



**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

TARRANT COUNTY, TEXAS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

TARRANT COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2002

Prepared By
County Auditor's Office

S. Renee Tidwell, CPA
County Auditor

**TARRANT COUNTY, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2002
 TABLE OF CONTENTS**

INTRODUCTORY SECTION

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

FINANCIAL SECTION

| | |
|---|----|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 14 |
| Statement of Activities | 16 |
| Fund Financial Statements: | |
| Balance Sheet-Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Fund Balance to the Net Assets | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds | 24 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 26 |
| Statement of Net Assets - Proprietary Funds | 27 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | 28 |
| Statement of Cash Flows - Proprietary Funds | 29 |
| Statement of Fiduciary Net Assets - Fiduciary Funds | 30 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds | 31 |
| Notes to the Financial Statements | 32 |
| Required Supplementary Information: | |
| Texas County and District Retirement System Trend Data | 71 |
| Statement of Revenues, Expenditures and changes in Fund Balances - Budget and Actual (Budgetary Basis) - General Fund & Road and Bridge | 72 |
| Combining and Individual Fund Statements and Schedules: | |
| Nonmajor Fund Descriptions | 75 |
| Combining Balance Sheet - Nonmajor Governmental Funds | 78 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 80 |

**TARRANT COUNTY, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2002
 TABLE OF CONTENTS**

FINANCIAL SECTION (cont'd)

| | |
|--|----|
| Internal Service Fund Descriptions | 83 |
| Combining Statement of Net Assets - Internal Service Funds | 84 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds | 85 |
| Combining Statement of Cash Flows - Internal Service Funds | 86 |
| Capital Assets Used in the Operation of Governmental Funds: | |
| Schedule by Source | 87 |
| Schedule by Function and Activity | 88 |
| Schedule of Changes by Function and Activity | 94 |

STATISTICAL SECTION

| | <u>Table</u> | <u>Page(s)</u> |
|---|--------------|----------------|
| General Government Expenditures by Function | I | 97 |
| General Government Revenues by Source | II | 98 |
| Net Taxable Valuations, Current Roll Collections and Delinquent Taxes | III | 99 |
| Assessed and Estimated Actual Value of Taxable Property | IV | 100 |
| Schedule of Legal Debt Margin | V | 101 |
| Direct and Overlapping Ad Valorem Tax Rates | VI | 102 |
| Ratio of General Bonded Debt to Assessed Values and Bonded Debt per Capita | VII | 104 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures | VIII | 105 |
| Estimated Consolidated Overlapping Debt | IX | 106 |
| Construction and Bank Deposits | X | 108 |
| Ten Largest Taxpayers | XI | 109 |
| Miscellaneous Statistics | XII | 110 |

INTRODUCTORY SECTION



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
817/884-1205
Fax 817/884-1104

S. RENEE TIDWELL, CPA
COUNTY AUDITOR
rtidwell@tarrantcounty.com

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

May 26, 2003

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, 2002 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 Deloitte & Touche 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, 2002, 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, 2002, 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 1.4 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, 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 the line item within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between two separate line items, even within the same department. Budget-to-actual comparisons are provided in this report for the General Fund and the Road and Bridge Fund. These comparisons are presented on page 72 as part of the required supplementary information.

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 the Perot Group 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 and the Burlington Northern/Santa Fe Railroad. Additional facilities are being constructed for 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.

Long-term financial planning. The County issues debt to finance acquisition of personal property, capital renovations and improvements to County facilities. The County is currently in

the process of building a five-story, \$41 million Family Law Center, which was approved by voters in 1998. The ad valorem tax rate for the fiscal year 2002 totaled \$.039299 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, 2002 were \$150,548,710, and total investment earnings on that portfolio were \$3,561,3888. The average yield on investments was 2.16%.

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 2002 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$12,032,350. 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 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 2001, and 10.01% for the months of the accounting year in 2002. The contribution rate payable by the employee members for calendar year 2002 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 663 retirees and 204 of their dependents receiving benefits. For the year ended September 30, 2002, the County incurred \$1,227,429 in health insurance premiums and the retirees contributed

\$404,579. The County pays the entire cost for EAP coverage of \$6,222, 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.


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, 2001. 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. 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, Deloitte & Touche LLP.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tarrant County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2001

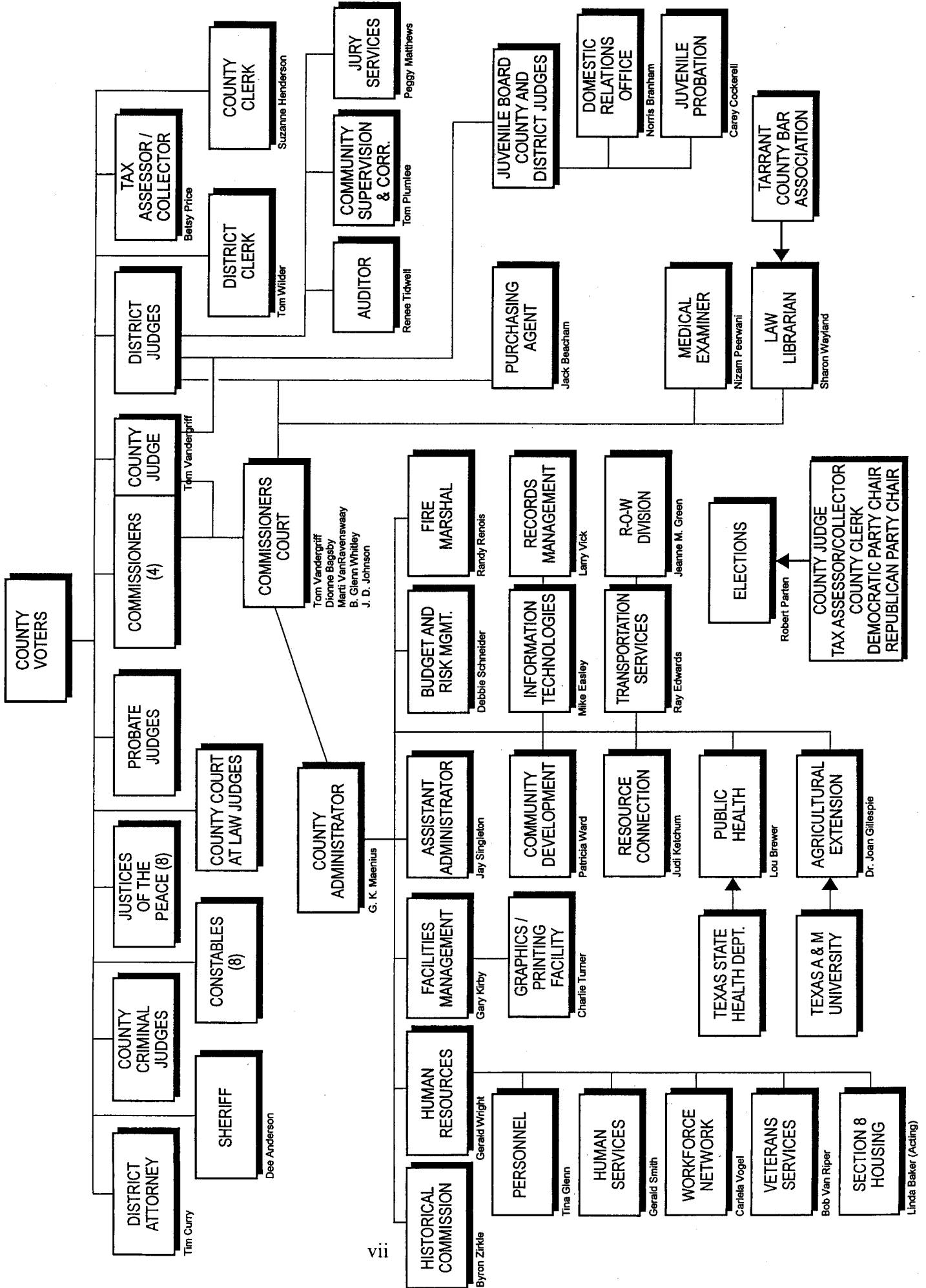
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



