



Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2007

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

**Fiscal Year Ended September 30, 2007**



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

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

**TARRANT COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2007  
 TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

County Auditor's Letter of Transmittal .....	i
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting .....	vii
County Organizational Chart .....	viii
Principal Officials .....	ix

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet-Governmental Funds .....	18
Reconciliation of the Governmental Funds Fund Balance to the Net Assets .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds .....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	24
Statement of Net Assets - Proprietary Funds .....	25
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds .....	26
Statement of Cash Flows - Proprietary Funds .....	27
Statement of Fiduciary Net Assets - Fiduciary Funds .....	28
Notes to the Financial Statements.....	29
Required Supplementary Information:	
Texas County and District Retirement System Trend Data .....	69
Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General Fund and Road & Bridge Fund.....	70
Notes to Required Supplementary Information .....	73
Combining and Individual Fund Statements and Schedules:	
Nonmajor Fund Descriptions .....	75
Combining Balance Sheet - Nonmajor Governmental Funds .....	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	80
Budgetary Compliance	
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - Debt Service, Capital Projects, and Nonmajor Special Revenue Funds .....	83

**TARRANT COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2007  
 TABLE OF CONTENTS**

**FINANCIAL SECTION (cont'd)**

Internal Service Fund Descriptions .....	93
Combining Statement of Net Assets - Internal Service Funds.....	94
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds .....	95
Combining Statement of Cash Flows - Internal Service Funds .....	96
Fiduciary Fund Descriptions .....	97
Combining Statement of Net Assets - Fiduciary Funds .....	98
Statement of Changes in Assets and Liabilities - Agency Funds .....	99

**STATISTICAL SECTION**

	<u>Table</u>	
Statistical Section Descriptions .....		101
Net Assets by Component .....	I	102
Changes in Net Assets .....	II	104
Program Revenue by Function/Program .....	III	106
Fund Balances of Governmental Funds .....	IV	108
Changes in Fund Balances of Governmental Funds.....	V	110
Direct and Overlapping Governments - Property Tax Rates .....	VI	112
Assessed and Actual Value of Taxable Property .....	VII	114
Principal Property Taxpayers .....	VIII	115
Property Tax Levies and Collections .....	IX	116
Ratios of Outstanding Debt by Type .....	X	118
Ratios of Net General Bonded Debt Outstanding .....	XI	120
Direct and Overlapping Governmental Activities Debt.....	XII	122
Legal Debt Margin Information .....	XIII	124
Demographic and Economic Statistics .....	XIV	126
Principal Employers .....	XV	127
Full-time Equivalent County Government Employees by Function.....	XVI	128
Operating Indicators by Function .....	XVII	130
Capital Asset Statistics by Function .....	XVIII	132

**INTRODUCTORY SECTION**



## **TARRANT COUNTY**

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100 E. WEATHERFORD  
FORT WORTH, TEXAS 76196-0103  
817/884-1205  
Fax 817/884-1104**

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COUNTY AUDITOR  
rtidwell@tarrantcounty.com**

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

March 19, 2008

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, 2007 is submitted herewith. This report is submitted in compliance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

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

The County's financial statements have been audited by Weaver and Tidwell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the County**

Tarrant County is a political subdivision of the State of Texas and was organized in 1849. The County is an urban county located in the north central part of Texas. Fort Worth serves as the county seat to a county population of approximately 1,745,050 citizens. It is one of the fastest growing urban counties in the United States today.

The Commissioners Court is the general governing body of the County. The Court is made up of the four County Commissioners, each elected from one of the County's four precincts, and the County Judge who is elected countywide and presides over the full Court. The Commissioners and the County Judge are elected to four-year staggered terms. Despite the name, the Commissioners Court is not a judicial court, but is the general governing body of the County. Among the major duties of the Court, the Court is to: 1) Set the tax rate and adopt the County budget; 2) Appoint County officials and hire personnel; 3) Fill elective and appointee vacancies; 4) Establish voting precincts, appoint precinct judges and call County bond elections; 5) Let contracts and authorize payment of all County bills; 6) Build and maintain County roads and bridges; 7) Build, maintain and improve County facilities, including jails; 8) Provide for hospitals, public welfare and veterans assistance; 9) Provide for the data service and archival needs of the County; and 10) Appoint an Administrator to oversee the operations of those departments reporting to the Court.

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

The annual budget serves as the foundation for the County's financial planning and control. Departmental annual budget requests are submitted to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1. The County Auditor

prepares an estimate of available resources for the upcoming fiscal year. The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. Public hearings are held on the proposed budget. The Commissioners Court must adopt an annual operating budget by a majority vote before September 30. The legal level of budgetary control is at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons are presented on pages 70-72 as part of the required supplementary information. The other budget comparisons are presented on pages 83-91 as part of budgetary compliance.

## **Factors Affecting Financial Condition**

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

**Local economy.** The County currently enjoys a favorable economic environment and local indicators point to continued stability. The major sectors of the County's health and diverse economy are in aircraft and electronics manufacturing, tourism, retail trade and transportation. Industries located in Tarrant County include aerospace, computer, automobile manufacturing, oil and gas, livestock, agri-business and financial services.

Major factors of this continued stability and growth include:

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

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

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

**Lockheed Martin:** In October 2001, the U.S. Department of Defense awarded a contract valued at \$200 billion to Lockheed Martin for the production of aircraft that will be used by the U.S. Air Force, Navy, and Marines, as well as the United Kingdom's Royal Air Force and Navy. The contract, which is the largest defense contract in U.S. history, is projected to create 31,000 jobs for Tarrant County.



**RadioShack:** In the fourth quarter of 2004, RadioShack moved into its new corporate campus in downtown Fort Worth. The facility cost approximately \$200 million and employs an estimated 1,000 employees.

**Pier 1:** Pier 1, known under the brand names Pier 1 Imports, Cargo and The Pier, has built a new corporate campus in downtown Fort Worth and employees moved late 2004. Pier 1 employs 700 people locally and about 18,000 worldwide.

**Cabela's Retail, Inc's:** 230,000 square foot mega store, which contains an aquarium, museum, and exhibit space, in addition to the retail, opened in May 2005. Cabela's invested approximately \$50 million in the facility, which employs approximately 500 individuals.

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

Arlington was named as the new site of the Dallas Cowboys stadium. In November of 2004, more than 62,000 residents voted yes authorizing the City of Arlington to provide the planning, acquisition, construction and financing for the Dallas Cowboys complex development project. In accordance with the funding and closing agreement, the City of Arlington and the Dallas Cowboys will each pay up to \$325 million for a total project cost of \$650 million. The Cowboys Stadium is anticipated to be completed by the Summer of 2009. The Cowboys will play their first season in Arlington, Fall 2009.

**Long-term financial planning.** The County issues debt to finance acquisition of personal property, capital renovations and improvements to County facilities. The ad valorem tax rate for the fiscal year 2007 totaled \$.029836 per \$100 valuation to fund the annual debt service requirements.

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

The investible funds under the County's investment program as of September 30, 2007 were \$320,439,856, and total investment earnings on that portfolio were 17,321,901. The average yield on investments was 5.36%.

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

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

An actuarial study was performed in 2007 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$9,647,787.

Additional information regarding the County's risk management activity can be found in Note 15 of the notes to the financial statements.

**Pension and other post employment benefits.** The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan.

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCERS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCERS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.83% for the months of the accounting year in 2007, and 10.00% for the months of the accounting year in 2006. The contribution rate payable by the employee members for calendar year 2007 is the rate of 7% as adopted by the governing body of the employer.

In addition to providing retirement benefits, the County provides certain healthcare and dental insurance benefits and an employee assistance program (EAP) to its retirees and their dependents. To be eligible for these benefits, the employee must be working for the County at the time of retirement. The County is under no legal obligation to pay these premiums and the decision to provide these benefits is made by the Commissioners Court on a year-to-year basis. The cost of these benefits is recognized when claims or premiums are paid. At year-end, there were 608 retirees and 261 of their dependents receiving benefits. For the year ended September 30, 2007, the County incurred \$4,916,099 in health insurance premiums and claims while the retirees contributed \$1,510,103. The County pays the entire cost for EAP coverage of \$19,074, while the retirees pay the entire cost of the dental insurance premiums.

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

**Major Initiatives.** On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. To date, the County has issued \$134,570,000 for this purpose. During fiscal year 2007, the County issued \$52,510,000 Limited Tax Bonds.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the County's comprehensive annual financial report for the year ended September 30, 2006. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and

applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it for review to GFOA.

I wish to express my thanks to Commissioners Court and the District Judges for their interest and support in planning and conducting the financial affairs of the County in a responsible and professional manner. The timely completion of this report could not have been achieved without the dedicated efforts of the County Auditor's staff and the professional services provided by our Independent Auditors, Weaver and Tidwell, LLP.

Sincerely,



S. Renee Tidwell, CPA  
County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tarrant County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

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



*Oliver S. Cox*

President

*Jeffrey R. Emmer*

Executive Director



**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

Commissioners Court:

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

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

Board of District Judges:

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

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

County Judges:

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

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

**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

County Judges: (continued)

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

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

Law Enforcement:

Dee Anderson  
Tim Curry  
Randy Turner\*  
Tom Plumlee\*  
Jerry Crowder  
David Harris  
Zane Hilger  
Dub Bransom  
Sergio L. DeLeon  
Joe Kubes  
Clint Burgess  
Chester Luckett  
Norris Branham\*

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

Administrative Officials:

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

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

Recording Officials:

Suzanne Henderson  
Tom Wilder

County Clerk  
District Clerk

\*Appointed officials. All others listed are elected officials.

**FINANCIAL SECTION**





**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge  
and Commissioners' Court  
Tarrant County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the "County") as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Mental Health Mental Retardation of Tarrant County ("MHMRTC") or the Tarrant County Hospital District ("TCHD"), discretely presented component units, as of and for the year ended August 31, 2007 and September 30, 2007, respectively. 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 the MHMRTC and the TCHD, are based solely on the reports of such other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the County, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

DALLAS

OFFICES IN  
FORT WORTH

HOUSTON

To the Honorable County Judge  
and Commissioners' Court  
Tarrant County, Texas

Page 2

provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
March 19, 2008

## 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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### Financial Highlights

- The assets of the County exceed its liabilities at the close the most recent fiscal year by \$314,475,000 (*net assets*). Of this amount, \$113,150,000 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$39,315,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$267,834,000, an increase of \$57,535,000 in comparison with the prior year. Approximately 28 percent of this total amount, \$76,236,000, is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$44,975,000, or 16 percent of total general fund expenditures.
- The County's total debt increased by \$28,715,000 (12 percent) during the current fiscal year.

### *Overview of the Financial Statements*

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

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

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

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

Both of the government-wide financial statements distinguish functions of Tarrant County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from

other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business activities*). The governmental activities of the County include general government, public safety, transportation, 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, health facilities development, housing finance and industrial development corporations for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Housing Finance (“TCHFC”) and Industrial Development Corporations (“TCIDC”), although legally separate, functions for all practical purposes as a department of the County, and therefore have been blended as an integral part of the primary government.

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 18-24 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

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

The basic fiduciary fund financial statement can be found on page 28 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-68 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information concerning the County's progress in funding its obligation to provide pension benefits to its employees and budget to actual schedule for general fund and road and bridge fund. Required supplementary information can be found on pages 69-74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and budget to actual statements. Combining and individual fund statements and schedules can be found on pages 78-99 report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets exceeded liabilities by \$314,475,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (64 percent) reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding, excluding unspent proceeds. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

## Tarrant County's Net Assets

(Amounts in thousands)

	September 30, 2007			September 30, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 352,833	\$ 575	\$ 353,408	\$ 288,824	\$ 415	\$ 289,239
Internal balance	2,099	(2,099)	-	2,099	(2,099)	-
Capital assets	320,561	5,501	326,062	307,262	5,800	313,062
Total assets	675,493	3,977	679,470	598,185	4,116	602,301
Other Liabilities	51,481	197	51,678	45,329	105	45,434
Long-term liabilities outstanding	313,203	114	313,317	281,541	166	281,707
Total liabilities	364,684	311	364,995	326,870	271	327,141
Net assets:						
Invested in capital assets, net of related debt	195,824	5,501	201,325	180,820	5,800	186,620
Unrestricted	114,985	(1,835)	113,150	90,495	(1,955)	88,540
Total net assets	\$ 310,809	\$ 3,666	\$ 314,475	\$ 271,315	\$ 3,845	\$ 275,160

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

The County's net assets increased by \$39,315,000 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Expenses increased 6 percent with the largest percentage increases was in public safety, transportation, and interest and fiscal charges. Revenues increased 6 percent, with program revenues decreasing 2 percent, taxes increasing 8 percent, and other revenue increasing 18 percent.

**Governmental activities.** Governmental activities increased the County's net assets by \$39,494,000, thereby accounting for 100 percent of the total growth in the net assets of the County. A key element of this increase was property tax revenue that increased by \$21,919,000, or 8 percent during the year. Most of this increase was due to increased property values.

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

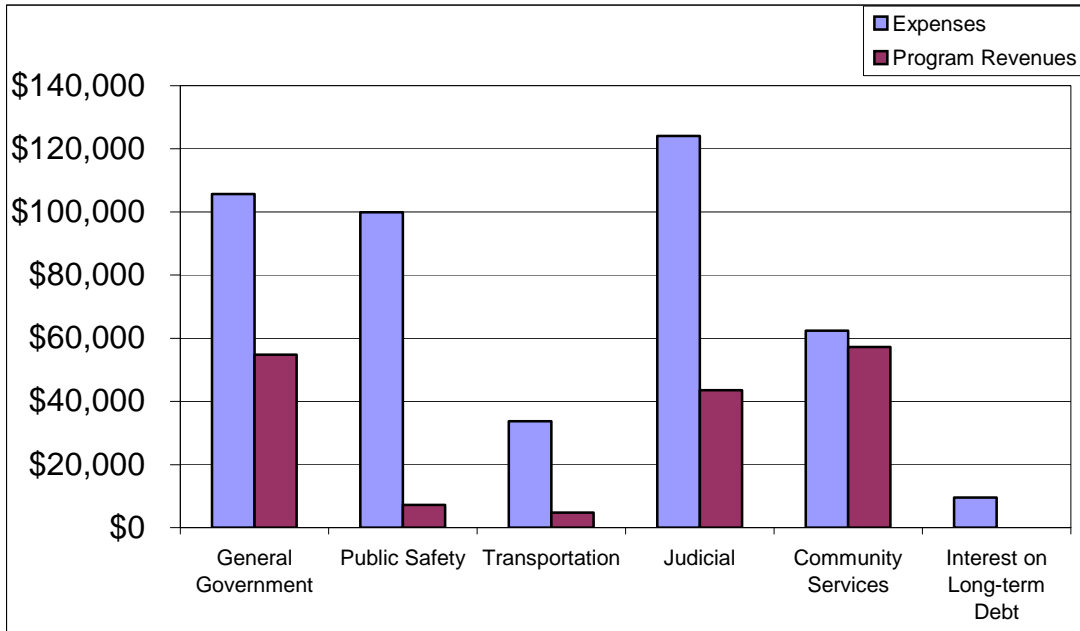
## Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended Sept. 30, 2007			For the year ended Sept. 30, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 98,334	\$ 2,662	\$ 100,996	\$ 93,164	\$ 2,404	\$ 95,568
Operating grants and contributions	62,090		62,090	59,803		59,803
Capital grants and contributions	7,512		7,512	16,909	1,971	18,880
General revenue:						
Taxes	282,491		282,491	260,572		260,572
Alcoholic beverage taxes	6,154		6,154	5,652		5,652
Investment earnings	15,834	13	15,847	9,369	12	9,381
Other	2,432		2,432	2,061		2,061
Total revenues	474,847	2,675	477,522	447,530	4,387	451,917
Expenses:						
General government	105,708		105,708	104,005		104,005
Public safety	99,860		99,860	91,152		91,152
Transportation	33,753		33,753	28,734		28,734
Judicial	124,066		124,066	118,003		118,003
Community services	62,437		62,437	62,192		62,192
Interest and fiscal charges	9,529		9,529	6,853		6,853
Resource Connection		2,854	2,854		2,793	2,793
Total expenses	435,353	2,854	438,207	410,939	2,793	413,732
Increase in net assets	39,494	(179)	39,315	36,591	1,594	38,185
Net assets-beginning	271,315	3,845	275,160	234,724	2,251	236,975
Net assets-ending	\$ 310,809	\$ 3,666	\$ 314,475	\$ 271,315	\$ 3,845	\$ 275,160

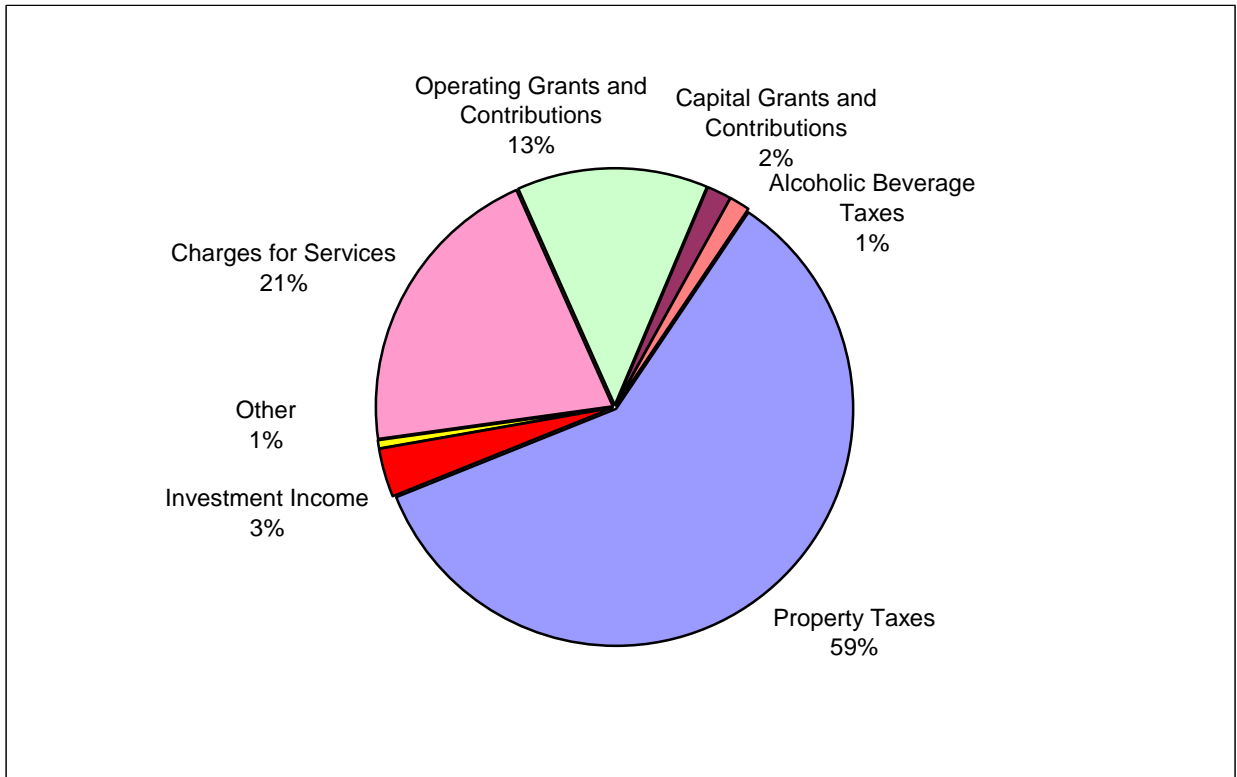
**Expenses and Program Revenues – Governmental Activities**

(Amounts in thousands)



**Revenues by Source – Governmental Activities**

(Amounts in thousands)





**Business-type activities.** Business-type activities decreased \$179,000. A key element of this decrease was the elimination of any county contribution.

