



TARRANT COUNTY, TEXAS

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

TARRANT COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2006

Prepared By
County Auditor's Office

S. Renee Tidwell, CPA
County Auditor

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



TARRANT COUNTY

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RONALD D. BERTEL, CPA
FIRST ASSISTANT COUNTY AUDITOR
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March 9, 2007

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, 2006 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, 2006, 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, 2006, 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 1.702 million 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, know 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 employees 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 2006 totaled \$.027124 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, 2006 were \$261,786,381, and total investment earnings on that portfolio were \$10,172,645. The average yield on investments was 4.57%.

Uninvested cash in banks is fully collateralized with securities pledged by the depository bank or FDIC deposit insurance. A third-party bank 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 2006 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of

\$10,310,408. 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 10.00% for the months of the accounting year in 2006, and 9.86% for the months of the accounting year in 2005. The contribution rate payable by the employee members for calendar year 2006 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 585 retirees and 228 of their dependents receiving benefits. For the year ended September 30, 2006, the County incurred \$4,809,437 in health insurance premiums and claims while the retirees contributed \$1,404,652. The County pays the entire cost for EAP coverage of \$16,974, 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. During fiscal year 2006, the County issued \$82,060,000 Limited Tax Bonds for this purpose.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the County's comprehensive annual financial report for the year ended September 30, 2005. 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. Reece 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, 2005

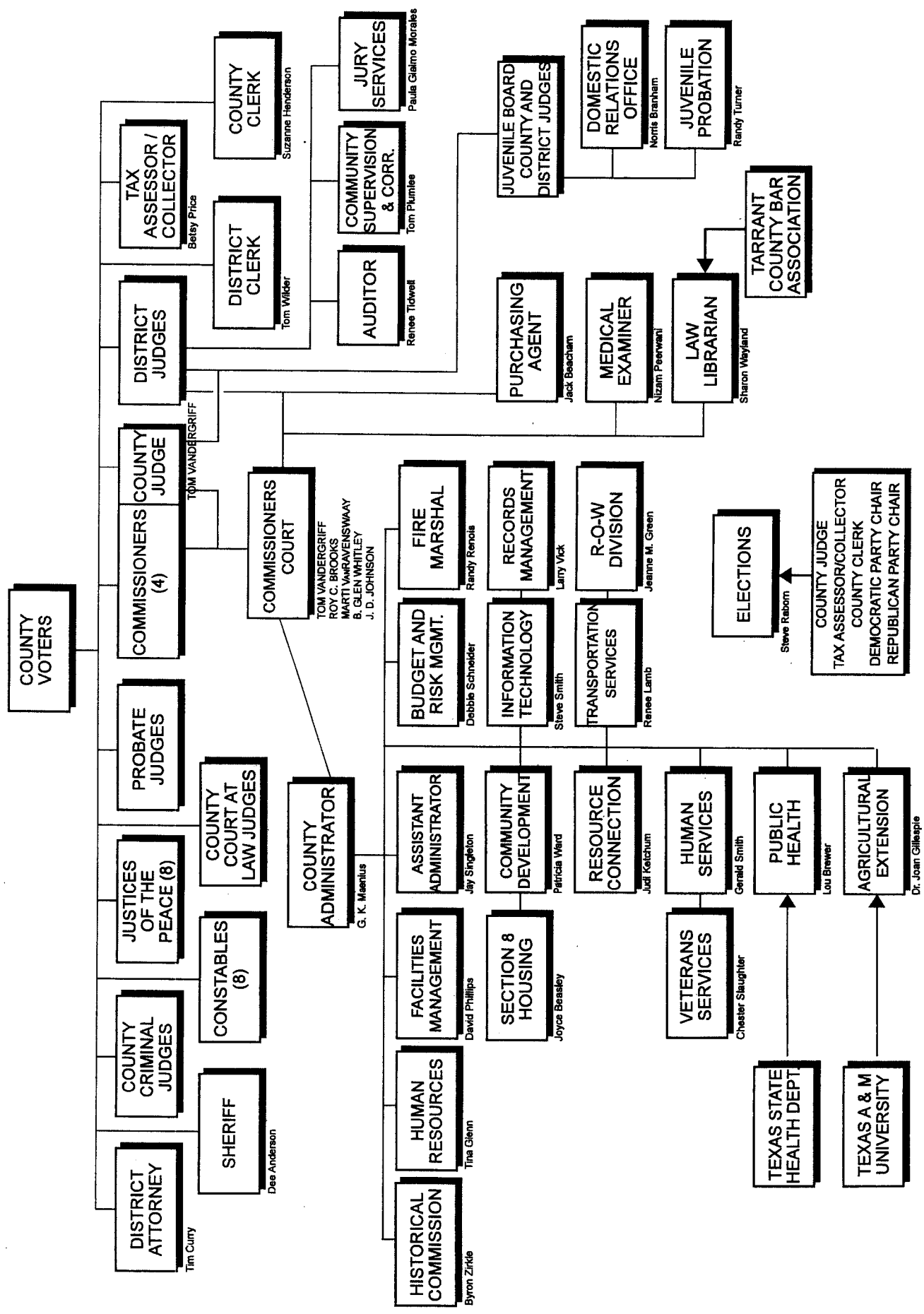
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

TARRANT COUNTY ORGANIZATION



**TARRANT COUNTY, TEXAS
PRINCIPAL OFFICIALS**

Commissioners Court:

Tom Vandergriff
Roy Brooks
Marti VanRavenswaay
B. Glen Whitley
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
Donald Cosby
Jeff Walker
Len Wade
Kenneth Curry
Robert Gill
Randy Catterton
William Harris
Thomas Lowe III
Everett Young
Frank Sullivan
Jean Boyd
Jerome Hennigan
Judith Wells
Robert McGrath
Dana Womack
Bonnie Sudderth
Debra Lehrmann
James Wilson
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-Harris
Jamie Cummings
Molly Jones
Cheril Hardy
Daryl Coffey
Brent Carr
Phillip Sorrells
Brent Keis
Jennifer Rymell
Vincent G. Sprinkle
Steve King
Patrick 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)

Barbara Ferrell
Linda Bierman-Davis
Sanford W. Prindle
Jacquelyn Wright
Manuel T. Valdez
Richard G. Ritchie
Roy Kurban
Ernest 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, Jr.
Sergio L. DeLeon
Joseph Kubes
Clint Burgess
Chester Lockett
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, 2006, 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, 2006 and September 30, 2006, 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, 2006, 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 January 26, 2007, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing

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AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

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
January 26, 2007

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, 2006. 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 \$275,160,000 (*net assets*). Of this amount, \$88,540,000 (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 \$38,185,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$210,299,000, a increase of \$94,989,000 in comparison with the prior year. Approximately 32 percent of this total amount, \$67,292,000, 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 \$41,708,000, or 16 percent of total general fund expenditures.
- The County's total debt increased by \$69,165,000 (41 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, judicial, community services, and transportation. 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 29-67 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 \$275,160,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (68 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, 2006			September 30, 2005		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 288,824	\$ 415	\$ 289,239	\$ 187,775	\$ 779	\$ 188,554
Internal balance	2,099	(2,099)	-	2,299	(2,299)	-
Capital assets	307,262	5,800	313,062	293,793	4,092	297,885
Total assets	598,185	4,116	602,301	483,867	2,572	486,439
Long-term liabilities						
outstanding	281,541	166	281,707	206,791	160	206,951
Other liabilities	45,329	105	45,434	42,352	161	42,513
Total liabilities	326,870	271	327,141	249,143	321	249,464
Net assets:						
Invested in capital assets, net of related debt	180,820	5,800	186,620	151,544	1,793	153,337
Unrestricted	90,495	(1,955)	88,540	83,180	458	83,638
Total net assets	<u>\$ 271,315</u>	<u>\$ 3,845</u>	<u>\$ 275,160</u>	<u>\$ 234,724</u>	<u>\$ 2,251</u>	<u>\$ 236,975</u>

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 an increase in capital assets.

The County's net assets increased by \$38,185,000 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 10 percent with the largest percentage increases was in general government, transportation, and community services. Revenues increased 12 percent, with program revenues increasing 19 percent, taxes increased 7 percent, and other revenue increased 56 percent.

Governmental activities. Governmental activities increased the County's net assets by \$36,591,000, thereby accounting for 96 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 \$16,797,000, or 6.9 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.

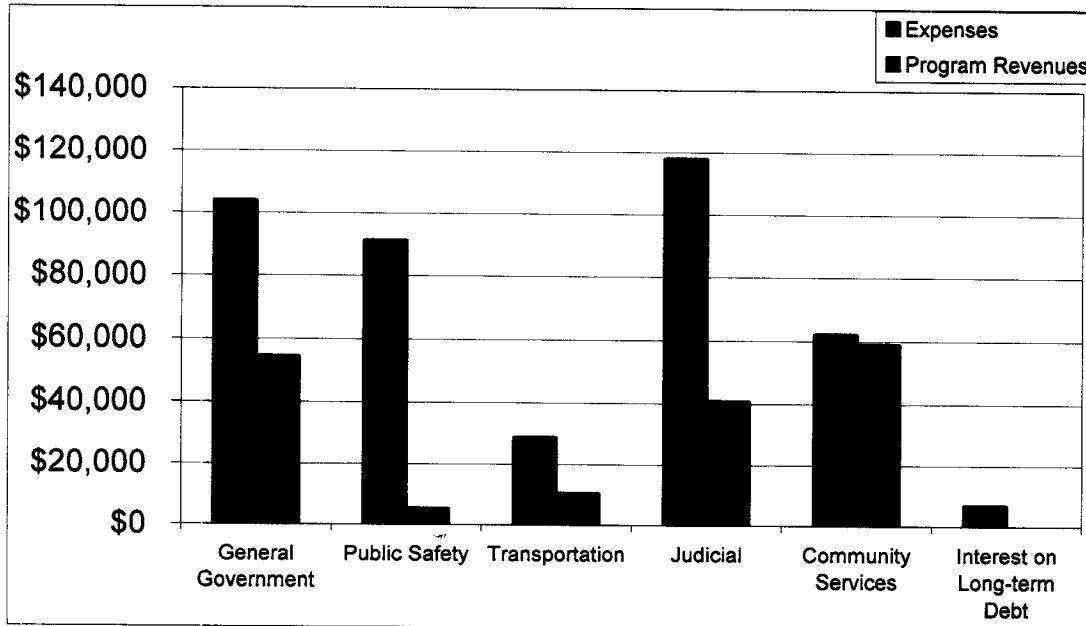
Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended Sept. 30, 2006			For the year ended Sept. 30, 2005		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 93,164	\$ 2,404	\$ 95,568	\$ 86,263	\$ 2,625	\$ 88,888
Operating grants and contributions	59,803		59,803	54,155		54,155
Capital grants and contributions	16,909	1,971	18,880	2,959		2,959
General revenues:						
Taxes	260,572		260,572	243,775		243,775
Alcoholic beverage taxes	5,652		5,652	5,197		5,197
Other	11,430	12	11,442	7,325	14	7,339
Total revenues	447,530	4,387	451,917	399,674	2,639	402,313
Expenses:						
General government	104,005		104,005	87,645		87,645
Public safety	91,152		91,152	84,147		84,147
Transportation	28,734		28,734	25,107		25,107
Judicial	118,003		118,003	112,173		112,173
Community services	62,192		62,192	55,320		55,320
Interest and fiscal charges	6,853		6,853	7,677		7,677
Resource Connection		2,793	2,793		2,929	2,929
Total expenses	410,939	2,793	413,732	372,069	2,929	374,998
Increase in net assets	36,591	1,594	38,185	27,605	(290)	27,315
Net assets-beginning	234,724	2,251	236,975	207,119	2,541	209,660
Net assets-ending	\$ 271,315	\$ 3,845	\$ 275,160	\$ 234,724	\$ 2,251	\$ 236,975

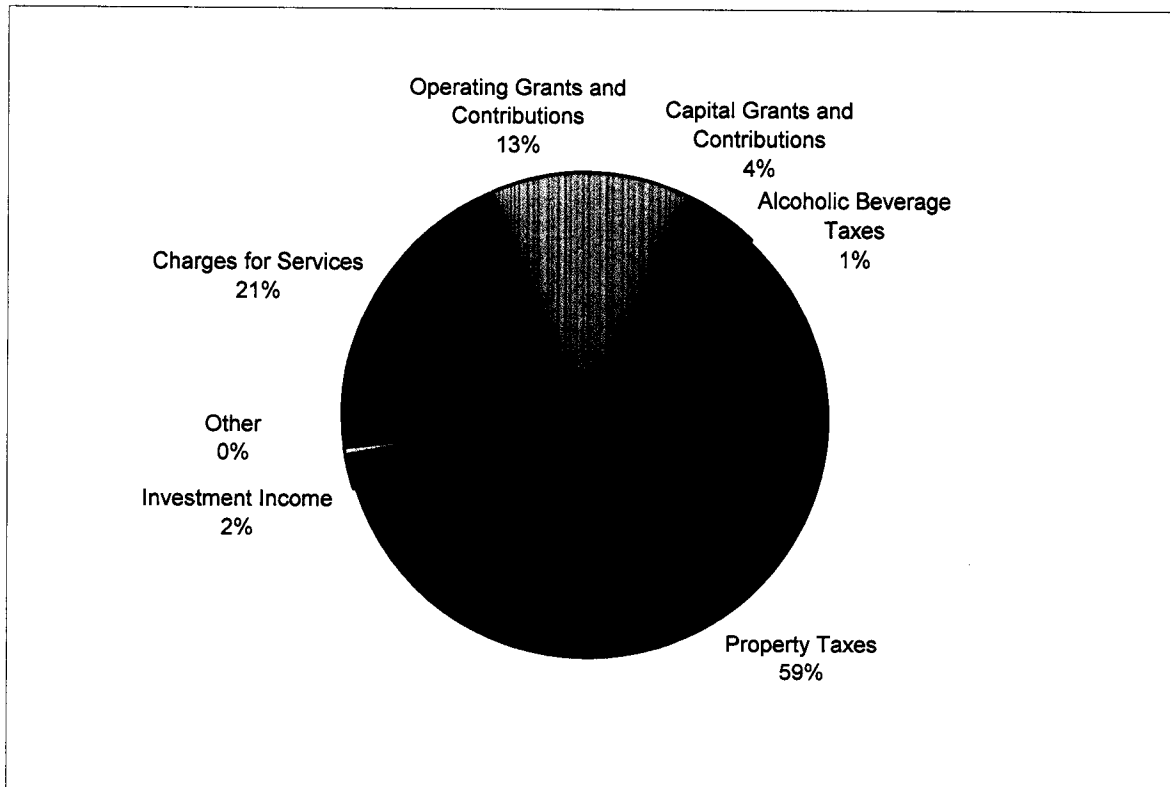
Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



Revenues by Source – Governmental Activities

(Amounts in thousands)



Business-type activities. Business-type activities increased \$1,594,000. A key element of this increase was the county contribution of a capital asset of \$1,971,000.