William Patrick Pate
President

Jeffrey L. Esser
Executive Director

TARRANT COUNTY ORGANIZATION



**TARRANT COUNTY, TEXAS
PRINCIPAL OFFICIALS**

Commissioners Court:

Tom Vandergriff
Dionne Bagsby
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
Don Leonard
Joe Drago, III
Fred W. Davis
Robert McCoy
Donald Cosby
Jeff Walker
Paul Enlow
Kenneth Curry
Robert Gill
Randy Catterton
William Harris
Thomas Lowe III
Everett Young
Frank Sullivan
Jean Boyd
Brian A. Carper
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
Wallace Bowman
Jamie Cummings
Molly Jones
Cheril Hardy
Daryl Coffey
Brent Carr
Phillip Sorrells
Brent Keis
Steve Wallace
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 | Justice of the Peace, Precinct 1 |
| Linda Bierman-Davis | Justice of the Peace, Precinct 2 |
| Sanford W. Prindle | Justice of the Peace, Precinct 3 |
| Jacquelyn Wright | Justice of the Peace, Precinct 4 |
| Manuel T. Valdez | Justice of the Peace, Precinct 5 |
| Richard G. Ritchie | Justice of the Peace, Precinct 6 |
| Roy Kurban | Justice of the Peace, Precinct 7 |
| Ernest Thompson | Justice of the Peace, Precinct 8 |

Law Enforcement:

| | |
|----------------------|--|
| Dee Anderson | Sheriff |
| Tim Curry | Criminal District Attorney |
| Carey Don Cockerell* | Chief Juvenile Probation Officer |
| Tom Plumlee* | Community Supervision & Corrections Director |
| Jerry Crowder | Constable, Precinct 1 |
| David Harris | Constable, Precinct 2 |
| Zane Hilger | Constable, Precinct 3 |
| Jack Allen | Constable, Precinct 4 |
| Sergio L. DeLeon | Constable, Precinct 5 |
| Joseph Kubes | Constable, Precinct 6 |
| Michael Honeycutt | Constable, Precinct 7 |
| Chester Luckett | Constable, Precinct 8 |
| Norris Branham* | Domestic Relations Director |

Administrative Officials:

| | |
|-------------------|-------------------------------------|
| G.K. Maenius* | County Administrator |
| S. Renee Tidwell* | County Auditor |
| Betsy Price | Tax Assessor-Collector |
| Jack Beacham* | Purchasing Agent |
| Debbie Schneider* | Budget and Risk Management Director |
| Mike Easley* | Chief Information Officer |

Recording Officials:

| | |
|-------------------|----------------|
| Suzanne Henderson | County Clerk |
| Tom Wilder | District Clerk |

*Appointed officials. All others listed are elected officials.



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge
Tarrant County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information, of Tarrant County, Texas (the "County") as of and for the year ended September 30, 2002, 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 an opinion on these financial statements and supporting schedules based on our audits. We did not audit the basic financial statements of the discretely presented component units as of and for the year ended September 30, 2002. 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 Tarrant County Hospital District and the Mental Health Mental Retardation of Tarrant County, is based solely on the report 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 opinions.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and aggregate remaining fund information of the County, as of September 30, 2002, 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.

As described in Note 1 to the financial statements, in fiscal year 2002, the County adopted Governmental Accounting Standards Board ("GASB") GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Management's Discussion and Analysis (on pages 3 to 12) and the budgetary comparison information (on pages 72 to 73) are not required parts of the basic financial statements, but are supplementary information required by the GASB. 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 an opinion on the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements and schedules listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. These financial statements and schedules are the responsibility of management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The introductory section and the statistical data listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements for the County. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2003, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Deloitte & Touche LLP

May 15, 2003

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, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the County exceed its liabilities at the close the most recent fiscal year by \$163,284,000 (*net assets*). Of this amount, \$72,065,000 (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 \$25,575,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$113,700,000, an increase of \$32,030,000 in comparison with the prior year. Approximately one half of this total amount, \$56,502,000, 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 as \$35,436,000, or 17 percent of total general fund expenditures.
- The County's total debt increased by \$47,975,000 (42 percent) during the current fiscal year. The key factors in this increase was the issuance of \$25 million general obligation bonds for the construction of the Family Law Center and \$28,315,000 for the purchase of an existing building in downtown Fort Worth.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Tarrant County's basis 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 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 and Industrial Development Corporations, 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 grant funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-26 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its Resource Connection. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service fund 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 27-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement 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 statements can be found on pages 30-31 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 32-70 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 page 71-73 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. Combining and individual fund statements and schedules can be found on pages 78-86 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets exceeded liabilities by \$163,284,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (56 percent) reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. 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.

Tarrant County's Net Assets

(Amounts in thousands)

| | Governmental Activities 2002 | Business-type Activities 2002 | Total 2002 |
|--|------------------------------------|-------------------------------------|---------------|
| Current and other assets | \$ 171,718 | \$ 861 | \$ 172,579 |
| Capital assets | 217,100 | 1,945 | 219,045 |
| Total assets | 388,818 | 2,806 | 391,624 |
| Long-term liabilities outstanding | 186,886 | 87 | 186,973 |
| Other liabilities | 41,208 | 159 | 41,367 |
| Total liabilities | 228,094 | 246 | 228,340 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 89,274 | 1,945 | 91,219 |
| Unrestricted | 71,450 | 615 | 72,065 |
| Total net assets | \$ 160,724 | \$ 2,560 | \$ 163,284 |

The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

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 separate governmental and business-type activities. The same situation held true for the prior year.

The County's net assets increased by \$25,575,000 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. The growth largely reflects increase in the tax base and increases in operating grants.

Governmental activities. Governmental activities increased the County's net assets by \$25,427,000, thereby accounting for 99 percent of the total growth in the net assets of the County. A key element of this increase was property tax revenue increased by \$19,120,000, or 11 percent during the year. Most of this increase was due to increased property values.