## **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 inflow, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$267,834,000 an increase of \$57,535,000 in comparison with the prior year. Approximately 28% of this total amount, \$76,236,000, constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period \$21,031,000, 2) to pay debt service \$1,020,000, 3) for capital projects \$159,179,000 or 4) for a variety of other restricted purposes \$10,368,000.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$44,975,000, while total fund balance reached \$53,504,000. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16 percent of total general fund expenditures, while total fund balance represents 19 percent of that same amount.

The fund balance of the County's general fund increased by \$705,000 during the current fiscal year. Key factor in this growth is as follows:

- 7.5% increase in property taxes, due to property valuations and the allocation between the general fund and debt service requirements
- 6.6% increase in expenditures.

The road and bridge fund accounts for monies designated for the acquisition, construction and maintenance of county roads and bridges. The fund has a total fund balance of \$15,735,000 of which only \$3,534,000 is reserved for encumbrances and prepaid items. The fund balance increased \$6,892,000, mostly due to a transfer from the general fund to supplement operations.

The debt service fund has a total fund balance of \$1,020,000, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service was \$719,000, due to the policy of not retaining excess debt service funds. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$31,654,000 in the current fiscal year.

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

Total net assets of the Resource Connection at the end of the year amounted to \$3,666,000. The total decrease in net assets for the fund was \$179,000. A key element of this decrease was the elimination of any county contributions.

## **General Fund Budgetary Highlights**

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

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

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$16,000,000, contingency of \$2,500,000 and undesignated balance of \$4,256,428.
- Public safety expenditures were \$9,927,627 less than budgeted for jail operations, law enforcement, and salaries.
- While other revenue was less than anticipated, investment income, taxes and fees of office revenues were greater than budgeted due to an increase in interest rates, property values and County Clerk fees from home financing.

## **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, 2007 amount to \$326,062,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, roads and bridges and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was \$13,000,000.

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

- Continued construction of a new sub-courthouse
- Completion of a jail facility expansion
- Continued expansion of a sub-courthouse
- Continued development of criminal justice software

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

## Tarrant County's Capital Assets

(Net of depreciation)  
(Amounts in thousands)

	September 30, 2007			September 30, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 49,604	\$ 2,071	\$ 51,675	\$ 47,953	\$ 2,071	\$ 50,024
Buildings and improvements	177,342	3,354	180,696	167,928	3,633	171,561
Fixed equipment	36,333	61	36,394	35,647	81	35,728
Infrastructure	40,636	15	40,651	37,084	15	37,099
Construction in progress	16,646	-	16,646	18,650	-	18,650
Total	\$ 320,561	\$ 5,501	\$ 326,062	\$ 307,262	\$ 5,800	\$ 313,062

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$264,920,000. All of this debt represents bonds secured solely on future tax revenue.

## Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities	Governmental Activities
	2007	2006
General Obligation	\$ 155,290	\$ 107,750
Certificates of Obligation	4,015	7,880
Limited Tax Refunding Bonds	75,465	83,445
Non Taxable Tax Notes	30,150	37,130
Total	\$ 264,920	\$ 236,205

The County's total debt increased by a net \$28,715,000 or 12 percent during the current fiscal year. This reflects the issuance of \$52,510,000 and principal reduction of \$23,795,000.

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 issued \$134,570,000 Limited Tax Bonds for this purpose. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. On March 7, 2006, the Tarrant County Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the County is \$5,256,788,000, which is significantly in excess of the County's outstanding obligation debt.

Additional information on the County's long-term debt can be found in Note 6 on pages 50-52 of this report.

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

Tarrant County's economic condition remains positive.

- The unemployment rate decreased for Tarrant County to 4.3 percent, compared to the prior year of 4.6 percent. This is comparable to the state's decrease in average unemployment rate of 4.4 percent from 4.7 percent a year ago.
- 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 2008 fiscal year.

During the 2007 fiscal year, unreserved fund balance in the general fund increased to \$44,975,000. The County has appropriated \$43,179,182 of this amount for spending in the 2008 fiscal year budget. It is intended that use of available fund balance will enable the County to decrease its tax rate for the 2008 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**



TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and investments	\$ 296,401	\$ 311	\$ 296,712
Taxes receivable, net of allowance for uncollectibles	8,824		8,824
Other receivables, net of allowance for uncollectibles	43,588	261	43,849
Internal balance	2,099	(2,099)	-
Due from other governments			
Prepaid expenses and inventory	3,188	3	3,191
Deferred charges	832		832
Restricted assets			
Assets limited to use			
Capital assets, net:			
Not subject to depreciation	66,250	2,071	68,321
Subject to depreciation	254,311	3,430	257,741
<b>Total assets</b>	<b>675,493</b>	<b>3,977</b>	<b>679,470</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	16,981	175	17,156
Accrued interest payable	1,926		1,926
Other liabilities	11,962	22	11,984
Unearned revenue	20,612		20,612
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	19,408	114	19,522
Capital lease			
Bonds payable	25,905		25,905
Other noncurrent liabilities	3,502		3,502
Portion due or payable after one year:			
Compensated absences payable	13,196		13,196
Capital lease			
Bonds payable	245,047		245,047
Other noncurrent liabilities	6,145		6,145
<b>Total liabilities</b>	<b>364,684</b>	<b>311</b>	<b>364,995</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	195,824	5,501	201,325
Restricted:			
Capital projects			
Debt service			
Other endowments & contributions			
Unrestricted	114,985	(1,835)	113,150
<b>Total net assets</b>	<b>\$ 310,809</b>	<b>\$ 3,666</b>	<b>\$ 314,475</b>

See accompanying notes to the financial statements.

<u>Component Units</u>	
<u>Tarrant County Hospital District</u>	<u>MHMR of Tarrant County</u>
\$ 170,351	\$ 18,903
3,867	
42,776	1,316
10,108	3,098
13,050	1,876
	49
9,331	
202,371	
90,259	915
166,191	5,720
<u>708,304</u>	<u>31,877</u>
32,907	2,408
	26
24,514	3,016
	253
	1,731
782	500
1,870	339
3,438	55
64,834	1,015
6,469	
<u>134,814</u>	<u>9,343</u>
186,565	4,725
3,905	
4,356	
8,996	
369,668	17,809
<u>\$ 573,490</u>	<u>\$ 22,534</u>



TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (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	\$ 105,708	\$ 50,630	\$ 2,076	\$ 2,074
Public safety	99,860	4,293	2,630	237
Transportation support	33,753		33	4,744
Judicial	124,066	31,446	12,126	457
Community services	62,437	11,965	45,225	
Interest and fiscal charges	9,529			
Total governmental activities	435,353	98,334	62,090	7,512
Business-type:				
Resource Connection	2,854	2,662		
Total primary government	<u>\$ 438,207</u>	<u>\$ 100,996</u>	<u>\$ 62,090</u>	<u>\$ 7,512</u>
Component units				
Tarrant County Hospital District	\$ 506,248	\$ 206,669	\$ 95,589	
MHMR of Tarrant County	75,853	20,708	55,199	
	<u>\$ 582,101</u>	<u>\$ 227,377</u>	<u>\$ 150,788</u>	<u>\$ -</u>

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

See accompanying notes to the financial statements.

**Net (Expense) Revenue and Changes in Net Assets**

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (50,928)		\$ (50,928)		
(92,700)		(92,700)		
(28,976)		(28,976)		
(80,037)		(80,037)		
(5,247)		(5,247)		
(9,529)		(9,529)		
(267,417)		(267,417)		
	\$ (192)	(192)		
<u>\$ (267,417)</u>	<u>\$ (192)</u>	<u>\$ (267,609)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (203,990)	
			<u>\$ (203,990)</u>	<u>\$ 54</u>
				<u>\$ 54</u>
282,491		282,491	243,225	
6,154		6,154		
15,834	13	15,847	25,393	587
2,432		2,432	32,242	609
<u>306,911</u>	<u>13</u>	<u>306,924</u>	<u>300,860</u>	<u>1,196</u>
39,494	(179)	39,315	96,870	1,250
271,315	3,845	275,160	476,620	21,284
<u>\$ 310,809</u>	<u>\$ 3,666</u>	<u>\$ 314,475</u>	<u>\$ 573,490</u>	<u>\$ 22,534</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and investments	\$ 50,472	\$ 15,422	\$ 1,324	\$ 180,460
Receivables				
Taxes, net of allowance for uncollectibles	7,771	10	1,043	
Other receivables, net of allowance for uncollectibles	20,474	668		4
Due from other funds	6,056			
Advance to proprietary fund				2,099
Supplies and prepaid items	865	1,263		
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 85,638</u>	<u>\$ 17,363</u>	<u>\$ 2,367</u>	<u>\$ 182,563</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 5,433	\$ 1,391		\$ 4,621
Other liabilities	7,254	227	\$ 304	22
Due to other funds				
Compensated absences				
Deferred revenue	<u>19,447</u>	<u>10</u>	<u>1,043</u>	<u>97</u>
Total liabilities	32,134	1,628	1,347	4,740
FUND BALANCES:				
Reserved:				
For debt service			1,020	
For capital projects				159,179
For encumbrances	1,549	2,271		16,545
For supplies and prepaid items	865	1,263		
For long term receivable	6,115			2,099
Unreserved, report in:				
General fund	44,975			
Road and Bridge fund		12,201		
Other Special revenue				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total equity	<u>53,504</u>	<u>15,735</u>	<u>1,020</u>	<u>177,823</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 85,638</u>	<u>\$ 17,363</u>	<u>\$ 2,367</u>	<u>\$ 182,563</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,456	\$ 21,436	\$ 280,570
		8,824
21,480	534	43,160
		6,056
		2,099
1,025	35	3,188
<u>\$ 33,961</u>	<u>\$ 22,005</u>	<u>\$ 343,897</u>
\$ 4,476	\$ 560	\$ 16,481
1,564	1,655	11,026
6,018	38	6,056
72		72
21,831		42,428
33,961	2,253	76,063
		1,020
		159,179
	666	21,031
	26	2,154
		8,214
		44,975
		12,201
	19,060	19,060
-	19,752	267,834
<u>\$ 33,961</u>	<u>\$ 22,005</u>	<u>\$ 343,897</u>

TARRANT COUNTY, TEXAS

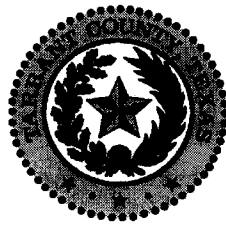
RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET ASSETS  
SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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

Total fund balance - total governmental funds (pages 18-19)	\$ 267,834
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	320,561
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	21,830
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	5,162
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>(304,578)</u>
Net assets of governmental activities (page 14)	<u>\$ 310,809</u>

See accompanying notes to the financial statements.



TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES:</b>				
Taxes, licenses and permits	\$ 252,404	\$ 1	\$ 31,654	
Fees of office	36,055	24,032		
Intergovernmental	13,342	33		\$ 394
Investment income	6,049	700	790	6,779
Other revenues	10,393	189		2,134
	<u>318,243</u>	<u>24,955</u>	<u>32,444</u>	<u>9,307</u>
<b>EXPENDITURES:</b>				
Current:				
General government	76,443	2,045		
Public safety	92,822			
Transportation support		22,210		
Judicial	109,860			
Community services	5,340			
Capital outlay	902			38,474
Debt service:				
Principal payments			23,795	
Interest and fiscal charges			9,368	
	<u>285,367</u>	<u>24,255</u>	<u>33,163</u>	<u>38,474</u>
Excess (deficiency) of revenues over (under) expenditures	32,876	700	(719)	(29,167)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	946	6,192		25,600
Transfers out	(33,117)			
Issuance of debt				52,510
Premium/discount on new debt				1,372
	<u>(32,171)</u>	<u>6,192</u>	<u>        </u>	<u>79,482</u>
Change in fund balance	705	6,892	(719)	50,315
FUND BALANCES, beginning of year	<u>52,799</u>	<u>8,843</u>	<u>1,739</u>	<u>127,508</u>
FUND BALANCES, end of year	<u>\$ 53,504</u>	<u>\$ 15,735</u>	<u>\$ 1,020</u>	<u>\$ 177,823</u>

See accompanying notes to the financial statements.

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<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 284,059
\$ 804	\$ 11,245	72,136
61,345	8,371	83,485
484	1,032	15,834
<u>1,034</u>	<u>2,927</u>	<u>16,677</u>
63,667	23,575	472,191
1,608	5,874	85,970
2,331	1,296	96,449
		22,210
10,232	2,520	122,612
42,762	10,638	58,740
5,840	3,169	48,385
		23,795
		<u>9,368</u>
<u>62,773</u>	<u>23,497</u>	<u>467,529</u>
894	78	4,662
115	1,225	34,078
(1,009)	(961)	(35,087)
		52,510
		<u>1,372</u>
<u>(894)</u>	<u>264</u>	<u>52,873</u>
-	342	57,535
<u>-</u>	<u>19,410</u>	<u>210,299</u>
<u>\$ -</u>	<u>\$ 19,752</u>	<u>\$ 267,834</u>



TARRANT COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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

Net change in fund balances--total governmental funds (pages 22-23)	\$ 57,535
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)	10,464
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (Note 2)	2,835
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(601)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	(29,921)
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)	(2,339)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>1,521</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 39,494</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 311	\$ 15,831
Other receivables, net of allowance for uncollectibles	261	428
Prepaid expenses and inventory	3	
Total current assets	<u>575</u>	<u>16,259</u>
Noncurrent assets:		
Capital assets		
Land	2,071	
Building and improvements, net	3,354	
Equipment, net	61	
Infrastructure, net	15	
Total noncurrent assets	<u>5,501</u>	<u>-</u>
Total assets	<u>6,076</u>	<u>16,259</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	175	500
Other liabilities	22	4,438
Deferred revenue		14
Compensated absences payable	114	
Total current liabilities	<u>311</u>	<u>4,952</u>
Noncurrent liabilities:		
Other noncurrent liabilities		6,145
Long term advance from governmental fund	2,099	
Total noncurrent liabilities	<u>2,099</u>	<u>6,145</u>
Total liabilities	<u>2,410</u>	<u>11,097</u>
<u>NET ASSETS</u>		
Invested in capital assets	5,501	
Unrestricted	(1,835)	5,162
Total net assets	<u>\$ 3,666</u>	<u>\$ 5,162</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<b>OPERATING REVENUES:</b>		
Building rental	\$ 2,592	
User fees		\$ 10,993
County contributions		36,942
Other revenues	70	1,784
	<u>2,662</u>	<u>49,719</u>
<b>OPERATING EXPENSES</b>		
Personnel	1,153	
Building and equipment	1,344	49
Depreciation and amortization	306	
Self insurance claims		27,954
Insurance premiums	16	20,479
Other expenses	35	1,522
	<u>2,854</u>	<u>50,004</u>
Total operating expenses	(192)	(285)
<b>NONOPERATING REVENUES:</b>		
Investment income	13	797
	<u>13</u>	<u>797</u>
Total nonoperating revenues	(179)	512
Income before transfers		1,325
Transfers in		(316)
Transfers out		<u>(316)</u>
	<u>(179)</u>	<u>1,521</u>
Change in net assets	3,845	3,641
Total net assets - beginning	<u>3,845</u>	<u>3,641</u>
Total net assets - ending	<u>\$ 3,666</u>	<u>\$ 5,162</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING ACTIVITIES:		
Receipts from customers	\$ 2,727	\$ 49,513
Payments to suppliers	(1,324)	
Payments on behalf of employees		(51,966)
Payments to employees	<u>(1,183)</u>	<u>          </u>
Net cash flows provided by operating activities	220	(2,453)
INVESTING ACTIVITIES:		
Investment income	<u>13</u>	<u>797</u>
Net cash flows provided by investing activities	13	797
NONCAPITAL FINANCING ACTIVITIES:		
Transfers in		1,325
Transfers out	<u>          </u>	<u>(316)</u>
Net cash flows provided by (used in) noncapital financing activities	-	1,009
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Advance from other funds		
Acquisition of capital assets	<u>(7)</u>	<u>          </u>
Net cash flows provided by (used in) capital and related financial activities	(7)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	226	(647)
CASH AND CASH EQUIVALENTS, beginning of year	<u>85</u>	<u>16,478</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 311</u>	<u>\$ 15,831</u>
Reconciliation of operating income to net cash provided by operating activities:		
Loss from operations	\$ (192)	\$ (285)
Net cash provided by operating activities:		
Depreciation & amortization	306	
Changes in assets and liabilities:		
Supplies & prepaid items	1	
Other receivables	65	(204)
Accounts payable	70	(1,333)
Other liabilities	2	(629)
Deferred revenue		(2)
Compensated absences	<u>(32)</u>	<u>          </u>
Net cash flows provided by operating activities	<u>\$ 220</u>	<u>\$ (2,453)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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ASSETS

Current assets:

Cash and investments	\$	28,083
Other receivables		135,770
Restricted asset		48,862
		<hr/>

TOTAL ASSETS \$ 212,715

LIABILITIES

Current liabilities:

Accounts Payable	\$	5
Due to third parties		212,710
		<hr/>

TOTAL LIABILITIES \$ 212,715

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**(a) Reporting Entity**

The accompanying financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the County. The County has adopted the provisions of Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations Are Component Units* ("GASB 39"), an amendment of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, as of September 30, 2004. There are no organizations that met the requirements of GASB 39 which require inclusion in the basic financial statements.

