Group and JPS Foundation as component units within the reporting entity. TCHD is reported in the government-wide financial statements.

My Health My Resources of Tarrant County ("MHMRTC") serves the citizens of the County by providing services to people with mental illness, substance abuse disorders, and intellectual or developmental disabilities. The criteria used to determine inclusion as a discretely presented component unit are: MHMRTC is governed by a board of directors which the County Commissioners Court may appoint and remove at will, the County Commissioners Court approves the MHMRTC budget, but does not hold title to any of its assets, and MHMRTC can issue bonded debt without the approval of the County Commissioners Court. The fiscal year end of MHMRTC is August 31 and the financial statements presented herein are as of August 31, 2019. MHMRTC has two component units, MHMR Visions which is included in their financial statements and Trinity Behavior Rehabilitation Corporation, which has had no financial activity and therefore is not included. MHMRTC is reported in the government-wide financial statements.

The Tarrant County Health Facilities Development Corporation ("TCHFDC") was created to provide, expand, and improve health facilities to improve the adequacy, cost and accessibility of health care, research, and education. TCHFDC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC had no significant balance sheet or results of operations as of and for the year ended September 30, 2019 and therefore are not included in the County's financial statements. All debt issued through TCHFDC was conduit debt (see Note 7). TCHFDC had no other operations.

The Tarrant County Cultural Education Facilities Finance Corporation ("TCCEFFC") was created to promote the health, education, and general welfare of citizens by providing financing for cultural, health and educational facilities. TCCEFFC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC had no significant balance sheet or results of operations as of and for the year ended September 30, 2019, and therefore are not included in the County's financial statements. All debt issued through TCCEFFC was conduit debt (see Note 7). TCCEFFC had no other operations.

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

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

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

(b) Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following proprietary funds:

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

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

Additionally, the County reports the following fiduciary funds:

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

(c) Basis of Accounting

GOVERNMENT-WIDE, PROPRIETARY, AND FIDUCIARY FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

(d) Cash and Cash Equivalents and Investments

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

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

- a. Obligations of the United States or its agencies and instrumentalities;
- b. Direct obligations of the State of Texas;
- c. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States;
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; certificates of deposit issued by state and national banks that has its main office or a branch office in Texas that are:
 - (1) Guaranteed or insured by the FDIC, or its successor; or
 - (2) Secured by obligation described by Items a-d above and that have a market value of not less than the principal amount of the certificate;
- e. Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by item a. above, pledged with a third party selected or approved by the County, and placed through a primary government securities dealer or a financial institution doing business in the State of Texas;
- f. Commercial paper with a stated maturity of 365 days or less from the date of issuance that either:
 - (1) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
 - (2) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.
- g. Mutual funds and money market mutual funds:
 - (1) No-load money market mutual funds are authorized if registered with and regulated by the SEC; provide the investing entity with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940; and comply with Federal Securities and Exchange Commission Rule 2a-7
 - (2) No-load mutual funds are authorized if registered by the SEC; have an average weighted maturity of less than two years; and either: (A) have a duration of one year or more and are invested exclusively in obligations approved by Chapter 2256.014 of the Government Code; or (B) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities and invested exclusively in obligations approved by this policy and rated no less than AAA or its equivalent; and invest dollar-for-dollar all County funds without sales commissions or loads
- h. Investment pool as defined in Section 2256.016 of the Texas Government Code and rated no lower than AAA or its equivalent.

(e) Supplies and Prepaid Items

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

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

(f) Restricted Cash, Cash Equivalents, and Investments

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

(g) Capital Assets

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

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

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

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

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

(h) Long-term Obligations

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

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

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

(i) Pensions

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

(j) Compensated Absences

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

(k) Deferred Outflows/Inflows of Resources

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

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

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

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

(l) Property Taxes

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

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.234 (\$0.214135 for the maintenance and operations and \$0.019865 for interest and sinking fund) per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after January 31 of each year are subject to interest and penalty charges.

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

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

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

(m) Fund Balance Classifications

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

This classification includes amounts that are available for any purpose. The County's general fund is the only fund that can report a positive fund balance amount. Governmental funds other than the general fund may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

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

(n) Net Position**Net position: Net Investment in Capital Assets**

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

Net position: Restricted

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

Net position: Unrestricted

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$832,701 difference are as follows (in thousands):

Bonds payable	\$	266,375
Plus: Premium on issuance (to be amortized as interest expense)		11,884
Accrued interest payable		1,723
Capital lease payable		857
Compensated absences		45,913
Pension liability		342,755
Other postemployment benefits liability		<u>163,194</u>
Net adjustment to fund balance	\$	<u>832,701</u>

Another element of that reconciliation explains that “Deferred outflows of resources are not reported in the funds.” The details of this \$145,650 difference are as follows (in thousands):

Deferred charges on debt refunding	\$	3,524
Pension contributions after the measurement date		41,116
Changes in pension assumptions		7,085
Difference in projected and actual pension earnings		85,746
OPEB contributions after the measurement date		<u>8,179</u>
Net adjustment to fund balance	\$	<u>145,650</u>

Another element of that reconciliation explains that Deferred inflows of resources are not reported in the funds. The details of this \$99,131 difference are as follows (in thousands):

Changes in pension assumptions	\$	6,603
Difference in projected and actual pension experience		18,672
Changes in OPEB assumptions		31,253
Difference in projected and actual OPEB experience		<u>42,603</u>
Net adjustment to fund balance	\$	<u>99,131</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$6,930 difference are as follows (in thousands):

Capital outlay	\$ 22,421
Depreciation expense	<u>(29,351)</u>
Net adjustment to fund balance	<u>\$ (6,930)</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.” The details of this \$3,742 difference are as follows (in thousands):

In the statement of activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

	\$ (1,003)
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

	<u>4,745</u>
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Net adjustment to fund balance	<u>\$ 3,742</u>
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Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$28,909 difference are as follows (in thousands):

Principal repayments:	
Limited tax refunding and general obligation debt	\$ 28,125
Capital lease	<u>784</u>
Net adjustment to fund balance	<u>\$ 28,909</u>

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

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 \$36,324 difference are as follows (in thousands):

Changes in:	
Compensated absences	\$ (413)
Other postemployment benefits	55,662
Net pension liability	(69,803)
Deferred pension outflows	83,738
Deferred pension inflows	23,507
Deferred OPEB outflows	725
Deferred OPEB inflows	(58,328)
Accrued interest payable	184
Amortization of deferred charge on refunding	(560)
Amortization of bond premiums	1,612
	<u>36,324</u>
Net adjustment to fund balance	<u>\$ 36,324</u>

3. CASH AND INVESTMENTS

Cash

At year-end, the County’s carrying amount of cash (including restricted cash in the fiduciary funds) was \$353,581,291 and the bank balance was \$362,451,899, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County’s agent in the County’s name.

Investments

As of September 30, 2019 the County had the following investments and maturities (in thousands):

Investment Type	Carrying Amount	Maturity in Years		% of total Portfolio
		less than 1	1 - 5	
Governmental funds:				
Certificates of deposit	\$ 2,726	\$ 2,056	\$ 670	2.1%
Investment pools:				
TexPool	25,637	25,637	-	19.3%
Lone Star	27,493	27,493	-	20.8%
TexStar	30,693	30,693	-	23.2%
Texas CLASS	5,437	5,437	-	4.1%
Fiduciary funds:				
Certificates of deposit	40,445	18,146	22,299	30.5%
Total Investments	<u>\$ 132,431</u>	<u>\$ 109,462</u>	<u>\$ 22,969</u>	<u>100%</u>

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

As of September 30, 2019, investment pools and certificates of deposit are not classified in the fair value hierarchy. The recorded position of the pools for TexPool, Lone Star and Texas CLASS are measured at amortized cost

as these pools meet the requirements of GASB Statement No. 79. The recorded position of the pool for TexStar is measured at net asset value and is designed to approximate the share value; however, the net asset value is not guaranteed or insured. All pools offer same day access to investments. The County has no unfunded commitments to these pools and may redeem investments at any time.

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

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

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

Custodial credit risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. County policy requires all investments to be acquired on a delivery vs. payment basis at the custodial agent from brokers independent of the custodial agent. As of September 30, 2019, 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, the amount, type of investment, and percentage in the portfolio is listed in the table above.

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

Cash	\$ 353,581
Investments	<u>132,431</u>
Total	<u>\$ 486,012</u>
Cash and investments per Statement of Net Position:	
Unrestricted	\$ 380,042
Cash and investments per Statement of Fiduciary Net Position:	
Unrestricted	55,490
Restricted	<u>50,480</u>
Total	<u>\$ 486,012</u>

4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes receivable	\$ 28,627	\$ 17	\$ 4,115	\$ 32,759
Allowance for uncollectibles	(22,816)	(10)	(3,488)	(26,314)
Net Taxes Receivable	<u>\$ 5,811</u>	<u>\$ 7</u>	<u>\$ 627</u>	<u>\$ 6,445</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	\$ 3,357	\$ 364	\$ -	\$ 32	\$ 992	\$ 2,558	\$ 7,303
Fee office receivable	87,369	-	-	-	-	-	87,369
Intergovernmental receivable	1,328	405	6	-	18,503	1,173	21,415
Allowance for uncollectible	(84,109)	-	-	-	(332)	(47)	(84,488)
Net accounts receivable	<u>\$ 7,945</u>	<u>\$ 769</u>	<u>\$ 6</u>	<u>\$ 32</u>	<u>\$ 19,163</u>	<u>\$ 3,684</u>	<u>\$ 31,599</u>

Proprietary Funds

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Accounts receivable	\$ 93	\$ 3,562	\$ 3,655
Allowance for uncollectible	(1)	(8)	(9)
Net accounts receivable	<u>\$ 92</u>	<u>\$ 3,554</u>	<u>\$ 3,646</u>

5. OPERATING LEASES - LESSOR

The County is the lessor in several cancelable operating leases to various entities for space at the Resource Connection, a 16-building, one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The County's investment in the property on the operating leases is as follows (in thousands):

	<u>Carrying Value</u>
Buildings	\$5,676
Less: accumulated depreciation	(4,680)
Net carrying value	<u>\$996</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows (in thousands):

	Balance October 1, 2018	Additions	Disposals	Transfers	Balance September 30, 2019
Governmental activities:					
Capital assets; not depreciated:					
Land	\$ 66,309	\$ 394	\$ (123)	\$ -	\$ 66,580
Software in development	19,183	5,879	-	(387)	24,675
Construction in progress	2,002	1,153	-	(230)	2,925
Total capital assets not depreciated	<u>87,494</u>	<u>7,426</u>	<u>(123)</u>	<u>(617)</u>	<u>94,180</u>
Capital assets; being depreciated:					
Buildings and improvements	507,035	1,433	(1,024)	132	507,576
Furnishings and equipment	91,050	8,420	(5,255)	-	94,215
Software	49,438	504	-	387	50,329
Infrastructure	123,632	9,383	(2,553)	98	130,560
Total capital assets; being depreciated	<u>771,155</u>	<u>19,740</u>	<u>(8,832)</u>	<u>617</u>	<u>782,680</u>
Less accumulated depreciation for:					
Buildings and improvements	(191,097)	(14,431)	1,024	-	(204,504)
Furnishings and equipment	(68,477)	(7,069)	5,084	-	(70,462)
Software	(41,100)	(2,554)	-	-	(43,654)
Infrastructure	(72,950)	(5,297)	1,844	-	(76,403)
Total accumulated depreciation	<u>(373,624)</u>	<u>(29,351)</u>	<u>7,952</u>	<u>-</u>	<u>(395,023)</u>
Total capital assets; being depreciated, net	397,531	(9,611)	(880)	617	387,657
Governmental activities capital assets, net	<u>\$ 485,025</u>	<u>\$ (2,185)</u>	<u>\$ (1,003)</u>	<u>\$ -</u>	<u>\$ 481,837</u>

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

Governmental activities:	
General government	\$ 15,700
Public safety	4,583
Transportation	8,522
Judicial	248
Community services	298
Total governmental activities depreciation expense	<u>\$ 29,351</u>

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

	Balance October 1, 2018	Additions	Disposal	Adjustment	Balance September 30, 2019
Business-type activities:					
Capital assets; not depreciated:					
Land	\$ 2,071	\$ -	\$ -	\$ -	\$ 2,071
Total capital assets not depreciated	<u>2,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071</u>
Capital assets; being depreciated:					
Buildings and improvements	6,495	312	-	-	6,807
Furnishings and equipment	533	51	-	-	584
Infrastructure	1,392	-	-	-	1,392
Total capital assets; being depreciated	<u>8,420</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>8,783</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,430)	(182)	-	-	(5,612)
Furnishings and equipment	(364)	(48)	-	-	(412)
Infrastructure	(602)	(74)	-	-	(676)
Total accumulated depreciation	<u>(6,396)</u>	<u>(304)</u>	<u>-</u>	<u>-</u>	<u>(6,700)</u>
Total capital assets; being depreciated, net	2,024	59	-	-	2,083
Business-type activities capital assets, net	<u>\$ 4,095</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,154</u>

7. LONG-TERM DEBT AND LIABILITIES

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

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

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

At fiscal year-end, \$158,812,823 of debt related proceeds have not been used in the calculation of net investment in capital assets. This amount includes proceeds that are not related to County capital projects, as these expenditures are related to interlocal agreements with municipalities for road and bridge improvements, not future assets owned by the County and other unspent bond proceeds.

Long-term debt of the County consisted of the following at September 30, 2019 (in thousands):

Limited Tax Refunding and General Obligation - Series 2010 Original amount of \$70,045 dated September 15, 2010, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2030. The issuance included the refunding of Limited Tax Bonds \$15,600 of the 2002 Limited Tax Bonds. \$33,310 of the General Obligation was refunded with the 2017 issuance.	\$ 7,690
Limited Tax Refunding and General Obligation - Series 2013 Original amount of \$72,260 dated September 1, 2013, with interest rates from 1.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2033. The issuance included the refunding of \$19,975 of the 2004 Limited Tax Refunding and Improvement Bonds and \$17,235 of the 2005 Limited Tax Refunding Bonds.	47,120
Limited Tax Refunding and General Obligation - Series 2015 Original amount of \$67,075 dated August 1, 2015, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2035. This issuance included the refunding of \$32,455 of the 2007 Limited Tax Bonds.	61,895
Limited Tax Refunding and General Obligation - Series 2015A Original amount of \$82,980 dated August 1, 2015, with interest rate of 1.97%, payable in annual installments in varying amounts plus interest through 2026. The issuance included the refunding of \$5,465 of the 2005 Limited Tax Refunding Bonds and the \$49,890 of the 2006 Limited Tax Bonds.	55,095
Limited Tax Refunding - Series 2016 Original amount of \$70,905 dated August 1, 2016, with interest rate of 1.48%, payable in annual installments in varying amounts plus interest through 2028. The issuance included the refunding of \$65,150 of the 2008 Limited Tax Bonds.	58,855
Limited Tax Refunding - Series 2017 Original amount of \$36,860 dated August 14, 2017, with interest rate of 2.13%, payable in annual installments in varying amounts plus interest through 2030. The issuance included the refunding of \$33,310 of the 2010 Limited Tax Refunding and Improvement Bonds. All of the debt defeased remains outstanding at September 30, 2019.	35,720
	266,375
Less - current maturities	25,930
Long-term debt, net of current maturities	240,445
Plus premiums	11,884
Long-term debt, net of current maturities, and premium	<u>\$ 252,329</u>

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

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

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

Fiscal Year(s)	Bonds		Direct Placements		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2020	\$ 11,390	\$ 5,552	\$ 14,540	\$ 2,717	\$ 34,199
2021	9,300	4,983	17,470	2,460	34,213
2022	9,775	4,518	17,785	2,142	34,220
2023	8,370	4,029	18,105	1,817	32,321
2024	8,805	3,611	18,435	1,487	32,338
2025-2029	35,150	12,675	59,470	2,987	110,282
2030-2034	29,505	5,393	3,865	82	38,845
2035	4,410	220	-	-	4,630
Total	<u>\$ 116,705</u>	<u>\$ 40,981</u>	<u>\$ 149,670</u>	<u>\$ 13,692</u>	<u>\$ 321,048</u>

The County has entered into a lease agreement for financing the acquisition of public safety radio equipment. The carrying value of the equipment as of September 30, 2019 is \$139,642, which is \$3,783,063 plus a trade-in amount of \$317,700 less accumulated depreciation of \$3,961,121. The County has also entered into a property lease agreement containing a leasehold improvement component. The carrying value of the leasehold improvement as of September 30, 2019 is \$121,250, which is \$150,000 less amortization of \$28,750. The aforementioned equipment lease agreement and leasehold improvement qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2019 is as follows (in thousands):

Fiscal Year	Governmental Activities
2020	\$ 794
2021	38
2022	37
2023	<u>3</u>
Total minimum lease payments	\$ 872
Less: amount representing interest	<u>(15)</u>
Present value of minimum lease payments	<u>\$ 857</u>

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2019 (in thousands):

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019	Amounts Due within One year
Governmental activities:					
Bonds payable	\$ 294,500	\$ -	\$ (28,125)	\$ 266,375	\$ 25,930
Deferred amounts:					
Premium	13,496	-	(1,612)	11,884	-
Total bonds payable	307,996	-	(29,737)	278,259	25,930
Capital lease	1,641	-	(784)	857	786
Total	\$ 309,637	\$ -	\$ (30,521)	\$ 279,116	\$ 26,716
Governmental activities:					
Compensated absences	\$ 45,500	\$ 35,346	\$ (34,933)	\$ 45,913	\$ 33,021
Business-type activities:					
Compensated absences	\$ 112	\$ 99	\$ (85)	\$ 126	\$ 91

Conduit Debt

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

The estimated amount of conduit debt outstanding at September 30, 2019 is as follows (in thousands):

Tarrant County Housing Finance Corporation	\$ 217,198
Tarrant County Health Facilities Development Corporation	155,610
Tarrant County Cultural Education Facilities Finance Corporation	<u>5,808,122</u>
Total Conduit Debt	\$ <u>6,180,930</u>

Subsequent to year end, the Commissioners Court has approved for the Tarrant County Cultural Education Facilities Finance Corporation to issue debt for several entities, not to exceed \$918,915,000.

8. DEFICIT NET POSITION

The following County fund had a deficit net position as of September 30, 2019 (in thousands):

Worker's Compensation	\$ 5,081
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The deficit net position is due to the accrual of future year liabilities of \$7,571,749. This liability is based on an actuarial study. The County plans to continue to fund the current year workers compensation claims and maintain a \$1,000,000 reserve for any unforeseen expenditures.

9. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2019 and for the year then ended (in thousands):

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Explanation</u>
General Fund	\$ 30,722	Capital Projects Fund	Supplement capital funds
General Fund	8,305	Road and Bridge	Supplement transportation services
General Fund	987	Other Governmental Funds	Supplement fund sources
General Fund	375	Internal Service Funds	Supplement self insurance fund
Internal Service Funds	494	Other Governmental Funds	Supplement fund sources
Other Governmental Funds	608	General Fund	Supplement courthouse security activity
Other Governmental Funds	59	General Fund	Supplement deferred prosecution program
	<u>\$ 41,550</u>		

<u>Funds Due From</u>	<u>Amount</u>	<u>Funds Due To</u>	<u>Explanation</u>
Grants Fund	\$ 15,544	General Fund	Short-term loan
Other Governmental Funds	31	General Fund	Short-term loan
	<u>\$ 15,575</u>		

<u>Advance From</u>	<u>Amount</u>	<u>Advance To</u>	<u>Explanation</u>
Capital Project Fund	\$ 607	Enterprise	Repayment for Medium Voltage Distribution Project to be repaid as funds are available.