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 \$210,299,000 an increase of \$94,989,000 in comparison with the prior year. Approximately thirty-two percent of this total amount, \$67,292,000, 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 \$10,858,000, 2) to pay debt service \$1,739,000, 3) for capital projects \$120,068,000 or 4) for a variety of other restricted purposes \$10,342,000.

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 \$41,708,000, while total fund balance reached \$52,799,000. 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 20 percent of that same amount.

The fund balance of the County's general fund increased by \$5,049,000 during the current fiscal year. Key factor in this growth is as follows:

- 9% increase in property taxes, due to property valuations and the allocation between the general fund and debt service requirements
- 7% 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 \$8,843,000 of which only \$1,317,000 is reserved for encumbrances and prepaid items. The fund balance increased \$1,947,000, mostly due to a transfer from the general fund to supplement operations.

The debt service fund has a total fund balance of \$1,739,000, 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 \$353,000, 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 \$25,748,000 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 \$3,845,000. The total increase in net assets for the fund was \$1,594,000. A key element of this increase was the county contribution of a capital asset of \$1,971,000.

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. The largest transfers were from Non-departmental to all departments to fund salary merit increases.

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 \$15,000,000, contingency of \$1,840,000 and undesignated balance of \$4,275,523
- Public safety expenditures were \$4,262,000 less than budgeted for jail operations and salaries.
- While other revenues 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, 2006 amount to \$313,062,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, roads and bridges. The total increase in the County's investment in capital assets for the current fiscal year was \$15,177,000.

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

- Completion of the new subcourthouse
- Completion of a new maintenance facility
- Continued expansion of a jail facility
- Purchase of voting equipment funded by Help America Vote Act
- \$10 million contribution of infrastructure

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, 2006			September 30, 2005		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 47,953	\$ 2,071	\$ 50,024	\$ 46,420	\$ 116	\$ 46,536
Buildings and improvements	167,928	3,633	171,561	154,394	3,911	158,305
Fixed equipment	35,647	81	35,728	36,027	65	36,092
Infrastructure	37,084	15	37,099	32,874	-	32,874
Construction in progress	18,650	-	18,650	24,078	-	24,078
Software development	-	-	-	-	-	-
Total	\$ 307,262	\$ 5,800	\$ 313,062	\$ 293,793	\$ 4,092	\$ 297,885

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$236,205,000. All of this debt represents bonds secured solely on future tax revenue.

Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities	Governmental Activities
	2006	2005
General Obligation	\$ 107,750	\$ 27,405
Certificates of Obligation	7,880	14,210
Limited Tax Refunding Bonds	83,445	91,650
Non Taxable Tax Notes	37,130	33,775
Total	\$ 236,205	\$ 167,040

The County's total debt increased by a net \$69,165,000 or 41 percent during the current fiscal year. This reflects the issuance of \$89,990,000 and principal reduction of \$20,825,000.

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 civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County issued \$82,060,000 Limited Tax Bonds for this purpose. 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 \$4,806,513,750, 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 49-51 of this report.

Economic Factors and Next Year's Budgets and Rates

Tarrant County's economic condition remains positive.

- The unemployment rate decreased for Tarrant County to 4.6 percent, compared to the prior year of 5 percent. This is comparable to the state's decrease in average unemployment rate of 4.7 percent from 5.3 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 2006 fiscal year.

During the 2006 fiscal year, unreserved fund balance in the general fund increased to \$41,708,000. The County has appropriated \$38,705,179 of this amount for spending in the 2007 fiscal year budget. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2007 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 235,665	\$ 85	\$ 235,750
Taxes receivable, net of allowance for uncollectibles	9,586		9,586
Other receivables, net of allowance for uncollectibles	41,147	326	41,473
Internal balance	2,099	(2,099)	-
Due from other governments			
Prepaid expenses and inventory	1,664	4	1,668
Deferred charges	762		762
Restricted assets			
Assets limited to use			
Capital assets, net:			
Not subject to depreciation	66,603	2,071	68,674
Subject to depreciation	240,659	3,729	244,388
	<u>598,185</u>	<u>4,116</u>	<u>602,301</u>
<u>LIABILITIES</u>			
Accounts payable	13,914	105	14,019
Accrued interest payable	1,504		1,504
Other liabilities	11,110		11,110
Unearned revenue	18,801		18,801
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	17,792	146	17,938
Capital lease			
Bonds payable	23,795		23,795
Other noncurrent liabilities	3,552	20	3,572
Portion due or payable after one year:			
Compensated absences payable	12,312		12,312
Capital lease			
Bonds payable	217,331		217,331
Other noncurrent liabilities	6,759		6,759
	<u>326,870</u>	<u>271</u>	<u>327,141</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	180,820	5,800	186,620
Restricted:			
Capital projects			
Debt service			
Other endowments & contributions			
Unrestricted	90,495	(1,955)	88,540
	<u>\$ 271,315</u>	<u>\$ 3,845</u>	<u>\$ 275,160</u>

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 80,228	\$ 18,180
3,911	
38,425	1,211
71,151	3,486
12,293	1,300
	65
4,440	
200,536	
25,401	915
167,807	6,483
<u>604,192</u>	<u>31,640</u>
30,351	2,472
	33
18,538	2,646
	970
	1,531
732	520
1,090	339
4,220	491
66,765	1,354
5,876	
<u>127,572</u>	<u>10,356</u>
143,724	4,694
24,999	
4,256	
6,154	
297,487	16,590
<u>\$ 476,620</u>	<u>\$ 21,284</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (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	\$ 104,005	\$ 47,244	\$ 1,322	\$ 5,971
Public safety	91,152	3,375	1,358	534
Transportation support	28,734			10,384
Judicial	118,003	30,030	10,647	20
Community services	62,192	12,515	46,476	
Interest and fiscal charges	6,853			
Total governmental activities	410,939	93,164	59,803	16,909
Business-type:				
Resource Connection	2,793	2,404		1,971
Total primary government	\$ 413,732	\$ 95,568	\$ 59,803	\$ 18,880
Component units				
Tarrant County Hospital District	\$ 467,565	\$ 178,043	\$ 99,054	
MHMR of Tarrant County	70,975	20,893	50,122	
	\$ 538,540	\$ 198,936	\$ 149,176	\$ -

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
\$ (49,468)		\$ (49,468)		
(85,885)		(85,885)		
(18,350)		(18,350)		
(77,306)		(77,306)		
(3,201)		(3,201)		
(6,853)		(6,853)		
(241,063)		(241,063)		
	\$ 1,582	1,582		
<u>\$ (241,063)</u>	<u>\$ 1,582</u>	<u>\$ (239,481)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (190,468)	
				\$ 40
			<u>\$ (190,468)</u>	<u>\$ 40</u>
260,572		260,572	222,291	
5,652		5,652		
9,368	12	9,380	16,926	686
2,062		2,062	27,924	543
<u>277,654</u>	<u>12</u>	<u>277,666</u>	<u>267,141</u>	<u>1,229</u>
36,591	1,594	38,185	76,673	1,269
234,724	2,251	236,975	399,947	20,015
<u>\$ 271,315</u>	<u>\$ 3,845</u>	<u>\$ 275,160</u>	<u>\$ 476,620</u>	<u>\$ 21,284</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006 (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	\$ 48,012	\$ 8,180	\$ 2,237	\$ 128,556
Receivables				
Taxes, net of allowance for uncollectibles	8,622	11	953	
Other receivables, net of allowance for uncollectibles	22,339	920		
Due from other funds	5,804			
Advance to proprietary fund				2,099
Supplies and prepaid items	794	796		
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 85,571</u>	<u>\$ 9,907</u>	<u>\$ 3,190</u>	<u>\$ 130,655</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 5,314	\$ 837		\$ 3,050
Other liabilities	6,413	216	\$ 498	
Due to other funds				
Compensated absences				
Deferred revenue	21,045	11	953	97
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	32,772	1,064	1,451	3,147
 FUND BALANCES:				
Reserved:				
For debt service			1,739	
For capital projects				120,068
For encumbrances	3,667	521		5,341
For supplies and prepaid items	794	796		
For long term receivable	6,630			2,099
Unreserved, report in:				
General fund	41,708			
Road and Bridge fund		7,526		
Other Special revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity	52,799	8,843	1,739	127,508
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 85,571</u>	<u>\$ 9,907</u>	<u>\$ 3,190</u>	<u>\$ 130,655</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,794	\$ 20,408	\$ 219,187
		9,586
16,858	806	40,923
		5,804
		2,099
51	23	1,664
<u>\$ 28,703</u>	<u>\$ 21,237</u>	<u>\$ 279,263</u>
\$ 2,519	\$ 361	\$ 12,081
1,929	1,153	10,209
5,491	313	5,804
76		76
<u>18,688</u>		<u>40,794</u>
28,703	1,827	68,964
		1,739
		120,068
	1,329	10,858
	23	1,613
		8,729
		41,708
		7,526
	<u>18,058</u>	<u>18,058</u>
<u>-</u>	<u>19,410</u>	<u>210,299</u>
<u>\$ 28,703</u>	<u>\$ 21,237</u>	<u>\$ 279,263</u>

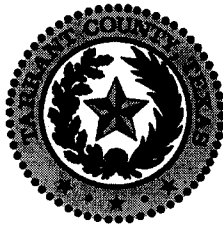
TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET ASSETS
SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

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

Total fund balance - total governmental funds (pages 18-19)	\$ 210,299
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	307,262
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	22,009
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	3,641
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>(271,896)</u>
Net assets of governmental activities (page 14)	<u>\$ 271,315</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, 2006 (AMOUNTS IN THOUSANDS)

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES:				
Taxes, licenses and permits	\$ 234,744	\$ 1	\$ 26,265	
Fees of office	31,649	24,928		
Intergovernmental	11,688	33		\$ 297
Investment income	5,279	374	637	1,753
Other revenues	8,303	251		667
Total revenues	<u>291,663</u>	<u>25,587</u>	<u>26,902</u>	<u>2,717</u>
EXPENDITURES:				
Current:				
General government	71,445	1,949		
Public safety	85,372			
Transportation support		24,194		
Judicial	105,169			
Community services	5,252			
Capital outlay	518	10		27,320
Debt service:				
Principal payments			20,825	
Interest and fiscal charges			6,430	
Total expenditures	<u>267,756</u>	<u>26,153</u>	<u>27,255</u>	<u>27,320</u>
Excess (deficiency) of revenues over (under) expenditures	23,907	(566)	(353)	(24,603)
OTHER FINANCING SOURCES (USES):				
Transfers in	697	2,513		16,633
Transfers out	(19,555)			(200)
Bond proceeds				89,990
Premium on new debt				3,342
Total other financing sources (uses)	<u>(18,858)</u>	<u>2,513</u>		<u>109,765</u>
Change in fund balance	5,049	1,947	(353)	85,162
FUND BALANCES, beginning of year	<u>47,750</u>	<u>6,896</u>	<u>2,092</u>	<u>42,346</u>
FUND BALANCES, end of year	<u>\$ 52,799</u>	<u>\$ 8,843</u>	<u>\$ 1,739</u>	<u>\$ 127,508</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 833	\$ 70	\$ 261,080
63,422	10,443	67,853
382	10,157	85,597
752	943	9,368
	3,128	13,101
<u>65,389</u>	<u>24,741</u>	<u>436,999</u>
1,424	6,783	81,601
1,543	1,392	88,307
		24,194
8,797	2,514	116,480
43,272	9,874	58,398
9,097	1,837	38,782
		20,825
		6,430
<u>64,133</u>	<u>22,400</u>	<u>435,017</u>
1,256	2,341	1,982
2,729	1,767	24,339
(3,985)	(924)	(24,664)
		89,990
		3,342
<u>(1,256)</u>	<u>843</u>	<u>93,007</u>
-	3,184	94,989
-	16,226	115,310
<u>\$ -</u>	<u>\$ 19,410</u>	<u>\$ 210,299</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, 2006 (AMOUNTS IN THOUSANDS)

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

Net change in fund balances--total governmental funds (pages 22-23)	\$ 94,989
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)	4,214
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (Note 2)	9,255
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	658
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)	(72,135)
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)	(1,741)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>1,351</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 36,591</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 85	\$ 16,478
Other receivables, net of allowance for uncollectibles	326	224
Prepaid expenses and inventory	4	
Total current assets	<u>415</u>	<u>16,702</u>
Noncurrent assets:		
Capital assets		
Land	2,071	
Building and improvements, net	3,633	
Equipment, net	81	
Infrastructure, net	15	
Total noncurrent assets	<u>5,800</u>	<u>-</u>
Total assets	<u>6,215</u>	<u>16,702</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	105	1,833
Other liabilities	20	4,454
Deferred revenue		16
Advance from governmental fund	200	
Compensated absences payable	146	
Total current liabilities	<u>471</u>	<u>6,303</u>
Noncurrent liabilities:		
Other noncurrent liabilities		6,758
Long term advance from governmental fund	1,899	
Total noncurrent liabilities	<u>1,899</u>	<u>6,758</u>
Total liabilities	<u>2,370</u>	<u>13,061</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	5,800	
Unrestricted	(1,955)	3,641
Total net assets	<u>\$ 3,845</u>	<u>\$ 3,641</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, 2006 (AMOUNTS IN THOUSANDS)**