**BLENDED COMPONENT UNITS**

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

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

**DISCRETELY PRESENTED COMPONENT UNITS**

The Tarrant County Hospital District ("TCHD") serves the citizens of the County and is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. The County

Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD assets. TCHD cannot issue bonded debt without County Commissioners Court approval. TCHD's financial statements include the JPS Physicians Group (JPSPG) and Partners Together for Health as component units within the reporting entity.

JPSPG began operations in July 2003 primarily for the purpose of providing physician services to TCHD patients. The TCHD is the sole corporate member of JPSPG and, as such, exercises significant influence over the financial operations of JPSPG. The financial statements of JPSPG are blended with the TCHD for the year ended September 30, 2007, and include total assets, excluding receivables from affiliates, of \$4,282,000 and total liabilities, excluding payables to affiliates, of \$3,626,000. JPSPG's excess of revenues over expenses totaled approximately \$482,000 for the year ended September 30, 2007.

Partners Together for Health, formerly Tarrant County Hospital District Charitable Health Foundation, was formed August 4, 1997, solely to support and benefit scientific, educational, and charitable activities conducted by TCHD. Partners is a nonprofit organization whose purpose is to perform services on behalf of TCHD, including organizing fundraising activities, providing patient assistance programs, participating in recruiting functions, and conducting administrative services. The financial statements of Partners are blended with the TCHD for the year ended September 30, 2007, and include total assets, excluding receivables from affiliates, of \$10,199,000 and total liabilities, excluding payables to affiliates, of \$72,000. Partners's excess of revenues over expenses totaled approximately \$3,336,000 for the year ended September 30, 2007.

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

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

The Tarrant County Health Facilities Development Corporation ("TCHFDC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC has no material balance sheet or results of operations as of and for the year ended September 30, 2007. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

The Tarrant County Cultural Education Facilities Finance Corporation ("TCCEFFC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC has no material balance sheet or results of operations as of and for the year ended September 30, 2007. All debt issued through TCCEFFC was conduit debt (see Note 6). TCCEFFC had no other operations.

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

TCHD  
1500 S. Main  
Fort Worth, Texas 76104

MHMRTC  
3840 Hulen Street  
Fort Worth, Texas 76107

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

**(b) Basis of Presentation**

**GOVERNMENT-WIDE STATEMENTS**

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

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

**FUND FINANCIAL STATEMENTS**

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

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

The County reports the following major governmental funds:

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

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

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



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

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

The County reports the following proprietary funds:

Resource Connection – The Resource Connection fund accounts for the activities of the Resource Connection, a 15-building, one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The County is the owner/landowner of the property and leases space to the various entities.

Internal Service Funds – These funds account for the County’s self-insurance programs - general liability, workers’ compensation, and employees benefit fund.

Additionally, the County reports the following fiduciary fund:

Agency Funds – These funds account for assets held by the County in a trustee capacity or as an agent for others.

**(c) Basis of Accounting**

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

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

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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

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

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

**(d) Encumbrances**

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

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

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

MHMRTC cash equivalents at August 31, 2007 consist of highly liquid investments in a public funds investment pool, TexPool and short-term corporate obligations. These investments are classified as cash equivalents as they are readily convertible to known amounts of cash.

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

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

- (1) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
- (2) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

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

**(f) Supplies and Prepaid Items**

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

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

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

**(g) Restricted Assets**

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

TCHD's restricted contributions and governmental grants are accounted for as additions to restricted funds. Resources restricted by donors for specific operating purposes are held as restricted funds until expended for the intended purpose, at which time they are reported as other operating revenue.

**(h) Assets Limited as to Use**

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

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

On October 12, 2006 the TCHD Board designated that the healthcare fund be increased to \$120,200,000

to preserve funds necessary to meet days cash on hand requirements in accordance with current debt covenants. In addition, an additional \$29,400,000 was designated to fund future facility renovations.

**(i) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide 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 estimated fair market value at the date of donation.

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

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

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

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

**(j) Deferred Revenue**

In the government-wide financial statements, revenues are not deferred but are recognized in the year of levy or exchange.

In the fund financial statements, revenues are deferred for uncollected taxes, grant revenues, fines, fees and other miscellaneous revenues.

**(k) Long-term Obligations**

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

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

**(l) Compensated Absences**

The liability for compensated absences reported in the government-wide and propriety fund statements consists of accumulated earned but unpaid vacation and sick pay benefits. All vacation pay is accrued 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 reported in the governmental funds are to be paid out within 60 days.

Compensated absences vacation pay is liquidated from various funds, however sick leave is generally paid from the general fund.

**(m) Property Taxes**

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

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.2715 (\$0.241664 for the maintenance and operations and \$0.029836 for interest and sinking fund) per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

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

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

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

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

TCHD ad valorem tax rate was \$0.234092 per \$100 valuation for the maintenance and operation fund in 2007 and \$0.001305 per \$100 valuation for the interest and sinking fund in 2007.

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

Net patient service revenue of TCHD is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Amounts estimated as uncollectible bad debt are recorded as reductions to net patient service revenue. Net patient service revenue increased approximately \$1,000,000 in 2007 as a result of final settlements related to open cost report appeals.

The composition of net patient service revenue for the year ended September 30, 2007 follows (in thousands):

	2007
Patient services provided:	
Inpatient services	\$ 797,168
Outpatient services	675,943
	<u>1,473,111</u>
Charges forgone for charity care	484,232
Patient service revenue	<u>988,879</u>
Deductions from revenue for contractual allowances	551,588
Net patient service revenue	<u>437,291</u>
Provision for bad debts	<u>230,622</u>
Total net patient service revenue	<u><u>\$ 206,669</u></u>

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

Net patient service revenue net of bad debts of \$207,000,000 for the year ended September 30, 2007 consists of amounts from the Medicare and Medicaid programs of approximately 69%. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. TCHD believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Medicare cost reports for all years before 2006, except for the year ended September 30, 2004, have been audited and settled as of September 30, 2007. Medicaid cost reports have been audited and settled for all years before 2004 as of September 30, 2007.

**(p) Tobacco Settlement Revenue – Discretely Presented Component Units**

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. During the year ended September 30, 2007 the TCHD received approximately \$10,400,000 related to the settlement. The funding from the tobacco industry is to offset indigent health care costs of local governments.

**(q) Risk Management – Discretely Presented Component Units**

MHMRTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; doctors' malpractice; and natural disasters. During fiscal 2007 MHMRTC was covered under a general liability insurance plan with a combined single limit of \$3,000,000 at a cost it considered to be economically justifiable.

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

**(r) Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation.

**(s) Net Assets**

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

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

**Net Assets: Restricted**

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

**Net Assets: Unrestricted**

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$304,578 difference are as follows (in thousands):

Bonds payable	\$ 264,920
Less: Deferred charge on refunding (to be amortized as interest expense)	(896)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(832)
Less: Issuance discount (to be amortized as interest expense)	(737)
Plus: Premium on refunding (to be amortized as interest expense)	7,665
Accrued interest payable	1,926
Compensated absences	<u>32,532</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 304,578</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$10,464 difference are as follows (in thousands):

Capital outlay	\$ 30,831
Depreciation expense	<u>(20,367)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 10,464</u></u>



Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets.” The details of this \$2,835 difference are as follows (in thousands):

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (1,936)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>4,771</u>
Net adjustment to increase <i>net changes in fund balances--total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 2,835</u></u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$29,921 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of general obligation notes	\$ 52,510
Plus premium	1,670
Less discount	(298)
Issuance cost	(166)
Principal repayments:	
General obligation debt	(4,970)
Certificates of obligation debt	(3,865)
Limited tax refund debt	(7,980)
Non-taxable Tax Notes	<u>(6,980)</u>
Net adjustment to increase <i>net changes in fund balances -total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 29,921</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in

governmental funds.” The details of this \$2,339 difference are as follows (in thousands):

Compensated absences	\$ (2,504)
Amortization of deferred charge on refunding	(116)
Amortization of issuance costs	(96)
Amortization of bond discounts	(46)
Amortization of bond premiums	<u>423</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (2,339)</u></u>

### 3. CASH AND INVESTMENTS

#### Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$61,863,735 and the bank balance was \$69,311,927, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County’s agent in the County’s name.

At year-end, TCHD’s carrying amount of cash and cash equivalents (including restricted assets) was \$2,000,000 and the bank balance was \$9,500,000. Of the bank balance, \$9,500,000 was covered by Federal Depository Insurance Corporation and securities pledged in the TCHD’s name. Custodial risk is the risk that in the event of a bank failure, the TCHD’s deposit may not be returned to it. As a result of the pledging of additional securities by the custodian bank in the TCHD’s name, the TCHD does not have any custodial risk at September 30, 2007.

On August 31, 2007, MHMRTC’s carrying amount of cash and cash equivalents was (\$215,819) and the bank balance was \$992,156 all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC, its agent or by pledging financial institution’s trust department or agent in MHMRTC’s name.

#### Investments

##### County

As of September 30, 2007, the County had the following investments and maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted average Maturity (days)</u>	<u>% of total Portfolio</u>
Chase Savings	10,722	0	3.4%
Investment Pools:			
Texpool	68,657	60	22.0%
MBIA	113,456	41	36.4%
Texstar	73,764	79	23.7%
Lone Star	<u>45,195</u>	<u>49</u>	<u>14.5%</u>
Total investment pools	301,072	57	96.6%
Total Investments	<u><u>\$ 311,794</u></u>	57	<u><u>100.0%</u></u>

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

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

*Interest Rate Risk* : As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment holdings to maturities of less than 60 months. All investments will be in high quality securities with no perceived default risk. Market price fluctuations and/or price volatility of the overall portfolio will be minimized by (1) managing the weighted average days to maturity for the Operating Pool to less than 365 days, and (2) restricting investments with final stated maturities beyond 60 days after the end of the current fiscal year to no more than: 25% of the remaining "Undesignated" balance and 50% of the "Reserves" balance for the combined General and Road and Bridge Funds. None of the portfolio was in holdings with maturities beyond 60 days after year end.

*Credit Risk*: The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market value. All external investment pools in which the County participates have a credit quality rating of "AAA" by Standard and Poors or Fitch.

*Custodial Credit Risk*: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are acquired on a delivery vs. payment basis at the custodial agent from brokers independent of the custodial agent.

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

Debt proceeds may be invested in a single security or investment if such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

## TCHD

At September 30, 2007 TCHD's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$ 7,933	0.00
Investment Pools	193,899	0.07
Corporate Obligations	100	0.38
U.S. Treasury Notes	302	1.29
U.S. Government sponsored entities, debt securities	<u>179,011</u>	2.31
Total Fair Value of Investments	381,245	
Amounts classified as current investments	(44,775)	
Amounts classified as Cash and Cash equivalents	<u>(134,099)</u>	
Amounts classified as Assets Limited as to Use	\$ 202,371	
Portfolio weighted average maturity		1.12

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

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

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

*Concentration of credit risk:* TCHD places no limit on the amount TCHD may invest in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed. More than 5% of TCHD’s investments are in Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank obligations, at 40.4%, 29.2%, 30.1%, and .06%, respectively.

*Custodial Credit risk:* For an investment, this is the risk that, in the event of the failure of the counterparty, TCHD would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of TCHD’s \$179,000,000 investment in U.S. Treasury Notes and debt securities of U.S. Government sponsored entities, \$165,900,000 are held in a safekeeping account. The remaining \$14,800,000 are held in various trust accounts. Investments and other income are detailed in the following table (amounts in thousands):

Interest income	\$ 22,115
Unrealized gain on investments	<u>1,748</u>
Total investment income	23,863
Other income	<u>1,530</u>
Total investment and other income	<u><u>\$ 25,393</u></u>

## MHMRTC

At August 31, 2007, MHMRTC had the following investments (in thousands):

<u>Type of Investment</u>	<u>Fair Value/ Carrying amount</u>	<u>Cost</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Texas Local Government Investment Pool (TexPool)	\$ 16,361	\$ 16,361	AAA	Not available
Federal Home Loan Mortgage Corporation	<u>2,758</u>	<u>2,758</u>	Exempt	61
Total Investments	<u>\$ 19,119</u>	<u>\$ 19,119</u>		

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

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

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, MHMRTC's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes. MHMRTC investment policy and state statute generally permit MHMRTC to invest in certificated of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended August 31, 2007, MHMRTC did not own any types of securities other than those permitted by statute or its investment policy.

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

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

<u>Description</u>	<u>Carrying Amount</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	\$ 2,758	14.42%

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

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

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

	<b>Primary Government</b>	<b>Component Units</b>
Cash:		
County	\$ 61,863	
TCHD		\$ 170,351
MHMRTC		(216)
TCHD - restricted		8,523
Investments:		
County	311,794	
MHMRTC		19,119
TCHD - assets limited as to use		202,371
	<u>373,657</u>	<u>400,148</u>
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 296,712	\$ 189,254
Restricted		8,523
Assets limited as to use		202,371
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	28,083	
Restricted	48,862	
	<u>373,657</u>	<u>400,148</u>

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

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

	General	Road and Bridge	Debt Service	Total	TCHD
Taxes receivable	\$ 12,434	\$ 24	\$ 1,971	\$ 14,429	\$ 12,506
Allowance for uncollectibles	<u>(4,663)</u>	<u>(14)</u>	<u>(928)</u>	<u>(5,605)</u>	<u>(8,639)</u>
Net taxes receivable	<u>\$ 7,771</u>	<u>\$ 10</u>	<u>\$ 1,043</u>	<u>\$ 8,824</u>	<u>\$ 3,867</u>

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

Governmental Activities	General	Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental Funds	Total
	Accounts receivable	\$ 38,476	\$ 668		\$ 4	\$ 21,480	\$ 534
Long-term accounts receivable	6,115						6,115
Allowance for uncollectible	<u>(24,117)</u>						<u>(24,117)</u>
Net accounts receivable	<u>\$ 20,474</u>	<u>\$ 668</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 21,480</u>	<u>\$ 534</u>	<u>\$ 43,160</u>
<b>Business-type Activities</b>					<b>Enterprise</b>	<b>Internal Service</b>	<b>Total</b>
Accounts receivable					\$ 261	\$ 428	\$ 689
Allowance for uncollectible							
Net accounts receivable					<u>\$ 261</u>	<u>\$ 428</u>	<u>\$ 689</u>
<b>Component Units</b>					<b>TCHD</b>	<b>MHMRTC</b>	<b>Total</b>
Accounts receivable					\$143,866	\$ 3,751	\$147,617
Allowance for uncollectible					<u>(101,090)</u>	<u>(2,435)</u>	<u>(103,525)</u>
Net accounts receivable					<u>\$ 42,776</u>	<u>\$ 1,316</u>	<u>\$ 44,092</u>

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

Included in other receivables in the agency fund for the County is \$135,760,497 of tax receivable to be collected for third parties by the Tax Assessor's office.

For TCHD, patient account receivables are stated at estimated net realizable value, and collateral is generally not required. Receivables from government programs represent a 45% concentrated group of credit risk for TCHD. Other receivables consist of receivables from various payors including individuals and insurance companies involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risks to TCHD. Furthermore, TCHD's management continually monitors and adjusts its reserves and allowances associated with these receivables.

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

## 5. CAPITAL ASSETS

### County

Capital asset activity for the year ended September 30, 2007 was as follows (in thousands):

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance September 30, 2007</u>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 47,953	\$ 1,662	\$ (11)	\$ 49,604
Construction in progress	18,650	14,725	(16,729)	16,646
Total capital assets not depreciated	<u>66,603</u>	<u>16,387</u>	<u>(16,740)</u>	<u>66,250</u>
Other capital assets:				
Buildings and improvements	236,159	17,377	(309)	253,227
Fixed equipment	82,308	11,803	(7,336)	86,775
Infrastructure	65,992	6,764	(18)	72,738
Total other capital assets at cost	<u>384,459</u>	<u>35,944</u>	<u>(7,663)</u>	<u>412,740</u>
Less accumulated depreciation for:				
Buildings and improvements	(68,231)	(7,729)	75	(75,885)
Fixed equipment	(46,661)	(9,436)	5,655	(50,442)
Infrastructure	(28,908)	(3,202)	8	(32,102)
Total accumulated depreciation	<u>(143,800)</u>	<u>(20,367)</u>	<u>5,738</u>	<u>(158,429)</u>
Other capital assets, net	240,659	15,577	(1,925)	254,311
Governmental activities capital assets, net	<u>\$ 307,262</u>	<u>\$ 31,964</u>	<u>\$ (18,665)</u>	<u>\$ 320,561</u>



	<b>Balance October 1, 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance September 30, 2007</b>
<b>Business-type activities:</b>				
Capital assets not depreciated:				
Land	\$ 2,071			\$ 2,071
Other capital assets:				
Buildings and improvements	6,033			6,033
Fixed equipment	289	7		296
Infrastructure	16			16
Total other capital assets at cost	<u>6,338</u>	<u>7</u>	<u>-</u>	<u>6,345</u>
Accumulated depreciation	<u>(2,609)</u>	<u>(306)</u>		<u>(2,915)</u>
Other capital assets, net	3,729	(299)	-	3,430
Business-type activities capital assets, net	<u>\$ 5,800</u>	<u>\$ (299)</u>	<u>\$ -</u>	<u>\$ 5,501</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 10,758
Public safety	2,408
Transportation	6,384
Judicial	590
Community services	<u>227</u>
Total governmental activities depreciation expense	<u>\$ 20,367</u>

Construction in progress primarily consists of criminal justice software development, construction contracts for the construction and expansion of juvenile justice complex, sub-courthouse facility, historical commission, and sheriff office and jail expansion. At September 30, 2007, the remaining commitments on contracts and agreements approximated \$10,606,349.

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

Also, in fiscal year 2002 the County entered into a lease agreement with the City of Fort Worth #3 (Tax Increment Financing District) to allow public parking in the Law Center parking garage on weekends and evenings. The City of Fort Worth #3 has agreed to pay \$250,000 a year plus 6% interest thru January 2013.