10. 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.

11. PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS

PENSION PLAN

(a) General Information about the Pension Plan

Plan Description

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

a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Barton Oaks Plaza IV, Ste.500, 901 S. MoPac Expy, Austin, Texas 78746 or viewed at www.tcdrs.org.

Benefits Provided

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

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

Annually, the County reviews the plan to determine benefit and contribution levels. In August 2018 the County approved a 1% cost-of-living adjustment benefit increase effective January 1, 2019.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,570
Inactive employees entitled but not yet receiving benefits	1,886
Active employees	<u>4,188</u>
 Total	 <u><u>8,644</u></u>

Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed 19.5% for the calendar year 2018, which was 4.99% greater than the actuarially required contribution rate of 14.51% and contributed 19.5% for the calendar year 2019, which was 5.34% greater than the actuarially required contribution rate of 14.16%. The contribution rate payable by the employee members for calendar years 2018 and 2019 is 7% as adopted by the governing body of the County.

(b) Net Pension Liability

The County’s net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The County has a history of granting cost-of-living adjustments, therefore cost-of-living adjustments are considered to be substantively automatic under GASB 68. An annual 1% cost-of-living adjustment is included in the calculations.

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

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown on the following table are based on January 2019 information for a 10 year time horizon and are re-assessed at a minimum every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. More information regarding Milliman's experience report may be obtained by contacting TCDRS at TCDRS.org. The target asset allocation was adopted by the TCDRS Board in April 2019. The geometric real rate of return is net of inflation, assumed at 1.7%.

Asset Class	Target Allocation	Geometric Real Rate of Return
US equities	10.5%	5.40%
Private equity	18.0%	8.40%
Global equities	2.5%	5.70%
International equities - developed	10.0%	5.40%
International equities - emerging	7.0%	5.90%
Investment-grade bonds	3.0%	1.60%
Strategic credit	12.0%	4.39%
Direct lending	11.0%	7.95%
Distressed debt	2.0%	7.20%
REIT equities	2.0%	4.15%
Master limited partnerships	3.0%	5.35%
Private real estate partnerships	6.0%	6.30%
Hedge funds	13.0%	3.90%
	100.00%	

Discount Rate

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

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

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

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

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of December 31, 2017	\$ 1,667,799	\$ 1,394,031	\$ 273,768
Changes for the year:			
Service cost	39,155	-	39,155
Interest on total pension liability ¹	135,469	-	135,469
Effect of assumption changes or inputs ²	(60,557)	-	(60,557)
Difference between expected and actual activity	(1,393)	-	(1,393)
Refunds of contributions	(2,068)	(2,068)	-
Benefit payments	(71,926)	(71,926)	-
Employer contributions	-	51,604	(51,604)
Member contributions	-	18,518	(18,518)
Net investment loss	-	(26,041)	26,041
Administrative expenses	-	(1,096)	1,096
Other ³	1,780	1,513	267
Net changes	40,460	(29,496)	69,956
Balances as of December 31, 2018	<u>\$ 1,708,259</u>	<u>\$ 1,364,535</u>	<u>\$ 343,724</u>

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

² Reflects plan changes adopted effective in 2019. Also reflects change in substantively automatic COLA valued.

³ Relates to allocation of system-wide items.

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

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 1,928,695	\$ 1,708,259	\$ 1,522,378
Fiduciary net position	1,364,535	1,364,535	1,364,535
Net pension liability	<u>\$ 564,160</u>	<u>\$ 343,724</u>	<u>\$ 157,843</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019 the County recognized pension expense of \$15,766,829. As of September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

	Governmental Activities	Business- type Activities	Total
Deferred Outflows of Resources			
Changes of assumptions	\$ 7,085	\$ 21	\$ 7,106
Net difference between projected and actual earnings	85,746	240	85,986
Contributions subsequent to the measurement date	41,116	112	41,228
Total deferred outflows of resources	<u>\$ 133,947</u>	<u>\$ 373</u>	<u>\$ 134,320</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 18,672	\$ 56	\$ 18,728
Changes of assumptions	6,603	20	6,623
Total deferred inflows of resources	<u>\$ 25,275</u>	<u>\$ 76</u>	<u>\$ 25,351</u>

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

Year ended September 30:	Amount
2019	\$ 28,580
2020	9,371
2021	6,856
2022	23,166
2023	(232)
after 2023	0

(e) Payable to the Pension Plan

At September 30, 2019 , the County reported a payable of \$5,611,499 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2019.

OTHER POSTEMPLOYMENT BENEFIT PLAN

(a) General Information about the Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

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

The rates are set annually by the Commissioners Court based on the combination of premiums and prior year costs of the self-funded portion of the Plan. The Plan is funded on a pay-as-you-go basis.

Employees Covered by Benefit Terms

At September 30, 2018, the measurement date, the following participants were covered by the Plan:

Retired participants and surviving spouses	967
Active participating employees	<u>4,079</u>
Total	<u><u>5,046</u></u>

(b) Total OPEB Liability

The County’s total OPEB liability of \$163,715,410 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability at September 30, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3.00%
Discount rate	4.18%, based on the Bond Buyer 20-Bond GO Index
Healthcare cost trend rates	6.50% for 2018, decreasing 0.50% each year until reaching the ultimate trend rate of 4.50%
Stop Loss Fees	6.50% for 2018, decreasing 0.50% each year until reaching the ultimate trend rate of 4.50%
Administrative Fees	4.50% for all years
Salary Increases	Varies by entry age and years of service between 3.77% and 8.41%
Mortality Table	PUB 2010 generational table scaled using MP-19 and applied on a gender-specific basis

Retirees share of benefit-related costs

Pre-65 Retirees:

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

<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%

Post-65 Retirees:

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

Termination for active employees or rate of withdrawal is based on Texas County & District Retirement System (TCDRS) Actuarial Valuation as of December 31, 2017. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service. The tables were adjusted for "Extra Low" termination group.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

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

	<u>Total OPEB Liability</u>
Balances as of September 30, 2017	\$ 219,561
Changes for the year:	
Service cost	11,025
Interest	8,236
Difference between expected and actual experience	(48,089)
Changes in assumptions or other inputs	(19,539)
Benefit payments	<u>(7,479)</u>
Net changes	<u>(55,846)</u>
Balances as of September 30, 2018	<u>\$ 163,715</u>

Changes of assumptions since the prior valuation

The base mortality table was updated from the RP-2014 (with adjustments) to the PUB-2010

The mortality improvement scale was updated from MP-2014 to MP-2019

The discount rate increased from 3.64% to 4.18%

Lower ultimate healthcare trends were used, along with faster grading

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

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.18%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current rate (amounts in thousands):

	<u>1% Decrease 3.18%</u>	<u>Current Discount Rate 4.18%</u>	<u>1% Increase 5.18%</u>
Total OPEB liability	\$ 191,547	\$ 163,715	\$ 139,158

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

The following presents the total OPEB liability of the County, calculated using the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced by .50% each year until reaching the ultimate trend rate of 4.50%. Medical and RX Benefits (Pre & Post 65) were calculated using a 6.50% trend and reduced by .50% each year after until reaching the ultimate trend rate of 4.50%. Stop Loss Fees were calculated using a 6.50% trend and reduced by .50% each year after until reaching the ultimate trend rate of 4.50%. Administrative Fees were calculated using 4.5% each year (amounts in thousands):

	1% Decrease	Medical, RX, & Stop Loss 6.50% Administrative Fees 4.50% Current	1% Increase
Total OPEB liability	\$ 140,795	\$ 163,715	\$ 191,547

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

For the year ended September 30, 2019, the County recognized OPEB expense of \$10,152,921. As of September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Governmental Activities	Business- type Activities	Total
Deferred Outflows of Resources:			
Contributions subsequent to the measurement date	\$ 8,179	\$ 25	\$ 8,204
Deferred Inflows of Resources:			
Differences between expected and actual experience	31,253	102	31,355
Changes in assumptions	42,603	140	42,743

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

Year ended September 30:	Amount
2020	\$ 9,109
2021	9,109
2022	9,109
2023	9,109
2024	9,109
after 2024	28,556

(e) Additional Disclosures

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

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

GAAP requires governmental organizations to recognize a net OPEB liability measured by an actuary, even though it may not have a legally enforceable obligation to pay OPEB benefits.

The County implemented GASB 75 during fiscal year 2018. Accordingly, information and amounts presented in the County’s Comprehensive Annual Financial Report relative to OPEB expenses/expenditures, related deferred outflows, deferred inflows, liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

12. COMMITMENTS

Encumbrances

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

General	\$ 3,374
Road and Bridge	1,969
Capital Projects	27,187
Grants	10,423
Other Governmental Funds	<u>2,677</u>
 Total	 <u>\$ 45,630</u>

Construction and other significant commitments

The County has several active construction and software development projects as of September 30, 2019. The County has also entered into agreements with cities and the Texas Department of Transportation to assist with the funding of transportation projects to mitigate congestion and improve air quality within Tarrant County.

At fiscal year end the County's commitments with contractors and municipalities are as follows (in thousands):

Project:	Spent to date	Remaining Commitment
Juvenile justice complex	\$ 3,593	\$ 987
Southwest subcourthouse expansion	16,507	332
Criminal courts software	17,512	168
Jail management system	6,276	173
Transportation projects	22,376	16,497
Total	\$ 66,264	\$ 18,157

The County has no material future operating lease commitments. Total rental expense incurred for the County for fiscal year 2019 was \$2,936,631.

13. CONTINGENCIES

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2019 have not yet been completed. Accordingly, the County's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, and, accordingly, no accrual has been made for them, as management believes these to be immaterial.

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

The County is self-insured for workers' compensation, automobile bodily injury and property damage, comprehensive general liability and all self-insured retentions for existing policies. It is the opinion of County management that the amounts accrued at September 30, 2019 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

14. SELF-INSURANCE PROGRAMS

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

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

Employee Benefits Fund – accounts for County employee benefits.

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

Workers Compensation Fund – accounts for workers compensation claims.

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

	Coverage	Deductible
Buildings	\$600,000,000	\$ 250,000/500,000
Boilers and machinery	100,000,000	25,000
Scheduled heavy equipment	23,119,756	15,000
Scheduled equipment	44,515,838	2,500

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

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

During fiscal year 2019, 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, 2019, 3,622 and 3,371 employees participate in health care coverage and dental coverage, respectively.

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

	2018	2019
Beginning liability	\$ 3,976	\$ 4,434
New claims/adjustments	59,034	65,311
Claims paid/adjustments	(58,576)	(65,115)
Ending liability	\$ 4,434	\$ 4,630

For the year ended September 30, 2019, 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, 2019

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>2018</u>	<u>2019</u>
Beginning liability	\$ 8,602	\$ 9,447
New claims/adjustments	2,976	2,949
Claims paid/adjustments	(2,976)	(2,949)
Other - change in estimate	845	(422)
	<u>\$ 9,447</u>	<u>\$ 9,025</u>
Ending liability	<u>\$ 9,447</u>	<u>\$ 9,025</u>
Amount due within 1 year	\$ 3,529	\$ 3,481

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

15. ECONOMIC DEVELOPMENT AGREEMENTS

Tax Incremental Financing Agreements

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

Subsequent to year end, the County approved participation in several agreements. 1) City of Crowley Tax Increment Financing Reinvestment Zone #1, beginning with tax year 2019, at a participation rate of 75% of its collected incremental tax revenue up to a maximum cumulative contribution of \$34,308,629; 2) City of Grand Prairie Tax Increment Financing Reinvestment Zone #1, beginning with tax year 2019, at a participation rate of 50% of its collected incremental tax revenue up to a maximum cumulative contribution of \$6,953,909; 3) City of North Richland Hills Tax Increment Financing Reinvestment Zone #3, beginning with tax year 2020, at a participation rate of 25% of its collected incremental tax revenue up to a maximum cumulative contribution of \$1,707,150.

Also, subsequent to year end, the County approved amendment #1 to the City of Arlington Tax Increment Financing Zone #1 (Downtown), which decreased the participation rate to 70% of the County's Maintenance and Operations tax rate, extended the term of the zone by twenty years and increased the County's maximum tax increment contribution to \$7,907,710.

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

Name	Participation Rate	Taxes Forgone During 2019
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 318
City of Arlington #5	70%	475
City of Arlington #6	75%	873
City of Azle #1	50%	30
City of Benbrook #1	100%	319
City of Euless #3	75%	381
City of Euless #4	75%	9
City of Everman #1	50%	6
City of Fort Worth #3	40%	673
City of Fort Worth #4	50%	671
City of Fort Worth #7	80%	2,004
City of Fort Worth #8	40%	407
City of Fort Worth #9	80%	941
City of Fort Worth #10	50%	113
City of Fort Worth #12	100%	199
City of Fort Worth #13	80%	308
City of Fort Worth #14	50%	170
City of Fort Worth #15	50%	51
City of Haltom City #1	75%	<1
City of Kennedale #1	75%	15
City of Mansfield #1	30%	131
City of Mansfield #2	75%	80
City of North Richland Hills #1	100%	46
City of North Richland Hills #2	100%	1,086
City of Richland Hills #1	75%	23
City of Sansom Park #1	80%	55
Town of Trophy Club #1	60%	26
		\$ 9,410

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

Name	Participation Rate
City of Fort Worth #6	100%

Tax Abatements

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

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

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

For the fiscal year ended September 30, 2019, the County's and TCHD's abated property taxes were (in thousands):

Tax Abatement	# of Entities	Assessed Value Abated	Total Amount of Taxes Forgone	
			County	TCHD
Multi-Family Residential Development	1	80%	\$ 63	\$ 52
Corporate Offices/Data Center	4	40 - 75%	1,837	1,069
Convention Center Hotel	1	60 - 80%	149	-
Manufacturing Facility	4	30 - 70%	841	786
Total Abated Taxes			\$ 2,890	\$ 1,907

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

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

16. FUND BALANCES

The following is the detail of the County's fund balances at September 30, 2019 (in thousands):

	General	Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental Funds	Total
Nonspendable:							
Supplies/prepaid items	\$ 2,825	\$ 973	\$ -	\$ -	\$ 1,997	\$ 71	\$ 5,866
	<u>2,825</u>	<u>973</u>	<u>-</u>	<u>-</u>	<u>1,997</u>	<u>71</u>	<u>5,866</u>
Restricted:							
Law library	-	-	-	-	-	998	998
Records management	-	-	-	-	-	18,637	18,637
Education	-	-	-	-	-	202	202
Public health	-	-	-	-	-	2,897	2,897
Law enforcement and prosecution	-	-	-	-	-	6,415	6,415
Contractual agreement	-	-	-	-	-	2,671	2,671
Court designated	-	-	-	-	-	2,840	2,840
VIT administration	-	-	-	-	-	1,394	1,394
Construction and equipment	-	-	-	35,202	-	-	35,202
Transportation project	-	-	-	43,070	-	-	43,070
	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,272</u>	<u>-</u>	<u>36,054</u>	<u>114,326</u>
Committed:							
Law library	-	-	-	-	-	154	154
Records management	11	-	-	-	-	1,057	1,068
Public health	-	-	-	-	-	33,901	33,901
Law enforcement and prosecution	40	-	-	-	-	467	507
Contractual agreement	87	-	-	-	-	590	677
Court designated	-	-	-	-	-	360	360
Construction and equipment	-	-	-	63,239	-	-	63,239
Transportation project	-	11,323	-	2,408	-	-	13,731
Debt service	-	-	1,262	-	-	-	1,262
	<u>138</u>	<u>11,323</u>	<u>1,262</u>	<u>65,647</u>	<u>-</u>	<u>36,529</u>	<u>114,899</u>
Assigned:							
Economic development	-	-	-	-	-	4,255	4,255
Purchases on order	3,236	-	-	-	-	-	3,236
Subsequent year's budget: appropriation of fund balance	7,558	-	-	-	-	-	7,558
	<u>10,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,255</u>	<u>15,049</u>
Unassigned	75,997	-	-	-	(1,997)	-	74,000
Total Fund Balance	<u>\$ 89,754</u>	<u>\$ 12,296</u>	<u>\$ 1,262</u>	<u>\$ 143,919</u>	<u>\$ -</u>	<u>\$ 76,909</u>	<u>\$ 324,140</u>

17. JOINT VENTURE

The County has formed a Local Government Corporation, along with certain other government organizations, to coordinate the joint development of court software, known as Techshare. The arrangement is organized as a hybrid of a joint venture and joint operations. To date all investment into Techshare has been made as undivided interests in separately-owned assets and is accounted for as such.

18. RECENT ACCOUNTING PRONOUNCEMENTS

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

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

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

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

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

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the County beginning fiscal year 2022. The statement establishes a single method for accounting and reporting conduit debt by clarifying the definition of a conduit debt obligation.

GASB Statement No. 92, *Omnibus 2020*, is effective for the County beginning fiscal year 2021. This statement addresses a variety of topics including issues related to clarify the implementation of Statements 73, 74, 83, 84 and 87.

19. SUBSEQUENT EVENTS

In response to the Coronavirus (COVID-19), the County Judge issued a Declaration of Local Disaster due to a Public Health Emergency on March 13, 2020. The effect of COVID-19 on the financial condition of the County is undeterminable at this date.

20. TARRANT COUNTY HOSPITAL DISTRICT NOTES

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

Cash and Cash Equivalents and Investments

TCHD considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2019, cash equivalents consisted primarily of money market accounts with brokers and state investment pools.

Investments and Investment Income

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

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

Patient Accounts Receivable

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

Supplies

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

Capital Assets

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

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

TCHD capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was \$929,000.

Compensated Absences

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

Defined Benefit Pension Plan

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

Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources. As of September 30, 2019, TCHD's deferred outflows and deferred inflows of resources were related to TCHD's defined benefit pension plan as described more fully in Note (k).

Net Patient Service Revenue

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

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. During the year ended September 30, 2019 the TCHD received approximately \$7,945,000 related to the settlement. This revenue is recognized as other revenue.

Charity Care

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

Income Taxes

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

Risk Management

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

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

(b) Net Patient Service Revenue

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

Medicare – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute

services and defined medical education costs are paid based on a cost reimbursement methodology. TCHD is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicare administrative contractor. TCHD's Medicare cost reports have been audited through September 30, 2015.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system. Inpatient reimbursement is inclusive of an add-on for trauma care that is based on the Medicaid Standards Dollar Amount. Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. TCHD is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicaid administrative contractor. TCHD's Medicaid cost reports have been audited through September 30, 2015.

Approximately 69 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended September 30, 2019. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that the recorded estimates will change materially in the near term.

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

(c) Supplemental Medicaid Funding Revenue

Supplemental Medicaid funding revenue includes revenue received from the Medicaid Disproportionate Share Program of approximately \$25,816,000 for the year ended September 30, 2019. The funding TCHD has received is subject to audit and is not representative of funding to be received in future years.

On December 12, 2011, the United States Department of Health & Human Services (HHSC) approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program"(Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. During 2019, TCHD recognized approximately \$48,216,000 and \$52,161,000 from the UC Pool and the DSRIP Pool, respectively. The funding TCHD has received is subject to audit and is not representative of funding to be received in future years.

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

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

In 2019, TCHD began receiving supplemental payments through the Medicaid Graduate Medical Education (GME) program. The GME program provides reimbursement to support teaching hospitals that operate approved medical residency training programs in recognition of the higher costs incurred by teaching hospitals. Revenue recognized from the GME program was approximately \$3,348,000 in 2019.