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
OPERATING REVENUES:		
Building rental	\$ 2,390	
User fees		\$ 9,835
County contributions	1,971	33,524
Other revenues	14	1,153
	<hr/>	<hr/>
Total operating revenues	4,375	44,512
OPERATING EXPENSES		
Personnel	1,135	
Building and equipment	1,299	85
Depreciation and amortization	303	
Self insurance claims		26,060
Insurance premiums	20	15,860
Other expenses	36	2,115
	<hr/>	<hr/>
Total operating expenses	2,793	44,120
Operating income	1,582	392
NONOPERATING REVENUES:		
Investment income	12	634
	<hr/>	<hr/>
Total nonoperating revenues	12	634
Income before transfers	1,594	1,026
Transfers in		325
	<hr/>	<hr/>
Change in net assets	1,594	1,351
Total net assets - beginning	2,251	2,290
	<hr/>	<hr/>
Total net assets - ending	\$ 3,845	\$ 3,641
	<hr/>	<hr/>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

**STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)**

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING ACTIVITIES:		
Receipts from customers	\$ 4,547	\$ 44,565
Payments to suppliers	(1,411)	(187)
Payments on behalf of employees		(41,575)
Payments to employees	(1,129)	
Net cash flows provided by operating activities	2,007	2,803
INVESTING ACTIVITIES:		
Investment income	12	634
Net cash flows provided by investing activities	12	634
NONCAPITAL FINANCING ACTIVITIES:		
Transfers in		325
Net cash flows provided by (used in) noncapital financing activities	-	325
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Advance from other funds	(200)	
Acquisition of capital assets	(2,011)	
Net cash flows provided by (used in) capital and related financial activities	(2,211)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192)	3,762
CASH AND CASH EQUIVALENTS, beginning of year	277	12,716
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 85</u>	<u>\$ 16,478</u>
Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	\$ 1,582	\$ 392
Net cash provided by operating activities:		
Depreciation & amortization	303	
Changes in assets and liabilities:		
Other receivables	172	65
Accounts payable	(56)	1,634
Other liabilities	(2)	724
Deferred revenue		(12)
Compensated absences	8	
Net cash flows provided by operating activities	<u>\$ 2,007</u>	<u>\$ 2,803</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

ASSETS

Current assets:

Cash and investments	\$	32,214
Other receivables		139,615
Restricted asset		<u>53,335</u>

TOTAL ASSETS	\$	<u>225,164</u>
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LIABILITIES

Current liabilities:

Due to third parties	\$	<u>225,164</u>
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TOTAL LIABILITIES	\$	<u>225,164</u>
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See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2006

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), Metro West Health Plan and Partners Together for Health as component units within the reporting entity. On July 31, 2004 TCHD terminated the contract between Metrowest and Texas Department of Human Services related to the Medicaid Managed Care product. On August 4, 2004 Metrowest was placed into receivership by the Texas Department of Insurance. On December 9, 2004, the Board of Managers of TCHD agreed to fund the cash requirements to close out the operations of Metrowest and satisfy all valid medical claims submitted by providers. On August 29, 2005, Metrowest Health Plan was released from supervision by the Department of Insurance. As of September 30, 2005, all claims had been paid and operations ceased. The component unit financial statements of Metrowest for the twelve months ended September 30, 2006, include a deficiency of expenses over revenues of approximately \$34,000.

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, 2006, and include total assets, excluding receivables from affiliates, of \$6,836,000 and total liabilities, excluding payables to affiliates, of \$3,143,000. JPSPG's excess of expenses over revenues totaled approximately \$2,833,000 for the year ended September 30, 2006.

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, 2006, and include total assets, excluding receivables from affiliates, of \$6,729,000 and total liabilities, excluding payables to affiliates, of \$41,000. Partners's excess of expenses over revenues totaled approximately \$1,738,000 for the year ended September 30, 2006.

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, 2006. 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, 2006. 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
John Peter Smith Hospital
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 associated 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.

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, 2006 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 an average cost basis.

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 sheets.

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 \$0.2725 (\$0.245376 for the maintenance and operations and \$0.027124 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 by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

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 \$0.235397 per \$100 valuation for the maintenance and operation fund in 2006 and \$0.000000 per \$100 valuation for the interest and sinking fund in 2006

(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.

The composition of net patient service revenue for the year ended September 30, 2006 follows (in thousands):

	2006
Patient services provided:	
Inpatient services	\$ 653,355
Outpatient services	594,870
	<u>1,248,225</u>
Charges forgone for charity care	439,623
Patient service revenue	<u>808,602</u>
Deductions from revenue for contractual allowances	451,064
Net patient service revenue	<u>357,538</u>
Provision for bad debts	179,495
Total net patient service revenue	<u><u>\$ 178,043</u></u>

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

Net patient service revenue net of bad debts of \$178,000,000 for the year ended September 30, 2006 consists of amounts from the Medicare and Medicaid programs of approximately 86%. 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 2004 have been audited and settled as of September 30, 2006. Medicaid cost reports have been audited and settled for all years before 2004 except for the years ended September 30, 1998 and September 30, 1999, as of September 30, 2006.

(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, 2006 the TCHD received approximately \$8,900,000 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 2006 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 \$271,896 difference are as follows (in thousands):

Bonds payable	\$ 236,205
Less: Deferred charge on refunding (to be amortized as interest expense)	(1,012)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(762)
Less: Issuance discount (to be amortized as interest expense)	(485)
Plus: Premium on refunding (to be amortized as interest expense)	6,418
Accrued interest payable	1,504
Compensated absences	<u>30,028</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 271,896</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 \$4,214 difference are as follows (in thousands):

Capital outlay	\$ 23,287
Depreciation expense	<u>(19,073)</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>\$ 4,214</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 \$9,255 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.	\$ (1,128)
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>10,383</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>\$ 9,255</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 \$72,135 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of general obligation notes	\$ 82,060
Plus premium	3,715
Less discount	(446)
Issuance of tax notes	7,930
Plus premium	108
Less discount	(35)
Issuance cost	(372)
Principal repayments:	
General obligation debt	(1,715)
Certificates of obligation debt	(6,330)
Non-taxable tax notes	(4,575)
Limited tax refund debt	<u>(8,205)</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>\$ 72,135</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 \$1,741 difference are as follows (in thousands):

Compensated absences	\$ (1,851)
Amortization of deferred charge on refunding	(116)
Amortization of issuance costs	(85)
Amortization of bond discounts	(32)
Amortization of bond premiums	<u>343</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>\$ (1,741)</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 \$68,087,471 and the bank balance was \$76,183,455, 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 \$1,200,000 and the bank balance was \$6,200,000. Of the bank balance, \$6,200,000 was covered by Federal Depository Insurance Corporation or by collateral held by TCHD’s agent in TCHD’s name.

On August 31, 2006, MHMRTC’s carrying amount of cash and cash equivalents was \$1,114,808 and the bank balance was \$1,056,634 all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC’s agent in MHMRTC’s name.

Investments

County

As of September 30, 2006, 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>
Money Market Mutual Fund	\$ 1,773	0	0.7%
Chase Savings	10,174	0	4.0%
Investment Pools:			
Texpool	67,240	51	26.6%
MBIA	44,897	35	17.7%
Texstar	59,246	81	23.4%
Lone Star	64,973	28	25.7%
Total investment pools	<u>236,356</u>	<u>49</u>	<u>93.3%</u>
U.S. government sponsored entities, debt securities			
FHLB	1,912	52	0.8%
FHLB	2,000	87	0.8%
FHLB	997	102	0.4%
Total securities	<u>4,909</u>	<u>80</u>	<u>1.9%</u>
Total Investments	<u><u>\$ 253,212</u></u>	<u>50</u>	<u><u>100.0%</u></u>

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. Only \$996,668 (.04%) of the portfolio was in holdings with maturities beyond 60 days after year end. All securities mature within 4 months 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. The Money market mutual fund and MBIA were rated AAA and AAA/V1+, respectively by Fitch Rating. Texpool , Texstar, and Lone Star investment pool were rated AAAM, AAAM, and AAAf/S1+ respectively by Standard and Poors.

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, 2006 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	\$ 7,244	0.00
Investment Pools	60,903	0.07
U.S. Treasury Notes	2,196	0.36
U.S. Government sponsored entities, debt securities	<u>211,598</u>	2.10
Total Fair Value of Investments	281,941	
Amounts classified as current investments	(58,381)	
Amounts classified as Cash and Cash equivalents	<u>(23,024)</u>	
Amounts classified as Assets Limited as to Use	\$ 200,536	
Portfolio weighted average maturity		1.57

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 5 years or less. TCHD invests in U.S. Governmental sponsored entities include fixed rate notes and bonds with a weighted average maturity of 2 years. The longer the maturity of a fixed rate bond or note, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the notes and bonds decrease. Likewise, when interest rates decrease, the fair value of the notes and bonds increase.

Credit risk: TCHD's policy is to limit its investments to U.S. Government securities and securities issued by U. S. Government sponsored entities and otherwise follow the restrictions of the Texas Public Funds Investment Act. TCHD's investments in U. S. Treasury Notes carry the explicit guarantee of the U.S. Government. The debt securities of the U.S. Government sponsored entities are rated AAA by Standard and Poor's rating agency. TexPool's portfolio consists of US Treasury Bill and Notes, U.S. Government agency notes, collateralized certificates of deposits, repurchase agreements and mutual funds.

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, FMCDN, and FNDN obligations, at 31.3%, 15%, 13.8%, 5.4%, and 10.9%, 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 \$212,100,000 investment in U.S. Treasury Notes and debt securities of U.S. Government sponsored entities, \$198,100,000 are held in a safekeeping account. The remaining \$14,000,000 are held in various trust accounts. Investments and other income are detailed in the following table (amounts in thousands):

Interest income	\$ 17,109
Unrealized loss on investments	<u>(149)</u>
Total investment income	16,960
Other income	<u>(34)</u>
Total investment and other income	<u>\$ 16,926</u>

MHMRTC

At August 31, 2006, 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)	\$ 9,058	\$ 9,058	Not rated	Not available
Federal Home Loan Mortgage Corporation	<u>8,007</u>	<u>8,007</u>	Exempt	86
Total Investments	<u>\$ 17,065</u>	<u>\$ 17,065</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, 2006, 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):

Description	Carrying Amount	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	\$ 8,007	46.92%

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

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

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

	Primary Government	Component Units
Cash:		
County	\$ 68,087	
TCHD		\$ 80,228
MHMRTC		1,115
TCHD - restricted		4,440
Investments:		
County	253,212	
MHMRTC		17,065
TCHD - assets limited as to use		200,536
Total	<u>\$ 321,299</u>	<u>\$ 303,384</u>

	Primary Government	Component Units
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 235,750	\$ 98,408
Restricted		4,440
Assets limited as to use		200,536
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	32,214	
Restricted	53,335	
Total	<u>\$ 321,299</u>	<u>\$ 303,384</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	\$ 13,267	\$ 27	\$ 1,466	\$ 14,760	\$ 12,784
Allowance for uncollectibles	<u>(4,645)</u>	<u>(16)</u>	<u>(513)</u>	<u>(5,174)</u>	<u>(8,873)</u>
Net taxes receivable	<u>\$ 8,622</u>	<u>\$ 11</u>	<u>\$ 953</u>	<u>\$ 9,586</u>	<u>\$ 3,911</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	\$ 34,739	\$ 920			\$ 16,858	\$ 806	\$ 53,323
Long-term accounts receivable	6,630						6,630
Allowance for uncollectible	<u>(19,030)</u>						<u>(19,030)</u>
Net accounts receivable	<u>\$ 22,339</u>	<u>\$ 920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,858</u>	<u>\$ 806</u>	<u>\$ 40,923</u>

Business-type Activities	Enterprise	Internal Service	Total
	Accounts receivable	\$ 326	\$ 224
Allowance for uncollectible			
Net accounts receivable	<u>\$ 326</u>	<u>\$ 224</u>	<u>\$ 550</u>
Component Units	TCHD	MHMRTC	Total
Accounts receivable	\$ 119,278	\$ 3,021	\$ 122,299
Allowance for uncollectible	(80,853)	(1,810)	(82,663)
Net accounts receivable	<u>\$ 38,425</u>	<u>\$ 1,211</u>	<u>\$ 39,636</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 \$138,906,281 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 40% 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 revenue.

5. CAPITAL ASSETS

County

Capital asset activity for the year ended September 30, 2006 was as follows (in thousands):

	Balance October 1, 2005	Additions	Disposals	Balance September 30, 2006
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 46,420	\$ 1,815	\$ (282)	\$ 47,953
Construction in progress	24,078	6,051	(11,479)	18,650
Total capital assets not depreciated	<u>70,498</u>	<u>7,866</u>	<u>(11,761)</u>	<u>66,603</u>
Other capital assets:				
Buildings and improvements	215,718	20,537	(96)	236,159
Fixed equipment	76,872	9,039	(3,603)	82,308
Infrastructure	59,496	7,824	(1,328)	65,992
Total other capital assets at cost	<u>352,086</u>	<u>37,400</u>	<u>(5,027)</u>	<u>384,459</u>
Less accumulated depreciation for:				
Buildings and improvements	(61,324)	(6,980)	73	(68,231)
Fixed equipment	(40,845)	(9,197)	3,381	(46,661)
Infrastructure	(26,622)	(2,896)	610	(28,908)
Total accumulated depreciation	<u>(128,791)</u>	<u>(19,073)</u>	<u>4,064</u>	<u>(143,800)</u>
Other capital assets, net	223,295	18,327	(963)	240,659
Governmental activities capital assets, net	<u>\$ 293,793</u>	<u>\$ 26,193</u>	<u>\$ (12,724)</u>	<u>\$ 307,262</u>

	<u>Balance October 1, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance September 30, 2006</u>
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 116	\$ 1,971	\$ (16)	\$ 2,071
Other capital assets:				
Buildings and improvements	6,033			6,033
Fixed equipment	249	40		289
Infrastructure		16		16
Total other capital assets at cost	<u>6,282</u>	<u>56</u>	<u>-</u>	<u>6,338</u>
Accumulated depreciation	<u>(2,306)</u>	<u>(303)</u>		<u>(2,609)</u>
Other capital assets, net	3,976	(247)	-	3,729
Business-type activities capital assets, net	<u>\$ 4,092</u>	<u>\$ 1,724</u>	<u>\$ (16)</u>	<u>\$ 5,800</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 10,423
Public safety	2,081
Transportation	5,677
Judicial	685
Community services	<u>207</u>
Total governmental activities depreciation expense	<u>\$ 19,073</u>

Construction in progress primarily consists of criminal justice software development, construction costs for the construction and expansion of sub-courthouse facility, renovation for historical commission, and jail expansion. At September 30, 2006, the remaining commitments on contracts and agreements approximated \$5,291,569.