## TCHD

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

	<b>Balance October 1, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2007</b>
<b>Business-type activities</b>				
Capital assets not depreciated:				
Land	\$ 16,484	\$ 3,823		\$ 20,307
Construction in progress/equipment not in service	22,282	47,670		69,952
Total capital assets not depreciated	<u>38,766</u>	<u>51,493</u>		<u>90,259</u>
Other capital assets:				
Buildings and improvements	164,569	12,213		176,782
Improvements other than buildings	8,917	1,023		9,940
Machinery and equipment	182,027	21,385	(5,309)	198,103
Total other capital assets at cost	<u>355,513</u>	<u>34,621</u>	<u>(5,309)</u>	<u>384,825</u>
Accumulated depreciation	(201,071)	(22,846)	5,283	(218,634)
Other capital assets, net	154,442	11,775	(26)	166,191
Business-type activities capital assets, net	<u>\$ 193,208</u>	<u>\$ 63,268</u>	<u>\$ (26)</u>	<u>\$ 256,450</u>

Depreciation expense was charged to functions as follows:

Component unit - business-type activities:	
Hospital	<u>\$ 22,846</u>
Total business-type activities depreciation expense	<u>\$ 22,846</u>

At September 30, 2007, the remaining commitments on contracts and agreements approximated \$15,800,000.

## MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2007, is as follows (in thousands):

	<b>Balance August 31, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance August 31, 2007</b>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 915			\$ 915
Total capital assets not depreciated	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
Other capital assets:				
Buildings and improvements	7,390	\$ 59		7,449
Equipment and furniture	9,821	770	\$ (300)	10,291
Total other capital assets at cost	<u>17,211</u>	<u>829</u>	<u>(300)</u>	<u>17,740</u>
Less accumulated depreciation	<u>(10,728)</u>	<u>(1,579)</u>	<u>287</u>	<u>(12,020)</u>
Governmental activities capital assets, net	<u>\$ 7,398</u>	<u>\$ (750)</u>	<u>\$ (13)</u>	<u>\$ 6,635</u>

Depreciation expense was charged to functions as follows:

Component unit - governmental activities:	
Mental Health Adult	\$ 290
Mental Retardation	327
Child and Adolescent	20
Administration	312
Addiction Services	71
Early Childhood Intervention	<u>122</u>
Total governmental activities depreciation expense	\$ 1,142
Internal Service Fund	<u>437</u>
Total depreciation expense	<u><u>\$ 1,579</u></u>

## 6. LONG-TERM DEBT

### County

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

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

At year end \$145,383,058 of these bond proceeds remained unspent and according the debt related to the proceeds have not been used in the calculation of net assets invested in capital, net of related debt.

Long-term debt of the County consisted of the following at September 30, 2007 (in thousands):

General Obligation Bonds - Series 1999 with interest rates from 4.9% to 5.75%, payable in annual installments of varying amounts plus interest through 2010	\$ 2,970
General Obligation Bonds - Series 2002 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2022	20,915
General Obligation Bonds - Series 2006 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2026	78,895
General Obligation Bonds - Series 2007 with interest rates from 4.0% to 5.25%, payable in annual installments in varying amounts plus interest through 2027	52,510
Limited Tax Refunding - Series 2002 with interest rates of 4.0%, payable in annual installments in varying amounts plus interest through 2008	2,735

Limited Tax Refunding - Series 2004 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2024	34,880
Limited Tax Refunding - Series 2005 with interest rates from 3.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2025	37,850
Certificates of Obligation - Series 2002 with interest of 3.5%, payable in annual installments of varying amounts plus interest through 2008	4,015
Non-Taxable Tax Notes - Series 2003 with interest of 3.0%, payable in annual installments of varying amounts plus interest through 2009	4,995
Non-Taxable Tax Notes - Series 2004 with interest from 2.625% to 3.25%, payable in annual installments of varying amounts plus interest through 2010	7,445
Non-Taxable Tax Notes - Series 2005 with interest from 3.0% to 3.5%, payable in annual installments of varying amounts plus interest through 2011	9,780
Non-Taxable Tax Notes - Series 2006 with interest from 4.0% to 4.25%, payable in annual installments of varying amounts plus interest through 2012	7,930
	<u>264,920</u>
Less - current maturities	<u>25,905</u>
Long-term debt, net of current maturities	239,015
Plus - unamortized premium and discount	6,032
Long-Term debt, net of current maturities, premium and discount	<u><u>\$ 245,047</u></u>

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

Fiscal Year	General Obligation		Certificates of Obligation		Limited Tax Refunding Bonds	
	Principle	Interest	Principle	Interest	Principle	Interest
2008	\$ 6,380	\$ 7,209	\$ 4,015	\$ 141	\$ 6,855	\$ 3,393
2009	6,530	7,154			4,150	3,129
2010	6,825	6,872			4,190	2,971
2011	6,040	6,578			3,530	2,809
2012	6,295	6,324			3,670	2,673
2013-2017	36,080	27,207			20,935	10,983
2018-2022	46,005	17,476			21,395	5,752
2023-2027	41,135	5,776			10,740	966
Total	<u>\$ 155,290</u>	<u>\$ 84,596</u>	<u>\$ 4,015</u>	<u>\$ 141</u>	<u>\$ 75,465</u>	<u>\$ 32,676</u>
Fiscal Year	Non Taxable Tax Notes		Total Principle & Interest			
	Principle	Interest				
2008	\$ 8,655	\$ 1,016	\$ 37,664			
2009	8,930	751	30,644			
2010	6,635	458	27,951			
2011	4,215	224	23,396			
2012	1,715	69	20,746			
2013-2017			95,205			
2018-2022			90,628			
2023-2027			58,617			
Total	<u>\$ 30,150</u>	<u>\$ 2,518</u>	<u>\$ 384,851</u>			

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2007 (in thousands):

	<b>Balance October 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2007</b>	<b>Amounts Due within One year</b>
Bonds payable	\$ 236,205	\$ 52,510	\$ 23,795	\$ 264,920	\$ 25,905
Deferred amounts:					
Premium/discount	5,933	1,372	377	6,928	-
Refunding	(1,012)		116	(896)	-
Total bonds payable	241,126	53,882	24,288	270,952	25,905
Compensated absences	30,104	21,778	19,278	32,604	19,408
<b>Total</b>	<b>\$ 271,230</b>	<b>\$ 75,660</b>	<b>\$ 43,566</b>	<b>\$ 303,556</b>	<b>\$ 45,313</b>

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County issued \$134,570,000 Limited Tax Bonds for this purpose.

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the statement of net assets. On September 30, 2007, all of the bonds are considered defeased.

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

## **TCHD**

Long-term debt of TCHD consisted of the following at September 30, 2007 (in thousands):

### Revenue Bonds, Series 2002:

Gross of unamortized premium of \$119, bearing interest at rates ranging from 2.0% to 5.5%, payable in annual installments ranging from \$1,090 to \$2,790 from 2008 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral

\$ 36,279

### Certificate of Obligation Bonds, Series 2006:

Gross of unamortized premium of \$125, bearing interest at rates ranging from 4.0% to 4.65%, payable in annual installments beginning September 30, 2008 ranging from \$745 to \$2,025 from 2008 through 2031; gross revenue, including ad valorem tax revenue, is pledged as collateral; proceeds for a patient tower and parking garage

30,425

Capital lease obligations:

Issued in 1997 and expiring at various dates through 2012; average effective interest rates of approximately 6.65%, carrying value of leased equipment at September 30, 2007 of approximately \$6,552

	4,220
	70,924
Less - current maturities	<u>2,652</u>
Long-term debt, net of current maturities	<u>\$ 68,272</u>

The various bond indentures contain compliance covenants and require TCHD to maintain a sinking fund for principle and interest payments. TCHD is in compliance with such covenants and sinking fund requirements as of September 30, 2007.

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

Fiscal Year	Revenue Bonds		Certificates of Obligation		Capital Leases		Total Principle & Interest
	Principle	Interest	Principle	Interest	Principle	Interest	
2008	\$ 1,125	\$ 1,808	\$ 745	\$ 1,328	\$ 782	\$ 262	\$ 6,050
2009	1,165	1,769	775	1,298	835	208	6,050
2010	1,210	1,725	810	1,266	892	151	6,054
2011	1,255	1,678	840	1,233	953	90	6,049
2012	1,305	1,627	875	1,199	758	25	5,789
2013-2017	7,580	7,080	4,940	5,428			25,028
2018-2022	9,865	4,784	6,085	4,281			25,015
2023-2027	12,655	2,001	7,690	2,671			25,017
2028-2031			7,571	724			8,295
Add - premium	119		94				213
Total	<u>\$ 36,279</u>	<u>\$ 22,472</u>	<u>\$ 30,425</u>	<u>\$ 19,428</u>	<u>\$ 4,220</u>	<u>\$ 736</u>	<u>\$ 113,560</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2007 (in thousands):

	Balance October 1, 2006	Additions	Retirements	Balance September 30, 2007	Amounts Due within One year
Bonds payable	\$ 67,855		\$ 1,151	\$ 66,704	\$ 1,870
Capital leases	4,952		732	4,220	782
Total	<u>\$ 72,807</u>	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ 70,924</u>	<u>\$ 2,652</u>

Interest costs capitalized during 2007 were \$975,000.

## MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2007 (in thousands):

General Obligation Refunding Bonds, Series 1993 with interest rates from 3.63%, payable in varying amounts annually through 2011	\$ 1,354
Less - current maturities	<u>339</u>
Long-term debt, net of current maturities	<u>\$ 1,015</u>

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

Fiscal Year	General Obligation Refunding Bonds		Total Principle & Interest
	Principle	Interest	
2008	\$ 339	\$ 43	\$ 382
2009	339	30	369
2010	338	19	357
2011	<u>338</u>	<u>6</u>	<u>344</u>
Total	<u>\$ 1,354</u>	<u>\$ 98</u>	<u>\$ 1,452</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2007 (in thousands):

	Balance September 1, 2006	Additions	Retirements	Balance August 31, 2007	Due Within One Year
Accrued compensated absences	\$ 1,531	\$ 1,731	\$ 1,531	\$ 1,731	\$ 1,731
Obligations under capital leases	1,011	79	535	555	500
Bonds	<u>1,693</u>	<u></u>	<u>339</u>	<u>1,354</u>	<u>339</u>
Total	<u>\$ 4,235</u>	<u>\$ 1,810</u>	<u>\$ 2,405</u>	<u>\$ 3,640</u>	<u>\$ 2,570</u>

Interest expenditures for the year ended August 31, 2007, was \$80,383.

## CONDUIT DEBT

TCHF, TCID, TCHFDC and TCCEFFC issue revenue bonds to promote housing development, commercial and industrial and manufacturing enterprises, health facilities and cultural and education and

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

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2007</b>
Multifamily (Amherst) 85	\$ 8,620
Multifamily (Lincoln Meadows) 88	10,755
Multifamily (S F Apartments) 93	7,050
Multifamily (Bending Oaks Brook) 94A	5,013
Multifamily (Bending Oaks Brook) 94B	6,416
Multifamily (Bending Oaks Brook) 95	9,709
Multifamily (Wendcastle Project) 96	7,334
Multifamily (Hurst Manor) 1998	2,775
Multifamily (Sierra Springs) 1999	7,760
Multifamily (Remington Hill) 1998	12,600
Multifamily (Barrington at Beach St) 2000	27,215
Multifamily (Provident) 2001	13,300
Multifamily (Chatham Creek) 2001	13,100
Multifamily (Palm House) 2001A	6,000
Multifamily (Crossroads) 2001A	13,600
Multifamily (Crossroads) 2001C	1,480
Multifamily (Arlington Seniors) 2002	12,425
Multifamily (Hulen Bend) 2005	12,244
Multifamily (Gateway Arl) 2003	14,640
Multifamily (Alameda Villas) 2003	11,045
Multifamily (Sycamore Villas) 2003	13,075
Multifamily (Aventine Parkway)	14,540
Multifamily (Blue Lake at Marine Creek Apt)	10,899
Multifamily (Park at Sycamore School Apts)	12,685
Multifamily (Evergreen at Keller Senior Apts)	13,200
Multifamily (Shady Oaks)	3,645
Multifamily (Bear Creek)	14,475
Multifamily (The Courtyards at Riverpark) 85	3,225
Multifamily (Cobblestone) 2006	13,250
Multifamily (Worthington Point)	11,957
Multifamily (Marine Creek) 2005	15,000
Multifamily (Lindbergh Parc) 2006	10,775
Multifamily (Village Creek) 2006	14,935



Multifamily (Amelia Parc) 2007	11,690
Single Family 1983B	2,518
Single family 1985 A	83,763
Single Family 1997	1,226
Single family 1998	3,799
Single Family 1998 Refunding	2,990
Single Family 2003B	4,669
Single Family 2006	8,801
Single Family 2007	15,000
	<hr/>
Total Conduit Debt	<u>\$ 489,198</u>

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2007</b>
3927 Foundation, Inc. Project	\$ 5,924
Fort Worth Osteopathic Hospital, Inc. Project 93	5,573
Fort Worth Osteopathic Hospital, Inc. Project 96	21,010
Forth Worth Osteopathic Hospital Project 97	13,030
Adventist Health System/Sunbelt 96A	11,450
Adventist Health System/Sunbelt 97A	7,860
Adventist Health System/Sunbelt 98	14,535
Adventist Health System/Sunbelt Obligated Group 2000	31,120
Villa Oak Park Project 2001 A-1	5,609
Villa Oak Park Project 2001 B	3,200
South Central Nursing Homes Tax Exempt (1997A)	8,755
Harris Methodist Health Systems 87A	11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	77,330
Harris Methodist Health Systems 96	51,545
Texas Health Resources Series 97	366,985
Texas Health Resources Series 2003A	150,000
Texas Health Resources Series 2003B	150,000
Heritage Housing Long Term Care Facility Series 97	13,240
Heritage Housing Long Term Care Facility Series 98 A	2,010
Heritage Housing Long Term Care Facility Series 98 B	2,130
Heritage Housing Long Term Care Facility Series 98 C	2,715
Heritage Eastwood Gardens, Houston Series 1998 A	8,770
Heritage Eastwood Gardens, Houston Series 1998 B	2,460
Heritage Valley Gardens, Brownsville Series A	9,735
Heritage Valley Gardens, Brownsville Series B	1,900

Carter Blood Care Series 98	9,300
Harvest Communities of Houston Series 1999-A	4,110
Harvest Communities of Houston Series 1999-B	282
Bethesda Living Centers-Bethesda Gardens Series 1998C	7,890
Cook Children's Medical Center 2000A	22,395
Cook Children's Medical Center 2000B	29,875
Cook Children's Medical Center 2006	30,000
Cook Children's Medical Center 2007	51,045
Westchester Retirement Community Project 98A	25,650
Baylor 2002A FAST	76,590
Baylor Health Care System 2004 A & B	130,000
Cumberland Rest, Inc. Series 2002	16,785
Cumberland Rest, Inc. Series 2006	55,000
Eastview Nursing Center 2000 A-1	22,070
Eastview Nursing Center 2000 B	3,107
	<hr/>
Total Conduit Debt	<u><u>\$ 1,486,860</u></u>

The trustee for the following bond issues has notified the Foundation of certain defaults that had occurred with the Master Indenture:

Harvest Communities of Houston Series 1999 A  
Harvest Communities of Houston Series 1999 B

This matter is not yet resolved by the TCHFDC.

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2007</b>
Northwest Senior Housing Foundation - 2006	\$ 90,000
Goose Creek Retirement Community, 2007	5,850
West 380 Family Care, Doctors Hospital, 2007	59,130
Texas Health Resources, 2007 A	597,840
Texas Health Resources, 2007 B	100,000
Methodist Hospital of Dallas, 2007	200,000
Buckingham Senior Living Community, Inc 2007	70,200
	<hr/>
Total Conduit Debt	<u><u>\$ 1,123,020</u></u>

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2007</b>
Fox Meyer – TBL, Inc.	5,500
Mortex Products, Inc.	<u>4,000</u>
Total Conduit Debt	<u><u>\$ 9,500</u></u>

**7. UNCONDITIONAL PROMISES TO GIVE - TCHD**

Unconditional promises to give at September 30, 2007, are expected to be as follows:

Less than one year	\$ 2,060
One to five years	1,122
Thereafter	<u>32</u>
Total unconditional promises to give	3,214
Less discount to net present value	175
Less allowance for uncollectible	<u>171</u>
Net unconditional promises to give	<u><u>\$ 2,868</u></u>

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

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

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

	<b>Balance August 31, 2007</b>
<b>Assets</b>	
Cash and investments	<u>\$ 503</u>
<b>Liabilities</b>	
Client custodian funds payable	<u>\$ 503</u>

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

The following is a County fund which had a deficit fund balance or deficit net assets as of September 30, 2007 (in thousands):

Worker's Compensation      \$ 5,403

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

## 10. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2007 and for the year then ended (in thousands):

<b>Transfer From</b>	<b>Amount</b>	<b>Transfer To</b>	<b>Explanation</b>
General Fund	\$ 25,600	Capital Projects Fund	Supplement Capital funds
General Fund	1,325	Internal Service	Supplement Internal Service fund
General Fund	6,192	Road & Bridge	Supplement Road & Bridge fund
Internal Service	316	Other Governmental	Supplement fund sources
Other Governmental	946	General Fund	Supplement courthouse security activity
Grants Fund	909	Other Governmental	Required match and supplement fund sources
Grants Fund	100	Grants Fund	Required match and supplement fund sources
Other Governmental	15	Grants Fund	Required match and supplement fund sources
	<u>\$ 35,403</u>		

<b>Funds Due From</b>	<b>Amount</b>	<b>Funds Due To</b>	<b>Explanation</b>
Grant Fund	\$ 6,018	General	Short-term loan
Other Governmental	38	General	Short-term loan
	<u>\$ 6,056</u>		

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

## 11. TEXAS DISPROPORTIONATE SHARE PROGRAM – TCHD

In response to the growing number of uninsured patients, urban violence, drug abuse, and the rising costs of health care, the Texas Legislature established the Texas Medicaid Disproportionate Share III program (“Dispro III”) effective July 30, 1991. The program was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. Dispro III allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas. The program expired in June 1994. However, the Texas Legislature enacted a similar program that extends indefinitely, but it could be discontinued at any time. During fiscal year 2007, TCHD recorded revenues of approximately \$92,000,000 from Texas Disproportionate Share programs (primarily, Dispro III).