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

During 2017, TCHD began participation in a Local Provider Participation Fund (LPPF) in Tarrant County. TCHD acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in Tarrant County. These payments are to be used to fund intergovernmental transfers representing the state's share of supplemental Medicaid funding programs. As TCHD acts as a conduit for these funds, the receipts and intergovernmental transfers are not recognized as revenue and expense in the statements of revenues, expenses and changes in net position. During 2019, TCHD collected \$197,210,000 in mandatory payments and made intergovernmental transfers of \$127,813,000. At September 30, 2019, TCHD held \$74,362,000 in mandatory payments that will be transferred in 2020.

(d) Property Tax Revenue

TCHD received approximately 38 percent of its support from property taxes. Property taxes are levied on October 1, based on assessed property values on the preceding January 1. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and TCHD records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year. TCHD recorded an allowance for uncollectible property taxes of approximately \$9,193,000 at September 30, 2019.

TCHD's property tax rate was \$0.223390 per \$100 valuation for the maintenance and operation fund and property tax revenue for this fund was \$411,942,000. TCHD's property tax rate was \$0.001039 per \$100 valuation for the interest and sinking fund and property tax revenue for this fund was \$1,916,000.

(e) Deposits, Investments and Investment Income

Deposits

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

State law requires collateralization of all deposit with federal depository insurance or other qualified investments. At September 30, 2019, TCHD's deposits were either insured or collateralized in accordance with state law.

At September 30, 2019, a blended component unit of TCHD's cash accounts exceeded federally insured limits by \$2,344,000.

Investments

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

At September 30, 2019, TCHD's investment balances were as follows (in thousands):

Investment Type	Fair Value	Maturity in Years	
		less than 1	1-5
Investment pools	\$ 144,704	\$ 144,704	\$ -
U.S. Agencies obligations	52,975	52,407	568
Money market mutual funds	1,184	1,184	-
Commercial paper	73,080	73,080	-
		<u>\$ 271,375</u>	<u>\$ 568</u>
Mutual funds	2,341		
Total Investments	<u>\$ 274,284</u>		

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

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

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

The Pools, as well as the money market mutual funds invested in by TCHD, are rated as AAAM by Standard & Poor's. TCHD's investments in commercial paper was rated Aa1 to Aa3 by Moody's rating agency.

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

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

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

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

Federal Home Loan Bank	5.70%
Federal Home Loan Mortgage Association	2.40%
Federal National Mortgage Association	9.10%
Federal Farm Credit Bank	2.10%
Toyota Motor Credit Commercial Paper	7.20%
JP Morgan Securities Commercial Paper	10.30%
Northwestern University Commercial Paper	9.10%

Investment Income

Investment income for the fiscal year ended September 30, 2019 consisted of interest and dividend income of \$16,478,000 and a net increase in fair value of investments of \$1,308,000 for a total of \$17,786,000.

(f) Patient Accounts Receivable

TCHD grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, 2019 consisted of (in thousands):

Medicare	\$	11,205
Medicaid		11,554
Other third-party payers		37,090
Patients		<u>72,102</u>
		131,951
Less allowance for uncollectible accounts		<u>(80,277)</u>
Total	\$	<u><u>51,674</u></u>

(g) Capital Assets

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

	Balance October 1, 2018	Additions	Disposals	Transfers	Balance September 30, 2019
Land and improvements	\$ 65,466	\$ 1,641	\$ -	\$ -	\$ 67,107
Buildings and improvements	261,520	1,995	-	4,817	268,332
Equipment	459,046	20,053	(26,325)	3,960	456,734
Construction in progress	5,522	12,495	-	(8,777)	9,240
	<u>791,554</u>	<u>36,184</u>	<u>(26,325)</u>	<u>-</u>	<u>801,413</u>
Less accumulated depreciation	<u>(527,597)</u>	<u>(38,450)</u>	<u>26,325</u>	<u>-</u>	<u>(539,722)</u>
Capital assets, net	<u>\$ 263,957</u>	<u>\$ (2,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,691</u>

(h) Self-Insurance Programs

Medical Malpractice and General Liability Risks

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

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

	2018	2019
Balance, beginning of year	\$ 558	\$ 782
Current year claims incurred and changes in estimates for claims incurred in prior years	261	(34)
Claims and expenses paid	<u>(37)</u>	<u>(288)</u>
Balance, end of year	<u>\$ 782</u>	<u>\$ 460</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.

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

TARRANT COUNTY, TEXAS

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

	<u>2018</u>	<u>2019</u>
Balance, beginning of year	\$ 4,551	\$ 5,350
Current year claims incurred and changes in estimates for claims incurred in prior years	56,787	53,802
Claims and expenses paid	<u>(55,988)</u>	<u>(54,352)</u>
Balance, end of year	<u>\$ 5,350</u>	<u>\$ 4,800</u>

Worker's Compensation Claims

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

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

	<u>2018</u>	<u>2019</u>
Balance, beginning of year	\$ 2,107	\$ 2,470
Current year claims incurred and changes in estimates for claims incurred in prior years	2,286	2,934
Claims and expenses paid	<u>(1,923)</u>	<u>(2,622)</u>
Balance, end of year	<u>\$ 2,470</u>	<u>\$ 2,782</u>

(i) Long-Term Debt

Long-term debt of TCHD consisted of the following at September 30, 2019 (in thousands):

General Obligation Refunding Bonds - Series 2016:

Original amount of \$22,415 dated January 1, 2016, which bears interest at a rate of 2.24%, payable annually with installments ranging from \$1,600 to \$1,955 through 2029. The bonds are secured by property tax revenue. The proceeds from the bonds were used to advance refund the Series 2006 bonds.

\$ 17,735

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

Original amount of \$25,890 dated September 1, 2012, which bear interest at rates ranging from 3.0% to 5.0%, payable annually with installments ranging from \$1,655 to \$2,205 through 2027. The bonds are secured by revenues of TCHD, excluding property tax revenue. All of the bonds still outstanding may be redeemed at TCHD's option on or after August 15, 2023, at par value plus accrued interest. The proceeds from the bonds were used to advance refund the Series 2002 bonds.

15,555

33,290

Less - current maturities

(3,255)

Long-term debt, net of current maturities

30,035

Plus premium

84

Long-term debt, net of current maturities and premium

\$ 30,119

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

Fiscal Year	Principal	Interest	Total Principal & Interest
2020	\$ 3,255	\$ 997	\$ 4,252
2021	3,375	878	4,253
2022	3,495	754	4,249
2023	3,625	625	4,250
2024	3,760	490	4,250
2025-2029	15,780	945	16,725
Total	\$ 33,290	\$ 4,689	\$ 37,979

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2019 (in thousands):

Beginning liability	\$ 36,430
Additions	-
Retirements	<u>(3,140)</u>
Ending liability	<u>\$ 33,290</u>
Amount due within one year	\$ 3,255

(j) Uncompensated Care

In support of its mission, TCHD voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The cost of charity care provided under the charity care policy was \$175,217,000. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

(k) Retirement Plans

Plan Description

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

Benefits Provided

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

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

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

The employees covered by the Plan at October 1, 2018 (measurement date), are:

Inactive employees or beneficiaries currently receiving benefits	393
Inactive employees entitled to but not yet receiving benefits	1,317
Active employees	<u>3,917</u>
 Total	 <u><u>5,627</u></u>

Contributions

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

TCHD's contribution changed to 6.25% of participate payroll effective October 1, 2018 and will remain at that level as long as the amount thus determined is sufficient to pay the Employer Normal Cost and amortize the Unfunded Actuarial Liability (Net Pension Liability) over a period of not more than 25 years. TCHD's contributions are expected to be 6.25% of estimated participant compensation for the plan year ending September 30, 2019. The costs of administering the plan are paid by the plan and are considered in the determination of the employer contribution rate. The active employee contribution rate is 2.0% of annual pay effective October 1, 2018.

Net Pension Liability

TCHD's net pension liability was measured as of October 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the October 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.0%, average, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.00%, net of pension plan investment expense, including inflations

Mortality rates were based on the Society of Actuaries RP-2014 Mortality Table, projected from the 2006 base year with Projection Scale MP-2018.

The actuarial assumptions used in the October 1, 2018, valuation were based on the results of an actuarial experience study for the period 2011-2016.

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

target asset allocation percentage and by adding expected inflation (2.25%). In addition, the final 7.00% assumption reflected a reduction of 0.20% for adverse deviation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	65.0%	6.1%
International equity	10.0%	5.5%
Fixed income	25.0%	1.7%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at October 1, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2018	\$ 258,989	\$ 257,038	\$ 1,951
Changes for the year:			
Service cost	15,429	-	15,429
Interest on total pension liability	19,526	-	19,526
Changes of benefit terms	184	-	184
Difference between expected and actual experience	4,775	-	4,775
Contributions - employee	-	2,314	(2,314)
Contributions - employer	-	17,305	(17,305)
Net investment income	-	25,385	(25,385)
Benefit payments, including refunds of employee contributions	(8,577)	(8,577)	-
Administrative expenses	(886)	(886)	-
Assumption changes	8,396	-	8,396
Net changes	<u>38,847</u>	<u>35,541</u>	<u>3,306</u>
Balances as of September 30, 2019	<u>\$ 297,836</u>	<u>\$ 292,579</u>	<u>\$ 5,257</u>

The net pension liability of TCHD has been calculated using a discount rate of 7.00% at October 1, 2018. The following presents the net pension liability using a discount rate 1 % higher and 1 % lower than the current rate (in thousands).

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 42,761	\$ 5,257	\$ (25,678)

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

For the year ended September 30, 2019, TCHD recognized pension expense of \$14,601,000. At September 30, 2019, TCHD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,828	\$ 7
Employer contributions subsequent to the measurement date	17,281	-
Changes of assumptions	6,662	2,070
Net difference between projected and actual earnings on plan investments	-	13,791
Total	\$ 31,771	\$ 15,868

At September 30, 2019, TCHD reported \$17,281,000 as deferred outflows of resources related to pensions resulting from TCHD’s contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2019.

Other amounts reported as deferred inflows of resources and deferred outflows of resources at September 30, 2019, related to pensions will be recognized in pension expense as follows (in thousands):

Year Ended September 30:	Amount
2020	\$ 916
2021	(1,971)
2022	(748)
2023	425
Total	\$ (1,378)

Pension Plan Fiduciary Net Position

As of October 1, 2018, the Plan's fiduciary net position was comprised of the following (in thousands):

Cash and cash equivalents	\$ 91,710
Investments, at fair value	
Common stocks	68,387
Mutual funds	171,835
Common/collective trust funds	278,959
103-12 investment fund	<u>27,057</u>
Total investments at fair value	<u>546,238</u>
Total plan fiduciary net position	<u>\$ 637,948</u>

TCHD's interest in the Plan net position as of the measurement date of October 1, 2018 was \$292,579,000.

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

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

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

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

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

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

Active equity managers have the following requirements:

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

Active Fixed Income managers have the following requirements:

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

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

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

Investment Rate of Return: The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was (9.3%) for the 12 months ended October 1, 2018.

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

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

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

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

State Street S&P 500 Index NL Fund	33.7%
Vanguard Small Cap Index	12.7%
State Street Aggregate Bond Index NL Fund	10.1%
PIMCO Total Return	10.1%
Dodge & Cox International Stock	4.2%
Morgan Stanley International Equity Trust	4.2%

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy. The fair value of the pension plan assets at October 1, 2018 were as follows (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Common stocks	\$ 68,387	\$ 68,387	\$ -	\$ -
Mutual funds	171,835	171,835	-	-
Total investments by fair value level	<u>240,222</u>	<u>\$ 240,222</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) (A)				
Common/collective trust fund	278,959			
103-12 investment fund	27,057			
Total investments measured at the NAV	<u>306,016</u>			
Total investments at fair value	<u>\$ 546,238</u>			

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

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 2 or 3 securities at October 1, 2018. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

Other Benefit Plans

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution to the IRC Section 403(b) plan discussed below, up to 4% of pay. The contributions for the employer match on the plan were approximately \$7,641,000 for the fiscal year ended September 30, 2019.

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

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

property of the employee. Thus, the plan amounts are not reported in the financial statements. Employee contributions were \$17,666,000 for the fiscal year ended September 30, 2019.

TCHD has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board of Managers. This plan is to provide participants in the defined benefit plan that portion of a participant's benefits that would otherwise be payable under the terms of the defined benefit plan, except for the limitations on benefits imposed by Section 415(b) of the IRC. Contributions to this plan are included in noncurrent cash and investments and the plan liability is recorded in other long-term liabilities in the balance sheet. As of September 30, 2019, \$1,184,000 in contributions are included in noncurrent cash and investments and approximately \$1,074,000 was due under this plan. Approximately \$106,000 of benefit expense was recognized in fiscal year 2019.

(I) Disclosures About Fair Value of Assets and Liabilities

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

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

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

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

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2019 (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Agency obligations	\$ 52,975	\$ 4,626	\$ 48,349	\$ -
Investment pool	67,725	-	67,725	-
Commercial paper	73,080	-	73,080	-
Money market mutual funds	1,184	1,184	-	-
Mutual funds	2,341	2,341	-	-
Total investments by fair value level	197,305	\$ 8,151	\$ 189,154	\$ -
Investment pool carried at amortized cost	76,979			
Total Investments	\$ 274,284			

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. TCHD held no Level 3 investments as of September 30, 2019.

21. MY HEALTH MY RESOURCES OF TARRANT COUNTY NOTES

(a) Summary of Significant Accounting Policies

Deposits and Investments

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

The Public Funds Investment Act provides the primary legal basis for the investment of public funds. Following those parameters, MHMRTC's investment policy authorizes investments in obligations of the United States government, its agencies and instrumentalities, (but excluding mortgage backed securities); obligations of the State of Texas or its agencies or instrumentalities; other obligations which are unconditionally guaranteed or insured by, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of agencies, counties, cities and other political subdivisions of the State of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a

rating of not less than “A” or its equivalent; certificates of deposit, and other forms of deposit, issued by an institution with a main office or branch office in Texas that are fully insured or collateralized; fully collateralized repurchase agreements; AAA rated SEC registered government money market mutual funds, and constant dollar local government investment pools. During the year ended August 31, 2019, MHMRTC did not own any types of securities other than those permitted by statute.

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

Receivables

MHMRTC accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. MHMRTC provides for an amount of uncollectible patient fees using the reserve method based on past payment history. At the year ended August 31 2019, accounts receivable for patient services are \$15,616,336 less the allowance for doubtful accounts in the amount of \$11,724,118 for a net realizable value of \$3,892,218.

Inventories and Prepaid Expenditures

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

Capital Assets

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

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

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

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

Source Funds

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

Compensated Absences

Full-time employees earn personal time off (PTO) each pay period of work performed. Accrual of PTO hours is based on the number years of service. Employees may carryover PTO from year to year in graduated

amounts ranging from 204 hours for employees with two years of service to 372 hours for employees with 15 years of service.

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

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

Risk Management

MHMRTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters. During fiscal 2019, MHMRTC is covered under a general liability insurance plan with a combined single limit of \$3,000,000 at a cost it considers to be economically justifiable.

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

(b) Cash and Investments

Deposits

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

Deposits of MHMRTC are fully insured or collateralized with securities held by MHMRTC, its agent or by the pledging financial institution's trust department or agent in the name of MHMRTC at year-end. For the component unit, MHMR Foundation, \$92,871 of deposits are not insured by FDIC coverage or collateralized with eligible securities at year-end.

Investment Policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, MHMRTC's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes. MHMRTC policy emphasizes high quality investments and safety of principal with no perceived default risk.

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 short-term liquidity to absorb variable cash flow requirements. At least 10% of

the total portfolio must be maintained in cash equivalent investments, or investments that mature within 30 days. The weighted average maturity for the portfolio will be less than 180 days and the maximum allowable maturity is limited to two years, except as specifically authorized by the Board. During the year ended August 31, 2019, MHMRTC did not own investments other than those permitted by policy.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A summary of year-end investments follows (in thousands):

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Average Days to Maturity	Fair Value Hierarchy
Certificates of deposit	\$3,250	17.9 %	exempt	15	exempt
United States Treasuries	7,255	40.1 %	exempt	20	Level 1
Eaton Vance Floating Rate Fund	3,105	17.1 %	not rated	1818	Level 1
Annuity contracts	4,502	24.9 %	Moody's AA3	389	Level 1
Total	<u>\$18,112</u>	<u>100.0 %</u>			

(c) Receivables From Other Governments

Receivables from other governments represent reimbursement of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. At year-end, MHMRTC had \$11,995,924 of receivables from other governments.

(d) Capital Assets

A summary of changes in capital asset balances for the fiscal year ended August 31, 2019, is as follows (in thousands):

	Balance September 1, 2018	Additions	Disposals	Prior Period Adjustment	Balance August 31, 2019
Nondepreciable assets					
Land	\$ 3,734	\$ -	\$ -	\$ -	\$ 3,734
Land-restricted	989	-	-	-	989
Total nondepreciable assets	<u>\$ 4,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,723</u>
Depreciable assets					
Buildings and improvements	21,609	733	(84)	-	22,258
Buildings and improvements- restricted	3,617	-	-	-	3,617
Vehicles	2,811	135	(142)	-	2,804
Furniture and equipment	18,867	2,210	(2,340)	-	18,737
Total depreciable assets	<u>46,904</u>	<u>3,078</u>	<u>(2,566)</u>	<u>-</u>	<u>47,416</u>
Less accumulated depreciation					
Buildings and improvements	(10,302)	(934)	35	-	(11,201)
Buildings and improvements- restricted	(1,770)	(94)	-	-	(1,864)
Vehicles	(2,072)	(251)	104	-	(2,219)
Furniture and equipment	(10,022)	(2,876)	2,383	-	(10,515)
Total accumulated depreciation	<u>(24,166)</u>	<u>(4,155)</u>	<u>2,522</u>	<u>-</u>	<u>(25,799)</u>
Capital assets, net	<u>\$ 27,461</u>	<u>\$ (1,077)</u>	<u>\$ (44)</u>	<u>\$ -</u>	<u>\$ 26,340</u>

Total depreciation expense is \$4,154,956.

(e) Lease Obligations

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2019. The gross amount of assets acquired by capital lease is \$4,726,410 and \$1,260,845 of depreciation expense. Net book value of these assets is \$2,598,406.

During 2019, operating lease payments by MHMRTC are \$1,803,704. 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, 2019 are as follows (in thousands):

Year Ended August 31:	Operating Leases	Capital Leases	
		Principal	Interest
2020	\$ 1,368	\$ 1,154	\$ -
2021	1,164	1,154	-
2022	842	120	-
2023	178	-	-
2024	22	-	-
and thereafter	-	-	-
Total minimum lease payment	<u>\$ 3,574</u>	<u>\$ 2,428</u>	<u>\$ -</u>

(f) Long-Term Obligations

The following is a summary of the changes in long-term obligations for MHMRTC for the fiscal year ended August 31, 2019 (in thousands):

	Balance September 1, 2018	Additions	Retirements	Balance August 31, 2019	Due Within One Year
Compensated absences	\$ 3,182	\$ 482	\$ 244	\$ 3,420	\$ 399
Capital lease obligations	2,520	966	1,058	2,428	1,154
Total	<u>\$ 5,702</u>	<u>\$ 1,448</u>	<u>\$ 1,302</u>	<u>\$ 5,848</u>	<u>\$ 1,553</u>

Capital lease obligations do not carry a stated rate of interest. Imputed interest on the capital lease obligations are not material to the financial statements.

(g) Pension Plan

MHMRTC maintains a defined contribution money purchase pension plan under code section 401(a) of the Internal Revenue Code identified as the Tarrant County MHMR Money Purchase Plan. Participation in the plan is available to full-time employees who have completed one year of service and contribute 5% of compensation to the plan. MHMRTC contributes 8% of employee compensation on behalf of participating employees. The plan is administered by ICMA Retirement Corporation. Participants begin to vest in the employer's contribution at the completion of one year of service with 100% vesting occurring after five years (20% per year). During 2019, \$32,152 of employee forfeitures are used to reduce employer contributions for the year.