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):

	Balance October 1, 2005	Increases	Decreases	Balance September 30, 2006
Business-type activities				
Capital assets not depreciated:				
Land	\$ 14,957	\$ 1,836	\$ (309)	\$ 16,484
Construction in progress/equipment not in service	7,633	29,485	(13,589)	23,529
Total capital assets not depreciated	<u>22,590</u>	<u>31,321</u>	<u>(13,898)</u>	<u>40,013</u>
Other capital assets:				
Buildings and improvements	160,223	4,346		164,569
Improvements other than buildings	8,730	187		8,917
Machinery and equipment	163,914	20,058	(3,192)	180,780
Total other capital assets at cost	<u>332,867</u>	<u>24,591</u>	<u>(3,192)</u>	<u>354,266</u>
Less accumulated depreciation for:				
Buildings and improvements	(81,600)	(6,996)		(88,596)
Improvements other than buildings	(3,009)	(499)		(3,508)
Machinery and equipment	(95,366)	(14,942)	1,341	(108,967)
Total accumulated depreciation	<u>(179,975)</u>	<u>(22,437)</u>	<u>1,341</u>	<u>(201,071)</u>
Other capital assets, net	152,892	2,154	(1,851)	153,195
Business-type activities capital assets, net	<u>\$ 175,482</u>	<u>\$ 33,475</u>	<u>\$ (15,749)</u>	<u>\$ 193,208</u>

Depreciation expense was charged to functions as follows:

Component unit - business-type activities:	
Hospital	<u>\$ 22,437</u>
Total business-type activities depreciation expense	<u>\$ 22,437</u>

At September 30, 2006, the remaining commitments on contracts and agreements approximated \$52,600,000.

MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2006, is as follows (in thousands):

	Balance August 31, 2005	Additions	Retirements	Balance August 31, 2006
Governmental activities:				
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	7,250	\$ 140		7,390
Equipment and furniture	9,197	2,002	\$ (1,378)	9,821
Total other capital assets at cost	<u>16,447</u>	<u>2,142</u>	<u>(1,378)</u>	<u>17,211</u>
Less accumulated depreciation	<u>(10,381)</u>	<u>(1,669)</u>	<u>1,322</u>	<u>(10,728)</u>
Governmental activities capital assets, net	<u>\$ 6,981</u>	<u>\$ 473</u>	<u>\$ (56)</u>	<u>\$ 7,398</u>

Depreciation expense was charged to functions as follows:

Component unit - governmental activities:	
Mental Health Adult	\$ 296
Mental Retardation	386
Child and Adolescent	18
Administration	379
Addiction Services	66
Early Childhood Intervention	107
Total governmental activities depreciation expense	<u>\$ 1,252</u>
Internal Service Fund	<u>417</u>
Total depreciation expense	<u><u>\$ 1,669</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.

Long-term debt of the County consisted of the following at September 30, 2006 (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	\$ 3,865
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	21,825
General Obligation Bonds - Series 2006 with interest rates from 4.0% to 4.25%, payable in annual installments in varying amounts plus interest through 2026	82,060
Limited Tax Refunding - Series 2002 with interest rates from 3.75% to 4.0%, payable in annual installments in varying amounts plus interest through 2008	5,575
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	39,035
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	38,835

Certificates of Obligation - Series 2002 with interest from 3.125% to 3.5%, payable in annual installments of varying amounts plus interest through 2008	\$ 7,880
Non-Taxable Tax Notes - Series 2003 with interest from 2.5% to 3.0%, payable in annual installments of varying amounts plus interest through 2009	7,395
Non-Taxable Tax Notes - Series 2004 with interest from 2.375% to 3.25%, payable in annual installments of varying amounts plus interest through 2010	9,760
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	12,045
Non-Taxable Tax Notes - Series 2006 with interest from 4.0% to 5.0%, payable in annual installments of varying amounts plus interest through 2012	<u>7,930</u>
	236,205
Less - current maturities	<u>23,795</u>
Long-term debt, net of current maturities	212,410
Plus - unamortized premium and discount	<u>4,921</u>
Long-Term debt, net of current maturities, premium and discount	<u><u>\$ 217,331</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
2007	\$ 4,970	\$ 4,718	\$ 3,865	\$ 261	\$ 7,980	\$ 3,711
2008	4,630	4,824	4,015	141	6,855	3,393
2009	4,840	4,622			4,150	3,129
2010	5,060	4,413			4,190	2,971
2011	4,195	4,197			3,530	2,809
2012-2016	23,885	18,224			20,005	11,833
2017-2021	30,310	12,032			21,970	6,837
2022-2026	29,860	4,422			14,765	1,704
Total	<u>\$ 107,750</u>	<u>\$ 57,452</u>	<u>\$ 7,880</u>	<u>\$ 402</u>	<u>\$ 83,445</u>	<u>\$ 36,387</u>

Fiscal Year	Non Taxable Tax Notes		Total Principle & Interest
	Principle	Interest	
2007	\$ 6,980	\$ 1,173	\$ 33,658
2008	8,655	1,016	33,529
2009	8,930	751	26,422
2010	6,635	458	23,727
2011	4,215	224	19,170
2012-2016	1,715	69	75,731
2017-2021			71,149
2022-2026			50,751
Total	<u>\$ 37,130</u>	<u>\$ 3,691</u>	<u>\$ 334,137</u>

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2006 (in thousands):

	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006	Amounts Due within One year
Bonds payable	\$ 167,040	\$ 89,990	\$ 20,825	\$ 236,205	\$ 23,795
Deferred amounts:					
Premium/discount	2,902	3,342	311	5,933	-
Refunding	(1,128)		116	(1,012)	-
Total bonds payable	168,814	93,332	21,252	241,126	23,795
Compensated absences	28,247	19,573	17,716	30,104	17,792
Total	<u>\$ 197,061</u>	<u>\$ 112,905</u>	<u>\$ 38,968</u>	<u>\$ 271,230</u>	<u>\$ 41,587</u>

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 \$82,060,000 Limited Tax Bonds for this purpose.

The County also issued 2006 Non-taxable Tax Notes to purchase land, equipment, machinery, motor vehicles, and improve, renovate and repair County-owned buildings.

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, 2006, 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, 2006 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$150, bearing interest at rates ranging from 2.0% to 5.5%, payable in annual installments ranging from \$1,090 to \$2,790 from 2006 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral

\$ 37,400

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

30,455

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, 2006 of approximately \$6,773

	\$ 4,952
	72,807
Less - current maturities	<u>1,822</u>
Long-term debt, net of current maturities	<u>\$ 70,985</u>

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	
2007	\$ 1,090	\$ 1,843		\$ 1,343	\$ 732	\$ 311	\$ 5,319
2008	1,125	1,808	\$ 745	\$ 1,328	783	262	6,051
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	6,865	7,799	4,560	5,808	1,710	116	26,858
2012-2016	8,895	5,759	5,580	4,787			25,021
2017-2021	11,455	3,193	7,005	3,361			25,014
2022-2026	5,444	420	8,830	1,534			16,228
2027-2031			2,026	47			2,073
Add - premium	151		124				275
Total	<u>\$ 37,400</u>	<u>\$ 24,316</u>	<u>\$ 30,455</u>	<u>\$ 20,772</u>	<u>\$ 4,952</u>	<u>\$ 1,048</u>	<u>\$ 118,943</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2006 (in thousands):

	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006	Amounts Due within One year
Bonds payable	\$ 38,485	\$ 30,455	\$ 1,085	\$ 67,855	\$ 1,090
Capital leases	5,637		685	4,952	732
Total	<u>\$ 44,122</u>	<u>\$ 30,455</u>	<u>\$ 1,770</u>	<u>\$ 72,807</u>	<u>\$ 1,822</u>

Interest costs capitalized during 2006 were \$30,000.

MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2006 (in thousands):

General Obligation Refunding Bonds, Series 1993 with interest rates from 3.63%, payable in varying amounts annually through 2011	\$ 1,693
Less - current maturities	<u>339</u>
Long-term debt, net of current maturities	<u>\$ 1,354</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	
2007	\$ 339	\$ 55	\$ 394
2008	339	43	382
2009	339	30	369
2010	338	19	357
2011	<u>338</u>	<u>6</u>	<u>344</u>
Total	<u>\$ 1,693</u>	<u>\$ 153</u>	<u>\$ 1,846</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2006 (in thousands):

	Balance September 1, 2005	Additions	Retirements	Balance August 31, 2006	Due Within One Year
Accrued compensated absences	\$ 1,519	\$ 1,531	\$ 1,519	\$ 1,531	\$ 1,531
Obligations under capital leases	204	1,293	486	1,011	520
Bonds	<u>2,031</u>	<u></u>	<u>338</u>	<u>1,693</u>	<u>339</u>
Total	<u>\$ 3,754</u>	<u>\$ 2,824</u>	<u>\$ 2,343</u>	<u>\$ 4,235</u>	<u>\$ 2,390</u>

Interest expenditures for the year ended August 31, 2006, was \$102,779.

CONDUIT DEBT

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

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

User Corporation	Outstanding Principle Amount September 30, 2006
Multifamily (Royal Meadows) 85	\$ 5,100
Multifamily (Lincoln Meadows) 88	10,755
Multifamily (S F Apartments) 93	7,050
Multifamily (Somerset Project) 95	29,412
Multifamily (Summit on the Lake) 97A	3,475
Multifamily (Summit on the Lake) 97B	670
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 (Fair Oaks) 2000A	6,565
Multifamily (Fair Oaks) 2000B	125
Multifamily (Fair Oaks) 2000C	750
Multifamily (Fair Oaks) 2000D	1,080
Multifamily (Hurst Manor) 1998	2,843
Multifamily (Sierra Springs) 1999	7,760
Multifamily (Windrush) 1999A	11,655
Remington Hill Development 1998	12,600
Multifamily (Arlington Ret) 2000	12,625
Multifamily (Barington at Beach St) 2000	27,230
Multifamily (Provident) 2001	13,300
Multifamily (Bardin Greene) 2001	17,429
Multifamily (Bardin Greene) 2001T	732
Multifamily (Chatham Creek) 2001	13,100
Multifamily (Palm House) 2001A	6,000
Multifamily (Westridge) 2001A	5,120
Multifamily (Westridge) 2001B	105
Multifamily (Westridge) 2001C	470
Multifamily (Westridge) 2001D	465

Multifamily (Crossroads) 2001A	\$ 13,785
Multifamily (Crossroads) 2001C	1,495
Multifamily (Arlington Seniors) 2002	12,535
Multifamily (Hulen Bend) 2006	12,250
Multifamily (Gateway Arl) 2003	14,840
Multifamily (Gateway Arl) 2003T	800
Multifamily (Alameda Villas) 2003	11,095
Multifamily (Sycamore Villas) 2003	13,185
Multifamily (Aventine Parkway)	14,540
Multifamily (Blue Lake at Marine Creek Apt)	11,000
Multifamily (Park at Sycamore School Apts)	12,800
Multifamily (Evergreen at Keller Senior Apts)	13,200
Single family 1985 A	83,763
Single Family 1997	1,333
Single family 1998	4,986
Single family mortgage revenue 2002	1,920
PAB Shady Oaks, Ltd	3,702
Bear Creek	14,475
Multifamily (The Courtyards at Riverpark) 85	3,225
Single Family 1998 Refunding	11,171
Multifamily (Cobblestone) 2006	13,280
Multifamily (Worthington Point)	12,000
Single Family 2006	9,000
	<hr/>
Total Conduit Debt	\$ 515,268
	<hr/>

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

User Corporation	Outstanding Principle Amount September 30, 2006
3927 Foundation, Inc. Project	\$ 16,127
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 92	1,605
Adventist Health System/Sunbelt 95	4,495
Adventist Health System/Sunbelt 96A	11,750
Adventist Health System/Sunbelt 97A	7,860
Adventist Health System/Sunbelt 98	14,535
Adventist Health System/Sunbelt Obligated Group 2000	31,665
Villa Oak Park Project 2001 A-1	12,935
Villa Oak Park Project 2001 B	3,200
South Central Nursing Homes Tax Exempt (1997A)	8,905

Harris Methodist Health Systems 87A	\$ 11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	84,665
Harris Methodist Health Systems 96	72,115
Texas Health Resources Series 97	370,505
Texas Health Resources Series 2003A & 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	9,900
Harvest Communities of Houston Series 1999-A	5,053
Harvest Communities of Houston Series 1999-B	347
Bethesda Living Centers-Bethesda Gardens Series 1998C	8,270
Cook Children's Medical Center 2000A	23,110
Cook Children's Medical Center 2000B	55,000
Westchester Retirement Community Project 98A	26,610
Westchester Retirement Community Project 98C	2,500
Baylor 2002A FAST	65,207
Cumberland Rest, Inc. Series 2002	17,055
Eastview Nursing Center 2000 A-1	22,735
Eastview Nursing Center 2000 B	3,107
	<hr/>
Total Conduit Debt	\$ 1,147,704
	<hr/>

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
- Westchester Retirement Community Project 98 A
- Westchester Retirement Community Project 98 C

This matter is not yet resolved by the TCHFDC.

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

User Corporation	Outstanding Principle Amount September 30, 2006
Northwest Senior Housing Foundation - 2006	\$ 90,000

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

User Corporation	Outstanding Principle Amount September 30, 2006
Holden Business Forms	\$ 3,505
Fox Meyer – TBL, Inc.	5,000
Sterigenics International Inc. Project Ser 1997	5,075
Mortex Products, Inc.	<u>4,000</u>
Total Conduit Debt	<u>\$ 17,580</u>

7. UNCONDITIONAL PROMISES TO GIVE - TCHD

Unconditional promises to give at September 30, 2006, are expected to be as follows:

Less than one year	\$ 901
One to five years	949
Thereafter	<u>38</u>
Total unconditional promises to give	1,888
Less discount to net present value	<u>121</u>
Net unconditional promises to give	<u>\$ 1,767</u>

Unconditional promises to give, expected to be received in more that one year, are discounted at 4.34%.