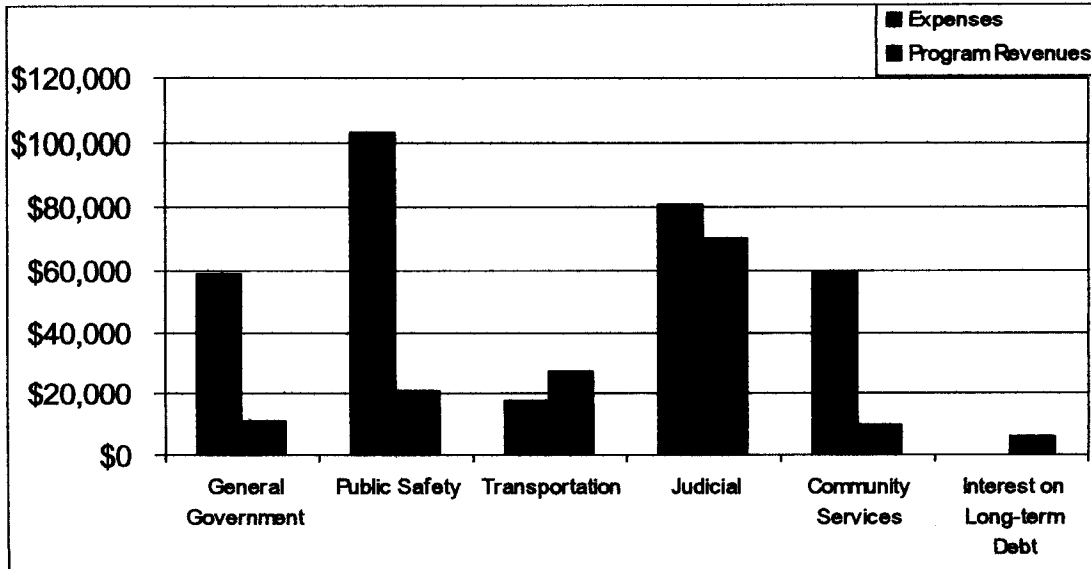
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was an increase in judicial expenses. The enactment of recent legislation increased the requirements for court appointed attorneys.

Tarrant County's Changes in Net Assets

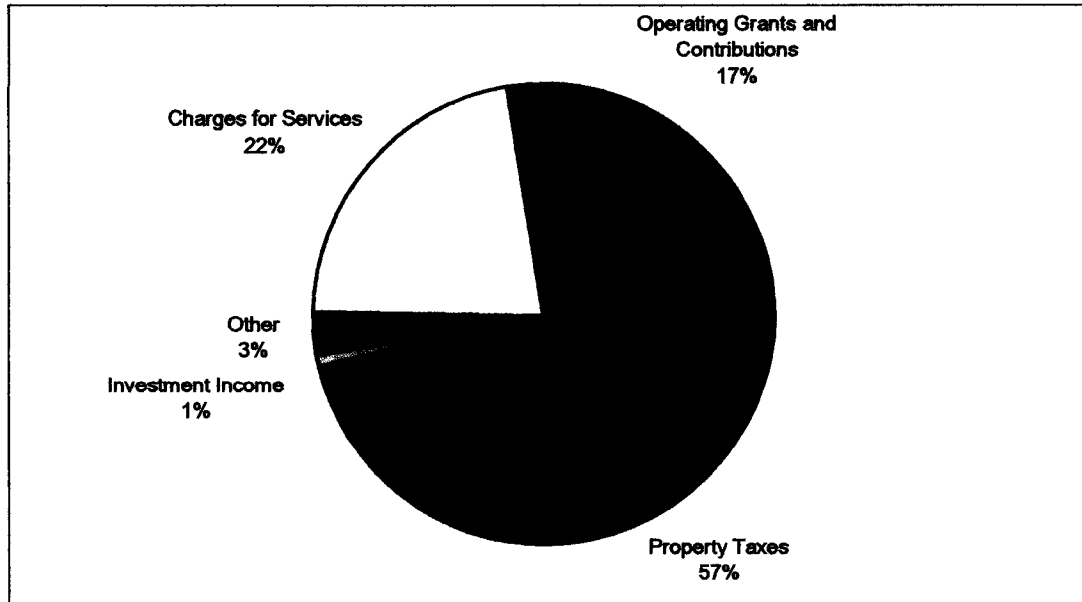
(Amounts in thousands)

| | <u>Governmental Activities 2002</u> | <u>Business-type Activities 2002</u> | <u>Total 2002</u> |
|--------------------------------------|---|--|-----------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Fees, fines and charges for services | \$ 78,219 | \$ 2,496 | \$ 80,715 |
| Operating grants and contributions | 60,236 | | 60,236 |
| General revenues: | | | |
| Taxes | 199,295 | | 199,295 |
| Other | 13,530 | 45 | 13,575 |
| Total revenues | <u>351,280</u> | <u>2,541</u> | <u>353,821</u> |
| Expenses: | | | |
| General government | 58,366 | | 58,366 |
| Public safety | 103,211 | | 103,211 |
| Transportation | 17,821 | | 17,821 |
| Judicial | 80,944 | | 80,944 |
| Community services | 59,669 | | 59,669 |
| Interest and fiscal charges | 5,842 | | 5,842 |
| Resource Connection | | 2,393 | 2,393 |
| Total expenses | <u>325,853</u> | <u>2,393</u> | <u>328,246</u> |
| Increase in net assets | 25,427 | 148 | 25,575 |
| Net assets-beginning | 135,297 | 2,412 | 137,709 |
| Net assets-ending | <u>\$ 160,724</u> | <u>\$ 2,560</u> | <u>\$ 163,284</u> |

Expenses and Program Revenues – Governmental Activities
 (Amounts in thousands)



Revenues by Source – Governmental Activities
 (Amounts in thousands)



Business-type activities. Business-type activities increased \$148,000. A key element of this increase was a reduction of operating expenses for buildings and equipment.

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 combining fund balances of \$113,700,000 an increase of \$32,030,000 in comparison with the prior year. Approximately half of this total amount, \$56,502,000, 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 \$8,019,000, 2) to pay debt service \$1,066,000, 3) for capital projects \$37,798,000 or 4) for a variety of other restricted purposes \$10,315,000.

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 \$35,436,000, while total fund balance reached \$46,322,000. 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 17 percent of total general fund expenditures, while total fund balance represents 22 percent of that same amount.

The fund balance of the County's general fund increased by \$10,126,000 during the current fiscal year. Key factors in this growth are as follows:

- 14% increase in property taxes, due to property valuations and the allocation between general fund and debt service requirements.
- 10% increase in the collection of fees and fines assessed.