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

Fiscal Year	Employer Contributions	Employee Contributions	Percentage Contributed
2017	\$ 3,417	\$ 2,051	100%
2018	3,518	2,186	100%
2019	3,766	2,322	100%

(h) Deferred Compensation Plan

MHMRTC offered its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan is available to all MHMRTC employees. Employee elective deferrals are voluntary and permit them to defer a portion of their salary in accordance with maximum limits established by the Internal Revenue Code. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In-service withdrawals are available from fully vested balances upon attainment of age 70½. For employees who elect to contribute at least 5% of gross pay to the employee only 457 plan, MHMRTC will contribute 8% of the employee's gross pay as a matching contribution to the employer only 457 plan. Employees who elect to defer less than 5% to the employee only 457 plan are not eligible for a matching contribution to the employer only 457 plan. Employees are always fully vested in their contributions to the employee only 457 plan. Employees begin to vest in the MHMRTC contributions to the employer only 457 plan following completion of one year of service with 100% vesting occurring after five years (20% per year). During 2019, employee elective deferrals to the employee only 457 plan were \$1,039,437. MHMRTC matching contributions to the employer only 457 plan were \$894,765. \$3,407 of employee forfeitures were used to reduce the MHMRTC contributions to the employer only 457 plan.

(i) Partially Self-Funded Health Benefit Plan

MHMRTC established a partially self-funded health benefits plan for employee health benefits. MHMRTC purchases commercial stop-loss coverage for medical claims in excess of \$225,000 per plan participant, per policy period, with an unlimited specific benefit lifetime maximum. The policy minimum annual aggregate deductible limit is the greater of a) \$18,136,237; or b) 90% of the monthly aggregate deductible for the first month of the policy year, then multiplied by 12. The aggregate benefit attachment point is the greater of a) the sum of the monthly aggregate deductibles for the policy year; or b) the minimum aggregate deductible. 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 \$2,226,272 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):

	2018	2019
Beginning liability	\$ 2,586	\$ 2,223
Expenses incurred	14,583	14,679
Expenses paid	(14,946)	(14,676)
Ending liability	<u>\$ 2,223</u>	<u>\$ 2,226</u>

Claims liability is expected to be paid within one year of August 31, 2019.

(j) Harris-Tarrant Software Solution

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

HTSS had no revenues or expenses during the year, and MHMRTC's carrying value of HTSS is zero at year-end. HTSS did not prepare a financial statement for the year.

(k) Commitments and Contingencies

In May 2017, MHMRTC entered into a contract with Netsmart Technologies, Inc. to receive and implement an electronic health records system and billing system. The remaining financial commitment associated with this contract will be approximately \$9,120,000 to be incurred over the course of the next five years.

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

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

(l) Permanently Restricted Capital Assets

The Texas Health and Human Services Commission (HHSC), formerly the Department of Aging and Disability Services (DADS), transferred title to five separate real estate properties to MHMRTC in return for the payoff of DADS bonded indebtedness in a prior year. These properties are used by MHMRTC to provide group home services to its clients. In addition, MHMRTC received title to another separate property from DADS to be used to provide program services. The deeds received for these properties contain a restriction that states if the properties cease to be utilized by MHMRTC to provide community-based mental health or disability services for a continuous period of more than 180 days, then title to the property reverts to HHSC as successor to DADS. In accordance with this deed restriction, MHMRTC reports the cost of these properties of \$4,605,775 as restricted capital assets within the building and improvements – restricted and land – restricted captions in Note (d). The net book value of these assets after depreciation is \$2,742,338.



REQUIRED SUPPLEMENTARY INFORMATION

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



BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the year ended September 30, 2019 (Amounts in thousands)

	General Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 381,055	\$ 381,055	\$ 382,618	\$ 1,563
Licenses and permits	1,230	1,230	1,410	180
Fees of office	59,068	59,068	64,304	5,236
Intergovernmental	21,533	21,533	24,149	2,616
Investment income	3,305	3,305	4,469	1,164
Other revenues	15,314	15,314	11,027	(4,287)
Transfers	650	650	667	17
Total Revenues	\$ 482,155	\$ 482,155	\$ 488,644	\$ 6,489
EXPENDITURES:				
County Judge	\$ 1,092	\$ 1,092	\$ 1,060	\$ 32
County Administrator	2,790	2,790	2,302	488
Non-Departmental	112,466	109,873	54,973	54,900
Auditor	7,660	7,667	7,403	264
Budget/Risk Management	883	883	659	224
Tax Assessor / Collector	16,334	16,334	16,060	274
Elections Administration	6,332	6,332	5,468	864
Information Technology	42,496	42,220	39,688	2,532
Human Resources	3,469	3,470	3,284	186
Purchasing	2,403	2,403	2,392	11
Facilities	5,115	5,146	4,672	474
Sheriff	50,079	50,038	48,200	1,838
Sheriff - Confinement	88,722	88,722	86,869	1,853
Constable Precinct 1	1,411	1,411	1,393	18
Constable Precinct 2	1,304	1,313	1,231	82
Constable Precinct 3	1,507	1,507	1,493	14
Constable Precinct 4	1,123	1,123	1,115	8
Constable Precinct 5	941	941	928	13
Constable Precinct 6	993	993	982	11
Constable Precinct 7	1,433	1,433	1,400	33
Constable Precinct 8	1,223	1,242	1,235	7
Medical Examiner	10,244	10,244	10,037	207
Fire Marshal	442	443	437	6
Community Supervision	753	753	739	14
Juvenile Services	23,302	23,302	21,912	1,390
Pretrial Services	1,715	1,492	1,101	391
Buildings	24,484	24,454	22,685	1,769
17TH District Court	316	332	331	1
48TH District Court	298	298	292	6
67TH District Court	299	299	294	5
96TH District Court	297	297	293	4
141ST District Court	295	295	289	6
153RD District Court	307	307	301	6
236TH District Court	304	304	296	8

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the year ended September 30, 2019 (Amounts in thousands)

	General Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES:				
342ND District Court	\$ 298	\$ 298	\$ 296	\$ 2
348TH District Court	296	299	297	2
352ND District Court	294	294	292	2
Criminal District Court 1	1,821	2,288	2,278	10
Criminal District Court 2	1,498	1,615	1,614	1
Criminal District Court 3	1,616	1,761	1,720	41
Criminal District Court 4	1,542	1,677	1,638	39
213TH District Court	1,635	2,474	2,445	29
297TH District Court	1,681	1,756	1,695	61
371ST District Court	1,920	2,280	2,249	31
372ND District Court	1,573	1,936	1,931	5
396TH District Court	1,741	2,530	2,495	35
432nd District Court	1,892	2,190	2,181	9
Magistrate Court	1,431	1,712	1,698	14
231ST District Court	637	733	723	10
233RD District Court	794	844	809	35
322ND District Court	610	698	692	6
323RD District Court	3,287	3,501	3,501	-
324TH District Court	716	730	725	5
325TH District Court	647	679	675	4
360TH District Court	599	664	622	42
Special Judges	380	458	457	1
Criminal Court Administration	3,412	3,112	2,923	189
Grand Jury	207	207	206	1
Criminal Attorney Appointment	359	384	373	11
Criminal Mental Health Court	256	504	503	1
County Court at Law #1	616	616	612	4
County Court at Law #2	620	621	618	3
County Court at Law #3	614	627	579	48
County Criminal Court #1	1,032	1,087	1,075	12
County Criminal Court #2	1,030	1,110	1,092	18
County Criminal Court #3	883	983	951	32
County Criminal Court #4	1,009	1,010	962	48
County Criminal Court #5	1,184	1,355	1,323	32
County Criminal Court #6	792	872	852	20
County Criminal Court #7	940	995	898	97
County Criminal Court #8	865	925	892	33
County Criminal Court #9	828	878	864	14
County Criminal Court #10	868	938	852	86
Probate Court 1	2,356	2,355	2,243	112
Probate Court 2	2,444	2,446	2,269	177
Justice of the Peace Pct. 1	810	810	755	55
Justice of the Peace Pct. 2	809	838	834	4
Justice of the Peace Pct. 3	807	809	724	85

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONCLUDED)

For the year ended September 30, 2019 (Amounts in thousands)

	General Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES:				
Justice of the Peace Pct. 4	\$ 771	\$ 771	\$ 762	\$ 9
Justice of the Peace Pct. 5	637	637	609	28
Justice of the Peace Pct. 6	728	741	731	10
Justice of the Peace Pct. 7	823	824	808	16
Justice of the Peace Pct. 8	762	766	766	-
District Attorney	42,235	42,235	41,518	717
District Clerk	11,282	11,282	10,972	310
County Clerk	11,904	11,904	11,137	767
Domestic Relations	8,207	8,207	7,877	330
Jury Services	2,212	2,212	2,116	96
Courts / Judiciary	2,730	541	540	1
Human Services	4,918	4,918	3,561	1,357
Child Protective Services	2,740	2,740	2,527	213
Public Assistance	823	823	823	-
TX Cooperative Extension	843	843	660	183
Veterans Services	507	507	480	27
Historical Commission	288	288	253	35
Total Expenditures	<u>\$ 554,891</u>	<u>\$ 554,891</u>	<u>\$ 481,387</u>	<u>\$ 73,504</u>

BUDGETARY COMPARISON SCHEDULE ROAD AND BRIDGE

For the year ended September 30, 2019 (Amounts in thousands)

	Road and Bridge			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Fees of office	18,324	18,324	19,167	843
Intergovernmental	55	55	99	44
Investment income	290	290	277	(13)
Other revenues	277	277	323	46
Transfers	8,305	8,305	8,305	-
Total Revenues	\$ 27,251	\$ 27,251	\$ 28,172	\$ 921
EXPENDITURES:				
Buildings	\$ 36	\$ 36	\$ 30	\$ 6
Commissioner Precinct 1	8,442	8,442	7,824	618
Commissioner Precinct 2	4,971	4,971	4,196	775
Commissioner Precinct 3	5,114	5,114	4,762	352
Commissioner Precinct 4	7,744	7,744	7,339	405
Right of Way	3,668	2,760	686	2,074
Transportation	3,334	4,242	3,559	683
Road and Bridge Non-Departmental	1,753	1,753	434	1,319
Total Expenditures	\$ 35,062	\$ 35,062	\$ 28,830	\$ 6,232

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
For the year ended September 30, 2019**

1. Budgets and Budgetary Accounting

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

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

2. Reconciliation to Fund Statements

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

	<u>General Fund</u>	<u>Road and Bridge</u>
Revenues		
Budgetary Basis	\$ 488,644	\$ 28,172
Transfers in	(667)	(8,305)
Market value adjustment for securities and non-monetary donation not budget relevant	569	-
Available in 2019, received in 2020	479	-
Accrued in prior years, received in 2019	<u>(762)</u>	<u>-</u>
Revenues on modified accrual (GAAP) basis	<u>488,263</u>	<u>19,867</u>
Expenditures		
Budgetary Basis	481,387	28,830
Transfers out	(40,389)	-
Incurred in prior years, paid in 2019	1,149	321
Incurred during 2019, payable in future years	(2,344)	(1,648)
Prepaid, bad debt, non-monetary donation & inventory adjustment not budget relevant	<u>519</u>	<u>(194)</u>
Expenditures on modified accrual (GAAP) basis	<u>440,322</u>	<u>27,309</u>
Other Financing Sources (Uses)	<u>(39,722)</u>	<u>8,305</u>
Changes in fund balance on modified accrual (GAAP) basis	<u>\$ 8,219</u>	<u>\$ 863</u>

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



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

	Year ended September 30				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 38,960	\$ 38,055	\$ 36,398	\$ 35,941	\$ 34,260
Contributions in relation to the actuarially determined contribution	53,353	50,786	46,843	44,024	39,342
Contribution (excess)	<u>(14,393)</u>	<u>(12,731)</u>	<u>(10,445)</u>	<u>(8,083)</u>	<u>(5,082)</u>
Covered payroll	\$ 273,603	\$ 262,718	\$ 253,641	\$ 251,567	\$ 234,785
Contributions as a percentage of covered payroll	19.50%	19.33%	18.47%	17.50%	16.76%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6.1 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career, including inflation
Investment rate of return	8%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule *	Calendar year 2015: Employer contributions reflect that a 50% CPI COLA adoption Calendar year 2016: No changes in plan provisions Calendar year 2017: Employer contributions reflect a 50% CPI COLA adoption Also, new Annuity Purchase rates were reflected for benefits earned after 2017 Calendar year 2018: Employer contributions reflect a 50% CPI COLA adoption
Changes in Assumptions Methods Reflected in the Schedule *	Calendar year 2015: New inflation, mortality and other assumptions reflected. Calendar year 2017: New mortality assumptions were reflected.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	32,472	\$ 29,612	\$ 27,321	\$ 26,366	\$ 24,815
	<u>38,235</u>	<u>32,372</u>	<u>27,321</u>	<u>26,366</u>	<u>24,815</u>
	<u>(5,763)</u>	<u>(2,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	225,829	\$ 217,492	\$ 213,321	\$ 216,495	\$ 212,965
	16.93%	14.88%	12.81%	12.18%	11.65%

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

	Plan Year ended December 31		
	2018	2017	2016
Total Pension Liability			
Service cost	\$ 39,155	\$ 38,878	\$ 39,393
Interest on total pension liability	135,469	129,570	120,402
Effect of plan changes	(60,557)	-	-
Effect of assumption changes or inputs	-	(9,933)	-
Difference between expected and actual activity	(1,393)	(16,337)	(2,578)
Refunds of contributions	(2,068)	(3,479)	(2,321)
Benefit payments	(71,926)	(65,434)	(59,509)
Other	1,780	1,703	1,600
Net change in total pension liability	40,460	74,968	96,987
Total pension liability, beginning	1,667,799	1,592,831	1,495,844
Total pension liability, ending (a)	<u>\$ 1,708,259</u>	<u>\$ 1,667,799</u>	<u>\$ 1,592,831</u>
Fiduciary Net Position			
Employer contributions	\$ 51,604	\$ 47,657	\$ 42,720
Member contributions	18,518	17,817	17,094
Investment income (loss) net of investment expenses	(26,041)	178,077	84,033
Refunds of contributions	(2,068)	(3,479)	(2,321)
Benefit payments	(71,926)	(65,434)	(59,509)
Administrative expenses	(1,096)	(927)	(913)
Other	1,513	1,247	4,229
Net change in fiduciary net position	(29,496)	174,958	85,333
Fiduciary net position, beginning	1,394,031	1,219,073	1,133,740
Fiduciary net position, ending (b)	<u>\$ 1,364,535</u>	<u>\$ 1,394,031</u>	<u>\$ 1,219,073</u>
Net pension liability, ending = (a) - (b)	<u>\$ 343,724</u>	<u>\$ 273,768</u>	<u>\$ 373,758</u>
Fiduciary net position as a percentage of total pension liability	79.88%	83.59%	76.53%
Covered payroll	\$ 264,548	\$ 254,133	\$ 244,001
Net pension liability as a percentage of covered payroll	129.93%	107.73%	153.18%

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

<u>2015</u>	<u>2014</u>
\$ 37,283	\$ 35,951
113,517	105,804
(7,351)	-
21,317	-
(15,711)	(898)
(2,989)	(2,207)
(54,948)	(49,258)
1,503	
92,621	89,392
1,403,223	1,313,831
\$ 1,495,844	\$ 1,403,223

\$ 41,529	\$ 33,317
16,662	16,120
(3,788)	72,724
(2,989)	(2,207)
(54,948)	(49,258)
(818)	(850)
517	31
(3,835)	69,877
1,137,575	1,067,698
\$ 1,133,740	\$ 1,137,575

\$ 362,104	\$ 265,648
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75.79% 81.07%

\$ 237,309	\$ 228,675
152.59%	116.17%

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

	Measurement date September 30	
	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 11,025	\$ 12,432
Interest cost	8,236	7,137
Difference between expected and actual activity	(48,089)	-
Effect of assumption changes or inputs	(19,539)	(17,168)
Benefit payments	(7,479)	(7,305)
Net change in total OPEB liability	<u>(55,846)</u>	<u>(4,904)</u>
Total OPEB liability, beginning	219,561	224,465
Total OPEB liability, ending (a)	<u>\$ 163,715</u>	<u>\$ 219,561</u>
Fiduciary Net Position		
Employer contributions	\$ 7,479	\$ 7,305
Benefit payments	(7,479)	(7,305)
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Fiduciary net position, beginning	<u>-</u>	<u>-</u>
Fiduciary net position, ending (b)	<u>-</u>	<u>-</u>
Total OPEB liability, ending = (a) - (b)	<u>\$ 163,715</u>	<u>\$ 219,561</u>
Fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 243,335	\$ 254,210
Total OPEB liability as a percentage of covered employee payroll	67.28%	86.37%

Notes to schedule

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

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

2018	4.18%
2017	3.64%
2016	3.06%

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

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

Year ended September 30,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 17,281	\$ 17,281	\$ -	\$ 276,493	6.25%
2018	17,305	17,305	-	256,366	6.75%
2017	14,443	14,443	-	213,963	6.75%
2016	13,579	13,579	-	201,170	6.75%
2015	12,313	12,313	-	182,418	6.75%
2014	11,625	11,625	-	178,847	6.50%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	“Closed group” level dollar of payroll
Remaining amortization period	5 years at October 1, 2018 and 2017, respectively; recalculated annually; employer contribution rate constant unless amortization period > 25 years or ≤ 0 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.00% and 7.25% for 2018 and 2017, respectively, net of pension plan investment expenses, including inflation
Retirement age	60
Mortality	RP-2014 Total Employee Mortality Table, projected from 2006 base year with Scale MP-2018 and MP-2017 mortality improvement scales for 2018 and 2017, respectively.