8. CHANGES IN AGENCY FUND - MHMRTC

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

	Balance September 1, 2005	Additions	Deletions	Balance August 31, 2006
Cash	<u>\$ 328</u>	<u>\$ 3,310</u>	<u>\$ 3,327</u>	<u>\$ 311</u>
Client custodian funds payable	<u>\$ 328</u>	<u>\$ 3,310</u>	<u>\$ 3,327</u>	<u>\$ 311</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, 2006 (in thousands):

Worker’s Compensation \$ 7,317

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, 2006 and for the year then ended (in thousands):

Transfer From	Amount	Transfer To	Explanation
General Fund	\$ 16,433	Capital Projects Fund	Supplement Capital funds
General Fund	325	Internal Service	Supplement Internal Service fund
General Fund	2,513	Road & Bridge	Required match and supplement fund sources
General Fund	284	Other Governmental	Supplement fund sources
Capital Projects Fund	200	Capital Projects Fund	Supplement Capital funds
Other Governmental	697	General Fund	Supplement courthouse security activity
Grants Fund	1,256	Other Governmental	Required match and supplement fund sources
Grants Fund	2,729	Grants Fund	Required match and supplement fund sources
Other Governmental	227	Other Governmental	Required match and supplement fund sources
	<u>\$ 24,664</u>		

Funds Due From	Amount	Funds Due To	Explanation
Grant Fund	\$ 5,491	General	Short-term loan
Other Governmental	313	General	Short-term loan
	<u>\$ 5,804</u>		

Advance From	Amount	Advance To	Explanation
Capital Project Fund	<u>\$ 2,099</u>	Resource Connection	Repayment for HVAC system to be repaid as funds are available. \$200,000 to be paid in 2006.

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 2006, TCHD recorded revenues of approximately \$97,000,000 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 575 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 10.00% for the months of the accounting year in 2006, and 9.86% for the months of the accounting year in 2005. The contribution rate payable by the employee members for calendar year 2006 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, 2006, the annual pension cost for the TCDRS plan for its employees was \$17,917,449 and the actual contributions were \$17,917,449. 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 2006. The December 31, 2005 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2003	12/31/2004	12/31/2005
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, open
Amortization period	20 years	20 years	20 years
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.5%	5.5%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

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

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2004	17,733,031	100%	\$ -
September 30, 2005	17,015,720	100%	-
September 30, 2006	17,917,449	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 585 retirees and 228 of their dependents receiving benefits. For the year ended September 30, 2006, the County incurred \$4,809,437 in health insurance premiums and claims. Retirees' contributions for the year ended September 30, 2006 totaled \$1,404,652 and the County paid the remaining amount of the claims. The County pays the entire cost for EAP coverage of \$16,974 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. 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, 2006. 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, 2006, TCHD's annual pension cost was \$4,800,000, the same as the annual required contributions determined in the October 1, 2005 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2006 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 401a 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 \$2,449,000 for the year ended September 30, 2006. These amounts are included in salaries and related expenses.

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 403b. 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, 2006, total benefits due under this plan were \$37,116.

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 \$1,227,000 for the year ended September 30, 2006 for the incentive compensation plan expense.

MHMRTC

MHMRTC participates in a multiple-employer 401(a) defined contribution pretax retirement plan available to full-time employees who have completed one year of service. 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, 2006, covered payroll was approximately \$17,213,137 total payroll, excluding temporary service personnel, was approximately \$33,585,255. The required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

Fiscal Year	Employer Contributions	Employee Contributions	Percentage Contributed
2004	\$ 1,436,355	\$ 897,722	100%
2005	1,377,051	860,656	100%
2006	1,459,013	911,640	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 2006 was \$1,450,991 and \$5,500,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2006.

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, 2006 are as follows (in thousands):

Year Ending August 31,	Operating Leases	Capital Leases
2007	\$ 1,381	\$ 543
2008	268	483
2009	180	15
2010	130	
2011	131	
Total minimum lease payment	<u>\$ 2,090</u>	1,041
Less amount representing interest		<u>(30)</u>
Present value of future minimum lease payments		<u>\$ 1,011</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, 2006 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, 2006 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, 2006 that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past.

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 general 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

For the year ended September 30, 2006 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, 2006.

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, 2006, 3,274 and 2,952 employees elected self-insured health care coverage and dental coverage, respectively.

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

	2006	2005
Beginning liability	\$ 9,731	\$ 10,808
New claims/adjustments	3,023	3,857
Claims paid/adjustments	(3,023)	(3,857)
Other - change in estimate	580	(1,077)
	<u>580</u>	<u>(1,077)</u>
Ending liability	<u>\$ 10,311</u>	<u>\$ 9,731</u>
Amount due within 1 year	\$ 3,552	\$ 3,542

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.

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 \$2,200,000 at September 30, 2006. It is the opinion of TCHD's management that the estimated reserves at September 30, 2006 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 \$5,900,000 at September 30, 2006, which is recorded in other accrued liabilities. Claims paid during 2006 related to workers' compensation and health insurance totaled approximately \$17,800,000. Expenses related to workers' compensation and health insurance totaled approximately \$18,500,000 during 2006.

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

	2006	2005
Beginning liability	\$ 8,357	\$ 16,028
New claims	19,974	14,185
Claims paid	<u>(20,186)</u>	<u>(21,856)</u>
Ending liability	<u>\$ 8,145</u>	<u>\$ 8,357</u>

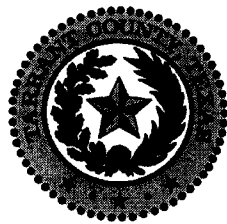
16. TAX INCREMENT FINANCING AGREEMENTS

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.

Subsequent to year-end, the County entered into an agreement to participate in City of Fort Worth TIF #9- The Trinity River Vision. The County will participate at 80% effective beginning with fiscal year 2005. The estimated amount of taxes forgone for the fiscal year 2005 and 2006 would be \$263,110.

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

Name	Percentage Committed	Taxes Forgone During 2006
City of Grapevine	100%	\$ 540
City of Fort Worth #3	100%	568
City of Southlake	100%	341
City of Colleyville	100%	395
City of Grand Prairie #2	75%	170
City of North Richland Hills #2	100%	306
City of Fort Worth #4	100%	220
City of Keller	66%	135
City of Arlington #1 (maintenance and operation rate only)	100%	77
City of Burleson	100%	106
City of North Richland Hills #1	100%	17
City of Grand Prairie #3	75%	262
City of Benbrook #1	100%	20
City of Fort Worth #6	100%	526
City of Fort Worth #10	80%	<u>17</u>
 Total taxes forgone		 <u><u>\$ 3,700</u></u>



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
12/31/2003	385,506	461,543	76,036	83.53%	177,441	42.85%
12/31/2004	422,562	503,950	81,387	83.85%	177,515	45.85%
12/31/2005	455,968	537,675	81,707	84.80%	185,508	44.05%

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes, licenses and permits	\$ 233,549	\$ 233,549	\$ 234,744	\$ 1,195
Fees of office	34,189	34,189	34,994	805
Intergovernmental	11,166	11,166	11,688	522
Investment income	2,500	2,500	5,642	3,142
Other revenues	8,105	8,105	4,215	(3,890)
Transfers	700	700	697	(3)
Total Revenues	\$ 290,209	\$ 290,209	\$ 291,980	\$ 1,771
EXPENDITURES:				
County Judge	\$ 249	\$ 249	\$ 245	\$ 4
County Administrator	1,297	1,312	1,286	26
Non-Departmental	52,070	50,813	29,132	21,681
Auditor	4,710	4,710	4,592	118
Budget/Risk Management	495	483	463	20
Tax Assessor / Collector	10,507	10,507	9,993	514
Elections Administration	3,757	3,802	3,748	54
Information Technology	24,276	24,528	22,964	1,564
Human Resources	2,269	2,269	1,947	322
Purchasing	1,441	1,441	1,412	29
Facilities	2,869	2,921	2,763	158
Sheriff	27,925	28,151	27,398	753
Sheriff - Confinement	56,203	56,209	51,947	4,262
Constable Precinct 1	739	746	745	1
Constable Precinct 2	678	683	651	32
Constable Precinct 3	669	671	658	13
Constable Precinct 4	506	499	456	43
Constable Precinct 5	499	507	507	-
Constable Precinct 6	514	538	538	-
Constable Precinct 7	625	682	682	-
Constable Precinct 8	631	651	651	-
Medical Examiner	5,458	5,480	5,457	23
Fire Marshal	275	281	271	10
Community Supervision	31	31	24	7
Juvenile Services	13,853	13,604	13,601	3
Pretrial Services	1,089	1,130	1,129	1
Buildings	18,983	19,108	18,518	590
17TH District Court	199	199	196	3
48TH District Court	200	200	199	1
67TH District Court	180	180	155	25
96TH District Court	189	189	187	2
141ST District Court	184	185	184	1
153RD District Court	193	193	191	2
236TH District Court	201	201	199	2
342ND District Court	187	187	185	2
348TH District Court	200	200	198	2
352ND District Court	195	196	194	2
Criminal District Court 1	948	1,049	1,048	1
Criminal District Court 2	1,071	1,389	1,365	24
Criminal District Court 3	1,252	1,234	1,231	3
Criminal District Court 4	1,142	1,026	999	27
213TH District Court	982	1,082	1,071	11

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
297TH District Court	\$ 1,093	\$ 1,463	\$ 1,461	\$ 2
371ST District Court	1,163	1,215	1,213	2
372ND District Court	1,011	1,159	1,153	6
396th District Court	1,149	1,135	1,095	40
Magistrate Court	533	533	503	30
231ST District Court	400	435	433	2
233RD District Court	395	453	450	3
322ND District Court	380	476	474	2
323RD District Court	2,422	2,452	2,436	16
324TH District Court	415	486	484	2
325TH District Court	406	444	439	5
360TH District Court	408	441	434	7
Special Judges	425	409	338	71
Criminal District Court Support System	331	350	347	3
Grand Jury	136	136	108	28
Criminal Attorney Appointment	158	265	240	25
County Court at Law #1	335	335	335	-
County Court at Law #2	328	331	329	2
County Court at Law #3	344	348	345	3
County Criminal Court #1	578	565	542	23
County Criminal Court #2	611	554	508	46
County Criminal Court #3	567	567	506	61
County Criminal Court #4	559	559	507	52
County Criminal Court #5	974	1,019	917	102
County Criminal Court #6	529	529	478	51
County Criminal Court #7	540	539	531	8
County Criminal Court #8	522	522	467	55
County Criminal Court #9	506	508	471	37
County Criminal Court #10	496	496	450	46
Probate Court 1	1,250	1,284	1,281	3
Probate Court 2	1,097	1,117	1,117	-
Justice of the Peace Pct. 1	411	417	416	1
Justice of the Peace Pct. 2	421	419	413	6
Justice of the Peace Pct. 3	414	414	407	7
Justice of the Peace Pct. 4	509	509	507	2
Justice of the Peace Pct. 5	326	345	309	36
Justice of the Peace Pct. 6	357	359	356	3
Justice of the Peace Pct. 7	460	460	451	9
Justice of the Peace Pct. 8	362	362	359	3
District Attorney	28,172	28,657	28,260	397
District Clerk	8,119	8,119	7,922	197
County Clerk	7,140	7,140	6,928	212
Domestic Relations	5,189	5,189	4,954	235
Jury Services	2,265	2,265	1,788	477
Courts / Judiciary	1,996	585	582	3
Human Services	4,072	4,122	4,120	2
Child Protective Services	1,788	1,788	1,595	193
Public Assistance	179	179	179	-
TX Cooperative Extension	675	675	617	58
Veterans Services	279	291	290	1
Historical Commission	73	73	72	1
Total Expenditures	\$ 323,209	\$ 323,209	\$ 290,297	\$ 32,912

TARRANT COUNTY, TEXAS

**BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (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	\$ 1	\$ -
Fees of office	24,000	24,000	24,407	407
Intergovernmental	33	33	33	-
Investment income	140	140	374	234
Other revenues	552	552	251	(301)
Transfers	2,513	2,513	2,513	-
Total Revenues	\$ 27,239	\$ 27,239	\$ 27,579	\$ 340
EXPENDITURES:				
Buildings	\$ 32	\$ 32	\$ 22	\$ 10
Commissioner Precinct 1	5,225	5,225	4,972	253
Commissioner Precinct 2	4,052	4,052	3,877	175
Commissioner Precinct 3	3,645	3,645	3,346	299
Commissioner Precinct 4	5,191	5,246	5,181	65
Right of Way	9,812	9,562	5,967	3,595
Transportation	2,012	2,012	1,853	159
Road and Bridge Non-Departmental	2,148	2,343	1,019	1,324
Total Expenditures	\$ 32,117	\$ 32,117	\$ 26,237	\$ 5,880

TARRANT COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2006

1. Budgets and Budgetary Accounting

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

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

2. Reconciliation to Fund Statements

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

	General Fund	Road and Bridge
Revenues		
Budgetary Basis	\$ 291,980	\$ 27,579
Transfers in	(697)	(2,513)
Accrued in 2005, received in 2006	(736)	(210)
Accrued in 2006, to be received in 2007	<u>1,116</u>	<u>731</u>
Revenues on modified accrual (GAAP) basis	291,663	25,587
Expenditures		
Budgetary Basis	290,297	26,237
Transfers out	(19,555)	
Incurred in prior years, paid in 2006	690	98
Incurred during 2006, payable in future years	(3,601)	(476)
Prepaid & Inventory adjustments not budget relevant	<u>(75)</u>	<u>294</u>
Expenditures on modified accrual (GAAP) basis	<u>267,756</u>	<u>26,153</u>
Other Financing Sources (Uses)	<u>(18,858)</u>	<u>2,513</u>
Changes in Fund Balance	<u>\$ 5,049</u>	<u>\$ 1,947</u>

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

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

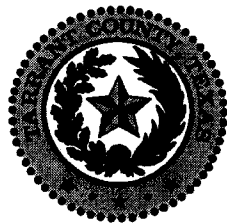
This fund was established, pursuant to State statutes, to account for the collection of food permit fees and expenditures incurred in connection with issuing permits and conducting inspections.