The debt service fund has a total fund balance of \$1,066,000, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service was \$498,000, due to the rental income from the Tandy Technology Building. This income will be used to pay future principal and debt payments. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$28,692,000 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 \$2,560,000. The total growth in net assets for the fund was \$148,000. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

There are no differences between the original budget and the final amended budget in total, however, transfers were made between categories. The transfers can be summarized as follows:

- Transfers from general government to public safety, judicial, and community services for the funding of merit and equity salary increases.
- Transfers from general government undesignated to judicial to fund the increased expenditures associated with court appointed attorneys.
- Transfers from general government undesignated to operating transfers, to fund the employee benefits self-insurance fund.

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

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$12,000,000 and undesignated balance of \$3,000,000.
- Public safety expenditures were less than budgeted for jail operations and salaries.
- While investment income was less than anticipated, fees of office revenues were greater than budgeted due to an increase in County Clerk fees from home refinancing.

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, 2002 amount to \$217,100,000 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 minimal. The increase in capital assets was offset by the change in the capitalization threshold policy.

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

- Purchase of the Tandy Technology building and associated parking garage
- Completion of the parking garage associated with the new law center
- Started construction of the new law center
- Implementation of an Enterprise Resource Planning (ERP) system

Additional information on the County's capital assets can be found in Note 5 on pages 50-51 of this report.

Tarrant County's Capital Assets

(Net of depreciation)

(Amounts in thousands)

| | Governmental Activities 2002 | Business-type Activities 2002 | Total 2002 |
|----------------------------|------------------------------------|-------------------------------------|-------------------|
| Land | \$ 42,118 | \$ 116 | \$ 42,234 |
| Buildings and improvements | 119,912 | 1,805 | 121,717 |
| Fixed equipment | 19,226 | 24 | 19,250 |
| Infrastructure | 28,229 | - | 28,229 |
| Construction in progress | 5,173 | - | 5,173 |
| Software development | 2,442 | - | 2,442 |
| Total | \$ 217,100 | \$ 1,945 | \$ 219,045 |

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$163,415,000. All of this debt represents bonds secured solely on future tax revenue.

Tarrant County's Outstanding Debt

(Amounts in thousands)

| | Governmental Activities 2002 |
|-----------------------------|---------------------------------|
| General Obligation | \$ 44,215 |
| Certificates of Obligation | 51,425 |
| Limited Tax Refunding Bonds | 39,460 |
| Taxable Tax Notes | 28,315 |
| Total | \$ 163,415 |

The County's total debt increased by \$47,975,000 or 42 percent during the current fiscal year. The key factor in this increase was the issuance of \$28,315,000 Tax notes for the purchase of the Tandy Technology Center and \$25,000,000 general obligation bonds for the construction project.

The County also refinanced some of its existing debt to take advantage of favorable interest rates. The general obligation refinancing is expected to decrease future debt payments by \$943,000.

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 \$3,652,910,000, which is significantly in excess of the County's outstanding obligation debt.

Additional information on the County's long-term debt can be found in Note 6 on pages 53-55 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Tarrant County is 6.3 percent, which is an increase from the rate of 4.6 percent a year ago. This is consistent with the state's average unemployment rate of 6.4 percent and 5.2 percent a year ago.
- Continued increase in the property values in Tarrant County.
- Inflationary trends in the region compare favorably to national indices.

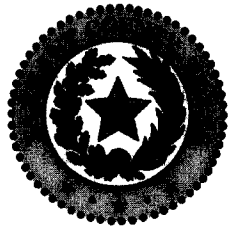
All of these factors were considered in preparing the County's budget for 2003 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$35,436,000. The County has appropriated \$19,000,000 of this amount for spending in the 2003 fiscal year budget. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2003 fiscal year; in fact, the tax rate decreased slightly.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total |
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 123,305 | \$ 626 | \$ 123,931 |
| Taxes receivable, net of allowance for uncollectibles | 8,882 | | 8,882 |
| Other receivables, net of allowance for uncollectibles | 37,324 | 223 | 37,547 |
| Due from other governments | | | |
| Prepaid expenses and inventory | 1,491 | 12 | 1,503 |
| Deferred charges | 716 | | 716 |
| Restricted assets | | | |
| Assets limited to use | | | |
| Capital assets, net: | | | |
| Not subject to depreciation | 49,733 | 116 | 49,849 |
| Subject to depreciation | 167,367 | 1,829 | 169,196 |
| Total assets | <u>388,818</u> | <u>2,806</u> | <u>391,624</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 12,563 | 159 | 12,722 |
| Accrued interest payable | 637 | | 637 |
| Other liabilities | 15,901 | | 15,901 |
| Deferred revenue | 12,107 | | 12,107 |
| Long-term liabilities: | | | |
| Portion due or payable within one year: | | | |
| Compensated absences payable | 12,778 | 87 | 12,865 |
| Note payable | | | |
| Capital lease | | | |
| Bonds payable | 22,215 | | 22,215 |
| Arbitrage payable | 10 | | 10 |
| Portion due or payable after one year: | | | |
| Compensated absences payable | 10,796 | | 10,796 |
| Capital lease | | | |
| Bonds payable | 141,087 | | 141,087 |
| Other noncurrent liabilities | | | |
| Total liabilities | <u>228,094</u> | <u>246</u> | <u>228,340</u> |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 89,274 | 1,945 | 91,219 |
| Restricted | | | |
| Unrestricted | 71,450 | 615 | 72,065 |
| Total net assets | <u>\$ 160,724</u> | <u>\$ 2,560</u> | <u>\$ 163,284</u> |

See accompanying notes to the financial statements.

| Component Units | |
|---|-----------------------------------|
| <u>Tarrant County Hospital District</u> | <u>MHMR of Tarrant County</u> |
| \$ 66,959 | \$ 10,514 |
| 2,554 | |
| 19,902 | 1,138 |
| | 4,251 |
| 23,806 | 1,768 |
| 1,906 | 1,718 |
| 125,442 | |
| 21,861 | 945 |
| 108,791 | 5,974 |
| <u>371,221</u> | <u>26,308</u> |
| 11,061 | 2,566 |
| 29,852 | 2,198 |
| | 1,314 |
| | 2,582 |
| | 215 |
| | 326 |
| 2,417 | 295 |
| | 597 |
| | 349 |
| 49,878 | 3,529 |
| 2,856 | |
| <u>96,064</u> | <u>13,971</u> |
| 112,857 | 2,206 |
| 1,897 | 1,717 |
| 160,403 | 8,414 |
| <u>\$ 275,157</u> | <u>\$ 12,337</u> |

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2002 (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 | \$ 58,366 | \$ 10,127 | \$ 627 | \$ - |
| Public safety | 103,211 | 8,865 | 12,096 | - |
| Transportation support | 17,821 | 23,826 | 3,274 | - |
| Judicial | 80,944 | 26,035 | 44,239 | - |
| Community services | 59,669 | 9,366 | | - |
| Interest and fiscal charges | 5,842 | | | - |
| Total governmental activities | 325,853 | 78,219 | 60,236 | - |
| Business-type: | | | | |
| Resource Connection | 2,393 | 2,496 | - | - |
| Total primary government | <u>\$ 328,246</u> | <u>\$ 80,715</u> | <u>\$ 60,236</u> | <u>\$ -</u> |
| Component units | | | | |
| Tarrant County Hospital District | \$ 329,082 | \$ 118,637 | \$ 47,885 | |
| MHMR of Tarrant County | 75,567 | 21,497 | 52,358 | |
| | <u>\$ 404,649</u> | <u>\$ 140,134</u> | <u>\$ 100,243</u> | <u>\$ -</u> |