## 12. DEFERRED COMPENSATION PLANS

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

## 13. RETIREMENT PLANS

### County

#### a. Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 573 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

#### b. Funding Policy

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.83% for the months of the accounting year in 2007, and 10.00% for the months of the

accounting year in 2006. The contribution rate payable by the employee members for calendar year 2007 is the rate of 7% as adopted by the governing body of the employer.

**c. Annual Pension Cost**

For the County's accounting year ending September 30, 2007, the annual pension cost for the TCDRS plan for its employees was \$20,186,139 and the actual contributions were \$20,186,139. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2003, the basis for determining the contribution rates for calendar year 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial valuation date	12/31/2004	12/31/2005	12/31/2006
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, closed
Amortization period	20 years	20 years	15 years
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	SAF: 10 year smoothed value ESF: fund value
Actuarial assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.5%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

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

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

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2005	\$ 17,015,720	100%	\$ -
September 30, 2006	17,917,449	100%	-
September 30, 2007	20,186,139	100%	-

**d. Post-Employment Healthcare Benefits**

In addition to providing retirement benefits, the County provides certain healthcare and dental insurance benefits and an employee assistance program (EAP) to its retirees and their dependents. To be eligible for these benefits, the employee must be working for the County at the time of retirement. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners Court on a year-to-year basis. The cost of these benefits is recognized when claims or premiums are paid. At year-end, there were 608 retirees and 261 of their dependents receiving benefits. For the year ended September 30, 2007, the County incurred \$4,916,099 in health insurance premiums and claims. Retirees' contributions for the year ended September 30, 2007 totaled \$1,510,103 and the County paid the remaining amount of the claims. The County pays the entire cost for EAP coverage of \$19,074 while the retirees pay the entire cost of the dental insurance premiums.

**TCHD**

**a. Plan Description**

TCHD sponsors a public employee defined benefit pension plan for eligible employees within a multiple-employer retirement program sponsored for member hospitals by the Texas Hospital Association (THA). HealthShare/THA, a wholly owned subsidiary of THA, is the plan administrator of this pension plan. The plan's assets are invested as a portion of THA's master pension trust fund. The plan provides retirement, death, and disability benefits. Amendments to the plan are made only with the authority of TCHD's Board of Managers. The plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from the TCHD or HealthShare/THA. The report may be obtained by writing HealthShare/THA at P.O. Box 15587, Austin, Texas 78761-5587.

**b. Funding Policy**

The Board of Managers of TCHD has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer.

Plan members are required to annually contribute 1% of their compensation. Effective October 1, 2006 participation in the pension plan became mandatory for full-time employees completing one year of service on or after October 1, 2006. TCHD makes contributions, which are actuarially determined to pay the plan's total cost (determined as a level percentage of total participant compensation) less the projected employee contributions. TCHD contributes amounts for each plan year that equal the amount that is actuarially determined through an annual actuarial valuation. This amount is the normal cost using the aggregate actuarial cost method. The employer contributions were 6.5% of estimated participant compensation for the plan year ended September 30, 2007. The costs of administering the plan are paid by the plan and are considered in the determination of the employer contribution rate.

**c. Annual Pension Cost**

For the fiscal year ended September 30, 2007, TCHD's annual pension cost was \$8,000,000, the same as the annual required contributions determined in the October 1, 2006 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2007 were based on the results of the actuarial valuation as of October 1, 2005 using the aggregate actuarial cost method and were in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions included (a) an 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4% to 7.5% per year varying by attained age; both (a) and (b) reflect an inflation component of approximately 4%. The assumptions did not include any post-retirement benefit increases. The actuarial value of plan assets was determined using a 5-year smoothed market value method, which approximates fair value. There is no unfunded actuarial liability to be amortized or an amortization period with the aggregate actuarial cost method.

#### **d. Other Benefit Plans**

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution up to 4% of pay. The contributions for the employer match on the plan were approximately \$2,800,000 for the year ended September 30, 2007. These amounts are included in salaries and related expenses in the financial statements.

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

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

TCHD has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board of Managers; this plan is to provide participants in the defined benefit plan that portion of a participant's benefits that would otherwise be payable under the terms of the defined benefit plan except for the limitations on benefits imposed by Section 415(b) of the Internal Revenue Service Code. As of September 30, 2007, total benefits due under this plan were \$228,000.

TCHD has an incentive compensation plan for management personnel annually designated by the Board of Managers; the designated individuals are eligible for various levels of incentive compensation based on critical success factors annually agreed to by the Board of Managers. The financial statements include approximately \$1,825,000 for the year ended September 30, 2007 for the incentive compensation plan expense.

#### **MHMRTC**

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



Amounts contributed are invested in various investments, including equity securities, mutual funds, and cash management funds. For the year ended August 31, 2007, covered payroll was approximately \$19,808,312 total payroll, excluding temporary service personnel, was approximately \$39,336,655. The required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Percentage Contributed</b>
2005	\$ 1,377,051	\$ 860,656	100%
2006	1,459,013	911,640	100%
2007	1,584,665	1,098,412	100%

#### 14. COMMITMENTS AND CONTINGENCIES

##### Commitments

The County and TCHD have no material future operating lease commitments. Total rental expense incurred for the County and TCHD for fiscal 2007 was \$1,597,682 and \$5,100,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2007. The gross amount of assets acquired by capital leases included in the balance sheet is \$1,461,836.

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, 2007 are as follows (in thousands):

<b>Year Ending August 31,</b>	<b>Operating Leases</b>	<b>Capital Leases</b>
2008	\$ 1,477	\$ 510
2009	870	42
2010	746	13
2011	120	
Total minimum lease payment	<u>\$ 3,213</u>	565
Less amount representing interest		<u>(10)</u>
Present value of future minimum lease payments		<u>\$ 555</u>

##### Contingencies

##### **County**

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2007 have not yet been completed. Accordingly, the

County's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, and, accordingly, no accrual has been made for them, as management believes these to be immaterial.

The County is party to lawsuits and claims in the ordinary course of operation. The possible losses of these lawsuits could range from \$1 to \$7 million. County management has accrued for an estimate of losses for such claims in the accompanying basic financial statements. County management believes the outcome of these legal matters would not have a material adverse effect on the County's financial position.

The County is self-insured for workers' compensation, automobile bodily injury and property damage, comprehensive general liability and all self-insured retentions for existing policies. It is the opinion of County management that the amounts accrued at September 30, 2007 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

### **TCHD**

TCHD has been named in legal actions alleging failure to exercise due professional care and other matters. The claims are in various stages of processing and some may ultimately be brought to trial. There are known incidents occurring through September 30, 2007 that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past. TCHD receives inquiries from outside organizations from time to time regarding various government health program issues. Certain reviews are currently in process; however, management does not believe these will have any significant impact on TCHD's financial position or results of operations.

### **MHMRTC**

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

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

## **15. SELF-INSURANCE PROGRAMS**

### **County**

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

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

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

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

Workers Compensation Fund – accounts for workers compensation claims.

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

Buildings	\$ 100,000
Boilers and machinery	10,000
Scheduled heavy equipment	10,000
Scheduled equipment	5,000

The County also purchases several crime policies to cover exposure to employee dishonesty in different departments. These carry a deductible between \$500 to \$10,000.

The District Clerk Errors and Omissions Fund and the County Clerk Errors and Omissions Fund were established pursuant to state law and provide for the collection of a fee for certain cases filed with the respective clerks. To date, neither of these funds has experienced a significant claim.

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, 2007, 3,348 and 2,907 employees elected self-insured health care coverage and dental coverage, respectively.

For the year ended September 30, 2007 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, 2007.

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

	2007	2006
Beginning liability	\$ 10,311	\$ 9,731
New claims/adjustments	3,578	3,023
Claims paid/adjustments	(3,578)	(3,023)
Other - change in estimate	(664)	580
	<u>          </u>	<u>          </u>
Ending liability	<u>\$ 9,647</u>	<u>\$ 10,311</u>
Amount due within 1 year	\$ 3,502	\$ 3,552

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

**TCHD**

TCHD is self-insured for professional and general liability, health insurance, and workers’ compensation risk. TCHD’s maximum liability for professional and general liability claims as a governmental unit under the Tort Claims Act is generally \$100,000 per individual and \$300,000 in the aggregate for each occurrence. TCHD has purchased an insurance policy from a commercial carrier for workers’ compensation claims exceeding \$300,000 per occurrence and \$2,800,000 in the aggregate for the period September 1, 2002 through August 31, 2003. TCHD did not purchase reinsurance for any periods subsequent to August 2003.

Self-insurance reserves for professional and general liability are estimated for asserted and unasserted claims based on TCHD’s historical experience, the opinion of legal counsel, and the actuarial determination rendered by certified actuaries. Professional and general liability reserves totaled \$2,000,000 at September 30, 2007. It is the opinion of TCHD’s management that the estimated reserves at September 30, 2007 are adequate to provide for potential losses resulting from pending or threatened litigation and asserted and unasserted claims.

Self-insurance reserves for workers’ compensation and health insurance represents TCHD’s management’s estimate of losses and claims incurred based on the District’s loss history and actuarial valuations. Workers’ compensation and health insurance reserves totaled \$7,800,000 at September 30, 2007, which is recorded in other accrued liabilities. Claims paid during 2007 related to workers’ compensation and health insurance totaled approximately \$23,600,000. Expenses related to workers’ compensation and health insurance totaled approximately \$25,400,000 during 2007.

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

	<b>2007</b>	<b>2006</b>
Beginning liability	\$ 8,185	\$ 8,357
New claims	25,432	19,974
Claims paid	<u>(23,816)</u>	<u>(20,146)</u>
Ending liability	<u>\$ 9,801</u>	<u>\$ 8,185</u>

**16. TAX INCREMENT FINANCING AGREEMENTS**

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

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

Name	Percentage Committed	Taxes Forgone During 2007
City of Grapevine	100%	\$ 617
City of Fort Worth #3	100%	606
City of Southlake	100%	497
City of Colleyville	100%	435
City of Grand Prairie #2	75%	219
City of North Richland Hills #2	100%	388
City of Fort Worth #4	100%	279
City of Keller	66%	172
City of Fort Worth #9	80%	268
City of Arlington #1 (maintenance and operation rate only)	100%	79
City of Burleson	100%	86
City of North Richland Hills #1	100%	21
City of Grand Prairie #3	75%	484
City of Benbrook #1	100%	51
City of Fort Worth #6	100%	452
City of Fort Worth #10	80%	<u>81</u>
Total taxes forgone		<u>\$ 4,735</u>

Throughout the year the County entered into agreements to participate in City of Fort Worth TIF #7 - North Tarrant Parkway and City of Fort Worth TIF #8 - Lancaster Corridor. The County will participate at 80% effective beginning with fiscal year 2005. The estimated amount of taxes forgone for the fiscal years 2005 through 2007 would be \$30,926 for the City of Fort Worth TIF #7 - North Tarrant Parkway and \$424,791 for the City of Fort Worth TIF #8 - Lancaster Corridor.

The County also entered into agreements to participate in City of Arlington TIF #4 – Arlington Highlands and City of Arlington TIF #5 – Arlington Entertainment Area. The County will participate at 75% for TIF #4 beginning with fiscal year 2007 and 70% for TIF #5 beginning in fiscal year 2009.

\* \* \* \* \*

**REQUIRED SUPPLEMENTARY**  
**INFORMATION**

**TARRANT COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM TREND DATA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN**  
**FOR THE EMPLOYEES OF THE COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
(Amounts in thousands)  
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2004	\$ 422,562	\$ 503,950	\$ 81,387	83.85%	\$ 177,515	45.85%
12/31/2005	455,968	542,839	86,871	84.00%	185,508	46.83%
12/31/2006	511,414	582,615	71,201	87.78%	195,604	36.40%

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes, licenses and permits	\$ 249,631	\$ 249,631	\$ 252,403	\$ 2,772
Fees of office	31,413	31,413	36,313	4,900
Intergovernmental	12,369	12,369	13,200	831
Investment income	6,310	6,310	6,510	200
Other revenues	12,309	12,309	10,935	(1,374)
Transfers	700	700	946	246
<b>Total Revenues</b>	<b>\$ 312,732</b>	<b>\$ 312,732</b>	<b>\$ 320,307</b>	<b>\$ 7,575</b>
<b>EXPENDITURES:</b>				
County Judge	\$ 261	\$ 635	\$ 582	\$ 53
County Administrator	1,518	1,457	1,443	14
Non-Departmental	67,527	67,010	42,907	24,103
Auditor	4,830	4,830	4,717	113
Budget/Risk Management	505	495	467	28
Tax Assessor / Collector	10,969	10,924	10,583	341
Elections Administration	3,850	3,850	3,623	227
Information Technology	24,044	24,232	23,142	1,090
Human Resources	2,194	2,181	2,049	132
Purchasing	1,485	1,485	1,445	40
Facilities	3,066	3,207	2,896	311
Sheriff	30,232	30,314	29,758	556
Sheriff - Confinement	58,662	58,580	56,757	1,823
Constable Precinct 1	808	818	818	-
Constable Precinct 2	773	758	732	26
Constable Precinct 3	756	756	743	13
Constable Precinct 4	607	607	573	34
Constable Precinct 5	540	540	529	11
Constable Precinct 6	637	650	649	1
Constable Precinct 7	757	757	750	7
Constable Precinct 8	730	730	724	6
Medical Examiner	6,157	6,205	6,036	169
Fire Marshal	293	295	286	9
Community Supervision	23	23	18	5
Juvenile Services	14,370	14,370	14,198	172
Pretrial Services	1,355	1,335	1,087	248
Buildings	19,476	19,345	17,922	1,423
17TH District Court	211	210	208	2
48TH District Court	211	211	210	1
67TH District Court	197	196	191	5
96TH District Court	202	202	200	2
141ST District Court	199	199	198	1
153RD District Court	205	205	203	2
236TH District Court	212	212	211	1
342ND District Court	198	198	197	1
348TH District Court	210	210	209	1
352ND District Court	206	208	207	1
Criminal District Court 1	1,221	1,221	1,165	56
Criminal District Court 2	1,166	1,241	1,152	89
Criminal District Court 3	1,200	1,601	1,599	2
Criminal District Court 4	1,137	1,140	1,028	112
213TH District Court	1,039	1,009	942	67



TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	\$ 1,122	\$ 1,269	\$ 1,249	\$ 20
371ST District Court	1,224	1,656	1,628	28
372ND District Court	1,120	1,232	1,228	4
396TH District Court	1,186	1,353	1,337	16
Magistrate Court	550	550	542	8
231ST District Court	442	480	480	-
233RD District Court	440	448	441	7
322ND District Court	438	470	470	-
323RD District Court	2,627	2,728	2,676	52
324TH District Court	498	517	506	11
325TH District Court	425	527	513	14
360TH District Court	465	437	433	4
Special Judges	417	417	387	30
Criminal District Court Support System	380	408	404	4
Grand Jury	126	126	99	27
Criminal Attorney Appointment	536	536	518	18
County Court at Law #1	355	355	348	7
County Court at Law #2	351	351	349	2
County Court at Law #3	364	374	368	6
County Criminal Court #1	636	592	562	30
County Criminal Court #2	556	511	464	47
County Criminal Court #3	607	562	542	20
County Criminal Court #4	595	550	509	41
County Criminal Court #5	998	1,038	966	72
County Criminal Court #6	550	540	452	88
County Criminal Court #7	561	546	522	24
County Criminal Court #8	542	527	510	17
County Criminal Court #9	527	512	497	15
County Criminal Court #10	517	504	479	25
Probate Court 1	1,360	1,346	1,340	6
Probate Court 2	1,195	1,226	1,226	-
Justice of the Peace Pct. 1	432	432	420	12
Justice of the Peace Pct. 2	433	433	421	12
Justice of the Peace Pct. 3	474	474	447	27
Justice of the Peace Pct. 4	534	522	518	4
Justice of the Peace Pct. 5	313	304	273	31
Justice of the Peace Pct. 6	375	375	340	35
Justice of the Peace Pct. 7	520	521	512	9
Justice of the Peace Pct. 8	380	380	373	7
District Attorney	29,418	29,418	28,668	750
District Clerk	7,774	7,774	7,642	132
County Clerk	7,444	7,509	7,205	304
Domestic Relations	5,486	5,440	5,236	204
Jury Services	2,404	2,404	2,088	316
Courts / Judiciary	2,019	631	537	94
Human Services	4,350	4,350	4,287	63
Child Protective Services	1,856	1,856	1,753	103
Public Assistance	179	179	179	-
TX Cooperative Extension	705	705	567	138
Veterans Services	309	307	253	54
Historical Commission	83	83	78	5
<b>Total Expenditures</b>	<b>\$ 351,437</b>	<b>\$ 351,437</b>	<b>\$ 317,196</b>	<b>\$ 34,241</b>

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits			\$ 1	\$ 1
Fees of office	\$ 25,339	\$ 25,339	24,277	(1,062)
Intergovernmental	35	35	33	(2)
Investment income	352	352	700	348
Other revenues	52	52	190	138
Transfers	6,192	6,192	6,192	-
<b>Total Revenues</b>	<b>\$ 31,970</b>	<b>\$ 31,970</b>	<b>\$ 31,393</b>	<b>\$ (577)</b>
EXPENDITURES:				
Buildings	\$ 43	\$ 43	\$ 26	\$ 17
Commissioner Precinct 1	6,338	6,338	6,015	323
Commissioner Precinct 2	4,850	4,850	4,298	552
Commissioner Precinct 3	4,205	4,255	3,745	510
Commissioner Precinct 4	5,627	5,777	5,682	95
Right of Way	12,184	11,984	4,159	7,825
Transportation	2,136	2,136	1,993	143
Road and Bridge Non-Departmental	1,605	1,605	832	773
<b>Total Expenditures</b>	<b>\$ 36,988</b>	<b>\$ 36,988</b>	<b>\$ 26,750</b>	<b>\$ 10,238</b>

## TARRANT COUNTY, TEXAS

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2007

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

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

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

## 2. Reconciliation to Fund Statements

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

	<b>General Fund</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Budgetary Basis	\$ 320,307	\$ 31,393
Transfers in	(946)	(6,192)
Accrued in prior years, received in 2007	(1,436)	(732)
Accrued in 2007, to be received in 2008	318	486
	<hr/>	<hr/>
Revenues on modified accrual (GAAP) basis	318,243	24,955
<b>Expenditures</b>		
Budgetary Basis	317,196	26,750
Transfers out	(33,117)	
Incurred in prior years, paid in 2007	2,575	213
Incurred during 2007, payable in future years	(1,221)	(2,224)
Prepaid & Inventory adjustments not budget relevant	(66)	(484)
	<hr/>	<hr/>
Expenditures on modified accrual (GAAP) basis	285,367	24,255
<b>Other Financing Sources (Uses)</b>	<hr/> <b>(32,171)</b>	<hr/> <b>6,192</b>
Changes in Fund Balance	<hr/> <b>\$ 705</b>	<hr/> <b>\$ 6,892</b>

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.