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, 2006 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
<u>ASSETS</u>					
Cash and investments	\$ 481	\$ 7,140	\$ 66	\$ 2,875	\$ 1,652
Other receivables, net of allowance for uncollectibles	5	41			10
Supplies and prepaid items	1		1	7	
TOTAL ASSETS	\$ 487	\$ 7,181	\$ 67	\$ 2,882	\$ 1,662
<u>LIABILITIES</u>					
Accounts payable	\$ 78	\$ 47	\$ 10	\$ 79	\$ 5
Other liabilities	6	35		92	970
Due to other funds					
Total liabilities	84	82	10	171	975
<u>FUND BALANCES</u>					
Reserved:					
For encumbrances	33	984		226	
For supplies and prepaid items	1		1	7	
Unreserved, undesignated	369	6,115	56	2,478	687
Total fund balances	403	7,099	57	2,711	687
TOTAL LIABILITIES AND FUND BALANCES	\$ 487	\$ 7,181	\$ 67	\$ 2,882	\$ 1,662

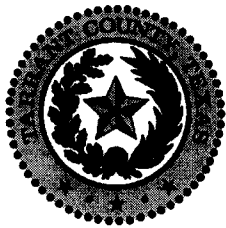
<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 610	\$ 2,757	\$ 758	\$ 423	\$ 213	\$ 3,355	\$ 78	\$20,408
4	737	9					806
14							23
<u>\$ 628</u>	<u>\$ 3,494</u>	<u>\$ 767</u>	<u>\$ 423</u>	<u>\$ 213</u>	<u>\$ 3,355</u>	<u>\$ 78</u>	<u>\$21,237</u>
\$ 34	\$ 38	\$ 11			\$ 59		\$ 361
7	28	4	\$ 1	\$ 10			1,153
	313						313
41	379	15	1	10	59		1,827
10	43	1	32				1,329
14							23
563	3,072	751	390	203	3,296	\$ 78	18,058
587	3,115	752	422	203	3,296	78	19,410
<u>\$ 628</u>	<u>\$ 3,494</u>	<u>\$ 767</u>	<u>\$ 423</u>	<u>\$ 213</u>	<u>\$ 3,355</u>	<u>\$ 78</u>	<u>\$21,237</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes, licenses and permits					
Fees of office	\$ 1,020	\$ 5,055	\$ 17	\$ 1,831	\$ 290
Intergovernmental			100	6,875	
Investment income	22	280	3	102	23
Other revenues	30			10	711
Total revenues	1,072	5,335	120	8,818	1,024
EXPENDITURES:					
Current:					
General government		2,958		245	
Public safety			84		
Judicial	110	143	33		648
Community services	1,115			7,580	
Capital outlay		1,443		3	5
Total expenditures	1,225	4,544	117	7,828	653
Excess (deficiency) of revenues over (under) expenditures	(153)	791	3	990	371
OTHER FINANCING SOURCES (USES) -					
Transfers in				431	
Transfers out				(213)	
Total other financing sources (uses)				218	
Change in fund balance	(153)	791	3	1,208	371
FUND BALANCES, beginning of year	556	6,308	54	1,503	316
FUND BALANCES, end of year	\$ 403	\$ 7,099	\$ 57	\$ 2,711	\$ 687

<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>
			\$ 70				\$ 70
	\$ 127	\$ 1,359		\$ 744			10,443
	3,003	179					10,157
\$ 29	113	33	207	6	\$ 123	\$ 2	943
957	702	32			686		3,128
986	3,945	1,603	277	750	809	2	24,741
	2,561	417	46		553	3	6,783
919	300	89					1,392
7	1,239	334					2,514
	548			631			9,874
191	144	24	27				1,837
1,117	4,792	864	73	631	553	3	22,400
(131)	(847)	739	204	119	256	(1)	2,341
	1,322	14					1,767
	(14)	(697)					(924)
	1,308	(683)					843
(131)	461	56	204	119	256	(1)	3,184
718	2,654	696	218	84	3,040	79	16,226
<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>



BUDGETARY COMPLIANCE

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)**

	<u>Debt Service Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 26,174	\$ 26,174	\$ 26,266	\$ 92
Investment income	160	160	637	477
Other revenues	232	232		(232)
Total Revenues	\$ 26,566	\$ 26,566	\$ 26,903	\$ 337
EXPENDITURES:				
Debt service	\$ 28,266	\$ 28,266	\$ 27,255	\$ 1,011
Total Expenditures	\$ 28,266	\$ 28,266	\$ 27,255	\$ 1,011

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Capital Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 297	\$ 297	\$ 297	\$ -
Investment income	840	840	1,753	913
Other revenues		311	667	356
Bond proceeds	5,927	92,961	92,961	-
Transfers	16,433	16,433	16,633	200
Total Revenues	\$ 23,497	\$ 110,842	\$ 112,311	\$ 1,469
EXPENDITURES:				
County Administrator	\$ 2	\$ 1	\$ 1	\$ -
Non-Departmental	7,975	9,032	15	9,017
Auditor	2	2	1	1
Budget/Risk Management	8	8	8	-
Tax Assessor / Collector	38	47	36	11
Elections Administration	93	93	60	33
Information Technology	5,068	5,318	3,940	1,378
Human Resources	6	6	5	1
Facilities	256	258	77	181
Sheriff	30	36	36	-
Sheriff - Confinement	58	51	50	1
Constable Precinct 1	7	7	5	2
Constable Precinct 4	4	4	4	-
Constable Precinct 5	3	3	3	-
Constable Precinct 6		9	9	-
Constable Precinct 7	1	1		1
Constable Precinct 8	1	1	1	-
Medical Examiner	332	428	327	101
Fire Marshal		1		1
Community Supervision	7	7	7	-
Juvenile Services	25	25	19	6
Pretrial Services	12	12	10	2
Buildings	29,029	54,318	9,858	44,460
Resource Connection	1,797	2,109	1,993	116
Criminal District Court 1	1	2	1	1
Criminal District Court 3	1	1		1
Criminal District Court 4	4	2		2
213TH District Court		1	1	-
371ST District Court	10	10	3	7
372ND District Court		3	3	-
360TH District Court	1	1	1	-
Criminal District Court Support System		5	4	1
Probate Court 1	5	5	5	-
Justice of the Peace Pct. 2	2	2	2	-
Justice of the Peace Pct. 4	1	1		1
Justice of the Peace Pct. 5	1	1	1	-
Justice of the Peace Pct. 6	2	2	1	1
Justice of the Peace Pct. 8	1	1		1

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)**

	<u>Capital Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
District Attorney	\$ 51	\$ 52	\$ 52	\$ -
District Clerk	107	107	12	95
County Clerk	12	12	8	4
Domestic Relations	15	15	12	3
Jury Services	16	16	16	-
Courts / Judiciary	75	78	2	76
Human Services	2	3	3	-
TX Cooperative Extension	2	2	2	-
Commissioner Precinct 1	1,097	1,196	799	397
Commissioner Precinct 2	392	398	394	4
Commissioner Precinct 3	1,151	1,245	606	639
Commissioner Precinct 4	1,649	1,754	1,443	311
Transportation	1,697	61,696	1,571	60,125
Road and Bridge Non-Departmental	<u>2,400</u>	<u>2,400</u>	<u>2,200</u>	<u>200</u>
Total Expenditures	\$ 53,449	\$ 140,788	\$ 23,607	\$ 117,181

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (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	\$ 985	\$ 985	\$ 1,022	\$ 37
Investment income	14	14	22	8
Other revenues	32	32	30	(2)
Total Revenues	\$ 1,031	\$ 1,031	\$ 1,074	\$ 43
EXPENDITURES:				
Law Library	\$ 1,476	\$ 1,476	\$ 1,258	\$ 218
Total Expenditures	\$ 1,476	\$ 1,476	\$ 1,258	\$ 218

	<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	\$ 4,877	\$ 4,877	\$ 5,059	\$ 182
Investment income	97	97	280	183
Total Revenues	\$ 4,974	\$ 4,974	\$ 5,339	\$ 365
EXPENDITURES:				
Information Technology	\$ 999	\$ 996	\$ 371	\$ 625
District Clerk	127	131	131	-
County Clerk	8,979	8,979	4,081	4,898
Total Expenditures	\$ 10,105	\$ 10,106	\$ 4,583	\$ 5,523

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Education</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 17	\$ -
Intergovernmental		100	100	-
Investment income	2	2	3	1
Total Revenues	\$ 19	\$ 119	\$ 120	\$ 1
EXPENDITURES:				
Sheriff	\$ 31	\$ 112	\$ 88	\$ 24
Sheriff-Confinement		5	3	2
Constable Precinct 1	1	2	1	1
Constable Precinct 2	2	3	2	1
Constable Precinct 3	2	3	2	1
Constable Precinct 4	5	6		6
Constable Precinct 5		2	1	1
Constable Precinct 6	5	6	1	5
Constable Precinct 7		1	1	-
Constable Precinct 8	4	5	4	1
Probate Court 1	7	7	7	-
Probate Court 2	8	8	8	-
District Attorney	4	9		9
Total Expenditures	\$ 69	\$ 169	\$ 118	\$ 51

	<u>Public Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,108	\$ 1,844	\$ 1,831	\$ (13)
Intergovernmental	6,875	6,875	6,875	-
Investment income	15	15	102	87
Other		2	10	8
Transfers		431	431	-
Total Revenues	\$ 7,998	\$ 9,167	\$ 9,249	\$ 82
EXPENDITURES:				
Buildings	\$ 288	\$ 288	\$ 266	\$ 22
Public Health	7,406	8,575	6,941	1,634
Operating Subsidy	1,554	1,554	1,047	507
Total Expenditures	\$ 9,248	\$ 10,417	\$ 8,254	\$ 2,163

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (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	\$ 314	\$ 314	\$ 288	\$ (26)
Investment income	13	12	24	12
Other revenues	<u>228</u>	<u>228</u>	<u>711</u>	<u>483</u>
Total Revenues	\$ 555	\$ 554	\$ 1,023	\$ 469
EXPENDITURES:				
District Attorney	<u>\$ 975</u>	<u>\$ 950</u>	<u>\$ 648</u>	<u>\$ 302</u>
Total Expenditures	\$ 975	\$ 950	\$ 648	\$ 302

	<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	\$ 21	\$ 21	\$ 29	\$ 8
Other revenues	<u>750</u>	<u>768</u>	<u>957</u>	<u>189</u>
Total Revenues	\$ 771	\$ 789	\$ 986	\$ 197
EXPENDITURES:				
Sheriff	\$ 494	\$ 459	\$ 209	\$ 250
Sheriff - Confinement	<u>956</u>	<u>956</u>	<u>824</u>	<u>132</u>
Total Expenditures	\$ 1,450	\$ 1,415	\$ 1,033	\$ 382

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Miscellaneous Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office		\$ 98	\$ 127	\$ 29
Intergovernmental	\$ 515	3,382	3,025	(357)
Investment income	53	81	114	33
Other revenues	360	758	702	(56)
Transfer	243	1,028	1,322	294
Total Revenues	\$ 1,171	\$ 5,347	\$ 5,290	\$ (57)
EXPENDITURES:				
Non-Departmental	\$ 38	\$ 38	\$ 28	\$ 10
Elections Administration	108	1,974	1,687	287
Self Insurance	1,384	1,384	259	1,125
Disaster Relief		1,206	732	474
Sheriff	5	5	3	2
Medical Examiner	39	39	31	8
Fire Marshal	53	53	53	-
Juvenile Services	646	1,432	1,038	394
Pretrial Services		300	225	75
323RD District Court				-
District Attorney	122	122	100	22
Domestic Relations	14	14	8	6
Courts / Judiciary	4	4	4	-
Public Health	476	515	349	166
Human Services	190	230	172	58
Child Protective Services	121	427	130	297
Historical Commission	59	59	8	51
Peace Officers Memorial Monument	18	18		18
Total Expenditures	\$ 3,277	\$ 7,820	\$ 4,827	\$ 2,993

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)**

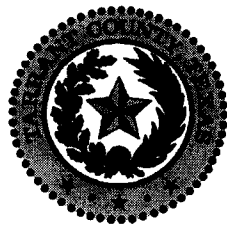
	<u>Court Designated</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,397	\$ 1,397	\$ 1,362	\$ (35)
Intergovernmental	180	180	179	(1)
Investment income	19	20	33	13
Other			32	32
Transfer			13	13
Total Revenues	\$ 1,596	\$ 1,597	\$ 1,619	\$ 22
EXPENDITURES:				
Non Departmental	\$ 1,173	\$ 1,173	\$ 1,047	\$ 126
Information Technology	120	120	91	29
Medical Examiner	98	98	89	9
Appeals Court	475	475	191	284
Probate Court 1	272	272	50	222
Probate Court 2	115	115	94	21
Total Expenditures	\$ 2,253	\$ 2,253	\$ 1,562	\$ 691

	<u>Vehicle Inventory Tax</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ 19	\$ 19	\$ 70	\$ 51
Investment income	89	89	207	118
Total Revenues	\$ 108	\$ 108	\$ 277	\$ 169
EXPENDITURES:				
Tax Assessor/Collector	\$ 308	\$ 308	\$ 88	\$ 220
Total Expenditures	\$ 308	\$ 308	\$ 88	\$ 220

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)**

	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 610	\$ 610	\$ 744	\$ 134
Investment income	<u>1</u>	<u>1</u>	<u>6</u>	<u>5</u>
Total Revenues	\$ 611	\$ 611	\$ 750	\$ 139
EXPENDITURES:				
Public Health	<u>\$ 672</u>	<u>\$ 672</u>	<u>\$ 631</u>	<u>\$ 41</u>
Total Expenditures	\$ 672	\$ 672	\$ 631	\$ 41