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

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

	Measurement date October 1		
	2018	2017	2016
Total Pension Liability			
Service cost	\$ 15,429	\$ 12,604	\$ 12,028
Interest on total pension liability	19,526	17,416	15,931
Changes of benefit terms	184	-	-
Effect of assumption changes or inputs	8,396	(1,084)	(2,153)
Difference between expected and actual activity	4,775	5,794	1,523
Benefit payments, including refunds of employee contributions	(8,577)	(6,590)	(7,210)
Administrative expenses	(886)	(515)	(496)
Net change in total pension liability	38,847	27,625	19,623
Total pension liability, beginning	258,989	231,364	211,741
Total pension liability, ending (a)	<u>\$ 297,836</u>	<u>\$ 258,989</u>	<u>\$ 231,364</u>
Fiduciary Net Position			
Employer contributions	\$ 17,305	\$ 14,443	\$ 13,579
Member contributions	2,314	1,933	1,805
Investment income (loss) net of investment expenses	25,385	29,994	20,967
Benefit payments, including refunds of employee contributions	(8,577)	(6,590)	(7,210)
Administrative expenses	(886)	(515)	(496)
Net change in fiduciary net position	35,541	39,265	28,645
Fiduciary net position, beginning	257,038	217,773	189,128
Fiduciary net position, ending (b)	<u>\$ 292,579</u>	<u>\$ 257,038</u>	<u>\$ 217,773</u>
Net pension liability, ending = (a) - (b)	<u>\$ 5,257</u>	<u>\$ 1,951</u>	<u>\$ 13,591</u>
Fiduciary net position as a percentage of total pension liability	98.23%	99.25%	94.13%
Covered payroll	\$ 256,366	\$ 213,963	\$ 201,170
Net pension liability as a percentage of covered payroll	2.05%	0.91%	6.76%

Notes to schedule:

Changes of assumptions:

1) Mortality updated to RP-2014 projected from 2006 base year using MP-2018

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

<u>2015</u>		<u>2014</u>	
\$	12,181	\$	11,556
	14,805		12,953
	-		-
	(4,900)		6,650
	1,720		(717)
	(6,069)		(7,021)
	-		-
	<u>17,737</u>		<u>23,421</u>
	194,004		170,583
\$	<u>211,741</u>	\$	<u>194,004</u>
\$	12,313	\$	11,625
	1,641		1,575
	(2,629)		20,134
	(6,069)		(7,021)
	<u>(587)</u>		<u>(407)</u>
	4,669		25,906
	184,459		158,553
\$	<u>189,128</u>	\$	<u>184,459</u>
\$	<u>22,613</u>	\$	<u>9,545</u>
	89.32%		95.08%
\$	182,418	\$	178,847
	12.40%		5.34%



NONMAJOR GOVERNMENTAL FUNDS

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



NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS - FUND DESCRIPTIONS

LAW LIBRARY FUND

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

RECORDS PRESERVATION & AUTOMATION FUNDS

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

EDUCATION FUND

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

PUBLIC HEALTH CONTRACT

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

DISTRICT ATTORNEY CONTRACTS

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

SHERIFF CONTRACTS

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

MISCELLANEOUS CONTRACTS

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

COURT DESIGNATED FUNDS

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

VEHICLE INVENTORY TAX FUND

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

CONSUMER HEALTH FUND

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

HOUSING FINANCE CORPORATION

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

INDUSTRIAL DEVELOPMENT CORPORATION

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



COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019 (Amounts in thousands)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
ASSETS					
Cash, cash equivalents, and investments	\$ 1,222	\$ 19,710	\$ 208	\$ 28,578	\$ 3,226
Other receivables, net of allowance for uncollectibles	11	56	-	1,095	-
Supplies and prepaid items	-	6	-	15	-
TOTAL ASSETS	\$ 1,233	\$ 19,772	\$ 208	\$ 29,688	\$ 3,226
LIABILITIES					
Accounts payable	\$ 75	\$ 14	\$ 6	\$ 210	\$ 66
Other liabilities	6	58	-	267	1,538
Due to other funds	-	-	-	-	-
Total liabilities	81	72	6	477	1,604
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-other receivables	-	-	-	1,095	-
Total deferred inflows of resources	-	-	-	1,095	-
FUND BALANCES					
Nonspendable	-	6	-	15	-
Restricted:					
Law library	998	-	-	-	-
Records management	-	18,637	-	-	-
Education	-	-	202	-	-
Public health	-	-	-	2,507	-
Law enforcement and prosecution	-	-	-	-	1,551
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
VIT administration	-	-	-	-	-
Committed:					
Law library	154	-	-	-	-
Records management	-	1,057	-	-	-
Public health	-	-	-	25,594	-
Law enforcement and prosecution	-	-	-	-	71
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
Assigned:					
Economic development	-	-	-	-	-
Total fund balances	1,152	19,700	202	28,116	1,622
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,233	\$ 19,772	\$ 208	\$ 29,688	\$ 3,226

Sheriff Contracts	Miscellaneous Contracts	Court Designated Funds	Vehicle Inventory Tax	Consumer Health	Housing Finance Corporation	Industrial Development Corporation	Total
\$ 5,207	\$ 11,206	\$ 2,530	\$ 1,396	\$ 460	\$ 4,209	\$ 46	\$ 77,998
92	2,306	124	-	-	-	-	3,684
50	-	-	-	-	-	-	71
<u>\$ 5,349</u>	<u>\$ 13,512</u>	<u>\$ 2,654</u>	<u>\$ 1,396</u>	<u>\$ 460</u>	<u>\$ 4,209</u>	<u>\$ 46</u>	<u>\$ 81,753</u>
\$ 100	\$ 488	\$ 115	\$ -	\$ 1	\$ -	\$ -	\$ 1,075
67	137	5	2	21	-	-	2,101
-	31	-	-	-	-	-	31
<u>167</u>	<u>656</u>	<u>120</u>	<u>2</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>3,207</u>
-	542	-	-	-	-	-	1,637
-	542	-	-	-	-	-	1,637
50	-	-	-	-	-	-	71
-	-	-	-	-	-	-	998
-	-	-	-	-	-	-	18,637
-	-	-	-	-	-	-	202
-	25	-	-	365	-	-	2,897
4,737	127	-	-	-	-	-	6,415
-	2,671	-	-	-	-	-	2,671
-	562	2,278	-	-	-	-	2,840
-	-	-	1,394	-	-	-	1,394
-	-	-	-	-	-	-	154
-	-	-	-	-	-	-	1,057
-	8,234	-	-	73	-	-	33,901
395	1	-	-	-	-	-	467
-	590	-	-	-	-	-	590
-	104	256	-	-	-	-	360
-	-	-	-	-	4,209	46	4,255
<u>5,182</u>	<u>12,314</u>	<u>2,534</u>	<u>1,394</u>	<u>438</u>	<u>4,209</u>	<u>46</u>	<u>76,909</u>
<u>\$ 5,349</u>	<u>\$ 13,512</u>	<u>\$ 2,654</u>	<u>\$ 1,396</u>	<u>\$ 460</u>	<u>\$ 4,209</u>	<u>\$ 46</u>	<u>\$ 81,753</u>

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

For the year ended September 30, 2019 (Amounts in thousands)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fees of office	1,423	4,692	26	1,025	9
Intergovernmental	-	-	88	26,607	-
Investment income	25	439	-	599	36
Other revenues	38	2	-	81	563
Total revenues	1,486	5,133	114	28,312	608
EXPENDITURES:					
Current:					
General government	-	2,154	-	142	-
Public safety	-	-	70	-	-
Judicial	145	1,105	40	-	223
Community services	1,037	-	-	22,039	-
Capital outlay	-	438	-	305	74
Total expenditures	1,182	3,697	110	22,486	297
Excess (deficiency) of revenues over (under) expenditures	304	1,436	4	5,826	311
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balance	304	1,436	4	5,826	311
FUND BALANCES, beginning of year	848	18,264	198	22,290	1,311
FUND BALANCES, end of year	\$ 1,152	\$ 19,700	\$ 202	\$ 28,116	\$ 1,622

Sheriff Contracts	Miscellaneous Contracts	Court Designated Funds	Vehicle Inventory Tax	Consumer Health	Housing Finance Corporation	Industrial Development Corporation	Total
\$ -	\$ -	\$ -	\$ 181	\$ -	\$ -	\$ -	\$ 181
-	12	-	-	-	-	-	12
-	11,770	1,740	192	1,074	-	-	21,951
-	3,553	197	-	-	-	-	30,445
111	190	57	29	12	61	-	1,559
2,769	1,109	-	-	-	479	-	5,041
2,880	16,634	1,994	402	1,086	540	-	59,189
-	2,632	550	84	-	-	-	5,562
2,409	1,526	72	-	-	-	-	4,077
-	983	588	-	-	-	-	3,084
-	8,174	-	-	1,128	49	1	32,428
315	794	2	73	54	-	-	2,055
2,724	14,109	1,212	157	1,182	49	1	47,206
156	2,525	782	245	(96)	491	(1)	11,983
250	1,231	-	-	-	-	-	1,481
-	(59)	(608)	-	-	-	-	(667)
250	1,172	(608)	-	-	-	-	814
406	3,697	174	245	(96)	491	(1)	12,797
4,776	8,617	2,360	1,149	534	3,718	47	64,112
\$ 5,182	\$ 12,314	\$ 2,534	\$ 1,394	\$ 438	\$ 4,209	\$ 46	\$ 76,909



BUDGETARY COMPLIANCE

COMPREHENSIVE ANNUAL FINANCIAL REPORT, TARRANT COUNTY, TEXAS



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

For the year ended September 30, 2019 (Amounts in thousands)

	Debt Service Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 36,323	\$ 36,323	\$ 36,309	\$ (14)
Investment income	290	290	429	139
Total Revenues	<u>\$ 36,613</u>	<u>\$ 36,613</u>	<u>\$ 36,738</u>	<u>\$ 125</u>
EXPENDITURES:				
Debt service	\$ 38,284	\$ 38,284	\$ 37,283	\$ 1,001
Total Expenditures	<u>\$ 38,284</u>	<u>\$ 38,284</u>	<u>\$ 37,283</u>	<u>\$ 1,001</u>

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

For the year ended September 30, 2019 (Amounts in thousands)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Investment income	\$ 2,400	\$ 2,400	\$ 3,469	\$ 1,069
Other revenues	-	151	1,529	1,378
Transfers	30,447	30,722	31,062	340
Total Revenues	\$ 32,847	\$ 33,273	\$ 36,060	\$ 2,787
EXPENDITURES:				
County Administrator	\$ 23	\$ 28	\$ 26	\$ 2
Non-Departmental	21,914	9,493	8	9,485
Auditor	9	9	1	8
Tax Assessor / Collector	66	66	50	16
Elections Administration	-	11,148	11,146	2
Information Technology	17,666	18,222	10,489	7,733
Human Resources	3	4	4	-
Purchasing	-	1	1	-
Facilities	667	818	425	393
Sheriff	156	258	246	12
Sheriff - Confinement	37	37	37	-
Constable Precinct 2	6	6	5	1
Constable Precinct 8	7	7	-	7
Medical Examiner	671	671	179	492
Fire Marshal	3	3	3	-
Community Supervision	11	11	11	-
Juvenile Services	1	18	18	-
Buildings	73,051	73,182	9,576	63,606
Criminal District Court 1	1	1	-	1
Criminal District Court 2	-	1	1	-
213TH District Court	-	2	2	-
371ST District Court	1	1	1	-
396TH District Court	2	2	2	-
Magistrate Court	-	3	3	-
233RD District Court	-	4	4	-
323RD District Court	-	1	1	-
325TH District Court	-	3	3	-
Criminal Court Administration	11	52	50	2
County Court at Law #1	-	1	1	-
County Criminal Court 2	1	2	1	1
County Criminal Court 9	1	1	-	1
Probate Court 1	6	6	1	5
Probate Court 2	1	1	1	-
Justice of the Peace Pct. 1	-	1	1	-
Justice of the Peace Pct. 2	1	1	1	-
Justice of the Peace Pct. 4	-	1	1	-
Justice of the Peace Pct. 5	8	8	4	4
Justice of the Peace Pct. 6	1	2	2	-
Justice of the Peace Pct. 7	5	5	3	2
District Attorney	-	4	-	4
District Clerk	23	24	19	5

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

For the year ended September 30, 2019 (Amounts in thousands)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES:				
County Clerk	\$ 72	\$ 72	\$ 12	\$ 60
Domestic Relations	2	5	5	-
Jury Services	43	43	39	4
Courts / Judiciary	33	22	-	22
Human Services	-	1	1	-
TX Cooperative Extension	2	2	1	1
Veterans Services	1	2	2	-
Commissioner Precinct 1	3,165	3,165	845	2,320
Commissioner Precinct 2	857	904	588	316
Commissioner Precinct 3	795	973	525	448
Commissioner Precinct 4	245	529	261	268
Right of Way	550	550	550	-
Transportation	35,448	35,617	10,438	25,179
Total Expenditures	<u>\$ 155,566</u>	<u>\$ 155,994</u>	<u>\$ 45,594</u>	<u>\$ 110,400</u>

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

For the year ended September 30, 2019 (Amounts in thousands)

	Law Library			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,190	\$ 1,190	\$ 1,423	\$ 233
Investment income	14	14	25	11
Other revenues	31	31	38	7
Total Revenues	<u>\$ 1,235</u>	<u>\$ 1,235</u>	<u>\$ 1,486</u>	<u>\$ 251</u>
EXPENDITURES:				
Law Library	\$ 1,689	\$ 1,689	\$ 1,083	\$ 606
Judicial Law Library	175	175	153	22
Total Expenditures	<u>\$ 1,864</u>	<u>\$ 1,864</u>	<u>\$ 1,236</u>	<u>\$ 628</u>

	Records Preservation and Automation			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 4,620	\$ 4,620	\$ 4,692	\$ 72
Investment income	290	290	439	149
Other revenues	-	-	2	2
Total Revenues	<u>\$ 4,910</u>	<u>\$ 4,910</u>	<u>\$ 5,133</u>	<u>\$ 223</u>
EXPENDITURES:				
Information Technology	\$ 2,777	\$ 2,777	\$ 882	\$ 1,895
District Clerk	1,332	1,332	886	446
County Clerk	18,767	18,767	1,909	16,858
Total Expenditures	<u>\$ 22,876</u>	<u>\$ 22,876</u>	<u>\$ 3,677</u>	<u>\$ 19,199</u>

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

For the year ended September 30, 2019 (Amounts in thousands)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 27	\$ 27	\$ 26	\$ (1)
Intergovernmental	-	88	88	-
Total Revenues	<u>\$ 27</u>	<u>\$ 115</u>	<u>\$ 114</u>	<u>\$ (1)</u>
EXPENDITURES:				
Sheriff	\$ 78	\$ 129	\$ 59	\$ 70
Sheriff-Confinement	7	41	10	31
Constable Precinct 1	2	4	3	1
Constable Precinct 2	5	6	-	6
Constable Precinct 3	4	6	6	-
Constable Precinct 4	10	11	2	9
Constable Precinct 5	5	6	-	6
Constable Precinct 6	7	8	-	8
Constable Precinct 7	6	8	1	7
Constable Precinct 8	2	3	3	-
Fire Marshal	-	1	1	-
Probate Court 1	42	42	12	30
Probate Court 2	39	39	9	30
District Attorney	1	4	4	-
Total Expenditures	<u>\$ 208</u>	<u>\$ 308</u>	<u>\$ 110</u>	<u>\$ 198</u>

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,094	\$ 1,094	\$ 1,025	\$ (69)
Intergovernmental	16,611	16,611	26,606	9,995
Investment income	375	375	599	224
Other revenues	-	-	82	82
Transfer	549	549	549	-
Total Revenues	<u>\$ 18,629</u>	<u>\$ 18,629</u>	<u>\$ 28,861</u>	<u>\$ 10,232</u>
EXPENDITURES:				
Non-Departmental	\$ 17,865	\$ 11,728	\$ 549	\$ 11,179
Buildings	160	160	142	18
Public Health	20,805	26,942	22,201	4,741
Total Expenditures	<u>\$ 38,830</u>	<u>\$ 38,830</u>	<u>\$ 22,892</u>	<u>\$ 15,938</u>

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

For the year ended September 30, 2019 (Amounts in thousands)

	District Attorney			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ -	\$ -	\$ 10	\$ 10
Investment income	21	21	36	15
Other revenues	-	-	562	562
Total Revenues	\$ 21	\$ 21	\$ 608	\$ 587
EXPENDITURES:				
District Attorney	\$ 1,262	\$ 1,262	\$ 294	\$ 968
Total Expenditures	\$ 1,262	\$ 1,262	\$ 294	\$ 968

	Sheriff Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Investment income	\$ 75	\$ 75	\$ 110	\$ 35
Other revenues	1,620	1,620	2,770	1,150
Transfer	250	250	250	-
Total Revenues	\$ 1,945	\$ 1,945	\$ 3,130	\$ 1,185
EXPENDITURES:				
Sheriff	\$ 856	\$ 856	\$ 521	\$ 335
Sheriff - Confinement	5,113	5,113	2,470	2,643
Total Expenditures	\$ 5,969	\$ 5,969	\$ 2,991	\$ 2,978

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

For the year ended September 30, 2019 (Amounts in thousands)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Licenses and permits	\$ -	\$ 25	\$ 12	\$ (13)
Fees of office	219	6,028	11,774	5,746
Intergovernmental	591	3,607	3,617	10
Investment income	97	97	190	93
Other revenues	804	952	1,109	157
Transfer	750	2,800	1,231	(1,569)
	<u>2,461</u>	<u>13,509</u>	<u>17,933</u>	<u>4,424</u>
Total Revenues	\$ 2,461	\$ 13,509	\$ 17,933	\$ 4,424
EXPENDITURES:				
County Administrator	\$ 2	\$ 5	\$ -	\$ 5
Non-Departmental	26	26	11	15
Elections Administration	200	3,662	3,071	591
Information Technology	10	10	10	-
Self Insurance	1,192	1,192	117	1,075
Sheriff	1	1	-	1
Constable Precinct 7	7	20	9	11
Medical Examiner	50	50	21	29
Fire Marshal	91	169	103	66
Community Supervision	1,340	3,390	1,439	1,951
Juvenile Services	333	333	22	311
Criminal Court Administration	488	488	231	257
Veterans Diversion Court	42	42	4	38
District Attorney	536	584	533	51
Domestic Relations	7	7	6	1
8th Admin Judicial Region	118	119	118	1
Public Health	2,425	10,344	9,581	763
Human Services	52	208	141	67
Child Protective Services	201	201	132	69
Public Assistance	50	50	35	15
Historical Commission	45	45	2	43
	<u>7,216</u>	<u>20,946</u>	<u>15,586</u>	<u>5,360</u>
Total Expenditures	\$ 7,216	\$ 20,946	\$ 15,586	\$ 5,360

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS For the year ended September 30, 2019 (Amounts in thousands)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,606	\$ 1,628	\$ 1,740	\$ 112
Intergovernmental	140	140	197	57
Investment income	40	40	57	17
Total Revenues	\$ 1,786	\$ 1,808	\$ 1,994	\$ 186
EXPENDITURES:				
Non Departmental	\$ 2,192	\$ 2,213	\$ 1,158	\$ 1,055
Information Technology	369	369	2	367
Facilities	3	3	-	3
Community Supervision	90	90	72	18
323rd District Court	360	360	211	149
Appeals Court	191	191	185	6
Criminal Court Administration	243	243	82	161
Probate Court 1	314	314	57	257
Probate Court 2	219	219	52	167
Total Expenditures	\$ 3,981	\$ 4,002	\$ 1,819	\$ 2,183

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 350	\$ 350	\$ 181	\$ (169)
Fees of office	100	100	192	92
Investment income	15	15	29	14
Total Revenues	\$ 465	\$ 465	\$ 402	\$ (63)
EXPENDITURES:				
Tax Assessor/Collector	\$ 1,592	\$ 1,592	\$ 157	\$ 1,435
Total Expenditures	\$ 1,592	\$ 1,592	\$ 157	\$ 1,435

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

For the year ended September 30, 2019 (Amounts in thousands)

	Consumer Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,035	\$ 1,035	\$ 1,074	\$ 39
Investment income	9	9	12	3
Total Revenues	<u>\$ 1,044</u>	<u>\$ 1,044</u>	<u>\$ 1,086</u>	<u>\$ 42</u>
EXPENDITURES:				
Public Health	\$ 1,531	\$ 1,531	\$ 1,152	\$ 379
Total Expenditures	<u>\$ 1,531</u>	<u>\$ 1,531</u>	<u>\$ 1,152</u>	<u>\$ 379</u>



INTERNAL SERVICE FUNDS

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



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

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

SELF INSURANCE FUND

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

WORKERS' COMPENSATION FUND

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

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

September 30, 2019 (Amounts in thousands)