**NONMAJOR GOVERNMENTAL FUNDS**

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

**LAW LIBRARY FUND**

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

**RECORDS PRESERVATION & AUTOMATION FUNDS**

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

**EDUCATION FUND**

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

**PUBLIC HEALTH CONTRACT**

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

**DISTRICT ATTORNEY CONTRACTS**

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

**SHERIFF CONTRACTS**

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

**MISCELLANEOUS CONTRACTS**

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

**COURT DESIGNATED FUNDS**

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

**VEHICLE INVENTORY TAX FUND**

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

**CONSUMER HEALTH FUND**

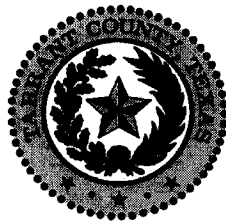
This fund was established, pursuant to State statutes, to account for the collection of food permit fees and expenditures incurred in connection with issuing permits and conducting inspections.

#### HOUSING FINANCE CORPORATION

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

#### INDUSTRIAL DEVELOPMENT CORPORATION

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





TARRANT COUNTY, TEXAS

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
<b>ASSETS</b>					
Cash and investments	\$ 487	\$ 7,276	\$ 74	\$ 2,732	\$ 2,340
Other receivables, net of allowance for uncollectibles	10	36		3	28
Supplies and prepaid items	1	1		7	9
<b>TOTAL ASSETS</b>	<b>\$ 498</b>	<b>\$ 7,313</b>	<b>\$ 74</b>	<b>\$ 2,742</b>	<b>\$ 2,377</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 121	\$ 192	\$ 5	\$ 88	\$ 11
Other liabilities	5	37		105	1,392
Due to other funds					
<b>Total liabilities</b>	<b>126</b>	<b>229</b>	<b>5</b>	<b>193</b>	<b>1,403</b>
<b>FUND BALANCES</b>					
Reserved:					
For encumbrances	26	347		145	
For supplies and prepaid items	1	1		7	
Unreserved, undesignated	345	6,736	69	2,397	974
<b>Total fund balances</b>	<b>372</b>	<b>7,084</b>	<b>69</b>	<b>2,549</b>	<b>974</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 498</b>	<b>\$ 7,313</b>	<b>\$ 74</b>	<b>\$ 2,742</b>	<b>\$ 2,377</b>

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 634	\$ 2,880	\$ 862	\$ 447	\$ 213	\$ 3,413	\$ 78	\$ 21,436
1	448	8					534
17							35
<u>\$ 652</u>	<u>\$ 3,328</u>	<u>\$ 870</u>	<u>\$ 447</u>	<u>\$ 213</u>	<u>\$ 3,413</u>	<u>\$ 78</u>	<u>\$ 22,005</u>
\$ 28	\$ 95	\$ 8	\$ 12				\$ 560
8	35	2	1	\$ 11	\$ 59		1,655
	38						38
<u>36</u>	<u>168</u>	<u>10</u>	<u>13</u>	<u>11</u>	<u>59</u>		<u>2,253</u>
29	47		72				666
17							26
570	3,113	860	362	202	3,354	\$ 78	19,060
<u>616</u>	<u>3,160</u>	<u>860</u>	<u>434</u>	<u>202</u>	<u>3,354</u>	<u>78</u>	<u>19,752</u>
<u>\$ 652</u>	<u>\$ 3,328</u>	<u>\$ 870</u>	<u>\$ 447</u>	<u>\$ 213</u>	<u>\$ 3,413</u>	<u>\$ 78</u>	<u>\$ 22,005</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Fees of office	\$ 1,066	\$ 5,660	\$ 17	\$ 1,726	\$ 239
Intergovernmental			102	6,892	
Investment income	26	363		172	42
Other revenues	28				598
Total revenues	1,120	6,023	119	8,790	879
EXPENDITURES:					
Current:					
General government		3,180		259	
Public safety			61		
Judicial	81	166	46		524
Community services	1,070			8,654	
Capital outlay		2,692		39	49
Total expenditures	1,151	6,038	107	8,952	573
Excess (deficiency) of revenues over (under) expenditures	(31)	(15)	12	(162)	306
OTHER FINANCING SOURCES (USES) -					
Transfers in					160
Transfers out					(179)
Total other financing sources (uses)					(19)
Change in fund balance	(31)	(15)	12	(162)	287
FUND BALANCES, beginning of year	403	7,099	57	2,711	687
FUND BALANCES, end of year	<u>\$ 372</u>	<u>\$ 7,084</u>	<u>\$ 69</u>	<u>\$ 2,549</u>	<u>\$ 974</u>

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
	\$ 106	\$ 1,496	\$ 287	\$ 648			\$ 11,245
	1,297	80					8,371
\$ 35	144	42	22	12	\$ 171	\$ 3	1,032
<u>1,070</u>	<u>727</u>				<u>504</u>		<u>2,927</u>
1,105	2,274	1,618	309	660	675	3	23,575
	1,290	350	175		617	3	5,874
944	217	74					1,296
19	1,380	304					2,520
	253			661			10,638
<u>113</u>	<u>154</u>		<u>122</u>				<u>3,169</u>
1,076	3,294	728	297	661	617	3	23,497
29	(1,020)	890	12	(1)	58	-	78
	1,065						1,225
		(782)					(961)
	1,065	(782)					264
29	45	108	12	(1)	58	-	342
<u>587</u>	<u>3,115</u>	<u>752</u>	<u>422</u>	<u>203</u>	<u>3,296</u>	<u>78</u>	<u>19,410</u>
<u>\$ 616</u>	<u>\$ 3,160</u>	<u>\$ 860</u>	<u>\$ 434</u>	<u>\$ 202</u>	<u>\$ 3,354</u>	<u>\$ 78</u>	<u>\$ 19,752</u>



**BUDGETARY COMPLIANCE**

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Debt Service Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes, licenses and permits	\$ 31,494	\$ 31,494	\$ 31,654	\$ 160
Investment income	745	745	790	45
Total Revenues	\$ 32,239	\$ 32,239	\$ 32,444	\$ 205
<b>EXPENDITURES:</b>				
Debt service	\$ 33,995	\$ 33,995	\$ 33,164	\$ 831
Total Expenditures	\$ 33,995	\$ 33,995	\$ 33,164	\$ 831

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 394	\$ 394	\$ 394	\$ -
Investment income	4,949	4,943	6,779	1,836
Other Revenues		1,369	2,134	765
Bond proceeds		53,700	53,700	-
Transfers	25,600	25,600	25,600	-
<b>Total Revenues</b>	<b>\$ 30,943</b>	<b>\$ 86,006</b>	<b>\$ 88,607</b>	<b>\$ 2,601</b>
<b>EXPENDITURES:</b>				
County Judge		\$ 2	\$ 2	\$ -
Non-Departmental	\$ 15,660	12,685	2,082	10,603
Auditor	2	2	2	-
Tax Assessor / Collector	28	28	24	4
Elections Administration	15	15	14	1
Information Technology	9,176	9,693	8,564	1,129
Human Resources	9	9	9	-
Facilities	181	218	25	193
Sheriff	318	316	305	11
Sheriff - Confinement	15	17	17	-
Constable Precinct 2	7	7	6	1
Constable Precinct 3		1	1	-
Constable Precinct 4	6	6		6
Constable Precinct 5	3	3	1	2
Constable Precinct 6	11	11	11	-
Constable Precinct 7	12	13	8	5
Constable Precinct 8	3	3	3	-
Medical Examiner	298	298	266	32
Fire Marshal	1	1		1
Community Supervision	13	13	13	-
Juvenile Services	3	3	3	-
Pretrial Services	1	1		1
Buildings	54,815	81,069	20,905	60,164
Resource Connection		1	1	-
48TH District Court	3	3	2	1
153RD District Court	1	1		1
Criminal District Court Support System	6	6	6	-
County Court at Law #1	1	1		1
Probate Court 2	1	1		1
Justice of the Peace Pct. 3	8	8	7	1
Justice of the Peace Pct. 4		1	1	-
Justice of the Peace Pct. 5		6	6	-
Justice of the Peace Pct. 7	1	1	1	-
Justice of the Peace Pct. 8	2	2	2	-
District Attorney	1	1		1
District Clerk	63	51	50	1
County Clerk	2	2	1	1
Domestic Relations	33	33	23	10



TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Courts / Judiciary	\$ 3	\$ 3	\$ 2	\$ 1
Human Services	151	224	150	74
TX Cooperative Extension	13	13	12	1
Commissioner Precinct 1	3	3	3	-
Commissioner Precinct 2	1,521	1,629	1,433	196
Commissioner Precinct 3	492	494	450	44
Commissioner Precinct 4	1,396	1,360	830	530
Transportation	1,257	1,515	1,175	340
Road and Bridge Non-Departmental	61,713	91,713	8,861	82,852
	<u>3,900</u>	<u>4,900</u>	<u>4,827</u>	<u>73</u>
 Total Expenditures	 \$ 151,148	 \$ 206,386	 \$ 50,104	 \$ 156,282

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Law Library</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 990	\$ 990	\$ 1,068	\$ 78
Investment income	28	28	27	(1)
Other revenues	30	30	28	(2)
Total Revenues	<u>\$ 1,048</u>	<u>\$ 1,048</u>	<u>\$ 1,123</u>	<u>\$ 75</u>
EXPENDITURES:				
Law Library	<u>\$ 1,415</u>	<u>\$ 1,415</u>	<u>\$ 1,176</u>	<u>\$ 239</u>
Total Expenditures	<u>\$ 1,415</u>	<u>\$ 1,415</u>	<u>\$ 1,176</u>	<u>\$ 239</u>

	<u>Records Preservation and Automation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 4,972	\$ 4,972	\$ 5,665	\$ 693
Investment income	335	335	364	29
Total Revenues	<u>\$ 5,307</u>	<u>\$ 5,307</u>	<u>\$ 6,029</u>	<u>\$ 722</u>
EXPENDITURES:				
Information Technology	\$ 1,099	\$ 3,386	\$ 2,713	\$ 673
Buildings		141	52	89
District Clerk	140	140	130	10
County Clerk	9,328	6,900	2,619	4,281
Total Expenditures	<u>\$ 10,567</u>	<u>\$ 10,567</u>	<u>\$ 5,514</u>	<u>\$ 5,053</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 16	\$ 17	\$ 17	\$ -
Intergovernmental		102	102	-
Investment income	4	4		(4)
Total Revenues	\$ 20	\$ 123	\$ 119	\$ (4)
EXPENDITURES:				
Non-Departmental	\$ 6	\$ 6		\$ 6
Sheriff	33	101	63	38
Sheriff-Confinement	2	22	8	14
Constable Precinct 1	1	3	2	1
Constable Precinct 2	1	3	1	2
Constable Precinct 3	1	2	2	-
Constable Precinct 4	6	7		7
Constable Precinct 5		1	1	-
Constable Precinct 6	5	7	2	5
Constable Precinct 7		2		2
Constable Precinct 8	2	3		3
Probate Court 1	8	8	8	-
Probate Court 2	8	8	8	-
District Attorney	9	13	13	-
Total Expenditures	\$ 82	\$ 186	\$ 108	\$ 78

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,826	\$ 1,826	\$ 1,726	\$ (100)
Intergovernmental	6,889	6,889	6,892	3
Investment income	100	100	172	72
Total Revenues	\$ 8,815	\$ 8,815	\$ 8,790	\$ (25)
EXPENDITURES:				
Buildings	\$ 302	\$ 302	\$ 239	\$ 63
Public Health	10,225	10,225	8,638	1,587
Total Expenditures	\$ 10,527	\$ 10,527	\$ 8,877	\$ 1,650

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>District Attorney</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 240	\$ 239	\$ 239	\$ -
Investment income	28	33	42	9
Other revenues	825	825	598	(227)
Transfer			160	160
Total Revenues	<u>\$ 1,093</u>	<u>\$ 1,097</u>	<u>\$ 1,039</u>	<u>\$ (58)</u>
EXPENDITURES:				
District Attorney	<u>\$ 1,687</u>	<u>\$ 1,693</u>	<u>\$ 752</u>	<u>\$ 941</u>
Total Expenditures	<u>\$ 1,687</u>	<u>\$ 1,693</u>	<u>\$ 752</u>	<u>\$ 941</u>

	<u>Sheriff Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment income	\$ 31	\$ 31	\$ 35	\$ 4
Other revenues	800	945	1,071	126
Total Revenues	<u>\$ 831</u>	<u>\$ 976</u>	<u>\$ 1,106</u>	<u>\$ 130</u>
EXPENDITURES:				
Sheriff	\$ 441	\$ 588	\$ 307	\$ 281
Sheriff - Confinement	897	897	788	109
Total Expenditures	<u>\$ 1,338</u>	<u>\$ 1,485</u>	<u>\$ 1,095</u>	<u>\$ 390</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Fees of office	\$ 119	\$ 119	\$ 106	\$ (13)
Intergovernmental	455	1,566	1,440	(126)
Investment income	120	127	149	22
Other revenues	356	724	727	3
Transfer	731	1,244	1,065	(179)
<b>Total Revenues</b>	<b>\$ 1,781</b>	<b>\$ 3,780</b>	<b>\$ 3,487</b>	<b>\$ (293)</b>
<b>EXPENDITURES:</b>				
Non-Departmental	\$ 33	\$ 33	\$ 33	\$ -
Elections Administration	60	1,355	772	583
Information Technology		25	24	1
Self Insurance	1,215	1,215	279	936
Disaster Relief		597	321	276
Sheriff	6	6	2	4
Medical Examiner	30	30	19	11
Fire Marshal	56	56	40	16
Juvenile Services	1,549	1,549	1,014	535
Pretrial Services	208	208	157	51
District Attorney	127	297	263	34
Domestic Relations	14	14	13	1
Public Health	156	155	24	131
Human Services	143	304	211	93
Child Protective Services	373	508	139	369
Public Assistance		29	20	9
Historical Commission	56	56	3	53
Peace Officers Memorial Monument	19	19		19
<b>Total Expenditures</b>	<b>\$ 4,045</b>	<b>\$ 6,456</b>	<b>\$ 3,334</b>	<b>\$ 3,122</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,344	\$ 1,432	\$ 1,499	\$ 67
Intergovernmental	90	90	80	(10)
Investment income	40	40	42	2
Other	23	3		(3)
Total Revenues	\$ 1,497	\$ 1,565	\$ 1,621	\$ 56
EXPENDITURES:				
Non Departmental	\$ 1,286	\$ 1,370	\$ 1,129	\$ 241
Information Technology		5		5
Medical Examiner	96	76	76	-
Appeals Court	442	442	196	246
Probate Court 1	242	242	46	196
Probate Court 2	68	67	63	4
Total Expenditures	\$ 2,134	\$ 2,202	\$ 1,510	\$ 692

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 25	\$ 25	\$ 287	\$ 262
Investment income	252	252	22	(230)
Total Revenues	\$ 277	\$ 277	\$ 309	\$ 32
EXPENDITURES:				
Tax Assessor/Collector	\$ 630	\$ 611	\$ 337	\$ 274
Information Technology		19		19
Total Expenditures	\$ 630	\$ 630	\$ 337	\$ 293

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 690	\$ 690	\$ 648	\$ (42)
Investment income	5	5	12	7
Total Revenues	\$ 695	\$ 695	\$ 660	\$ (35)
EXPENDITURES:				
Public Health	\$ 830	\$ 830	\$ 661	\$ 169
Total Expenditures	\$ 830	\$ 830	\$ 661	\$ 169





**INTERNAL SERVICE FUNDS**

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

**EMPLOYEE BENEFITS FUND**

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

**SELF INSURANCE FUNDS**

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

**WORKERS' COMPENSATION FUND**

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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<u>ASSETS</u>	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 6,503	\$ 6,062	\$ 3,266	\$ 15,831
Other receivables, net of allowance for uncollectibles	427	1		428
Total current assets	<u>6,930</u>	<u>6,063</u>	<u>3,266</u>	<u>16,259</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	424	26	50	500
Other liabilities	936	358	3,144	4,438
Deferred revenue	14			14
Total current liabilities	<u>1,374</u>	<u>384</u>	<u>3,194</u>	<u>4,952</u>
Noncurrent liabilities:				
Other noncurrent liabilities		670	5,475	6,145
Total noncurrent liabilities	<u>-</u>	<u>670</u>	<u>5,475</u>	<u>6,145</u>
Total liabilities	<u>1,374</u>	<u>1,054</u>	<u>8,669</u>	<u>11,097</u>
<u>NET ASSETS</u>				
Unrestricted	<u>5,556</u>	<u>5,009</u>	<u>(5,403)</u>	<u>5,162</u>
Total net assets (deficit)	<u>\$ 5,556</u>	<u>\$ 5,009</u>	<u>\$ (5,403)</u>	<u>\$ 5,162</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User Fees	\$ 10,992	\$ 1		\$ 10,993
County Contributions	32,801		\$ 4,141	36,942
Other revenues	<u>1,083</u>	<u>217</u>	<u>484</u>	<u>1,784</u>
Total operating revenues	44,876	218	4,625	49,719
OPERATING EXPENSES:				
Building & Equipment	12	37		49
Self insurance claims	25,056	182	2,716	27,954
Insurance Premiums	20,479			20,479
Other Expenses	<u>1,328</u>	<u>71</u>	<u>123</u>	<u>1,522</u>
Total operating expenses	46,875	290	2,839	50,004
Operating income (loss)	(1,999)	(72)	1,786	(285)
NONOPERATING REVENUES :				
Investment income	<u>379</u>	<u>290</u>	<u>128</u>	<u>797</u>
Income (loss) before transfers	(1,620)	218	1,914	512
Transfers in	1,000	325		1,325
Transfers out	<u>(316)</u>			<u>(316)</u>
Change in net assets	(936)	543	1,914	1,521
Total net assets (deficit)-beginning	<u>6,492</u>	<u>4,466</u>	<u>(7,317)</u>	<u>3,641</u>
Total net assets (deficit)-ending	<u>\$ 5,556</u>	<u>\$ 5,009</u>	<u>\$ (5,403)</u>	<u>\$ 5,162</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 44,669	\$ 219	\$ 4,625	\$ 49,513
Payments on behalf of employees	<u>(48,166)</u>	<u>(517)</u>	<u>(3,283)</u>	<u>(51,966)</u>
Net cash flows provided by (used in) operating activities	(3,497)	(298)	1,342	(2,453)
INVESTING ACTIVITIES:				
Investment income, net	379	290	128	797
NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	1,000	325		1,325
Transfers out	<u>(316)</u>			<u>(316)</u>
Net cash flows provided by noncapital financing activities	<u>684</u>	<u>325</u>	<u>-</u>	<u>1,009</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,434)	317	1,470	(647)
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,937</u>	<u>5,745</u>	<u>1,796</u>	<u>16,478</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,503</u>	<u>\$ 6,062</u>	<u>\$ 3,266</u>	<u>\$ 15,831</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ (1,999)	\$ (72)	\$ 1,786	\$ (285)
Changes in assets and liabilities:				
Other receivables	(205)	1		(204)
Accounts payable	(1,326)	(22)	15	(1,333)
Other liabilities	35	(205)	(459)	(629)
Deferred Revenue	<u>(2)</u>			<u>(2)</u>
Net cash flows provided by (used in) operating activities	<u>\$ (3,497)</u>	<u>\$ (298)</u>	<u>\$ 1,342</u>	<u>\$ (2,453)</u>