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, 2006 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 8,937	\$ 5,745	\$ 1,796	\$ 16,478
Other receivables, net of allowance for uncollectibles	<u>222</u>	<u>2</u>		<u>224</u>
Total current assets	<u>9,159</u>	<u>5,747</u>	<u>1,796</u>	<u>16,702</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	1,750	48	35	1,833
Other liabilities	901	366	3,187	4,454
Deferred revenue	<u>16</u>			<u>16</u>
Total current liabilities	<u>2,667</u>	<u>414</u>	<u>3,222</u>	<u>6,303</u>
Noncurrent liabilities:				
Other noncurrent liabilities		<u>867</u>	<u>5,891</u>	<u>6,758</u>
Total noncurrent liabilities	<u>-</u>	<u>867</u>	<u>5,891</u>	<u>6,758</u>
Total liabilities	<u>2,667</u>	<u>1,281</u>	<u>9,113</u>	<u>13,061</u>
<u>NET ASSETS</u>				
Unrestricted	<u>6,492</u>	<u>4,466</u>	<u>(7,317)</u>	<u>3,641</u>
Total net assets (deficit)	<u>\$ 6,492</u>	<u>\$ 4,466</u>	<u>\$ (7,317)</u>	<u>\$ 3,641</u>

TARRANT COUNTY, TEXASCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User Fees	\$ 9,834	\$ 1		\$ 9,835
County Contributions	29,408		\$ 4,116	33,524
Other revenues	<u>1,026</u>	<u>70</u>	<u>57</u>	<u>1,153</u>
Total operating revenues	40,268	71	4,173	44,512
OPERATING EXPENSES:				
Building & Equipment	12	73		85
Self insurance claims	23,349	142	2,569	26,060
Insurance Premiums	15,860			15,860
Other Expenses	<u>1,296</u>	<u>133</u>	<u>686</u>	<u>2,115</u>
Total operating expenses	40,517	348	3,255	44,120
Operating income	(249)	(277)	918	392
NONOPERATING REVENUES :				
Investment income	<u>369</u>	<u>226</u>	<u>39</u>	<u>634</u>
Income before transfers	120	(51)	957	1,026
OTHER FINANCING SOURCES (USES)				
Transfers in		<u>325</u>		<u>325</u>
Total other financing sources and uses	-	325	-	325
Change in net assets	120	274	957	1,351
Total net assets (deficit)-beginning	<u>6,372</u>	<u>4,192</u>	<u>(8,274)</u>	<u>2,290</u>
Total net assets (deficit)-ending	<u>\$ 6,492</u>	<u>\$ 4,466</u>	<u>\$ (7,317)</u>	<u>\$ 3,641</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 40,318	\$ 74	\$ 4,173	\$ 44,565
Payment to suppliers		(187)		(187)
Payments on behalf of employees	<u>(38,774)</u>	<u>(54)</u>	<u>(2,747)</u>	<u>(41,575)</u>
Net cash flows provided by (used in) operating activities	1,544	(167)	1,426	2,803
INVESTING ACTIVITIES:				
Investment income, net	369	226	39	634
NONCAPITAL FINANCING ACTIVITIES:				
Transfers in		<u>325</u>		<u>325</u>
Net cash flows provided by noncapital financing activities	<u>-</u>	<u>325</u>	<u>-</u>	<u>325</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,913	384	1,465	3,762
CASH AND CASH EQUIVALENTS, beginning of year	<u>7,024</u>	<u>5,361</u>	<u>331</u>	<u>12,716</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 8,937</u>	<u>\$ 5,745</u>	<u>\$ 1,796</u>	<u>\$ 16,478</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ (249)	\$ (277)	\$ 918	\$ 392
Changes in assets and liabilities:				
Other receivables	62	3		65
Accounts payable	1,600	44	(10)	1,634
Other liabilities	143	63	518	724
Deferred Revenue	<u>(12)</u>			<u>(12)</u>
Net cash flows provided by (used in) operating activities	<u>\$ 1,544</u>	<u>\$ (167)</u>	<u>\$ 1,426</u>	<u>\$ 2,803</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

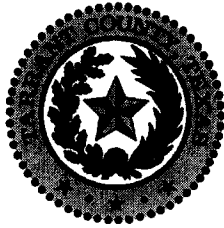
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	Payroll Clearing	Fee Office	Total
Current assets:			
Cash and investments	\$ 3,778	\$ 28,436	\$ 32,214
Other receivables	8	139,607	139,615
Restricted asset		53,335	53,335
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,786</u>	<u>\$ 221,378</u>	<u>\$ 225,164</u>
<u>LIABILITIES</u>			
Current liabilities:			
Due to third parties	<u>\$ 3,786</u>	<u>\$ 221,378</u>	<u>\$ 225,164</u>
TOTAL LIABILITIES	<u>\$ 3,786</u>	<u>\$ 221,378</u>	<u>\$ 225,164</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (AMOUNTS IN THOUSANDS)

	<u>Balance</u> <u>October 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2006</u>
PAYROLL CLEARING:				
Cash and investments	\$ 3,554	\$ 92,197	\$ 91,973	\$ 3,778
Other receivables	<u>9</u>	<u>42</u>	<u>43</u>	<u>8</u>
	<u>\$ 3,563</u>	<u>\$ 92,239</u>	<u>\$ 92,016</u>	<u>\$ 3,786</u>
Due to third parties	<u>\$ 3,563</u>	<u>\$ 92,239</u>	<u>\$ 92,016</u>	<u>\$ 3,786</u>
	<u>\$ 3,563</u>	<u>\$ 92,239</u>	<u>\$ 92,016</u>	<u>\$ 3,786</u>
FEE OFFICE:				
Cash and investments	\$ 25,535	\$ 2,929,862	\$ 2,926,961	\$ 28,436
Other receivables	134,100	2,243,180	2,237,673	139,607
Restricted assets	<u>45,593</u>	<u>131,832</u>	<u>124,090</u>	<u>53,335</u>
	<u>\$ 205,228</u>	<u>\$ 5,304,874</u>	<u>\$ 5,288,724</u>	<u>\$ 221,378</u>
Due to third parties	<u>\$ 205,228</u>	<u>\$ 5,304,874</u>	<u>\$ 5,288,724</u>	<u>\$ 221,378</u>
	<u>\$ 205,228</u>	<u>\$ 5,304,874</u>	<u>\$ 5,288,724</u>	<u>\$ 221,378</u>
TOTAL:				
Cash and investments	\$ 29,089	\$ 3,022,059	\$ 3,018,934	\$ 32,214
Other receivables	134,109	2,243,222	2,237,716	139,615
Restricted assets	<u>45,593</u>	<u>131,832</u>	<u>124,090</u>	<u>53,335</u>
	<u>\$ 208,791</u>	<u>\$ 5,397,113</u>	<u>\$ 5,380,740</u>	<u>\$ 225,164</u>
Due to third parties	<u>\$ 208,791</u>	<u>\$ 5,397,113</u>	<u>\$ 5,380,740</u>	<u>\$ 225,164</u>
	<u>\$ 208,791</u>	<u>\$ 5,397,113</u>	<u>\$ 5,380,740</u>	<u>\$ 225,164</u>



STATISTICAL SECTION

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

TABLE I

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

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

TABLE II

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

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

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

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

TABLE III

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

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

	FISCAL YEAR				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund					
Reserved:					
For encumbrances	\$ 1,030	\$ 870	\$ 1,329	\$ 1,504	\$ 2,178
For supplies and prepaid items	386	465	503	518	484
For long-term receivable		10,000	9,900	9,545	8,880
Unreserved	19,415	21,473	19,445	17,902	24,654
Total General fund	<u>\$ 20,831</u>	<u>\$ 32,808</u>	<u>\$ 31,177</u>	<u>\$ 29,469</u>	<u>\$ 36,196</u>
All Other Governmental Funds					
Reserved:					
For debt service	\$ 412	\$ 426	\$ 254	\$ 573	\$ 568
For capital projects	2,194	4,255	24,514	21,239	14,522
For encumbrances	6,842	6,493	3,884	5,998	11,183
For supplies and prepaid items	548	438	540	687	556
For long-term receivable					
Unreserved, reported in:					
Road and Bridge fund					
Other Special revenue	15,516	5,994	9,991	10,871	15,312
Total all other governmental funds	<u>\$ 25,512</u>	<u>\$ 17,606</u>	<u>\$ 39,183</u>	<u>\$ 39,368</u>	<u>\$ 42,141</u>

(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>2002 (1)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 1,306	\$ 1,675	\$ 2,012	\$ 1,604	\$ 3,667
700	814	732	825	794
8,880	8,880	7,605	7,120	6,630
35,436	22,917	31,231	38,201	41,708
<u>\$ 46,322</u>	<u>\$ 34,286</u>	<u>\$ 41,580</u>	<u>\$ 47,750</u>	<u>\$ 52,799</u>
\$ 1,066	\$ 1,564	\$ 1,621	\$ 2,092	\$ 1,739
37,798	39,431	36,507	31,107	120,068
6,713	4,944	15,474	10,903	7,191
735	732	977	1,011	819
	2,694	2,499	2,299	2,099
12,372	11,773	10,699	5,168	7,526
8,694	9,931	12,385	14,980	18,058
<u>\$ 67,378</u>	<u>\$ 71,069</u>	<u>\$ 80,162</u>	<u>\$ 67,560</u>	<u>\$ 157,500</u>

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

	FISCAL YEAR				
	1997	1998	1999	2000	2001
Revenues:					
Taxes, licenses and permits	\$ 126,864	\$ 134,578	\$ 145,321	\$ 157,734	\$ 180,230
Fees of office	38,759	41,579	44,104	46,159	48,335
Intergovernmental	7,367	9,181	14,015	14,113	12,372
Investment income	5,872	5,934	5,277	6,600	6,695
Other revenues	8,146	8,866	11,407	9,795	9,427
Total revenues	187,008	200,138	220,124	234,401	257,059
Expenditures:					
Current:					
General government	24,159	25,911	31,828	33,376	38,101
Buildings	7,807	8,398	8,635	9,293	10,935
Public safety	60,441	64,573	69,872	74,797	78,790
Transportation support	12,921	15,272	17,183	15,631	16,319
Judicial	46,302	48,217	52,592	56,220	61,760
Community services	6,762	7,200	7,724	8,983	5,195
Capital outlay	21,094	19,998	22,972	15,546	17,169
Debt service:					
Principal payments	22,495	22,340	25,770	25,770	23,865
Interest and fiscal charges	7,121	6,724	6,086	6,661	6,028
Bond issuance costs					
Total expenditures	209,102	218,633	242,662	246,277	258,162
Excess (deficiency) of revenues over (under) expenditures	(22,094)	(18,495)	(22,538)	(11,876)	(1,103)
Other Financing Sources (Uses):					
Transfers in	2,221	8,728	8,360	5,980	4,346
Transfers out	(3,552)	(15,061)	(10,101)	(7,627)	(5,743)
Issuance of new debt					
Proceeds of Refunding bonds					
Bond proceeds		18,100	44,225	12,000	12,000
Premium on bonds					
Payment to refunded bond escrow agent					
Total other financing sources (uses)	(1,331)	11,767	42,484	10,353	10,603
Change in fund balance	\$ (23,425)	\$ (6,728)	\$ 19,946	\$ (1,523)	\$ 9,500
Debt Service as a percentage of noncapital expenditures	15.8%	14.6%	14.5%	14.1%	12.4%

(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

<u>2002 (1)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 200,546	\$ 215,934	\$ 231,460	\$ 245,148	\$ 261,080
54,006	57,171	58,980	60,529	67,853
77,271	78,308	76,853	72,274	85,597
3,630	2,755	2,315	5,265	9,368
14,699	13,435	14,871	15,081	13,101
<u>350,152</u>	<u>367,603</u>	<u>384,479</u>	<u>398,297</u>	<u>436,999</u>
50,049	58,761	73,018	73,783	81,601
97,936	106,954	78,098	81,721	88,307
17,233	18,890	18,387	23,583	24,194
75,983	79,229	109,903	111,827	116,480
55,874	58,868	53,481	51,787	58,398
63,509	34,533	52,199	46,873	38,782
24,495	22,215	22,090	19,970	20,825
5,482	7,593	6,840	7,275	6,430
			163	
<u>390,561</u>	<u>387,043</u>	<u>414,016</u>	<u>416,982</u>	<u>435,017</u>
(40,409)	(19,440)	(29,537)	(18,685)	1,982
12,701	22,811	8,231	19,066	24,339
(12,325)	(23,716)	(8,165)	(18,998)	(24,664)
		59,550	12,045	89,990
19,531			39,870	
71,915	12,000			
		1,433	1,675	3,342
(19,383)		(15,125)	(41,405)	
<u>72,439</u>	<u>11,095</u>	<u>45,924</u>	<u>12,253</u>	<u>93,007</u>
<u>\$ 32,030</u>	<u>\$ (8,345)</u>	<u>\$ 16,387</u>	<u>\$ (6,432)</u>	<u>\$ 94,989</u>
9.2%	8.5%	8.0%	7.4%	6.9%

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

Tarrant County Direct Rates					
Fiscal Year	Operating Fund	Debt Service Fund	Tarrant County Hospital District	Total Direct Rate	
1997	\$ 0.205246	\$ 0.059590	\$ 0.234070	\$	0.498906
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

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

Overlapping Rates (1)				
Tarrant County College District	Tarrant County Regional Water District	Tarrant County Fresh Water Supply	Emergency Service District	
\$ 0.057720	\$ 0.020000	\$ 0.218000	\$ 0.030000	
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	

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

TABLE VII

Fiscal Year Ended September 30	Assessed Real Property	Assessed Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate (1)
1997	\$ 41,715,056	\$ 11,021,428	\$ 5,324,608	\$ 47,411,876	\$ 0.498906
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

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 EIGHT YEARS AGO
(Unaudited)
(Amounts in thousands)**

TABLE VIII

Taxpayer	FISCAL YEAR					
	2006			1998		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
TXU/Oncor Electric	\$ 831,871	1	0.87%			
Southwestern Bell	543,295	2	0.57	\$ 511,666	3	1.04%
American Airlines	457,700	3	0.48	800,586	1	1.63
Opryland Hotel	294,335	4	0.31			
Albertson, Inc.	254,107	5	0.26	197,818	5	0.40
Wal-Mart Stores Texas LP	216,494	6	0.23			
CAE Simuflite	179,429	7	0.19			
Textron, Inc.	178,589	8	0.19	222,754	4	0.45
Alcon Laboratories Inc.	175,259	9	0.18	156,599	8	0.32
Grapevine Mills Ltd. Partnership	164,625	10	0.17			
Texas Utilities Electric				642,425	2	1.31
Delta Airlines, Inc.				187,149	6	0.38
General Motors Corp.				165,651	7	
Tandy Corporation				154,275	9	0.31
Simmons Airlines, Inc.				134,456	10	0.27
	<u>\$ 3,295,704</u>		<u>3.43%</u>	<u>\$ 3,173,379</u>		<u>6.47%</u>