General revenues:
 Property taxes
 Unrestricted investment earnings
 Gain on sale of capital assets
 Miscellaneous
 Total general revenues
 Change in net assets
 Net assets-beginning
 Prior period adjustment (Note 5)
 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 |
| \$ (47,612) | | \$ (47,612) | | |
| (82,250) | | (82,250) | | |
| 9,279 | | 9,279 | | |
| (10,670) | | (10,670) | | |
| (50,303) | | (50,303) | | |
| (5,842) | | (5,842) | | |
| (187,398) | | (187,398) | | |
| - | 103 | 103 | | |
| <u>\$ (187,398)</u> | <u>\$ 103</u> | <u>\$ (187,295)</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | \$ (162,560) | \$ (1,712) |
| | | | <u>\$ (162,560)</u> | <u>\$ (1,712)</u> |
| 199,295 | | 199,295 | 171,573 | |
| 3,176 | 9 | 3,185 | 6,237 | 469 |
| | | - | | 34 |
| 10,354 | 36 | 10,390 | 10,688 | 545 |
| <u>212,825</u> | <u>45</u> | <u>212,870</u> | <u>188,498</u> | <u>1,048</u> |
| 25,427 | 148 | 25,575 | 25,938 | (664) |
| 135,297 | 2,412 | 137,709 | 249,219 | 13,056 |
| | | | | (55) |
| <u>\$ 160,724</u> | <u>\$ 2,560</u> | <u>\$ 163,284</u> | <u>\$ 275,157</u> | <u>\$ 12,337</u> |

TARRANT COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2002 (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 | \$ 35,796 | \$ 13,514 | \$ 1,430 | \$ 45,574 |
| Receivables (Note 2): | | | | |
| Taxes, net of allowance for uncollectibles | 7,078 | 12 | 1,792 | |
| Other receivables, net of allowance for uncollectibles | 9,624 | 139 | | 325 |
| Due from other funds (Note 9) | 6,124 | | | |
| Supplies and prepaid items | 700 | 635 | | 1 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 59,322</u> | <u>\$ 14,300</u> | <u>\$ 3,222</u> | <u>\$ 45,900</u> |

See accompanying notes the financial statements.

| <u>Grants</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------|---|---|
| \$ 6,483 | \$ 10,045 | \$ 112,842 |
| | | 8,882 |
| 15,732 | 705 | 26,525 |
| | | 6,124 |
| 56 | 99 | 1,491 |
| <u>\$ 22,271</u> | <u>\$ 10,849</u> | <u>\$ 155,864</u> |

TARRANT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| <u>LIABILITIES AND FUND BALANCES</u> | <u>General</u> | <u>Road and Bridge</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|---|------------------|----------------------------|-------------------------|-----------------------------|
| LIABILITIES: | | | | |
| Accounts payable | \$ 4,934 | \$ 756 | | \$ 1,970 |
| Other liabilities | 839 | | \$ 364 | |
| Due to other funds (Note 9) | | | | |
| Compensated absences (Note 4) | | | | |
| Deferred revenue | <u>7,227</u> | <u>12</u> | <u>1,792</u> | <u>81</u> |
| Total liabilities | 13,000 | 768 | 2,156 | 2,051 |
| FUND BALANCES: | | | | |
| Reserved: | | | | |
| For debt service | | | 1,066 | |
| For capital projects | | | | 37,798 |
| For encumbrances | 1,306 | 525 | | 6,050 |
| For supplies and prepaid items | 700 | 635 | | 1 |
| For long term receivable | 8,880 | | | |
| Unreserved: | | | | |
| Undesignated | <u>35,436</u> | <u>12,372</u> | | |
| Total equity | <u>46,322</u> | <u>13,532</u> | <u>1,066</u> | <u>43,849</u> |
| TOTAL LIABILITIES, EQUITY AND FUND BALANCE | <u>\$ 59,322</u> | <u>\$ 14,300</u> | <u>\$ 3,222</u> | <u>\$ 45,900</u> |

See accompanying notes to the financial statements.

| <u>Grants</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------|---|---|
| \$ 2,932 | \$ 849 | \$ 11,441 |
| 1,513 | 695 | 3,411 |
| 5,762 | 362 | 6,124 |
| 278 | | 278 |
| <u>11,786</u> | <u>12</u> | <u>20,910</u> |
| 22,271 | 1,918 | 42,164 |
| | | 1,066 |
| | | 37,798 |
| | 138 | 8,019 |
| | 99 | 1,435 |
| | | 8,880 |
| | <u>8,694</u> | <u>56,502</u> |
| <u>-</u> | <u>8,931</u> | <u>113,700</u> |
| <u>\$ 22,271</u> | <u>\$ 10,849</u> | <u>\$ 155,864</u> |

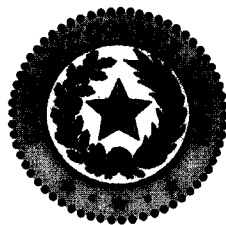
TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE
TO NET ASSETS
SEPTEMBER 30, 2002 (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 20-21) | \$ 113,700 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 217,100 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds | 19,561 |
| 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. | (3,108) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(186,529)</u> |
| Net assets of governmental activities (page 14) | <u>\$ 160,724</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, 2002 (AMOUNTS IN THOUSANDS)**

| | <u>General</u> | <u>Road and Bridge</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|---|------------------|----------------------------|-------------------------|-----------------------------|
| REVENUES: | | | | |
| Taxes, licenses and permits | \$ 171,851 | \$ 3 | \$ 28,692 | |
| Fees of office | 22,383 | 23,688 | | |
| Intergovernmental | 12,374 | 24 | | |
| Investment income | 2,059 | 306 | 349 | \$ 474 |
| Other revenues | 9,679 | 49 | 1,045 | 546 |
| Total revenues | 218,346 | 24,070 | 30,086 | 1,020 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 47,100 | | | |
| Public safety | 85,486 | | | |
| Transportation support | | 17,230 | | |
| Judicial | 68,730 | | | |
| Community services | 5,844 | | | |
| Capital outlay | | | | 58,969 |
| Debt service: | | | | |
| Principal payments | | | 24,495 | |
| Interest and fiscal charges | | | 5,249 | 233 |
| Total expenditures | 207,160 | 17,230 | 29,744 | 59,202 |
| Excess (deficiency) of revenues over (under) expenditures | 11,186 | 6,840 | 342 | (58,182) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers in (Note 9) | 3,430 | | 8 | 6,199 |
| Operating transfers out (Note 9) | (4,490) | (6,137) | | (8) |
| Refunding bonds issued | | | 19,531 | |
| Payment to refunded bond escrow agent | | | (19,383) | |
| Bond proceeds | | | | 71,915 |
| Total other financing sources (uses) | (1,060) | (6,137) | 156 | 78,106 |
| Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures | 10,126 | 703 | 498 | 19,924 |
| FUND BALANCES, beginning of year | 36,196 | 12,829 | 568 | 23,925 |
| FUND BALANCES, end of year | \$ 46,322 | \$ 13,532 | \$ 1,066 | \$ 43,849 |