<u>ASSETS</u>	Employee Benefits	Self Insurance	Workers Compensation	Total
Current assets:				
Cash and cash equivalents	\$ 21,836	\$ 2,868	\$ 2,564	\$ 27,268
Other receivables, net of allowance for uncollectibles	3,546	7	1	3,554
Prepaid expenses and inventory	241	-	-	241
Total current assets	<u>25,623</u>	<u>2,875</u>	<u>2,565</u>	<u>31,063</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	997	26	74	1,097
Other liabilities	5,014	-	-	5,014
Unearned revenue	98	-	-	98
Other long term liabilities-current portion	-	368	3,113	3,481
Total current liabilities	<u>6,109</u>	<u>394</u>	<u>3,187</u>	<u>9,690</u>
Noncurrent liabilities:				
Other noncurrent liabilities	-	1,085	4,459	5,544
Total noncurrent liabilities	<u>-</u>	<u>1,085</u>	<u>4,459</u>	<u>5,544</u>
Total liabilities	<u>6,109</u>	<u>1,479</u>	<u>7,646</u>	<u>15,234</u>
 <u>NET POSITION</u>				
Unrestricted	<u>19,514</u>	<u>1,396</u>	<u>(5,081)</u>	<u>15,829</u>
Total net position	<u>\$ 19,514</u>	<u>\$ 1,396</u>	<u>\$ (5,081)</u>	<u>\$ 15,829</u>

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

For the year ended September 30, 2019 (Amounts in thousands)

	Employee Benefits	Self Insurance	Workers Compensation	Total
OPERATING REVENUES				
Charges for services - external	\$ 17,389	\$ -	\$ -	\$ 17,389
Charges for services - internal	52,180	-	2,366	54,546
Other revenues	4,331	28	1,164	5,523
Total operating revenues	73,900	28	3,530	77,458
OPERATING EXPENSES				
Building and equipment	1	115	-	116
Self insurance claims	65,115	148	2,340	67,603
Insurance premiums	2,404	-	-	2,404
Other expenses	4,457	596	277	5,330
Total operating expenses	71,977	859	2,617	75,453
Operating income (loss)	1,923	(831)	913	2,005
NONOPERATING REVENUES				
Investment income	461	70	55	586
Total nonoperating revenues	461	70	55	586
Income (loss) before transfers	2,384	(761)	968	2,591
Transfers in	-	375	-	375
Transfers out	(494)	-	-	(494)
Change in net position	1,890	(386)	968	2,472
Net position - beginning	17,624	1,782	(6,049)	13,357
Net position (deficit) - ending	\$ 19,514	\$ 1,396	\$ (5,081)	\$ 15,829

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended September 30, 2019 (Amounts in thousands)

	Employee Benefits	Self Insurance	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and employees	\$ 23,283	\$ 24	\$ 1,164	\$ 24,471
Receipts from interfund charges	52,180	-	2,366	54,546
Payments for claims and judgments	(70,855)	(378)	(3,566)	(74,799)
Net cash provided by (used in) operating activities	4,608	(354)	(36)	4,218
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income, net	461	70	55	586
Net cash provided by investing activities	461	70	55	586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	375	-	375
Transfers out	(494)	-	-	(494)
Net cash provided by (used in) noncapital financing activities	(494)	375	-	(119)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,575	91	19	4,685
CASH AND CASH EQUIVALENTS, beginning of year	17,261	2,777	2,545	22,583
CASH AND CASH EQUIVALENTS, end of year	\$ 21,836	\$ 2,868	\$ 2,564	\$ 27,268
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Income (loss) from operations	\$ 1,923	\$ (831)	\$ 913	\$ 2,005
Changes in assets and liabilities:				
Other receivables	1,553	(4)	-	1,549
Prepaid expenses and inventory	(47)	-	-	(47)
Accounts payable	605	(46)	-	559
Other liabilities	564	527	(949)	142
Unearned revenue	10	-	-	10
Net cash provided by (used in) operating activities	\$ 4,608	\$ (354)	\$ (36)	\$ 4,218

FIDUCIARY FUNDS

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





**FIDUCIARY FUNDS
FUND DESCRIPTIONS**

AGENCY FUNDS:

PAYROLL CLEARING FUND

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

FEE OFFICE FUND

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

COMMUNITY SUPERVISION & CORRECTIONS FUND

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

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

September 30, 2019 (Amounts in thousands)

	Agency Funds			
	Payroll Clearing	Fee Office	Community Supervision & Corrections	Total
ASSETS				
Current assets:				
Cash, cash equivalents, and investments	\$ 5,892	\$ 41,286	\$ 8,312	\$ 55,490
Other receivables	51	2	54	107
Restricted cash, cash equivalents, and investments	-	50,480	-	50,480
TOTAL ASSETS	\$ 5,943	\$ 91,768	\$ 8,366	\$ 106,077
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 10	\$ 732	\$ 742
Due to third parties	5,943	91,758	7,634	105,335
TOTAL LIABILITIES	\$ 5,943	\$ 91,768	\$ 8,366	\$ 106,077

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FIDUCIARY FUNDS

For the year ended September 30, 2019 (Amounts in thousands)

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
PAYROLL CLEARING:				
Cash, cash equivalents, and investments	\$ 5,720	\$ 154,692	\$ 154,520	\$ 5,892
Other receivables	40	68	57	51
	<u>\$ 5,760</u>	<u>\$ 154,760</u>	<u>\$ 154,577</u>	<u>\$ 5,943</u>
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to third parties	5,760	154,635	154,452	5,943
	<u>\$ 5,760</u>	<u>\$ 154,635</u>	<u>\$ 154,452</u>	<u>\$ 5,943</u>
FEE OFFICE:				
Cash, cash equivalents, and investments	\$ 56,272	\$ 5,000,897	\$ 5,015,883	\$ 41,286
Other receivables	3	1	2	2
Restricted cash, cash equivalents, and investments	63,328	30,645	43,493	50,480
	<u>\$ 119,603</u>	<u>\$ 5,031,543</u>	<u>\$ 5,059,378</u>	<u>\$ 91,768</u>
Accounts payable	\$ 23	\$ 300	\$ 313	\$ 10
Due to third parties	119,580	5,031,541	5,059,363	91,758
	<u>\$ 119,603</u>	<u>\$ 5,031,841</u>	<u>\$ 5,059,676</u>	<u>\$ 91,768</u>
COMMUNITY SUPERVISION & CORRECTIONS:				
Cash, cash equivalents, and investments	\$ 8,178	\$ 23,633	\$ 23,499	\$ 8,312
Other receivables	166	1,572	1,684	54
	<u>\$ 8,344</u>	<u>\$ 25,205</u>	<u>\$ 25,183</u>	<u>\$ 8,366</u>
Accounts payable	\$ 558	\$ 12,938	\$ 12,764	\$ 732
Due to third parties	7,786	12,267	12,419	7,634
	<u>\$ 8,344</u>	<u>\$ 25,205</u>	<u>\$ 25,183</u>	<u>\$ 8,366</u>
TOTAL:				
Cash, cash equivalents, and investments	\$ 70,170	\$ 5,179,222	\$ 5,193,902	\$ 55,490
Other receivables	209	1,641	1,743	107
Restricted cash, cash equivalents, and investments	63,328	30,645	43,493	50,480
	<u>\$ 133,707</u>	<u>\$ 5,211,508</u>	<u>\$ 5,239,138</u>	<u>\$ 106,077</u>
Accounts payable	\$ 581	\$ 13,238	\$ 13,077	\$ 742
Due to third parties	133,126	5,198,443	5,226,234	105,335
	<u>\$ 133,707</u>	<u>\$ 5,211,681</u>	<u>\$ 5,239,311</u>	<u>\$ 106,077</u>



STATISTICAL SECTION

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





TABLE OF CONTENTS

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.

FINANCIAL TRENDS	126
These schedules contain trend information to aid in understanding how the County’s financial performance and well being have changed over time.	
The first three schedules relate to government wide; the remaining schedules relate to fund information.	
REVENUE CAPACITY	136
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.	
DEBT CAPACITY	144
These schedules present information to aid in assessing the County’s current debt levels and its ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	150
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County’s financial activities take place.	
OPERATING INFORMATION	152
These schedules contain information about the County’s operations and resources to aid in understanding how the County’s financial information relates to the services the County provides and the activities it performs.	

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

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

	FISCAL YEAR				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$ 236,273	\$ 224,257	\$ 213,102	\$ 187,832	\$ 214,058
Restricted	15,784	16,507	17,780	20,967	23,439
Unrestricted	84,830	66,016	19,401	11,749	12,510
Total governmental activities net position (deficit)	<u>\$ 336,887</u>	<u>\$ 306,780</u>	<u>\$ 250,283</u>	<u>\$ 220,548</u>	<u>\$ 250,007</u>
Business-type activities:					
Net investment in capital assets	\$ 5,282	\$ 5,645	\$ 5,256	\$ 4,922	\$ 4,567
Unrestricted	481	988	1,043	1,519	1,638
Total business-type activities net position	<u>\$ 5,763</u>	<u>\$ 6,633</u>	<u>\$ 6,299</u>	<u>\$ 6,441</u>	<u>\$ 6,205</u>
Primary government:					
Net investment in capital assets	\$ 241,555	\$ 229,902	\$ 218,358	\$ 192,754	\$ 218,625
Restricted	15,784	16,507	17,780	20,967	23,439
Unrestricted	85,311	67,004	20,444	13,268	14,148
Total primary government net position (deficit)	<u>\$ 342,650</u>	<u>\$ 313,413</u>	<u>\$ 256,582</u>	<u>\$ 226,989</u>	<u>\$ 256,212</u>

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

TABLE I

2015⁽¹⁾	2016	2017	2018⁽²⁾	2019
\$ 205,217	\$ 242,704	\$ 263,098	\$ 351,713	\$ 365,058
35,733	27,460	56,753	31,287	34,488
(211,929)	(251,868)	(312,227)	(413,157)	(352,536)
<u>\$ 29,021</u>	<u>\$ 18,296</u>	<u>\$ 7,624</u>	<u>\$ (30,157)</u>	<u>\$ 47,010</u>
\$ 4,302	\$ 4,480	\$ 4,301	\$ 4,095	\$ 4,154
843	890	1,057	823	789
<u>\$ 5,145</u>	<u>\$ 5,370</u>	<u>\$ 5,358</u>	<u>\$ 4,918</u>	<u>\$ 4,943</u>
\$ 209,519	\$ 247,184	\$ 267,399	\$ 355,808	\$ 369,212
35,733	27,460	56,753	31,287	34,488
(211,086)	(250,978)	(311,170)	(412,334)	(351,747)
<u>\$ 34,166</u>	<u>\$ 23,666</u>	<u>\$ 12,982</u>	<u>\$ (25,239)</u>	<u>\$ 51,953</u>

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

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

Expenses	FISCAL YEAR				
	2010	2011	2012	2013	2014
Governmental activities:					
General government	\$ 126,700	\$ 124,555	\$ 127,322	\$ 130,932	\$ 127,883
Public safety	118,807	120,881	129,313	133,199	127,787
Transportation support	42,121	54,329	48,559	40,820	32,234
Judicial	150,002	150,841	157,358	160,619	157,483
Community services	91,269	84,066	79,934	82,852	78,405
Interest and fiscal charges	14,612	15,108	15,112	14,140	14,124
Total governmental activities expenses	543,511	549,780	557,598	562,562	537,916
Business-type activities:					
Resource Connection	3,048	3,024	3,351	3,158	3,699
Total primary government expenses	546,559	552,804	560,949	565,720	541,615
Program Revenues (1)					
Governmental activities:					
Fees, Fines, and Charges for Services	103,510	110,503	96,785	118,963	119,321
Operating Grants and Contributions	90,914	77,519	72,934	76,631	80,696
Capital Grants and Contributions	1,566	3,339	3,505	1,144	347
Total governmental activities program revenues	195,990	191,361	173,224	196,738	200,364
Business-type activities:					
Resource Connection	2,880	2,745	2,626	2,962	3,138
Total primary government program revenues	198,870	194,106	175,850	199,700	203,502
Net (Expenses)/Revenue					
Governmental activities	(347,521)	(358,419)	(384,374)	(365,824)	(337,552)
Business-type activities	(168)	(279)	(725)	(196)	(561)
Total primary government net expenses	\$ (347,689)	\$ (358,698)	\$ (385,099)	\$ (366,020)	\$ (338,113)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 327,566	\$ 315,441	\$ 317,016	\$ 325,106	\$ 335,242
Alcoholic beverage and bingo taxes	7,217	7,646	6,392	6,694	9,110
Unrestricted investment earnings	2,090	2,098	825	816	1,151
Other general revenue	2,652	3,127	3,644	3,473	5,205
Total governmental activities	339,525	328,312	327,877	336,089	350,708
Business-type activities:					
Unrestricted investment earnings	16	10	4	4	5
Other general revenue	371	1,139	387	334	320
Total business-type activities	387	1,149	391	338	325
Total primary government	339,912	329,461	328,268	336,427	351,033
Changes in Net Position					
Governmental activities	(7,996)	(30,107)	(56,497)	(29,735)	13,156
Business-type activities	219	870	(334)	142	(236)
Total primary government	\$ (7,777)	\$ (29,237)	\$ (56,831)	\$ (29,593)	\$ 12,920

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

TABLE II

	2015	2016	2017	2018	2019
\$	143,920	\$ 145,969	\$ 157,056	\$ 151,006	\$ 153,715
	132,926	145,216	159,812	155,980	145,317
	38,500	37,363	36,952	49,564	28,634
	162,219	174,043	182,028	182,031	172,703
	82,042	92,572	99,256	93,103	96,341
	16,066	13,275	10,435	8,701	7,933
	<u>575,673</u>	<u>608,438</u>	<u>645,539</u>	<u>640,385</u>	<u>604,643</u>
	3,735	3,453	3,496	3,210	3,435
	<u>579,408</u>	<u>611,891</u>	<u>649,035</u>	<u>643,595</u>	<u>608,078</u>
	126,633	131,550	131,310	132,839	143,884
	88,776	85,747	99,132	87,599	90,900
	1,728	1,318	3,579	642	4,833
	<u>217,137</u>	<u>218,615</u>	<u>234,021</u>	<u>221,080</u>	<u>239,617</u>
	3,092	3,292	3,284	3,284	3,272
	<u>220,229</u>	<u>221,907</u>	<u>237,305</u>	<u>224,364</u>	<u>242,889</u>
	(358,536)	(389,823)	(411,518)	(419,305)	(365,026)
	(643)	(161)	(212)	74	(163)
\$	<u>(359,179)</u>	<u>(389,984)</u>	<u>(411,730)</u>	<u>(419,231)</u>	<u>(365,189)</u>
\$	350,708	\$ 363,964	\$ 384,555	\$ 403,618	\$ 417,540
	11,136	10,953	10,943	11,321	12,188
	1,134	2,188	3,815	6,888	10,453
	4,322	1,993	1,533	1,037	2,012
	<u>367,300</u>	<u>379,098</u>	<u>400,846</u>	<u>422,864</u>	<u>442,193</u>
	5	9	20	44	72
	195	377	180	140	116
	<u>200</u>	<u>386</u>	<u>200</u>	<u>184</u>	<u>188</u>
	<u>367,500</u>	<u>379,484</u>	<u>401,046</u>	<u>423,048</u>	<u>442,381</u>
	8,764	(10,725)	(10,672)	3,559	77,167
	(443)	225	(12)	258	25
\$	<u>8,321</u>	<u>(10,500)</u>	<u>(10,684)</u>	<u>3,817</u>	<u>77,192</u>

PROGRAM REVENUE BY FUNCTION/PROGRAM LAST TEN YEARS

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

Function/Program	FISCAL YEAR				
	2010	2011	2012	2013	2014
Fees, Fines, and Charges for Services					
Governmental:					
General government	\$ 49,983	\$ 51,078	\$ 39,776	\$ 44,789	\$ 47,345
Public safety	3,607	5,274	5,884	6,383	6,621
Transportation support	-	-	19,633	19,419	18,851
Judicial	35,005	39,104	14,954	30,646	29,311
Community services	14,915	15,047	16,538	17,726	17,193
Total Governmental	<u>103,510</u>	<u>110,503</u>	<u>96,785</u>	<u>118,963</u>	<u>119,321</u>
Business-type:	<u>2,880</u>	<u>2,745</u>	<u>2,626</u>	<u>2,962</u>	<u>3,138</u>
Total Fees, Fines and Charges for Service	<u>\$ 106,390</u>	<u>\$ 113,248</u>	<u>\$ 99,411</u>	<u>\$ 121,925</u>	<u>\$ 122,459</u>
Operating Grants and Contributions					
Governmental:					
General government	\$ 7,961	\$ 744	\$ 2,499	\$ 1,962	\$ 2,263
Public safety	3,308	3,359	3,818	3,896	3,892
Transportation support	75	33	33	153	217
Judicial	11,968	12,094	11,186	11,390	12,614
Community services	67,602	61,289	55,398	59,230	61,710
Total Governmental	<u>90,914</u>	<u>77,519</u>	<u>72,934</u>	<u>76,631</u>	<u>80,696</u>
Total Operating Grants and Contributions	<u>\$ 90,914</u>	<u>\$ 77,519</u>	<u>\$ 72,934</u>	<u>\$ 76,631</u>	<u>\$ 80,696</u>
Capital Grants and Contributions					
Governmental:					
General government	\$ 302	\$ 2,163	\$ 1,080	\$ 1,083	\$ -
Public safety	195	593	156	33	325
Transportation support	173	446	2,166	28	-
Judicial	477	76	-	-	22
Community services	419	61	103	-	-
Total Governmental	<u>1,566</u>	<u>3,339</u>	<u>3,505</u>	<u>1,144</u>	<u>347</u>
Business-type:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Grants and Contributions	<u>\$ 1,566</u>	<u>\$ 3,339</u>	<u>\$ 3,505</u>	<u>\$ 1,144</u>	<u>\$ 347</u>
Total Program Revenues					
Governmental:					
General government	\$ 58,246	\$ 53,985	\$ 43,355	\$ 47,834	\$ 49,608
Public safety	7,110	9,226	9,858	10,312	10,838
Transportation support	248	479	21,832	19,600	19,068
Judicial	47,450	51,274	26,140	42,036	41,947
Community services	82,936	76,397	72,039	76,956	78,903
Total Governmental	<u>195,990</u>	<u>191,361</u>	<u>173,224</u>	<u>196,738</u>	<u>200,364</u>
Business-type:	<u>2,880</u>	<u>2,745</u>	<u>2,626</u>	<u>2,962</u>	<u>3,138</u>
Total Program Revenues	<u>\$ 198,870</u>	<u>\$ 194,106</u>	<u>\$ 175,850</u>	<u>\$ 199,700</u>	<u>\$ 203,502</u>

TABLE III

	2015	2016	2017	2018	2019
\$	51,688	\$ 52,059	\$ 53,037	\$ 54,323	\$ 57,787
	6,915	7,468	10,521	10,995	12,169
	17,449	18,484	18,021	18,830	19,236
	28,103	29,827	28,937	29,143	29,455
	22,478	23,712	20,794	19,548	25,237
	<u>126,633</u>	<u>131,550</u>	<u>131,310</u>	<u>132,839</u>	<u>143,884</u>
	3,092	3,253	3,284	3,284	3,272
\$	<u>129,725</u>	<u>134,803</u>	<u>134,594</u>	<u>136,123</u>	<u>147,156</u>
\$	8,873	\$ 677	\$ 6,969	\$ 1,134	\$ 1,410
	3,902	3,961	3,965	4,659	5,992
	137	31	85	31	38
	11,626	11,776	12,469	11,370	11,690
	<u>64,238</u>	<u>69,302</u>	<u>75,644</u>	<u>70,405</u>	<u>71,770</u>
	<u>88,776</u>	<u>85,747</u>	<u>99,132</u>	<u>87,599</u>	<u>90,900</u>
\$	<u>88,776</u>	<u>85,747</u>	<u>99,132</u>	<u>87,599</u>	<u>90,900</u>
\$	-	\$ 377	\$ 63	\$ 85	\$ 88
	229	482	25	38	26
	1,392	256	3,404	519	4,719
	107	-	-	-	-
	-	203	87	-	-
	<u>1,728</u>	<u>1,318</u>	<u>3,579</u>	<u>642</u>	<u>4,833</u>
	-	39	-	-	-
\$	<u>1,728</u>	<u>1,357</u>	<u>3,579</u>	<u>642</u>	<u>4,833</u>
\$	60,561	\$ 53,113	\$ 60,069	\$ 55,542	\$ 59,285
	11,046	11,911	14,511	15,692	18,187
	18,978	18,771	21,510	19,380	23,993
	39,836	41,603	41,406	40,513	41,145
	86,716	93,217	96,525	89,953	97,007
	<u>217,137</u>	<u>218,615</u>	<u>234,021</u>	<u>221,080</u>	<u>239,617</u>
	3,092	3,292	3,284	3,284	3,272
\$	<u>220,229</u>	<u>221,907</u>	<u>237,305</u>	<u>224,364</u>	<u>242,889</u>