Source: Tarrant Appraisal District

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

Fiscal Year Ended September 30	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2001	\$ 180,346	\$ 89	\$ 180,435	\$ 176,844	98.06%	\$ 2,879
2002	200,753	(116)	200,637	196,253	97.76%	3,290
2003	215,766	(297)	215,469	211,528	98.04%	2,867
2004	231,628	(76)	231,552	227,468	98.20%	2,722
2005	244,160	(487)	243,673	239,933	98.27%	1,873
2006	261,955		261,955	257,648	98.36%	

Source: Tarrant County Tax Office and Tarrant Appraisal District

Total Collections	
Amount	Percentage of Levy
\$ 179,723	99.61%
199,543	99.45%
214,395	99.50%
230,190	99.41%
241,806	99.23%
257,648	98.36%



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

TABLE X

Fiscal Year	General Obligation Bonds	Certificates Of Obligation	Limited Tax Refunding	Taxable Tax Notes	Non-Taxable Tax Notes	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
1997	\$ 10,500	\$ 75,010	\$ 41,350			\$ 126,860	0.38%	\$ 97.66
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	0.32 (2)	101.67
2006	107,750	7,880	83,445		37,130	236,205	0.45 (2)	138.76

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 and population data, fiscal year 2004

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Taxable Tax Notes</u>	<u>Non-Taxable Tax Notes</u>	<u>Total Primary Government</u>	<u>Less: Amount Available In Debt Service Fund</u>	<u>Total</u>
1997	\$ 10,500	\$ 75,010	\$ 41,350			\$ 126,860	\$ 412	\$ 126,448
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

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>
0.27%	\$ 97.34
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

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2006
(Unaudited)
(Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/15/2006</u>
Debt repaid with property taxes:			
Special Districts:			
Tarrant County College District	\$ 60,625	100.00%	\$ 60,625
County Line Special District:			
Trophy Club Municipal Utility District #1	3,625	0.53%	19
Cities:			
Arlington	270,075	100.00%	270,075
Bedford	57,270	100.00%	57,270
Benbrook	14,675	100.00%	14,675
Colleyville	24,105	100.00%	24,105
Crowley	22,720	100.00%	22,720
Dalworthington Gardens	1,838	100.00%	1,838
Eules	57,140	100.00%	57,140
Everman	2,980	100.00%	2,980
Forest Hill	9,065	100.00%	9,065
Fort Worth	287,323	99.69%	286,432
Haltom City	30,850	100.00%	30,850
Haslet	2,140	100.00%	2,140
Hurst	34,760	100.00%	34,760
Keller	112,010	100.00%	112,010
Kennedale	5,300	100.00%	5,300
Lake Worth	15,395	100.00%	15,395
North Richland Hills	65,376	100.00%	65,376
Pantego	1,345	100.00%	1,345
Richland Hills	4,960	100.00%	4,960
Saginaw	25,110	100.00%	25,110
Sansom Park	54	100.00%	54
Watauga	21,225	100.00%	21,225
Westlake	18,460	97.87%	18,067
Westover Hills	375	100.00%	375
White Settlement	3,715	100.00%	3,715
County Line Cities:			
Azle	\$9,215	78.94%	\$7,274
Burleson	32,791	9.26%	3,036
Grand Prairie	154,990	45.24%	70,117
Grapevine	139,580	99.64%	139,078
Mansfield	86,275	77.52%	66,880
Southlake	131,988	99.16%	130,879

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

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/15/2006</u>
School Districts:			
Arlington Independent School District	\$ 460,452	100.00%	\$ 460,452
Birdville Independent School District	172,843	100.00%	172,843
Carroll Independent School District	174,906	100.00%	174,906
Castleberry Independent School District	24,180	100.00%	24,180
Eagle Mountain Saginaw Independent School District	222,960	100.00%	222,960
Everman Independent School District	12,717	100.00%	12,717
Fort Worth Independent School District	341,728	100.00%	341,728
Hurst Euless Bedford Independent School District	311,074	100.00%	311,074
Keller Independent School District	579,338	100.00%	579,338
Kennedale Independent School District	53,725	100.00%	53,725
Lake Worth Independent School District	61,745	100.00%	61,745
White Settlement Independent School District	94,609	100.00%	94,609
County Line School Districts:			
Aledo Independent School District	77,945	3.49%	2,720
Azle Independent School District	30,820	63.04%	19,429
Burleson Independent School District	63,027	25.81%	16,267
Crowley Independent School District	192,019	96.15%	184,626
Godley Independent School District	8,805	9.52%	838
Grapevine Colleyville Independent School District	282,738	98.99%	279,882
Mansfield Independent School District	621,774	82.26%	511,471
Northwest Independent School District	314,959	22.46%	70,740
Sub-total Overlapping Debt			<u>5,161,143</u>
Tarrant County (direct debt)	236,205	100.00%	236,205
Tarrant County Hospital District (direct debt)	30,330	100.00%	30,330
Total Direct and Overlapping Debt			<u>\$ 5,427,678</u>

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

	FISCAL YEAR				
	1997	1998	1999	2000	2001
Debt Limit	\$ 2,370,594	\$ 2,526,620	\$ 2,728,918	\$ 2,973,297	\$ 3,305,004
Total net debt applicable to limit	<u>126,448</u>	<u>122,194</u>	<u>140,821</u>	<u>126,732</u>	<u>114,872</u>
Legal debt margin	<u>\$ 2,244,146</u>	<u>\$ 2,404,426</u>	<u>\$ 2,588,097</u>	<u>\$ 2,846,565</u>	<u>\$ 3,190,132</u>
Total net debt applicable to the limit as a percentage of debit limit	5.33%	4.84%	5.16%	4.26%	3.48%

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

TABLE XIII

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 3,652,910	\$ 3,652,910	\$ 4,250,055	\$ 4,480,000	\$ 4,806,514
<u>162,349</u>	<u>151,636</u>	<u>173,994</u>	<u>155,218</u>	<u>165,301</u>
<u>\$ 3,490,561</u>	<u>\$ 3,501,274</u>	<u>\$ 4,076,061</u>	<u>\$ 4,324,782</u>	<u>\$ 4,641,213</u>
4.44%	4.15%	4.09%	3.46%	3.44%

Legal Debt Margin Calculation (1) for Fiscal Year 2006

Assessed value	\$ 96,130,275
Debt Limit (5% of total assessed value)	4,806,514
Debt applicable to limit:	
Total General Bonded debt	167,040
Less: Amount available in Debt Service Fund	<u>(1,739)</u>
Total net debt applicable to limit	<u>165,301</u>
Legal debt margin	<u>\$ 4,641,213</u>

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

TABLE XIV

Fiscal Year	Population (1)	Personal Income (Amounts in thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)	Public School Enrollment (4)
1997	1,299,000	\$ 33,046,560	\$ 25,440	3.6%	250,000
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	N/A	N/A	5.0	300,688
2006	1,702,250	N/A	N/A	4.6	312,524

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

Employer	2006 (1)			1997 (2)		
	Employees	Rank	% of Total Tarrant County Employment	Employees	Rank	% of Total Tarrant County Employment
AMRCorp./American Airlines	24,277	1	2.96%	30,000	1	4.21%
Lockheed Fort Worth Division	15,085	2	1.84	11,000	2	1.54
Fort Worth Independent School District	10,172	3	1.24	8,000	3	1.12
Wal-Mart	9,042	4	1.10			
Texas Health Resources	8,051	5	0.98	7,400	4	1.04
Arlington Independent School District	7,981	6	0.97	6,300	6	0.88
Albertsons	7,700	7	0.94			
Bell Helicopter-Textron	6,048	8	0.74	6,400	5	0.90
City of Fort Worth	5,809	9	0.71	5,200	9	0.73
Tarrant County Government	4,320	10	0.53			
Delta Airlines, Inc.				5,900	7	0.83
Tandy Corporation				5,400	8	0.76
Harris Hospital				5,100	10	0.72

Data Sources:

(1) Star-Telegram and U.S. Department of Labor

(2) The "1997 Book of Lists" by Business Press and U.S. Department of Labor

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

Function	FISCAL YEAR				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003 (1)</u>
Governmental activities:					
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
Business-type activities					
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>
646	660	661
1,359	1,343	1,372
195	195	197
1,239	1,247	1,255
446	446	444
<u>20</u>	<u>20</u>	<u>18</u>
<u>3,905</u>	<u>3,911</u>	<u>3,947</u>

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

FUNCTION	FISCAL YEAR			
	1997	1998	1999	2000
District Clerk (1)				
Civil court cases filed				4,646
Criminal court cases filed				12,590
Family court cases filed (Attorney General cases)				5,866
Family court cases filed (Non-Attorney General cases)				15,779
Juvenile court cases filed				3,330
Tax foreclosure cases filed				2,245
Passport applications accepted				3,095
County Clerk				
County court at aw cases filed	5,528	5,324	6,198	6,442
Mental health cases filed	511	637	800	910
Probate cases filed	3,527	3,621	3,841	3,645
Birth certificates issued	6,342	6,849	9,505	10,731
Marriage licenses issued	13,500	13,282	13,702	13,645
Justice of the Peace (all precincts)				
Traffic cases	16,000	14,200	18,201	19,288
Non-traffic cases	7,056	7,758	9,047	7,675
Small claims cases	2,990	3,027	2,872	2,858
Forcible entry & detainer cases	12,038	13,156	13,704	13,784
Sheriff				
Prisoner bed days in county jail	1,188,458	1,226,826	1,181,148	1,196,082
Public Health (2)				
Chronic disease prevention, average monthly caseload				
Notifiable diseases reported				
Food establishment inspections				
Sexually transmitted disease clinic visits				
Milk and dairy tests				
Tuberculosis monthly caseload				
Women, infants & children visits and immunizations				
Tax Assessor/Collector				
Tax accounts collected	527,588	534,970	546,624	558,256
Contracts with entities for tax collection	46	47	48	50
Transportation				
Miles of roads maintained in un-incorporated areas (3)				
Inter-local contracts executed/performed (2)				
Square yards of right of way acquired (3)				
Human Services (4)				
Rent vouchers issued			3,663	2,716
Utility vouchers issued			6,047	5,394
Food/hygiene vouchers issued			4,053	3,232

- (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

2001	2002	2003	2004	2005	2006
5,234	5,929	7,268	6,012	6,427	6,678
12,445	13,571	15,215	16,371	16,529	16,290
6,774	7,960	7,874	8,407	10,822	11,526
15,392	15,138	14,992	14,933	14,137	14,332
3,543	3,514	3,312	3,577	3,521	3,163
2,201	2,504	3,177	3,460	2,521	3,435
4,898	7,619	7,365	9,406	9,690	12,005
6,370	6,964	6,912	7,780	9,083	10,013
1,059	1,268	1,312	1,436	1,585	1,922
3,715	3,913	3,648	3,896	3,772	3,721
11,756	13,045	13,343	13,824	15,036	15,881
14,655	14,265	13,702	14,141	13,601	14,015
18,066	15,788	14,384	14,808	17,123	10,762
8,711	7,063	5,906	6,144	7,451	7,541
3,409	3,591	3,543	3,591	3,354	3,229
15,648	16,805	18,580	19,833	21,492	23,886
1,081,740	1,057,109	1,219,881	1,271,394	1,232,776	1,248,639
			554	543	464
			3,264	3,477	3,841
			4,763	5,157	5,249
			7,169	7,442	7,343
			19,603	20,673	24,184
			20,573	21,417	22,047
			581,051	606,976	612,968
570,929	585,090	602,094	621,693	641,074	659,911
50	51	52	52	52	52
		378	374	451	394
			59	80	53
		12,288,910	12,180,657	12,604,433	13,186,763
2,842	2,846	2,877	2,580	2,044	1,659
4,557	5,282	7,229	8,670	14,016	14,262
3,472	3,666	3,607	3,729	3,291	2,267

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

	FISCAL YEAR			
	1997	1998	1999	2000
General Government				
Number of buildings				
Subcourthouses	6	6	6	8
Courts buildings	5	5	5	5
Other	10	11	11	11
Building square footage	1,667,976	1,745,615	1,745,615	1,789,473
Subcourthouses	201,253	201,253	201,253	245,111
Courts buildings	922,352	922,352	922,352	922,352
Other	544,371	622,010	622,010	622,010
Public Safety				
Number of jails	5	5	5	5
Building square footage	998,697	998,697	998,697	998,697
Number of patrol vehicles (1)				
Transportation (2)				
Miles of roads in un-incorporated areas				
Square yards of right of way acquired				
Number of heavy equipment				
Number of vehicles				
Juvenile Services				
Building square footage	124,770	124,770	124,770	124,770
Community Services				
Public Health vehicles (1)				
Resource Connection				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

(1) Information not available prior to 2001

(2) Information not available prior to 2003

TABLE XVIII

2001	2002	2003	2004	2005	2006
8	8	8	8	8	8
5	5	5	5	6	6
11	14	14	15	17	17
1,789,473	2,597,382	2,597,382	2,599,382	2,857,319	2,908,681
245,111	245,111	245,111	245,111	245,111	245,111
922,352	922,352	922,352	922,352	1,180,289	1,180,289
622,010	1,429,919	1,429,919	1,431,919	1,431,919	1,483,281
5	5	5	5	5	5
998,697	998,697	998,697	998,697	998,697	998,697
94	81	82	85	88	93
		378	374	451	394
		12,288,910	12,180,657	12,604,433	13,186,763
		166	201	210	220
		461	466	463	492
124,770	124,770	124,770	124,770	124,770	124,770
30	30	30	33	35	36
15	15	15	15	15	15
348,464	348,464	348,464	348,464	348,464	348,464