See accompanying notes to the financial statements.

| <u>Grants</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------|---|---|
| | | \$ 200,546 |
| \$ 1,214 | \$ 6,721 | 54,006 |
| 57,144 | 7,729 | 77,271 |
| 84 | 358 | 3,630 |
| 1,551 | 1,829 | 14,699 |
| <u>59,993</u> | <u>16,637</u> | <u>350,152</u> |
| 682 | 2,267 | 50,049 |
| 10,695 | 1,755 | 97,936 |
| | 3 | 17,233 |
| 3,487 | 3,766 | 75,983 |
| 43,123 | 6,907 | 55,874 |
| 3,600 | 940 | 63,509 |
| | | 24,495 |
| | | <u>5,482</u> |
| <u>61,587</u> | <u>15,638</u> | <u>390,561</u> |
| (1,594) | 999 | (40,409) |
| 2,024 | 1,040 | 12,701 |
| (430) | (1,260) | (12,325) |
| | | 19,531 |
| | | (19,383) |
| | | <u>71,915</u> |
| <u>1,594</u> | <u>(220)</u> | <u>72,439</u> |
| - | 779 | 32,030 |
| <u>-</u> | <u>8,152</u> | <u>81,670</u> |
| <u>\$ -</u> | <u>\$ 8,931</u> | <u>\$ 113,700</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, 2002 (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 24-25) | \$ 32,030 |
| 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. | 47,426 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets | 1,190 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (873) |
| 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. | (46,996) |
| 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. | (8,181) |
| The net revenue of certain activities of internal service funds is reported with governmental activities. | <u>831</u> |
| Change in net assets of governmental activities (pages 16-17) | <u>\$ 25,427</u> |

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | <u>Business-type Activities- Enterprise</u> | <u>Governmental Activities- Internal Service</u> |
|---|---|--|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and investments | \$ 626 | \$ 10,463 |
| Other receivables, net of allowance for uncollectibles | 223 | 120 |
| Prepaid expenses and inventory | 12 | |
| Total current assets | <u>861</u> | <u>10,583</u> |
| Noncurrent assets: | | |
| Capital assets (Note 5) | | |
| Land | 116 | |
| Building and improvements, net | 1,803 | |
| Equipment, net | 26 | |
| Total noncurrent assets | <u>1,945</u> | <u>-</u> |
| Total assets | <u>2,806</u> | <u>10,583</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | 159 | 1,122 |
| Other liabilities | | 12,490 |
| Deferred revenue | | 79 |
| Compensated absences payable | 87 | |
| Total liabilities | <u>246</u> | <u>13,691</u> |
| <u>NET ASSETS</u> | | |
| Invested in capital assets, net of related debt | 1,945 | |
| Unrestricted | 615 | (3,108) |
| Total net assets | <u>\$ 2,560</u> | <u>\$ (3,108)</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, 2002 (AMOUNTS IN THOUSANDS)

| | <u>Business-type Activities- Enterprise</u> | <u>Governmental Activities- Internal Service</u> |
|---|---|--|
| OPERATING REVENUES: | | |
| Building management | \$ 230 | |
| Building rentals | 2,218 | |
| Pool rental | 29 | |
| Self insurance revenues | | \$ 32,938 |
| Other revenues | 19 | |
| | <hr/> | <hr/> |
| Total operating revenues | 2,496 | 32,938 |
| OPERATING EXPENSES | | |
| Personnel | 1,074 | 2 |
| Materials and supplies | 19 | 2 |
| Building and equipment | 1,072 | 64 |
| Depreciation and amortization | 156 | |
| Self insurance claims | | 31,837 |
| Other expenses | 34 | |
| | <hr/> | <hr/> |
| Total operating expenses | 2,355 | 31,905 |
| Operating income | 141 | 1,033 |
| NONOPERATING REVENUES: | | |
| Investment income | 9 | 174 |
| Donated capital | 36 | |
| | <hr/> | <hr/> |
| Total nonoperating revenues | 45 | 174 |
| Income before transfers | 186 | 1,207 |
| TRANSFERS OUT | | |
| Income before change in capitalization policy | 186 | 831 |
| Change in capitalization policy | (38) | |
| | <hr/> | <hr/> |
| Change in net assets | 148 | 831 |
| Total net assets-beginning | 2,412 | (3,939) |
| Total net assets-ending | <u>\$ 2,560</u> | <u>\$ (3,108)</u> |

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | <u>Business-type Activities- Enterprise</u> | <u>Governmental Activities- Internal Service</u> |
|---|---|--|
| OPERATING ACTIVITIES: | | |
| Receipts from customers | \$ 2,530 | \$ 32,898 |
| Payments to suppliers | (1,072) | (2) |
| Payments to employees | <u>(1,057)</u> | <u>(30,472)</u> |
| Net cash flows provided by (used in) operating activities | 401 | 2,424 |
| INVESTING ACTIVITIES: | | |
| Investment income (expense), net | <u>9</u> | <u>174</u> |
| Net cash flows provided by investing activities | 9 | 174 |
| NONCAPITAL FINANCING ACTIVITIES: | | |
| Operating transfers out | <u> </u> | <u>(376)</u> |
| Net cash flows provided by (used in) noncapital financing activities | - | (376) |
| CAPITAL AND RELATED FINANCING ACTIVITY: | | |
| Purchase of capital assets | <u>(25)</u> | <u> </u> |
| Net cash flows used in capital and related financing activities | <u>(25)</u> | <u>-</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 385 | 2,222 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>241</u> | <u>8,241</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 626</u> | <u>\$ 10,463</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Income (loss) from operations | \$ 141 | \$ 1,033 |
| Net cash provided by (used in) operating activities: | | |
| Depreciation & amortization | 156 | |
| Changes in assets and liabilities: | | |
| Supplies & prepaid items | (8) | 30 |
| Other receivables | 34 | (119) |
| Accounts payable | 59 | 158 |
| Other liabilities | | 1,243 |
| Deferred revenue | | 79 |
| Compensated absences | <u>19</u> | <u> </u> |
| Net cash flows provided by (used in) operating activities | <u>\$ 401</u> | <u>\$ 2,424</u> |
| Noncash capital activities: | | |
| Donated capital | 36 | |