**FIDUCIARY FUNDS**

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

**PAYROLL CLEARING FUND**

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

**FEE OFFICE FUND**

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

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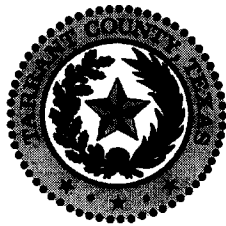
<u>ASSETS</u>	Payroll Clearing	Fee Office	Total
Current assets:			
Cash and investments	\$ 2,797	\$ 25,286	\$ 28,083
Other receivables	8	135,762	135,770
Restricted asset		48,862	48,862
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,805</u>	<u>\$ 209,910</u>	<u>\$ 212,715</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts Payable		\$ 5	\$ 5
Due to third parties	\$ 2,805	209,905	212,710
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 2,805</u>	<u>\$ 209,910</u>	<u>\$ 212,715</u>



TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (AMOUNTS IN THOUSANDS)

	<u>October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2007</u>
<b>PAYROLL CLEARING:</b>				
Cash and investments	\$ 3,778	\$ 96,342	\$ 97,323	\$ 2,797
Other receivables	8	36	36	8
	<u>\$ 3,786</u>	<u>\$ 96,378</u>	<u>\$ 97,359</u>	<u>\$ 2,805</u>
Due to third parties	\$ 3,786	\$ 96,378	\$ 97,359	\$ 2,805
	<u>\$ 3,786</u>	<u>\$ 96,378</u>	<u>\$ 97,359</u>	<u>\$ 2,805</u>
<b>FEE OFFICE:</b>				
Cash and investments	\$ 28,436	\$ 3,156,697	\$ 3,159,847	\$ 25,286
Other receivables	139,607	2,351,298	2,355,143	135,762
Restricted assets	53,335	52,495	56,968	48,862
	<u>\$ 221,378</u>	<u>\$ 5,560,490</u>	<u>\$ 5,571,958</u>	<u>\$ 209,910</u>
Accounts payable		\$ 26	\$ 21	\$ 5
Due to third parties	\$ 221,378	5,560,464	5,571,937	209,905
	<u>\$ 221,378</u>	<u>\$ 5,560,490</u>	<u>\$ 5,571,958</u>	<u>\$ 209,910</u>
<b>TOTAL:</b>				
Cash and investments	\$ 32,214	\$ 3,253,039	\$ 3,257,170	\$ 28,083
Other receivables	139,615	2,351,334	2,355,179	135,770
Restricted assets	53,335	52,495	56,968	48,862
	<u>\$ 225,164</u>	<u>\$ 5,656,868</u>	<u>\$ 5,669,317</u>	<u>\$ 212,715</u>
Accounts payable		\$ 26	\$ 21	\$ 5
Due to third parties	\$ 225,164	5,656,842	5,669,296	212,710
	<u>\$ 225,164</u>	<u>\$ 5,656,868</u>	<u>\$ 5,669,317</u>	<u>\$ 212,715</u>



**STATISTICAL SECTION**

## TARRANT COUNTY, TEXAS STATISTICAL SECTION

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

CONTENTS	PAGE
FINANCIAL TRENDS	102
<p>These schedules contain trend information to aid in understanding how the County's financial performance and well being have changed over time.</p> <p>The first three schedules relate to government wide; the remaining schedules relate to fund information.</p>	
REVENUE CAPACITY	112
<p>These schedules contain information to aid in assessing the factors affecting the County's ability to generate its property taxes, its most significant local revenue source.</p>	
DEBT CAPACITY	118
<p>These schedules present information to aid in assessing the County's current debt levels and its ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	126
<p>These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.</p>	
OPERATING INFORMATION	128
<p>These schedules contain information about the County's operations and resources to aid in understanding how the County's financial information relates to the services the County provides and the activities it performs.</p>	

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

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

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

**TABLE I**

2007

\$ 195,824  
114,985  
\$ 310,809

\$ 5,501  
(1,835)  
\$ 3,666

\$ 201,325  
113,150  
\$ 314,475

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

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

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

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

<u>2007</u>	
\$	105,708
	99,860
	33,753
	124,066
	62,437
	9,529
	<u>435,353</u>
	<u>2,854</u>
	<u>438,207</u>
	98,334
	62,090
	7,512
	<u>167,936</u>
	<u>2,662</u>
	<u>170,598</u>
	(267,417)
	(192)
\$	<u>(267,609)</u>
\$	282,491
	6,154
	15,834
	2,432
	<u>306,911</u>
	13
	<u>13</u>
	<u>306,924</u>
	39,494
	(179)
\$	<u>39,315</u>



**TARRANT COUNTY, TEXAS**  
**PROGRAM REVENUE BY FUNCTION/PROGRAM**  
**LAST SIX YEARS**  
(Accrual basis of accounting - Unaudited)  
(Amounts in thousands)

Function/Program	FISCAL YEAR				
	2002	2003	2004	2005	2006
<b>Fees, Fines, and Charges for Services</b>					
<b>Governmental:</b>					
General government	\$ 10,127	\$ 11,558	\$ 54,960	\$ 42,440	\$ 47,244
Public safety	8,865	6,588	4,883	7,825	3,375
Transportation support	23,826	23,625	1,608		
Judicial	26,035	26,061	17,404	26,007	30,030
Community services	9,366	8,547	8,962	9,991	12,515
Total Governmental	78,219	76,379	87,817	86,263	93,164
<b>Business-type</b>	2,496	2,646	2,701	2,625	2,404
Total Fees, Fines and Charges for Service	<u>\$ 80,715</u>	<u>\$ 79,025</u>	<u>\$ 90,518</u>	<u>\$ 88,888</u>	<u>\$ 95,568</u>
<b>Operating Grants and Contributions</b>					
<b>Governmental:</b>					
General government	\$ 627	\$ 24	\$ 4,748	\$ 1,309	\$ 1,322
Public safety	12,096	12,559	1,984	1,177	1,358
Transportation support	3,274				
Judicial	44,239	3,711	9,698	11,319	10,647
Community services		48,450	43,573	40,350	46,476
Total Governmental	60,236	64,744	60,003	54,155	59,803
Total Operating Grants and Contributions	<u>\$ 60,236</u>	<u>\$ 64,744</u>	<u>\$ 60,003</u>	<u>\$ 54,155</u>	<u>\$ 59,803</u>
<b>Capital Grants and Contributions</b>					
<b>Governmental:</b>					
General government				\$ 3	\$ 5,971
Public safety				1,191	534
Transportation support		\$ 2,626		1,547	10,384
Judicial				218	20
Total Governmental	-	2,626	-	2,959	16,909
<b>Business-type</b>		134			1,971
Total Capital Grants and Contributions	<u>\$ -</u>	<u>\$ 2,760</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 18,880</u>
<b>Total Program Revenues</b>					
<b>Governmental:</b>					
General government	\$ 10,754	\$ 11,582	\$ 59,708	\$ 43,752	\$ 54,537
Public safety	20,961	19,147	6,867	10,193	5,267
Transportation support	27,100	26,251	1,608	1,547	10,384
Judicial	70,274	29,772	27,102	37,544	40,697
Community services	9,366	56,997	52,535	50,341	58,991
Total Governmental	138,455	143,749	147,820	143,377	169,876
<b>Business-type</b>	2,496	2,780	2,701	2,625	4,375
<b>Total Program Revenues</b>	<u>\$ 140,951</u>	<u>\$ 146,529</u>	<u>\$ 150,521</u>	<u>\$ 146,002</u>	<u>\$ 174,251</u>

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

2007

\$ 50,630  
 4,293  
  
 31,446  
11,965  
 98,334  
2,662  
**\$ 100,996**

\$ 2,076  
 2,630  
 33  
 12,126  
45,225  
 62,090  
**\$ 62,090**

\$ 2,074  
 237  
 4,744  
457  
 7,512  
  
**\$ 7,512**

\$ 54,780  
 7,160  
 4,777  
 44,029  
57,190  
 167,936  
2,662  
**\$ 170,598**

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

	<b>FISCAL YEAR</b>				
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002 (1)</b>
<b>General Fund</b>					
Reserved:					
For encumbrances	\$ 870	\$ 1,329	\$ 1,504	\$ 2,178	\$ 1,306
For supplies and prepaid items	465	503	518	484	700
For long-term receivable	10,000	9,900	9,545	8,880	8,880
Unreserved	21,473	19,445	17,902	24,654	35,436
<b>Total General fund</b>	<b>\$ 32,808</b>	<b>\$ 31,177</b>	<b>\$ 29,469</b>	<b>\$ 36,196</b>	<b>\$ 46,322</b>
<b>All Other Governmental Funds</b>					
Reserved:					
For debt service	\$ 426	\$ 254	\$ 573	\$ 568	\$ 1,066
For capital projects	4,255	24,514	21,239	14,522	37,798
For encumbrances	6,493	3,884	5,998	11,183	6,713
For supplies and prepaid items	438	540	687	556	735
For long-term receivable					
Unreserved, reported in:					
Road and Bridge fund					12,372
Other Special revenue	5,994	9,991	10,871	15,312	8,694
<b>Total all other governmental funds</b>	<b>\$ 17,606</b>	<b>\$ 39,183</b>	<b>\$ 39,368</b>	<b>\$ 42,141</b>	<b>\$ 67,378</b>

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

TABLE IV

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 1,675	\$ 2,012	\$ 1,604	\$ 3,667	\$ 1,549
814	732	825	794	865
8,880	7,605	7,120	6,630	6,115
22,917	31,231	38,201	41,708	44,975
<u>\$ 34,286</u>	<u>\$ 41,580</u>	<u>\$ 47,750</u>	<u>\$ 52,799</u>	<u>\$ 53,504</u>
\$ 1,564	\$ 1,621	\$ 2,092	\$ 1,739	\$ 1,020
39,431	36,507	31,107	120,068	159,179
4,944	15,474	10,903	7,191	19,482
732	977	1,011	819	1,289
2,694	2,499	2,299	2,099	2,099
11,773	10,699	5,168	7,526	12,201
9,931	12,385	14,980	18,058	19,060
<u>\$ 71,069</u>	<u>\$ 80,162</u>	<u>\$ 67,560</u>	<u>\$ 157,500</u>	<u>\$ 214,330</u>

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

	<b>FISCAL YEAR</b>				
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002 (1)</b>
<b>Revenues:</b>					
Taxes, licenses and permits	\$ 134,578	\$ 145,321	\$ 157,734	\$ 180,230	\$ 200,546
Fees of office	41,579	44,104	46,159	48,335	54,006
Intergovernmental	9,181	14,015	14,113	12,372	77,271
Investment income	5,934	5,277	6,600	6,695	3,630
Other revenues	8,866	11,407	9,795	9,427	14,699
<b>Total revenues</b>	<b>200,138</b>	<b>220,124</b>	<b>234,401</b>	<b>257,059</b>	<b>350,152</b>
<b>Expenditures:</b>					
Current:					
General government	25,911	31,828	33,376	38,101	50,049
Buildings	8,398	8,635	9,293	10,935	
Public safety	64,573	69,872	74,797	78,790	97,936
Transportation support	15,272	17,183	15,631	16,319	17,233
Judicial	48,217	52,592	56,220	61,760	75,983
Community services	7,200	7,724	8,983	5,195	55,874
Capital outlay	19,998	22,972	15,546	17,169	63,509
Debt service:					
Principal payments	22,340	25,770	25,770	23,865	24,495
Interest and fiscal charges	6,724	6,086	6,661	6,028	5,482
Bond issuance costs					
<b>Total expenditures</b>	<b>218,633</b>	<b>242,662</b>	<b>246,277</b>	<b>258,162</b>	<b>390,561</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(18,495)</b>	<b>(22,538)</b>	<b>(11,876)</b>	<b>(1,103)</b>	<b>(40,409)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	8,728	8,360	5,980	4,346	12,701
Transfers out	(15,061)	(10,101)	(7,627)	(5,743)	(12,325)
Issuance of new debt					
Proceeds of Refunding bonds					19,531
Bond proceeds	18,100	44,225	12,000	12,000	71,915
Premium on bonds					
Payment to refunded bond escrow agent					(19,383)
<b>Total other financing sources (uses)</b>	<b>11,767</b>	<b>42,484</b>	<b>10,353</b>	<b>10,603</b>	<b>72,439</b>
<b>Change in fund balance</b>	<b>\$ (6,728)</b>	<b>\$ 19,946</b>	<b>\$ (1,523)</b>	<b>\$ 9,500</b>	<b>\$ 32,030</b>
 Debt Service as a percentage of noncapital expenditures	 14.4%	 14.4%	 14.0%	 12.3%	 9.0%

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

**TABLE V**

<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
\$ 215,934	\$ 231,460	\$ 245,148	\$ 261,080	\$ 284,059
57,171	58,980	60,529	67,853	72,136
78,308	76,853	72,274	85,597	83,485
2,755	2,315	5,265	9,368	15,834
13,435	14,871	15,081	13,101	16,677
367,603	384,479	398,297	436,999	472,191
58,761	73,018	73,783	81,601	85,970
106,954	78,098	81,721	88,307	96,449
18,890	18,387	23,583	24,194	22,210
79,229	109,903	111,827	116,480	122,612
58,868	53,481	51,787	58,398	58,740
34,533	52,199	46,873	38,782	48,385
22,215	22,090	19,970	20,825	23,795
7,593	6,840	7,275	6,430	9,368
		163		
387,043	414,016	416,982	435,017	467,529
(19,440)	(29,537)	(18,685)	1,982	4,662
22,811	8,231	19,066	24,339	34,078
(23,716)	(8,165)	(18,998)	(24,664)	(35,087)
	59,550	12,045	89,990	52,510
		39,870		
12,000	1,433	1,675	3,342	1,372
	(15,125)	(41,405)		
11,095	45,924	12,253	93,007	52,873
<u>\$ (8,345)</u>	<u>\$ 16,387</u>	<u>\$ (6,432)</u>	<u>\$ 94,989</u>	<u>\$ 57,535</u>
8.4%	7.9%	7.3%	6.6%	7.6%

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

<b>Tarrant County Direct Rates</b>					
<b>Fiscal Year</b>	<b>Operating Fund</b>	<b>Debt Service Fund</b>	<b>Tarrant County Hospital District</b>	<b>Total Direct Rate</b>	
1998	\$ 0.209062	\$ 0.055774	\$ 0.234070	\$	0.498906
1999	0.208638	0.056198	0.234070		0.498906
2000	0.212890	0.051946	0.234070		0.498906
2001	0.230460	0.044325	0.234070		0.508855
2002	0.235486	0.039299	0.234070		0.508855
2003	0.237419	0.035081	0.232400		0.504900
2004	0.241757	0.030743	0.235397		0.507897
2005	0.244048	0.028452	0.235397		0.507897
2006	0.245376	0.027124	0.235997		0.508497
2007	0.241664	0.029836	0.235397		0.506897

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

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

Source of rates: Municipal Advisory Council of Texas

<b>Overlapping Rates (1)</b>							
<b>Tarrant County College District</b>		<b>Tarrant County Regional Water District</b>		<b>Tarrant County Fresh Water Supply</b>		<b>Emergency Service District</b>	
\$	0.057690	\$	0.019823	\$	0.218000	\$	0.050000
	0.106410		0.019823		0.218000		0.080000
	0.106410		0.019823		0.218000		0.080000
	0.106410		0.020000		0.218000		0.080000
	0.106410		0.020000		0.218000		0.080000
	0.139380		0.020000		0.218000		0.100000
	0.139380		0.020000		0.218000		0.080000
	0.139380		0.020000		0.218000		0.070000
	0.139380		0.020000		-		0.069350
	0.139380		0.020000		-		0.069000



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

TABLE VII

<b>Fiscal Year Ended September 30</b>	<b>Assessed Real Property</b>	<b>Assessed Personal Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (1)</b>
1998	\$ 44,569,464	\$ 11,481,681	\$ 7,022,776	\$ 49,028,369	\$ 0.498906
1999	48,530,101	12,300,540	6,252,281	54,578,360	0.498906
2000	52,879,037	13,268,352	6,681,456	59,465,933	0.498906
2001	59,007,528	14,349,965	7,257,418	66,100,075	0.508855
2002	63,077,190	18,593,776	8,612,757	73,058,209	0.508855
2003	70,840,459	16,955,809	8,616,451	79,179,817	0.504900
2004	75,871,423	17,219,209	8,089,531	85,001,101	0.507897
2005	80,509,862	17,690,825	8,600,687	89,600,000	0.507897
2006	84,861,011	18,231,398	6,962,134	96,130,275	0.508497
2007	94,724,875	19,941,550	9,530,656	105,135,769	0.506897