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS

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

	FISCAL YEAR				
	2010	2011 ⁽¹⁾	2012	2013	2014
General Fund					
Reserved:					
For encumbrances	\$ 3,401	N/A	N/A	N/A	N/A
For supplies and prepaid items	878	N/A	N/A	N/A	N/A
For long-term receivable	4,390	N/A	N/A	N/A	N/A
Unreserved	56,306	N/A	N/A	N/A	N/A
Nonspendable	N/A	\$ 4,619	\$ 4,002	\$ 3,409	\$ 2,442
Committed	N/A	292	63	603	307
Assigned	N/A	17,868	23,276	25,015	27,578
Unassigned	N/A	36,642	38,499	49,101	48,616
Total General fund	<u>\$ 64,975</u>	<u>\$ 59,421</u>	<u>\$ 65,840</u>	<u>\$ 78,128</u>	<u>\$ 78,943</u>
All Other Governmental Funds					
Reserved:					
For debt service	\$ 1,611	N/A	N/A	N/A	N/A
For capital projects	178,068	N/A	N/A	N/A	N/A
For encumbrances	129,155	N/A	N/A	N/A	N/A
For supplies and prepaid items	961	N/A	N/A	N/A	N/A
For long-term receivable	2,099	N/A	N/A	N/A	N/A
Unreserved, reported in:					
Special revenue funds	28,072	N/A	N/A	N/A	N/A
Nonspendable	N/A	\$ 721	\$ 596	\$ 1,107	\$ 2,604
Restricted	N/A	185,117	145,765	146,653	114,877
Committed	N/A	68,129	73,574	80,443	78,467
Assigned	N/A	3,730	3,352	3,357	3,488
Unassigned	N/A	-	-	-	(1,482)
Total all other governmental funds	<u>\$ 339,966</u>	<u>\$ 257,697</u>	<u>\$ 223,287</u>	<u>\$ 231,560</u>	<u>\$ 197,954</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

2015	2016	2017	2018	2019
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
\$ 1,703	\$ 830	\$ 1,432	\$ 2,666	\$ 2,825
244	795	320	386	138
26,917	31,146	27,942	27,005	10,794
52,580	52,861	50,545	51,478	75,997
<u>\$ 81,444</u>	<u>\$ 85,632</u>	<u>\$ 80,239</u>	<u>\$ 81,535</u>	<u>\$ 89,754</u>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
\$ 2,321	\$ 2,355	\$ 2,592	\$ 3,475	\$ 3,041
153,572	144,294	134,580	114,858	114,326
90,117	101,253	95,569	102,701	114,761
3,597	3,703	3,717	3,765	4,255
(1,462)	(1,691)	(1,859)	(1,973)	(1,997)
<u>\$ 248,145</u>	<u>\$ 249,914</u>	<u>\$ 234,599</u>	<u>\$ 222,826</u>	<u>\$ 234,386</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS

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

	FISCAL YEAR				
	2010	2011	2012	2013	2014
Revenues:					
Taxes	\$ 327,003	\$ 316,206	\$ 323,034	\$ 326,100	\$ 333,417
Licenses and permits	1,159	851	1,137	983	1,078
Fees of office	66,743	69,515	73,432	80,247	81,740
Intergovernmental	119,163	107,945	100,345	104,592	112,639
Investment income	2,090	2,098	825	816	1,151
Other revenues	17,288	18,509	19,868	24,990	21,240
Total revenues	<u>533,446</u>	<u>515,124</u>	<u>518,641</u>	<u>537,728</u>	<u>551,265</u>
Expenditures:					
Current:					
General government	105,412	98,733	100,997	105,773	111,910
Public safety	107,190	109,744	112,139	115,081	118,983
Transportation support	21,313	22,936	20,723	19,548	20,451
Judicial	140,845	143,531	144,477	147,520	152,770
Community services	83,369	77,230	70,643	73,433	74,836
Capital outlay	53,037	114,674	67,715	64,269	70,370
Debt service:					
Principal payments	21,185	20,420	17,325	16,140	18,815
Interest and fiscal charges	15,207	15,964	16,110	15,574	15,508
Bond issuance costs	254	-	-	-	-
Total expenditures	<u>547,812</u>	<u>603,232</u>	<u>550,129</u>	<u>557,338</u>	<u>583,643</u>
Excess (deficiency) of revenues over (under) expenditures	(14,366)	(88,108)	(31,488)	(19,610)	(32,378)
Other Financing Sources (Uses):					
Transfers in	23,305	30,031	27,266	27,507	29,040
Transfers out	(23,009)	(29,746)	(26,139)	(27,782)	(29,453)
Issuance of capital lease	-	-	2,370	184	-
Issuance of debt	55,315	-	-	36,940	-
Premium on new debt	7,196	-	-	3,361	-
Discount on new debt	(300)	-	-	(163)	-
Refunding bonds issued	14,730	-	-	35,320	-
Premium on refunding bonds	2,363	-	-	4,703	-
Discount on refunding bonds	(78)	-	-	(148)	-
Payment to refunded bond escrow agent	(16,958)	-	-	(39,751)	-
Total other financing sources (uses)	<u>62,564</u>	<u>285</u>	<u>3,497</u>	<u>40,171</u>	<u>(413)</u>
Change in fund balance	<u>\$ 48,198</u>	<u>\$ (87,823)</u>	<u>\$ (27,991)</u>	<u>\$ 20,561</u>	<u>\$ (32,791)</u>
Debt Service as a percentage of noncapital expenditures	7.1%	6.9%	6.5%	6.1%	6.5%

TABLE V

	2015	2016	2017	2018	2019
\$	351,233	\$ 364,485	\$ 384,275	\$ 403,972	\$ 418,793
	1,435	1,198	1,291	1,214	1,422
	85,429	90,803	93,665	94,059	106,227
	121,625	120,058	125,472	126,883	132,352
	1,134	2,188	3,813	6,891	10,453
	19,225	18,672	17,127	17,292	18,718
	580,081	597,404	625,643	650,311	687,965
	117,878	115,112	128,382	123,409	127,951
	123,359	127,142	136,224	143,914	151,697
	23,136	22,523	24,978	22,929	23,244
	158,622	161,072	168,256	177,228	185,877
	77,537	83,886	87,797	90,764	97,860
	62,106	44,487	62,761	65,274	44,393
	18,645	22,990	25,940	27,295	28,125
	16,128	14,542	11,911	9,995	9,158
	-	-	-	-	-
	597,411	591,754	646,249	660,808	668,305
	(17,330)	5,650	(20,606)	(10,497)	19,660
	39,303	36,974	44,571	43,115	41,175
	(39,350)	(36,894)	(44,810)	(43,245)	(41,056)
	3,783	-	-	150	-
	61,095	-	-	-	-
	4,677	-	-	-	-
	-	-	-	-	-
	88,960	70,905	36,860	-	-
	4,566	-	-	-	-
	-	-	-	-	-
	(93,012)	(70,678)	(36,723)	-	-
	70,022	307	(102)	20	119
\$	52,692	\$ 5,957	\$ (20,708)	\$ (10,477)	\$ 19,779
	6.2%	6.6%	6.3%	5.9%	5.8%

STATISTICAL SECTION

TARRANT COUNTY, TEXAS

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

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

Governmental Unit	FISCAL YEAR				
	2010	2011	2012	2013	2014
Tarrant County	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000
Special Districts Rates					
Live Oak Creek Municipal Utility District #1	0.990000	0.990000	0.990000	0.990000	0.990000
Viridian Municipal Management District	-	0.448100	0.448100	0.448100	0.448100
Tarrant County Hospital District	0.227897	0.227897	0.227897	0.227897	0.227897
Tarrant County College District	0.137670	0.137640	0.148970	0.148970	0.149500
Tarrant Regional Water District	0.020000	0.020000	0.020000	0.020000	0.020000
Tarrant Emergency Services District	0.064000	0.064000	0.064000	0.064000	0.080000
County Line Special District Rates					
Trophy Club Municipal Utility District #1	0.205000	0.195000	0.175000	0.133390	0.133390
City Rates					
Arlington	0.648000	0.648000	0.648000	0.648000	0.648000
Bedford	0.463348	0.491609	0.504329	0.499115	0.494830
Benbrook	0.657500	0.657500	0.657500	0.657500	0.657500
Blue Mound	0.638000	0.638000	0.680000	0.750000	0.750000
Colleyville	0.355900	0.355900	0.355900	0.355900	0.355900
Dalworthington Gardens	0.262739	0.262739	0.262739	0.262739	0.262739
Edgecliff Village	0.294112	0.294112	0.285934	0.294000	0.299000
Eules	0.470000	0.470000	0.470000	0.470000	0.470000
Everman	0.904127	1.105413	1.105413	1.105413	1.255205
Forest Hill	1.060000	1.060000	1.060000	1.060000	1.060000
Fort Worth	0.855000	0.855000	0.855000	0.855000	0.855000
Haltom City	0.598300	0.646371	0.651740	0.651740	0.699990
Haslet	0.267197	0.304645	0.304645	0.320869	0.320869
Hurst	0.535000	0.578000	0.578000	0.608498	0.608498
Keller	0.442190	0.442190	0.442190	0.442190	0.442190
Kennedale	0.722500	0.722500	0.722500	0.722500	0.747500
Lake Worth	0.428590	0.492512	0.466419	0.474411	0.482083
Lakeside	0.323516	0.372940	0.379248	0.379248	0.379260
North Richland Hills	0.570000	0.570000	0.570000	0.610000	0.610000
Pantego	0.373270	0.373270	0.410000	0.410000	0.420000
Pelican Bay	0.898499	0.898499	0.898499	0.898499	0.898499
Richland Hills	0.473042	0.518012	0.551757	0.528094	0.528094
River Oaks	0.820000	0.860000	0.853006	0.856519	0.850351
Saginaw	0.449115	0.484000	0.480000	0.490000	0.510000
Sansom Park	0.571627	0.627401	0.719518	0.737215	0.733655
Watauga	0.580763	0.580763	0.589001	0.591216	0.591216
Westover Hills	0.366739	0.351894	0.365806	0.360238	0.350500
Westworth Village	0.500000	0.500000	0.500000	0.492000	0.492000
White Settlement	0.686037	0.686037	0.742135	0.614715	0.670653
County Line City Rates					
Azle	0.631000	0.636000	0.643800	0.649500	0.659500
Burleson	0.694000	0.710000	0.690000	0.690000	0.690000
Crowley	0.575500	0.640000	0.640000	0.669019	0.696829
Flower Mound	0.449700	0.449700	0.449700	0.449700	0.449700
Grand Prairie	0.669998	0.669998	0.669998	0.669998	0.669998
Grapevine	0.350000	0.350000	0.348000	0.345695	0.342500

TABLE VI

2015	2016	2017	2018	2019
\$ 0.264000	\$ 0.264000	\$ 0.254000	\$ 0.244000	\$ 0.234000
0.990000	0.990000	0.990000	0.990000	1.000000
0.448100	0.448100	0.448100	0.448100	0.448100
0.227897	0.227897	0.227897	0.224429	0.224429
0.149500	0.149500	0.144730	0.140060	0.136070
0.020000	0.020000	0.019400	0.019400	0.019400
0.080000	0.080000	0.080000	0.082500	0.082500
0.133390	0.131140	0.127220	0.120210	0.116180
0.648000	0.648000	0.644800	0.639800	0.634800
0.494830	0.494830	0.476509	0.520000	0.561862
0.657500	0.657500	0.650000	0.640000	0.640000
0.750000	0.806250	0.806250	0.741530	0.696800
0.355900	0.355900	0.339130	0.333834	0.320800
0.262739	0.253670	0.273979	0.374379	0.580000
0.305216	0.305216	0.270359	0.270359	0.270359
0.467500	0.467500	0.462500	0.462500	0.462500
1.255205	1.255205	1.230000	1.158630	1.113943
0.996054	0.996054	0.990000	0.990000	0.992873
0.855000	0.855000	0.835000	0.805000	0.785000
0.699990	0.699990	0.699990	0.668180	0.653000
0.292785	0.285693	0.290253	0.333044	0.305960
0.606000	0.610560	0.587900	0.580940	0.580000
0.437190	0.434690	0.430000	0.427500	0.413250
0.747500	0.767500	0.767500	0.777500	0.725714
0.467828	0.499252	0.460660	0.454920	0.434806
0.379260	0.360192	0.360192	0.375000	0.379000
0.610000	0.610000	0.610000	0.590000	0.585000
0.420000	0.420000	0.420000	0.420000	0.420000
0.898499	0.898499	0.898499	0.898499	0.898499
0.528094	0.528805	0.595633	0.563738	0.541880
0.850351	0.852309	0.794444	0.780000	0.749400
0.510000	0.544000	0.513000	0.495000	0.471800
0.704741	0.690692	0.767304	0.787304	0.787304
0.591216	0.618718	0.618411	0.601788	0.601788
0.347400	0.347400	0.355000	0.355000	0.387200
0.492000	0.500000	0.500000	0.500000	0.485000
0.690660	0.733103	0.755693	0.762127	0.762186
0.668000	0.679500	0.679500	0.671500	0.667287
0.740000	0.740000	0.735000	0.735000	0.735000
0.696829	0.739270	0.739270	0.719000	0.709000
0.439000	0.439000	0.439000	0.439000	0.439000
0.669998	0.669998	0.669998	0.669998	0.669998
0.332439	0.328437	0.289271	0.289271	0.289271

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

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

Governmental Unit (cont'd)	FISCAL YEAR				
	2010	2011	2012	2013	2014
Mansfield	0.710000	0.710000	0.710000	0.710000	0.710000
Reno	0.420000	0.453000	0.492700	0.492700	0.499600
Roanoke	0.375120	0.375120	0.375120	0.375120	0.375120
Southlake	0.462000	0.462000	0.462000	0.462000	0.462000
Trophy Club	0.470000	0.515000	0.530000	0.518430	0.499300
Westlake	-	0.160100	0.156840	0.156840	0.156840
School District Rates					
Arlington Independent School District	1.272000	1.335000	1.305500	1.301000	1.292170
Birdville Independent School District	1.405000	1.425000	1.435000	1.435000	1.435000
Carroll Independent School District	1.415000	1.415000	1.415000	1.400000	1.400000
Castleberry Independent School District	1.213300	1.453300	1.453300	1.453300	1.415500
Eagle Mountain Saginaw Independent School District	1.465800	1.495800	1.530000	1.540000	1.540000
Everman Independent School District	1.270000	1.292500	1.277500	1.395000	1.490000
Fort Worth Independent School District	1.322000	1.322000	1.322000	1.322000	1.322000
Hurst Eules Bedford Independent School District	1.295453	1.288189	1.414000	1.407500	1.387500
Keller Independent School District	1.486300	1.530600	1.540000	1.540000	1.540000
Kennedale Independent School District	1.488610	1.544821	1.512068	1.512068	1.492068
Lake Worth Independent School District	1.670000	1.670000	1.670000	1.670000	1.670000
White Settlement Independent School District	1.540000	1.540000	1.540000	1.540000	1.540000
County Line School District Rates					
Aledo Independent School District	1.425200	1.425200	1.425200	1.425200	1.425200
Azle Independent School District	1.190000	1.190000	1.190000	1.190000	1.190000
Burleson Independent School District	1.540000	1.540000	1.540000	1.540000	1.540000
Crowley Independent School District	1.535000	1.535000	1.535000	1.670000	1.670000
Godley Independent School District	1.071481	1.122390	1.137090	1.128700	1.172752
Grapevine Colleyville Independent School District	1.290000	1.290000	1.310000	1.320100	1.320100
Lewisville Independent School District	1.408700	1.426700	1.426000	1.453000	1.477000
Mansfield Independent School District	1.450000	1.496000	1.496000	1.540000	1.527100
Northwest Independent School District	1.355000	1.375000	1.375000	1.375000	1.452500

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

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

Source: Tarrant Appraisal District

TABLE VI

2015	2016	2017	2018	2019
0.710000	0.710000	0.710000	0.710000	0.710000
0.499900	0.530000	0.530000	0.520000	0.520000
0.375120	0.375120	0.375120	0.375120	0.375120
0.462000	0.462000	0.462000	0.462000	0.447000
0.490000	0.484000	0.473000	0.451442	0.446442
0.156340	0.156340	0.136950	0.136150	0.156000
1.348110	1.412952	1.390080	1.368670	1.368670
1.435000	1.453900	1.453900	1.453900	1.453900
1.400000	1.395000	1.390000	1.385000	1.380000
1.399700	1.415500	1.376600	1.392200	1.392200
1.540000	1.540000	1.540000	1.540000	1.540000
1.510000	1.530000	1.525000	1.510000	1.495000
1.322000	1.352000	1.352000	1.352000	1.352000
1.375000	1.350000	1.316000	1.263000	1.273000
1.540000	1.540000	1.520000	1.520000	1.510000
1.514717	1.486724	1.486724	1.480000	1.451694
1.670000	1.670000	1.670000	1.670000	1.670000
1.540000	1.540000	1.540000	1.540000	1.520000
1.425200	1.595000	1.595000	1.595000	1.595000
1.203000	1.203000	1.203000	1.329000	1.329000
1.540000	1.540000	1.540000	1.670000	1.670000
1.650000	1.650000	1.650000	1.670000	1.670000
1.195500	1.247660	1.540000	1.540000	1.540000
1.320100	1.320100	1.396700	1.396700	1.396700
1.477000	1.476730	1.420000	1.407500	1.407500
1.527100	1.510000	1.510000	1.540000	1.540000
1.452500	1.452500	1.452500	1.490000	1.490000

ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

TABLE VII

(Unaudited)
(Amounts in thousands)

Fiscal Year Ended September 30	Assessed Real Property	Assessed Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate ⁽¹⁾
2010	\$ 126,395,431	\$ 26,776,981	\$ 26,273,875	\$ 126,898,537	\$ 0.264000
2011	122,414,337	24,737,656	25,624,969	121,527,024	0.264000
2012	124,087,054	25,696,928	26,401,558	123,382,424	0.264000
2013	127,035,192	26,185,771	28,213,654	125,007,309	0.264000
2014	131,383,399	26,034,219	29,025,508	128,392,110	0.264000
2015	140,621,096	25,012,208	30,338,644	135,294,660	0.264000
2016	146,065,649	26,475,593	31,481,815	141,059,427	0.264000
2017	162,709,268	28,237,199	36,254,928	154,691,539	0.254000
2018	181,216,179	28,982,575	39,610,155	170,588,598	0.244000
2019	197,865,532	31,179,225	42,851,611	186,193,146	0.234000

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

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

Source: Tarrant Appraisal District

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

TABLE VIII

(Unaudited)

(Amounts in thousands)