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| <u>ASSETS</u> | <u>Payroll Clearing</u> | <u>Fee Office</u> | <u>Total</u> |
|---|-------------------------|-------------------|--------------|
| Current assets: | | | |
| Cash and investments | \$ 2,390 | \$ 24,633 | \$ 27,023 |
| Other receivables, net of allowance for uncollectibles | 29 | 110,595 | 110,624 |
| Restricted asset | | 52,004 | 52,004 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | 2,419 | 187,232 | 189,651 |
| | <hr/> | <hr/> | <hr/> |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | | 33 | 33 |
| Other liabilities | 2,419 | 187,199 | 189,618 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 2,419 | 187,232 | 189,651 |
| | <hr/> | <hr/> | <hr/> |
| <u>NET ASSETS</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | <u>Balance</u> <u>October 1, 2001</u> | <u>Net</u> <u>Change</u> | <u>Balance</u> <u>September 30, 2002</u> |
|--------------------------|--|-----------------------------|---|
| PAYROLL CLEARING: | | | |
| Cash and investments | \$ 2,266 | \$ 124 | \$ 2,390 |
| Other receivables | <u>-</u> | <u>29</u> | <u>29</u> |
| | <u>\$ 2,266</u> | <u>\$ 153</u> | <u>\$ 2,419</u> |
| Other liabilities | <u>\$ 2,266</u> | <u>153</u> | <u>\$ 2,419</u> |
| | <u>\$ 2,266</u> | <u>\$ 153</u> | <u>\$ 2,419</u> |
| FEE OFFICE: | | | |
| Cash and investments | \$ 26,892 | \$ (2,259) | \$ 24,633 |
| Other receivables | 95,987 | 14,608 | 110,595 |
| Restricted assets | <u>60,759</u> | <u>(8,755)</u> | <u>52,004</u> |
| | <u>\$ 183,638</u> | <u>\$ 3,594</u> | <u>\$ 187,232</u> |
| Accounts payable | \$ - | \$ 33 | \$33 |
| Other liabilities | 182,511 | 4,688 | 187,199 |
| Due to other funds | <u>1,127</u> | <u>(1,127)</u> | <u>-</u> |
| | <u>\$ 183,638</u> | <u>\$ 3,594</u> | <u>\$187,232</u> |
| TOTAL: | | | |
| Cash and investments | \$ 26,892 | \$ (2,135) | \$ 27,023 |
| Other receivables | 95,987 | 14,637 | 110,624 |
| Restricted assets | <u>60,759</u> | <u>(8,755)</u> | <u>52,004</u> |
| | <u>\$ 183,638</u> | <u>\$ 3,747</u> | <u>\$ 189,651</u> |
| Accounts payable | \$ - | \$ 33 | \$33 |
| Other liabilities | 184,777 | 4,841 | 189,618 |
| Due to other funds | <u>1,127</u> | <u>(1,127)</u> | <u>-</u> |
| | <u>\$ 185,904</u> | <u>\$ 3,747</u> | <u>\$ 189,651</u> |

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

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.

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 North Texas Affiliated Medical Group (NTAMG) and Metro West Health Plan as component units within the reporting entity. NTAMG began operations in January 1996 primarily for the purpose of providing physician services to TCHD patients participating in the County-sponsored and Medicaid programs. The TCHD is the sole corporate member of NTAMG and, as such,

exercises significant influence over the financial operations of NTAMG. The financial statements of NTAMG are blended with the TCHD for the year ended September 30, 2002, and include total assets, primarily cash, of \$15,196,000 and total liabilities of \$7,372,000. NTAMG's excess of revenues and gains over expenses totaled approximately \$42,000 for the year ended September 30, 2002. Metro West Health Plan is the TCHD's HMO organization. The financial statements of Metro West Health Plan are blended with the TCHD for the year ended September 30, 2002, and include total assets, primarily cash, of \$6,099,000 and total liabilities of \$2,112,000. Metro West Health Plan's excess of revenues and gains over expenses totaled approximately \$99,000 for the year ended September 30, 2002.

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.

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 balance sheet or results of operations as of and for the year ended September 30, 2002. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

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

| | |
|---------------------------|-------------------------|
| TCHD | MHMRTC |
| John Peter Smith Hospital | 3840 Hulen Street |
| 1500 S. Main | Fort Worth, Texas 76107 |
| Fort Worth, Texas 76104 | |

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

(b) Basis of Presentation

The County implemented the following GASB Standards during the fiscal year ended September 30, 2002:

- Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- Statement No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- Statement No. 38 – *Certain Financial Statement Note Disclosures*
- Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The transition from governmental fund balances to net assets for October 1, 2001 is as follows:

| | Governmental Activities |
|---|----------------------------|
| Total fund balances, as previously reported | \$ 81,670 |
| Additional GASB 34 governmental fund revenue accruals | 19,797 |
| Capital assets, net of depreciation | 168,484 |
| Internal Service Fund Net Assets | (3,939) |
| General long-term debt | <u>(130,715)</u> |
| Net Assets, October 1, 2001 | <u>\$ 135,297</u> |

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 transaction 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.

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 or 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 general 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 and equipment 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, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The governmental-wide and proprietary 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 given) equal value in exchange, including 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 with 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) 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 the line item within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriations between two separate line items 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 (except for the Debt Service Fund, which is budgeted in accordance with GAAP), as allowed by state statutes. Beginning fund balance is budgeted as revenue, as required by state statutes.
- 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. The supplementary budgetary appropriations were not material except for the bond issuance associated with the purchase of the Tandy building and garage.

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.

For GAAP purposes, encumbrances are not considered expenditures or liabilities. This is the primary difference 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 |
|--|-------------------------|----------------------------|
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing users - GAAP basis | \$ 10,126 | \$ 703 |
| Basis differences: | | |
| Accrual of revenue | 328 | 127 |
| Encumbrances | <u>78</u> | <u>(173)</u> |
| Excess (deficiency) of revenue and other financing sources (uses) over (under) expenditures - budget basis | <u>\$ 10,532</u> | <u>\$ 657</u> |

(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, 2002 consist of highly liquid investments in a public funds investment pool, TexPool. 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 the cost.

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

(g) Restricted Assets

Restricted assets are used to differentiate assets the use of which is restricted by the donor or contractual agreement. The County's restricted assets represent funds held 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.

For MHMRTC, certain proceeds of tax-exempt bonds, as well as certain resources set aside for their repayment, are classified as restricted assets as their use is limited by applicable bond covenants.

(h) Assets Limited as to Use

Debt indenture requirements of the TCHD provide for the establishment and maintenance of various accounts with paying agents or trustees. These arrangements require the paying agent or trustee to control the payment of interest and the ultimate repayment of debt to bondholders.

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

A significant portion of the TCHD's investments in U.S. Agency obligations is in various governmental agency mortgage-backed securities that provide cash flow pass-through of principal and interest payments by mortgagees from underlying pools of mortgage loans. Mortgage backed securities do not have a contractual maturity date and the TCHD is subject to fluctuations in yields from prepayments of these investments.

The TCHD's investments are restricted by law to the investments permitted by the Texas Public Funds Investment Act.