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

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

Source: Tarrant Appraisal District

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

**TABLE VIII**

<b>Taxpayer</b>	<b>FISCAL YEAR</b>					
	<b>2007</b>			<b>1998</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of Total Taxable Assessed Value</b>
TXU/Oncor Electric	\$ 990,629	1	0.94%			
Southwestern Bell	585,760	2	0.56	\$ 511,666	3	1.04%
American Airlines	507,897	3	0.48	800,586	1	1.63
XTO Energy	377,420	4	0.36			
Wal-Mart Stores Texas LP	313,529	5	0.30			
City Center Development Corp.	244,925	6	0.23			
Chief Oil and Gas LLC	226,205	7	0.22			
Opryland Hotel	220,173	8	0.21			
Bell Helicopter Textron Inc.	206,682	9	0.20	222,754	4	0.45
Grapevine Mills Ltd. Partnership	190,000	10	0.18			
Texas Utilities Electric				642,425	2	1.31
Albertson, Inc.				197,818	5	0.40
Delta Airlines, Inc.				187,149	6	0.38
General Motors Corp.				165,651	7	
Alcon Laboratories Inc.				156,599	8	0.32
Tandy Corporation				154,275	9	0.31
Simmons Airlines, Inc.				134,456	10	0.27
	<u>\$ 3,863,220</u>		<u>3.67%</u>	<u>\$ 3,173,379</u>		<u>6.47%</u>

Source: Tarrant Appraisal District

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

<b>Fiscal Year Ended September 30</b>	<b>Taxes Levied Within the Fiscal Year of the Levy</b>	<b>Adjustments to Levy in Subsequent Years</b>	<b>Adjusted Taxes Levied for the Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
				<b>Amount</b>	<b>Percentage of Levy</b>	
2001	\$ 180,346	\$ 82	\$ 180,428	\$ 176,844	98.06%	\$ 2,934
2002	200,753	(77)	200,676	196,253	97.76%	3,500
2003	215,766	(179)	215,587	211,528	98.04%	3,148
2004	231,628	(130)	231,498	227,468	98.20%	2,982
2005	244,160	(489)	243,671	239,933	98.27%	2,496
2006	261,955	(408)	261,547	257,648	98.36%	2,145
2007	285,433	-	285,433	280,951	98.43%	-

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

Source: Tarrant County Tax Office and Tarrant Appraisal District

<b>Total Collections</b>		
<b>Amount</b>	<b>Percentage of Levy</b>	
\$ 179,778	99.64%	
199,753	99.54%	
214,676	99.58%	
230,450	99.55%	
242,429	99.49%	
259,793	99.33%	
280,951	98.43%	

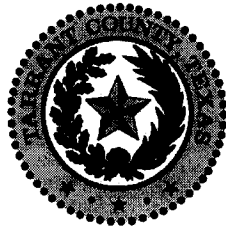
**TARRANT COUNTY, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
(Amounts in thousands, except per capita amount)

**TABLE X**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates Of Obligation</b>	<b>Limited Tax Refunding</b>	<b>Taxable Tax Notes</b>	<b>Non-Taxable Tax Notes</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
1998	\$ 5,000	\$ 47,820	\$ 69,800			\$ 122,620	0.34	93.60
1999	22,500	56,710	61,865			141,075	0.37	105.52
2000	20,000	52,190	55,115			127,305	0.29	88.04
2001	19,315	49,185	46,940			115,440	0.25	78.42
2002	44,215	51,425	39,460	\$ 28,315		163,415	0.35	109.67
2003	42,790	37,150	32,945	28,315	\$ 12,000	153,200	0.31	98.58
2004	41,240	22,940	59,120	28,315	24,000	175,615	0.34	110.51
2005	27,405	14,210	91,650		33,775	167,040	0.30	101.67
2006	107,750	7,880	83,445		37,130	236,205	0.42 (2)	138.76 (2)
2007	155,290	4,015	75,465		30,150	264,920	0.47 (2)	151.81 (2)

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

- (1) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data
- (2) Calculation based on most recent information for personal income data, fiscal year 2005



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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates Of Obligation</b>	<b>Limited Tax Refunding</b>	<b>Taxable Tax Notes</b>	<b>Non-Taxable Tax Notes</b>	<b>Total Primary Government</b>	<b>Less: Amount Available In Debt Service Fund</b>	<b>Total</b>
1998	\$ 5,000	\$ 47,820	\$ 69,800			\$ 122,620	\$ 426	\$ 122,194
1999	22,500	56,710	61,865			141,075	254	140,821
2000	20,000	52,190	55,115			127,305	573	126,732
2001	19,315	49,185	46,940			115,440	568	114,872
2002	44,215	51,425	39,460	\$ 28,315		163,415	1,066	162,349
2003	42,790	37,150	32,945	28,315	\$ 12,000	153,200	1,564	151,636
2004	41,240	22,940	59,120	28,315	24,000	175,615	1,621	173,994
2005	27,405	14,210	91,650		33,775	167,040	2,092	164,948
2006	107,750	7,880	83,445		37,130	236,205	1,739	234,466
2007	155,290	4,015	75,465		30,150	264,920	1,020	263,900

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

- (1) See Schedule of Assessed and Actual Value of Taxable Property Table VI for property value data
- (2) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data

<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
0.25%	\$ 93.28
0.26%	105.33
0.21%	87.64
0.17%	78.04
0.22%	108.96
0.19%	97.58
0.20%	109.49
0.18%	100.40
0.24%	137.74
0.25%	151.23



**TARRANT COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2007**  
**(Unaudited)**  
**(Amounts in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/1/2007</u>
Debt repaid with property taxes:			
Special Districts:			
Tarrant County College District	\$ 54,995	100.00%	\$ 54,995
County Line Special District:			
Trophy Club Municipal Utility District #1	3,064	0.53%	16
Cities:			
Arlington	252,695	100.00%	252,695
Bedford	53,070	100.00%	53,070
Benbrook	14,805	100.00%	14,805
Colleyville	25,870	100.00%	25,870
Crowley	21,345	100.00%	21,345
Dalworthington Gardens	1,784	100.00%	1,784
Eules	54,130	100.00%	54,130
Everman	2,940	100.00%	2,940
Forest Hill	8,445	100.00%	8,445
Fort Worth	369,180	99.69%	368,036
Haltom City	34,890	100.00%	34,890
Haslet	2,035	100.00%	2,035
Hurst	33,175	100.00%	33,175
Keller	115,600	100.00%	115,600
Kennedale	8,320	100.00%	8,320
Lake Worth	14,850	100.00%	14,850
North Richland Hills	62,577	100.00%	62,577
Pantego	1,115	100.00%	1,115
Richland Hills	7,226	100.00%	7,226
Saginaw	22,335	100.00%	22,335
Watauga	19,245	100.00%	19,245
Westlake	19,120	97.87%	18,713
Westover Hills	320	100.00%	320
White Settlement	4,270	100.00%	4,270
County Line Cities:			
Azle	11,635	78.94%	9,185
Burleson	45,583	9.26%	4,221
Grand Prairie	167,815	45.24%	75,920
Grapevine	145,940	99.64%	145,415
Mansfield	88,765	77.52%	68,811
Southlake	126,011	99.16%	124,953

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

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/1/2007</u>
School Districts:			
Arlington Independent School District	\$ 443,003	100.00%	\$ 443,003
Birdville Independent School District	251,475	100.00%	251,475
Carroll Independent School District	153,867	100.00%	153,867
Castleberry Independent School District	19,815	100.00%	19,815
Eagle Mountain Saginaw Independent School District	288,351	100.00%	288,351
Everman Independent School District	12,365	100.00%	12,365
Fort Worth Independent School District	326,291	100.00%	326,291
Hurst Euless Bedford Independent School District	220,314	100.00%	220,314
Keller Independent School District	621,049	100.00%	621,049
Kennedale Independent School District	52,535	100.00%	52,535
Lake Worth Independent School District	68,915	100.00%	68,915
White Settlement Independent School District	139,174	100.00%	139,174
County Line School Districts:			
Aledo Independent School District	94,559	3.49%	3,300
Azle Independent School District	29,185	63.04%	18,398
Burleson Independent School District	148,269	25.81%	38,268
Crowley Independent School District	187,539	96.15%	180,319
Godley Independent School District	8,390	9.52%	799
Grapevine Colleyville Independent School District	305,543	98.99%	302,457
Mansfield Independent School District	635,337	82.26%	522,628
Northwest Independent School District	404,308	22.46%	90,808
Sub-total Overlapping Debt			<u>5,385,438</u>
Tarrant County (direct debt)	264,920	100.00%	264,920
Tarrant County Hospital District (direct debt)	30,330	100.00%	30,330
Total Direct and Overlapping Debt			<u>\$ 5,680,688</u>

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

	<b>FISCAL YEAR</b>				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt Limit	\$ 2,526,620	\$ 2,728,918	\$ 2,973,297	\$ 3,305,004	\$ 3,652,910
Total net debt applicable to limit	<u>122,194</u>	<u>140,821</u>	<u>126,732</u>	<u>114,872</u>	<u>162,349</u>
Legal debt margin	<u>\$ 2,404,426</u>	<u>\$ 2,588,097</u>	<u>\$ 2,846,565</u>	<u>\$ 3,190,132</u>	<u>\$ 3,490,561</u>
Total net debt applicable to the limit as a percentage of debit limit	4.84%	5.16%	4.26%	3.48%	4.44%

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

**TABLE XIII**

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 3,652,910	\$ 4,250,055	\$ 4,480,000	\$ 4,806,514	\$ 5,256,788
151,636	173,994	164,948	234,466	263,900
<u>\$ 3,501,274</u>	<u>\$ 4,076,061</u>	<u>\$ 4,315,052</u>	<u>\$ 4,572,048</u>	<u>\$ 4,992,888</u>
4.15%	4.09%	3.68%	4.88%	5.02%

**Legal Debt Margin Calculation (1) for Fiscal Year 2007**

Assessed value	\$ 105,135,769
Debt Limit (5% of total assessed value)	5,256,788
Debt applicable to limit:	
Total General Bonded debt	264,920
Less: Amount available in Debt Service Fund	(1,020)
Total net debt applicable to limit	<u>263,900</u>
Legal debt margin	<u>\$ 4,992,888</u>

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

**TABLE XIV**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Amounts in thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (3)</b>	<b>Public School Enrollment (4)</b>
1998	1,310,000	\$ 35,622,830	\$ 27,193	3.3%	256,000
1999	1,337,000	37,817,045	28,285	3.1	256,000
2000	1,446,000	43,813,800	30,300	3.1	260,000
2001	1,472,000	46,481,344	31,577	4.2	270,678
2002	1,490,000	46,629,550	31,295	6.2	279,561
2003	1,554,000	49,052,010	31,565	6.5	288,999
2004	1,589,200	52,022,462	32,735	5.7	295,194
2005	1,642,950	56,312,111	34,275	5.0	300,688
2006	1,702,250	N/A	N/A	4.6	312,524
2007	1,745,050	N/A	N/A	4.3	318,324

Data Sources:

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

N/A-Not available

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

**TABLE XV**

<u>Employer</u>	<u>2007 (1)</u>			<u>1998 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>
AMRCorp./American Airlines	25,457	1	3.04%	30,000	1	3.60%
Lockheed Martin Aeronautics Company	14,332	2	1.71	10,000	2	1.20
Texas Health Resources	10,388	3	1.24	6,000	6	0.72
Fort Worth Independent School District	10,041	4	1.20	9,500	3	1.14
Arlington Independent School District	8,088	5	0.97	6,300	4	0.76
City of Fort Worth	6,144	6	0.73	5,200	7	0.62
Bell Helicopter-Textron	6,004	7	0.72	6,200	5	
University of Texas at Arlington	5,422	8	0.65			
Harris Methodist Fort Worth Hospital	4,500	9	0.54	5,100	8	0.61
JP Morgan Chase Bank	4,200	10	0.50			
Delta Airlines, Inc.				5,000	9	0.60
Tandy Corporation				4,500	10	0.54

**Data Sources:**

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

(2) Fort Worth Business Press, individual firms, Fort Worth Chamber of Commerce and Bureau of Economic Analysis

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

<b>Function</b>	<b>FISCAL YEAR</b>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003 (1)</u>
<b>Governmental activities:</b>					
General government	556	604	579	603	696
Public safety	1,611	1,608	1,608	1,719	1,327
Transportation	208	208	209	215	195
Judicial	889	912	921	962	1,290
Community services	534	479	489	554	489
<b>Business-type activities</b>					
Resource Connection	<u>23</u>	<u>23</u>	<u>21</u>	<u>23</u>	<u>21</u>
Total full-time equivalent employees	<u>3,821</u>	<u>3,834</u>	<u>3,827</u>	<u>4,076</u>	<u>4,018</u>

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

TABLE XVI

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
646	660	661	681
1,359	1,343	1,372	1,439
195	195	197	199
1,239	1,247	1,255	1,289
446	446	444	442
<u>20</u>	<u>20</u>	<u>18</u>	<u>18</u>
<u>3,905</u>	<u>3,911</u>	<u>3,947</u>	<u>4,068</u>



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

FUNCTION	FISCAL YEAR			
	1998	1999	2000	2001
<b>District Clerk (1)</b>				
Civil court cases filed			4,646	5,234
Criminal court cases filed			12,590	12,445
Family court cases filed (Attorney General cases)			5,866	6,774
Family court cases filed (Non-Attorney General cases)			15,779	15,392
Juvenile court cases filed			3,330	3,543
Tax foreclosure cases filed			2,245	2,201
Passport applications accepted			3,095	4,898
<b>County Clerk</b>				
County court at aw cases filed	5,324	6,198	6,442	6,370
Mental health cases filed	637	800	910	1,059
Probate cases filed	3,621	3,841	3,645	3,715
Birth certificates issued	6,849	9,505	10,731	11,756
Marriage licenses issued	13,282	13,702	13,645	14,655
<b>Justice of the Peace (all precincts)</b>				
Traffic cases	14,200	18,201	19,288	18,066
Non-traffic cases	7,758	9,047	7,675	8,711
Small claims cases	3,027	2,872	2,858	3,409
Forcible entry & detainer cases	13,156	13,704	13,784	15,648
<b>Sheriff</b>				
Prisoner bed days in county jail	1,226,826	1,181,148	1,196,082	1,081,740
<b>Public Health (2)</b>				
Chronic disease prevention, average monthly caseload				
Notifiable diseases reported				
Food establishment inspections				
Sexually transmitted disease clinic visits				
Milk and dairy tests				
Tuberculosis DCT/DOPT doses administered				
Women, infants & children visits and immunizations				
<b>Tax Assessor/Collector</b>				
Tax accounts collected	534,970	546,624	558,256	570,929
Contracts with entities for tax collection	47	48	50	50
<b>Transportation</b>				
Miles of roads maintained in un-incorporated areas (3)				
Inter-local contracts executed/performed (2)				
Square yards of right of way acquired (3)				
<b>Human Services (4)</b>				
Rent vouchers issued		3,663	2,716	2,842
Utility vouchers issued		6,047	5,394	4,557
Food/hygiene vouchers issued		4,053	3,232	3,472

- (1) Information not available prior to 2000  
(2) Information not available prior to 2004  
(3) Information not available prior to 2003  
(4) Information not available prior to 1999

TABLE XVII

2002	2003	2004	2005	2006	2007
5,929	7,268	6,012	6,427	6,678	6,363
13,571	15,215	16,371	16,529	16,290	18,705
7,960	7,874	8,407	10,822	11,526	12,525
15,138	14,992	14,933	14,137	14,332	14,530
3,514	3,312	3,577	3,521	3,163	3,156
2,504	3,177	3,460	2,521	3,435	4,179
7,619	7,365	9,406	9,690	12,005	18,625
6,964	6,912	7,780	9,083	10,013	11,001
1,268	1,312	1,436	1,585	1,922	2,226
3,913	3,648	3,896	3,772	3,721	3,788
13,045	13,343	13,824	15,036	15,881	17,169
14,265	13,702	14,141	13,601	14,015	14,196
15,788	14,384	14,808	17,123	10,762	11,791
7,063	5,906	6,144	7,451	7,541	7,917
3,591	3,543	3,591	3,354	3,229	3,159
16,805	18,580	19,833	21,492	23,886	25,109
1,057,109	1,219,881	1,271,394	1,232,776	1,248,639	1,260,588
		554	543	464	492
		3,264	3,477	3,841	5,405
		4,763	5,157	5,249	5,430
		7,169	7,442	7,343	7,190
		19,603	20,673	24,184	25,834
		20,573	21,417	22,047	23,222
		581,051	606,976	612,968	624,493
585,090	602,094	621,693	641,074	659,911	659,911
51	52	52	52	52	53
	378	374	451	394	405
		59	80	53	61
	12,288,910	12,180,657	12,604,433	13,186,763	13,779,805
2,846	2,877	2,580	2,044	1,659	1,445
5,282	7,229	8,670	14,016	14,262	12,758
3,666	3,607	3,729	3,291	2,267	2,399

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

	<b>FISCAL YEAR</b>			
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>General Government</b>				
Number of buildings				
Subcourthouses	6	6	8	8
Courts buildings	5	5	5	5
Other	11	11	11	11
Building square footage	1,745,615	1,745,615	1,789,473	1,789,473
Subcourthouses	201,253	201,253	245,111	245,111
Courts buildings	922,352	922,352	922,352	922,352
Other	622,010	622,010	622,010	622,010
<b>Public Safety</b>				
Number of jails	5	5	5	5
Building square footage	998,697	998,697	998,697	998,697
Number of patrol vehicles (1)				94
<b>Transportation (2)</b>				
Miles of roads in un-incorporated areas				
Square yards of right of way acquired				
Number of heavy equipment				
Number of vehicles				
<b>Judicial</b>				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
<b>Community Services</b>				
Public Health vehicles (1)				30
<b>Resource Connection</b>				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

(1) Information not available prior to 2001

(2) Information not available prior to 2003

TABLE XVIII

2002	2003	2004	2005	2006	2007
8	8	8	8	8	8
5	5	5	6	6	6
14	14	15	17	17	16
2,597,382	2,597,382	2,599,382	2,857,319	2,908,681	2,896,368
245,111	245,111	245,111	245,111	245,111	245,111
922,352	922,352	922,352	1,180,289	1,180,289	1,180,289
1,429,919	1,429,919	1,431,919	1,431,919	1,483,281	1,470,968
5	5	5	5	5	5
998,697	998,697	998,697	998,697	998,697	990,554
81	82	85	88	93	98
	378	374	451	394	405
	12,288,910	12,180,657	12,604,433	13,186,763	13,779,805
	166	201	210	220	245
	461	466	463	492	445
124,770	124,770	124,770	124,770	124,770	124,770
30	30	33	35	36	37
15	15	15	15	15	15
348,464	348,464	348,464	348,464	348,464	348,464