Taxpayer	FISCAL YEAR					
	2019			2010		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
American Airlines	\$ 1,130,994	1	0.61%	\$ 366,801	7	0.29%
Oncor Electric Delivery	1,106,298	2	0.59%	912,586	1	0.72%
Winner LLC	1,054,627	3	0.57%	-		
Alcon Laboratories	449,070	4	0.24%	-		
Wal-mart Real Estate Bus Trust	444,872	5	0.24%	404,645	5	0.32%
Atmos Energy/Mid Tex Division	428,739	6	0.23%			
Bell Helicopter Textron	385,393	7	0.21%	493,924	3	0.39%
Opryland Hotel	350,206	8	0.19%	256,104	10	0.20%
General Motors LLC	346,595	9	0.19%	-		
XTO Energy Inc	319,534	10	0.17%	289,615	9	0.23%
Devon Energy Food Co	-			594,290	2	0.47%
Chesapeake Operating	-			459,642	4	0.36%
Southwestern Bell	-			394,308	6	0.31%
Encana Oil Gas (USA) Inc	-			297,235	8	0.24%
	<u>\$ 6,016,328</u>		<u>3.23%</u>	<u>\$ 4,469,150</u>		<u>3.53%</u>

Source: Tarrant Appraisal District

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

(Unaudited)

(Amounts in thousands)

Fiscal Year Ended September 30	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2010	\$ 333,272	\$ (328)	\$ 332,944	\$ 328,774	98.65%	\$ 3,561
2011	319,354	5	319,359	315,758	98.87%	3,085
2012	324,066	115	324,181	320,705	98.96%	2,968
2013	328,199	(665)	327,534	324,960	99.01%	2,016
2014	336,803	(442)	336,361	333,806	99.11%	1,835
2015	354,272	(729)	353,543	350,698	98.99%	2,154
2016	368,922	13	368,935	365,724	99.13%	2,404
2017	387,855	(577)	387,278	384,387	99.11%	1,943
2018	409,336	(765)	408,571	406,075	99.20%	1,311
2019	427,161	-	427,161	423,720	99.19%	-

Source: Tarrant County Tax Office and Tarrant Appraisal District

TABLE IX

Total Collections	
Amount	Percentage of Levy
\$ 332,335	99.82%
318,843	99.84%
323,673	99.84%
326,976	99.83%
335,641	99.79%
352,852	99.80%
368,128	99.78%
386,330	99.76%
407,386	99.71%
423,720	99.19%

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

TABLE X

(Unaudited)

(Amounts in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Limited Tax Refunding	Non-Taxable Tax Notes	Capital Leases	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2010	\$ 226,980	\$ 139,287	\$ 5,947	-	\$ 372,214	0.52%	\$ 205.75
2011	216,827	132,318	1,727	-	350,872	0.47%	193.02
2012	206,334	126,344	-	\$ 2,325	335,003	0.43%	182.94
2013 ⁽³⁾	196,521	158,983	-	1,920	357,424	0.43%	192.27
2014	186,343	152,406	-	1,304	340,053	0.38%	176.07
2015	91,551	295,620	-	4,441	391,612	0.41%	199.86
2016	12,378	352,616	-	3,064	368,058	0.39%	184.80
2017	5,089	331,923	-	2,270	339,282	0.35%	167.63
2018	-	307,996	-	1,641	309,637	0.32%	150.46
2019	-	266,375	-	857	267,232	0.25% ⁽²⁾	127.71

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

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

(2) Calculation based on most recent information for personal income data, fiscal year 2018.

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

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

TABLE XI

(Unaudited)

(Amounts in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Limited Tax Refunding	Non-Taxable Tax Notes	Total Primary Government	Less: Amount Available In Debt Service Fund	Total	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2010	\$ 226,980	\$ 139,287	\$ 5,947	\$ 372,214	\$ 1,611	\$ 370,603	0.29%	\$ 204.86
2011	216,827	132,318	1,727	350,872	1,482	349,390	0.29%	192.20
2012	206,334	126,344	-	332,678	1,626	331,052	0.27%	180.78
2013 ⁽³⁾	196,521	158,983	-	355,504	486	355,018	0.28%	190.98
2014	186,343	152,406	-	338,749	1,112	337,637	0.26%	174.82
2015	91,551	295,620	-	387,171	1,151	386,020	0.29%	197.00
2016	12,378	352,616	-	364,994	1,421	363,573	0.26%	182.55
2017	5,089	331,923	-	337,012	1,513	335,499	0.22%	165.76
2018	-	307,996	-	307,996	1,841	306,155	0.18%	148.77
2019	-	266,375	-	266,375	1,262	265,113	0.14%	126.70

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

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

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2019

(Unaudited)

(Amounts in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt 9/30/2019
Debt repaid with property taxes:			
Special Districts:			
Live Oak Creek Municipal Utility District #1	\$ 11,160	100.00%	\$ 11,160
Viridian Municipal Management District	140,250	100.00%	140,250
Tarrant County Hospital District	17,735	100.00%	17,735
County Line Special District:			
Trophy Club Municipal Utility District #1	7,970	26.11%	2,081
Cities:			
Arlington	428,490	100.00%	428,490
Bedford	152,025	100.00%	152,025
Benbrook	5,420	100.00%	5,420
Colleyville	4,155	100.00%	4,155
Dalworthington Gardens	4,525	100.00%	4,525
Eules	59,300	100.00%	59,300
Everman	2,010	100.00%	2,010
Forest Hill	4,130	100.00%	4,130
Fort Worth	745,560	97.01%	723,268
Haltom City	52,035	100.00%	52,035
Haslet	8,187	100.00%	8,187
Hurst	65,845	100.00%	65,845
Keller	57,770	100.00%	57,770
Kennedale	12,535	100.00%	12,535
Lake Worth	10,710	100.00%	10,710
North Richland Hills	121,140	100.00%	121,140
Pantego	2,735	100.00%	2,735
Pelican Bay	945	100.00%	945
Richland Hills	27,715	100.00%	27,715
Saginaw	31,640	100.00%	31,640
Sansom Park	4,067	100.00%	4,067
Watauga	41,100	100.00%	41,100
Westover Hills	2,435	100.00%	2,435
Westworth Village	9,157	100.00%	9,157
White Settlement	22,770	100.00%	22,770
			-
County Line Cities:			
Azle	15,185	82.41%	12,514

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

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

Source: Municipal Advisory Council of Texas

TABLE XII

Governmental Unit (cont'd)	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt 9/30/2019
Burleson	\$ 155,260	19.37%	\$ 30,074
Crowley	32,090	99.71%	31,997
Flower Mound	169,720	2.27%	3,853
Grand Prairie	356,480	50.35%	179,488
Grapevine	160,052	97.97%	156,803
Mansfield	138,605	94.89%	131,522
Reno	1,265	3.99%	50
Southlake	78,260	98.04%	76,726
Trophy Club	21,267	6.55%	1,393
Westlake	35,171	98.76%	34,735
School Districts:			
Arlington Independent School District	766,072	100.00%	766,072
Birdville Independent School District	397,327	100.00%	397,327
Carroll Independent School District	306,677	100.00%	306,677
Castleberry Independent School District	37,375	100.00%	37,375
Eagle Mountain Saginaw Independent School District	611,083	100.00%	611,083
Everman Independent School District	82,590	100.00%	82,590
Fort Worth Independent School District	901,160	100.00%	901,160
Hurst Euless Bedford Independent School District	383,550	100.00%	383,550
Keller Independent School District	649,855	100.00%	649,855
Kennedale Independent School District	30,910	100.00%	30,910
Lake Worth Independent School District	63,891	100.00%	63,891
White Settlement Independent School District	153,712	100.00%	153,712
County Line School Districts:			
Aledo Independent School District	162,845	6.72%	10,943
Azle Independent School District	81,050	63.93%	51,815
Burleson Independent School District	332,791	33.97%	113,049
Crowley Independent School District	460,378	99.05%	456,004
Godley Independent School District	59,275	9.79%	5,803
Grapevine Colleyville Independent School District	435,416	90.14%	392,484
Lewisville Independent School District	1,269,936	0.54%	6,858
Mansfield Independent School District	928,545	95.48%	886,575
Northwest Independent School District	934,245	48.84%	456,285
Sub-total Overlapping Debt			<u>9,448,508</u>
Tarrant County (direct debt)	267,232	100.00%	<u>267,232</u>
Total Direct and Overlapping Debt			<u>\$ 9,715,740</u>

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

(Unaudited)
(Amounts in thousands)

	FISCAL YEAR				
	2010	2011	2012	2013 ⁽²⁾	2014
Debt Limit	\$ 6,344,927	\$ 6,076,351	\$ 6,169,121	\$ 6,250,365	\$ 6,419,606
Total net debt applicable to limit	<u>370,603</u>	<u>349,390</u>	<u>331,052</u>	<u>355,018</u>	<u>337,637</u>
Legal debt margin	<u>\$ 5,974,324</u>	<u>\$ 5,726,961</u>	<u>\$ 5,838,069</u>	<u>\$ 5,895,347</u>	<u>\$ 6,081,969</u>
Total net debt applicable to the limit as a percentage of debt limit	5.84%	5.75%	5.37%	5.68%	5.26%

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

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

TABLE XIII

2015	2016	2017	2018	2019
\$ 6,764,733	\$ 7,052,971	\$ 7,734,577	\$ 8,529,430	\$ 9,309,657
386,020	363,573	335,499	306,155	276,997
<u>\$ 6,378,713</u>	<u>\$ 6,689,398</u>	<u>\$ 7,399,078</u>	<u>\$ 8,223,275</u>	<u>\$ 9,032,660</u>
5.71%	5.15%	4.34%	3.59%	2.98%

Legal Debt Margin Calculation (1) for Fiscal Year 2019

Assessed value	\$ 186,193,146
Debt Limit (5% of total assessed value)	9,309,657
Debt applicable to limit:	
Total General Bonded debt	278,259
Less: Amount available in Debt Service Fund	(1,262)
Total net debt applicable to limit	<u>276,997</u>
Legal debt margin	<u>\$ 9,032,660</u>

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

TABLE XIV

(Unaudited)

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (Amounts in thousands)</u>	<u>Per Capita Personal Income ⁽²⁾</u>	<u>Unemployment Rate ⁽³⁾</u>	<u>Public School Enrollment ⁽⁴⁾</u>
2010	1,809,034	\$ 71,216,241	\$ 39,367	7.9%	336,266
2011	1,817,840	74,467,816	40,965	8.3%	342,813
2012	1,831,230	78,823,464	43,044	6.2%	347,573
2013	1,858,921	82,567,694	44,417	6.0%	353,806
2014	1,931,335	89,167,806	46,169	5.0%	357,126
2015	1,959,449	95,478,071	48,727	4.0%	355,833
2016	1,991,639	95,698,254	48,050	4.1%	356,941
2017	2,023,985	96,189,887	47,525	3.4%	359,879
2018	2,057,926	105,446,070	51,239	3.4%	359,140
2019	2,092,419	-	-	3.1%	359,086

Data Sources:

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

NA-Not available

**TEN PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

TABLE XV

Employer	2019 ⁽¹⁾			2010 ⁽²⁾		
	Employees	Rank	% of Total Tarrant County Employment	Employees	Rank	% of Total Tarrant County Employment
AMR Corp./American Airlines	31,000	1	2.96%	20,684	1	2.45%
Texas Health Resources	24,000	2	2.29%	18,672	2	2.22%
Lockheed Martin Aeronautics Company	15,200	3	1.45%	14,902	3	1.77%
Fort Worth Independent School District	12,000	4	1.15%	11,000	4	1.31%
Naval Air Station Fort Worth Joint Reserve Base	10,000	5	0.95%			
Arlington Independent School District	8,500	6	0.81%	8,500	5	1.01%
University of Texas at Arlington	7,558	7	0.72%	5,811	8	0.69%
Cook Children's Health Care System	6,694	8	0.64%			
JPS Health Network	6,500	9	0.62%	5,072	9	0.60%
City of Fort Worth	6,161	10	0.59%	6,289	7	0.75%
Bell Helicopter-Textron				6,500	6	0.77%
Tarrant County College				4,333	10	0.51%

Data Sources:

(1) Fort Worth Business Press and Texas Workforce Commission

(2) Dallas Business Journal and Texas Workforce Commission

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

(Unaudited)

FUNCTION	Full-Time Equivalent Employees as of September 30				
	2010	2011	2012	2013	2014
Governmental activities:					
General government	734	731	718	726	727
Public safety	1,409	1,403	1,428	1,441	1,445
Transportation	203	200	200	201	201
Judicial	1,343	1,333	1,336	1,344	1,348
Community services	509	510	507	512	516
Business-type activities:					
Resource Connection	13	13	13	14	14
Total full-time equivalent employees	<u>4,211</u>	<u>4,190</u>	<u>4,202</u>	<u>4,238</u>	<u>4,251</u>

Source: Tarrant County Budget Office

TABLE XVI

2015	2016	2017	2018	2019
738	740	741	742	755
1,467	1,487	1,490	1,501	1,531
202	204	205	204	204
1,369	1,358	1,372	1,390	1,416
523	527	537	532	532
15	16	16	16	16
<u>4,314</u>	<u>4,332</u>	<u>4,361</u>	<u>4,385</u>	<u>4,454</u>

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

(Unaudited)

FUNCTION	FISCAL YEAR			
	2010	2011	2012	2013
District Clerk				
Civil court cases filed	7,437	7,556	6,995	6,692
Criminal court cases filed	15,674	15,507	16,880	17,367
Family court cases filed (Attorney General cases)	12,776	12,958	11,505	15,551
Family court cases filed (Non-Attorney General cases)	15,478	15,045	15,372	14,836
Juvenile court cases filed	2,431	1,687	2,516	2,487
Tax foreclosure cases filed	3,906	4,820	5,601	2,196
Passport applications accepted	13,510	13,249	16,583	25,868
County Clerk				
County court at law cases filed	9,468	9,981	8,947	8,212
Mental health cases filed	2,653	2,841	3,002	2,954
Probate cases filed	3,988	3,875	3,858	4,288
Birth certificates issued	44,266	42,591	41,415	45,460
Marriage licenses issued	13,533	13,397	14,223	14,439
Passport applications accepted	N/A	N/A	N/A	N/A
Justice of the Peace (all precincts)				
Traffic cases	8,616	8,286	6,352	5,725
Non-traffic cases	6,691	6,788	4,839	5,479
Small claims cases	3,242	2,988	2,843	2,379
Landlord/Tenant	28,445	29,230	27,324	27,176
Debt Claims	9,831	9,637	10,907	11,195
Sheriff				
Prisoner bed days in county jail	1,179,111	1,252,502	1,213,861	1,179,322
Public Health				
Chronic disease prevention, average monthly caseload	1,590	1,091	1,009	947
Notifiable diseases reported	4,319	5,619	5,543	5,057
Food establishment inspections	5,661	5,228	6,234	5,752
Sexually transmitted disease clinic visits	6,638	6,142	6,137	5,939
Milk and dairy tests	20,649	21,637	18,870	18,468
Tuberculosis DOT/DOPT doses administered	18,342	22,749	16,609	18,192
Women, infants & children visits and immunizations	741,208	702,749	686,603	652,496
Tax Assessor/Collector				
Tax accounts collected	763,957	807,229	834,962	940,493
Contracts with entities for tax collection	54	57	56	58
Transportation				
Miles of roads maintained in un-incorporated areas	417	409	412	407
Inter-local contracts executed/performed	66	68	91	84
Square yards of right of way	14,392,994	14,071,312	13,889,638	13,751,279
Human Services				
Rent vouchers issued	1,398	1,209	1,133	856
Utility vouchers issued	10,763	7,214	8,158	9,724
Food/hygiene vouchers issued	1,836	872	4,694	1,512

Source: Various County departments

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

TABLE XVII

2014	2015	2016 ⁽¹⁾	2017 ⁽¹⁾	2018 ⁽¹⁾	2019 ⁽¹⁾
8,752	9,143	6,785	7,752	8,060	9,073
17,167	17,305	20,289	20,830	24,242	25,495
13,285	11,386	12,078	14,148	15,113	12,243
14,821	15,368	15,734	16,106	16,114	17,325
2,175	1,974	1,850	2,609	3,013	3,894
3,541	4,786	4,055	4,251	3,933	3,720
35,659	33,520	N/A	N/A	N/A	N/A
7,480	7,754	7,932	7,940	8,555	10,775
3,096	3,606	4,604	5,093	4,791	4,466
4,353	4,431	4,588	4,049	4,207	4,623
46,979	51,389	54,793	43,207	42,210	58,836
14,754	15,424	15,560	17,079	20,284	15,380
N/A	N/A	887	11,444	13,753	24,111
6,660	9,068	9,380	9,638	12,345	11,835
4,842	5,423	3,956	4,368	5,158	6,082
5,558	5,556	5,503	5,921	6,930	6,666
27,511	24,245	25,124	26,021	26,558	30,349
6,609	8,548	8,969	13,137	16,711	20,917
1,256,067	1,113,814	1,167,826	1,304,411	1,427,461	1,472,457
1,105	1,139	1,125	1,500	1,500	1,000
4,337	4,371	5,509	11,375	10,052	11,526
6,127	7,035	7,528	7,244	7,711	6,345
6,516	7,049	5,982	6,207	6,126	5,130
17,836	17,485	18,319	19,070	18,077	17,902
24,343	20,860	17,481	18,229	13,178	12,895
616,333	605,912	584,517	545,408	460,552	431,309
1,142,980	1,329,246	1,669,671	1,686,094	1,730,397	1,808,146
56	58	60	60	67	79
403	402	401	398	397	397
70	70	53	66	67	57
13,651,932	13,578,587	13,558,253	13,395,295	13,346,720	13,281,790
813	588	616	699	553	546
10,312	10,408	9,254	14,125	5,055	4,457
2,331	3,602	2,109	2,233	1,354	1,144

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN YEARS

(Unaudited)

	FISCAL YEAR			
	2010	2011	2012	2013
General Government				
Number of buildings				
Subcourthouses	9	9	9	8
Courts buildings	6	6	6	5
Other	16	16	15	14
Building square footage	2,955,001	3,060,459	3,054,447	2,825,302
Subcourthouses	317,962	363,420	363,420	346,781
Courts buildings	1,179,968	1,179,968	1,179,968	1,074,510
Other	1,457,071	1,517,071	1,511,059	1,404,011
Public Safety				
Number of jails	4	4	5	5
Building square footage	907,823	907,823	1,115,523	1,115,523
Number of patrol vehicles	102	102	102	102
Transportation				
Miles of roads in un-incorporated areas	417	409	412	407
Square yards of right of way	14,392,994	14,071,312	13,889,638	13,751,279
Number of heavy equipment	250	249	251	247
Number of vehicles	461	465	475	492
Judicial				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
Community Services				
Public Health vehicles	41	43	43	47
Resource Connection				
Number of buildings	15	15	15	16
Building square footage	348,464	348,464	348,464	348,464

Source: Tarrant County Facilities Office

TABLE XVIII

2014	2015	2016	2017	2018	2019
8	9	8	8	8	8
5	6	6	6	6	6
14	14	14	15	15	15
2,826,802	3,101,552	3,083,629	3,198,103	3,218,798	3,218,798
346,781	389,031	371,108	371,108	391,803	391,803
1,074,510	1,307,010	1,307,010	1,307,010	1,307,010	1,307,010
1,405,511	1,405,511	1,405,511	1,519,985	1,519,985	1,519,985
5	4	4	5	5	5
1,115,523	1,044,755	1,044,755	1,230,985	1,230,985	1,230,985
102	102	102	101	100	99
403	402	401	398	397	397
13,651,932	13,578,587	13,558,253	13,395,295	13,346,720	13,281,790
250	258	257	263	260	261
523	516	497	522	495	484
124,770	124,770	124,770	124,770	124,770	124,770
45	44	43	45	45	45
16	16	16	16	16	16
348,464	348,464	348,464	348,464	348,464	348,464