(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. For the implementation of GASB Statement No. 34, prior general infrastructure assets, including infrastructure acquired in fiscal years ended after June 30, 1980, are reported at estimated historical cost using deflated replacement cost.

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

The County records deferred revenue for uncollected taxes, grant revenues and other miscellaneous revenues in the fund financial statements.

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

(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 in the following year.

(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 \$0.274785 (\$0.235486 for the maintenance and operations and \$0.039299 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 May 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 \$0.228217 per \$100 valuation for the maintenance and operation fund in 2002, and \$0.005853 per \$100 valuation for the interest and sinking fund in 2002.

(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.

The composition of net patient service revenue for the year ended September 30, 2002 follows (in thousands):

| | 2002 |
|--|--------------------------|
| Patient services provided: | |
| Inpatient services | \$ 213,213 |
| Outpatient services | 241,435 |
| | <u>454,648</u> |
| Charges forgone for charity care | 171,444 |
| Patient service revenue | <u>283,204</u> |
| Deductions from revenue for contractual allowances | 123,356 |
| Net patient service revenue | <u>159,848</u> |
| Provision for bad debts | <u>41,211</u> |
| Total net patient service revenue | <u><u>\$ 118,637</u></u> |

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

Net patient service revenue of \$121,100,000 for the year ended September 30, 2002 consists of amounts from the Medicare and Medicaid programs of approximately 84%. 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 and Medicaid cost reports for all years before 1998 have been audited and settled as of September 30, 2002.

(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, 2002 the TCHD received approximately \$1,947,000 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 2002 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 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, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvements of these capital assets.

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.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**(a) Explanation of certain differences between the governmental fund balance sheet and the government-wide statements 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 \$186,529 difference are as follows (in thousands):

| | |
|--|--------------------------|
| Bonds payable | \$ 163,415 |
| Less: Deferred charge on refunding (to be amortized as interest expense) | (423) |
| Less: Deferred charge for issuance costs (to be amortized over life of debt) | (293) |
| Less: Issuance discount (to be amortized as interest expense) | (187) |
| Plus: Premium on refunding (to be amortized as interest expense) | 74 |
| Accrued interest payable | 637 |
| Arbitrage payable | 10 |
| Compensated absences | <u>23,296</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i> | <u><u>\$ 186,529</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 \$47,426 difference are as follows (in thousands):

| | |
|--|-------------------------|
| Capital outlay | \$ 59,082 |
| Depreciation expense | <u>(11,656)</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>\$ 47,426</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 \$1,190 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. | \$ (254) |
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | <u>1,444</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>\$ 1,190</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 \$46,996 difference are as follows (in thousands):

| | |
|---|------------------|
| Debt issued or incurred: | |
| Issuance of general obligation bonds | \$ 25,000 |
| Issuance of certificates of obligation bonds | 18,600 |
| Issuance of tax refunding | 19,445 |
| Issuance of tax notes | 28,315 |
| Less discounts | (233) |
| Plus premiums | 86 |
| Issuance cost | (339) |
| Principal repayments: | |
| Previous refunding debt | (4,205) |
| General obligation debt | (100) |
| Certificates of obligation debt | (16,360) |
| Limited tax refund debt | (3,830) |
| Payment to escrow agent for refunding | <u>(19,383)</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>\$ 46,996</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 \$8,181 difference are as follows (in thousands):

| | |
|--|------------------------------|
| Compensated absences | \$ (8,167) |
| Arbitrage | 136 |
| Amortization of deferred charge on refunding | (70) |
| Amortization of issuance costs | (46) |
| Amortization of bond discounts | (46) |
| Amortization of bond premiums | <u>12</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>\$ (8,181)</u></u> |

3. CASH AND INVESTMENTS

Cash

At year-end, the County’s carrying amount of cash (including restricted assets) was \$62,421,939 and the bank balance was \$65,100,826, 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 \$17,055,000 and the bank balance was \$21,981,000. Of the bank balance, \$18,671,000 was covered by Federal Depository Insurance Corporation or by collateral held by TCHD’s agent in TCHD’s name.

On August 31, 2002, MHMRTC’s carrying amount of cash and cash equivalents was (\$239,872) and the bank balance was \$107,320, all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC’s agent in MHMRTC’s name.

Investments

Investments of the County and its component units have been categorized to give an indication of the level of collateral risk assumed at September 30, 2002. Category 1 includes amounts that are insured or registered or for which the securities are held by a third party in the name of the County and its component units. Category 2 includes uninsured or unregistered investments for which securities are held by the counterparty’s trust department in the name of the County and its component units. Category 3 includes uninsured/uncollateralized or unregistered amounts.

During fiscal year 2002, the County had investment agreements with the State of Texas Local Government Investment Pool (TexPool). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and acts as custodian of investments purchased with local investment funds. Also, during fiscal year 2002 the County had investments with the Texas Association of School Boards Lone Star Investment Pool (Lone Star), Texas Cooperative Liquid Asset Securities System administered by MBIA Municipal Investors Service Corporation (MBIA), Local Government Investment Cooperative (LOGIC), and Federated Tax-Free Money Market (Money

Market Mutual Fund). These funds adhere to the Public Funds Investment Act and are authorized investments in the current County investment policy.

These investment pools use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in the funds is the same as the value of the shares. These investments are not required to be categorized since the investor is not issued securities, but rather it owns an undivided beneficial interest in the assets of the respective fund.

At September 30, 2002, the County’s investment balances were as follows (in thousands):

| | <u>Category</u> | | | Fair Value |
|---|-----------------|---|---|-----------------------|
| | 1 | 2 | 3 | |
| U.S. Government Securities | <u>\$7,114</u> | | | <u>\$7,114</u> |
| | <u>\$7,114</u> | | | 7,114 |
| Investments not subject to categorization: | | | | |
| TexPool | | | | 27,804 |
| Money Market Mutual Funds | | | | 2,697 |
| Lone Star | | | | 41,580 |
| MBIA | | | | 19,822 |
| TexStar | | | | <u>15,225</u> |
| | | | | <u>\$114,242</u> |

At September 30, 2002 TCHD’s investment balances were as follows (in thousands):

| | <u>Category</u> | | | Fair Value |
|---|-----------------|---|---|-----------------------|
| | 1 | 2 | 3 | |
| Investments not subject to categorization: | | | | |
| Money Market Mutual Funds | | | | <u>\$ 49,905</u> |
| | | | | <u>\$ 49,905</u> |

At September 30, 2002 TCHD's investment balances classified as assets limited to use were as follows (in thousands):

| | <u>Category</u> | | | <u>Fair Value</u> |
|--|-----------------|------------------|----------|-------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| U. S. Government Securities | | \$ 5,793 | | \$ 5,793 |
| U. S. Government Obligations | | 64,299 | | 64,299 |
| Corporate securities | | <u>335</u> | | <u>335</u> |
| | | <u>\$ 70,427</u> | | 70,427 |
| Investments not subject to categorization: | | | | |
| Money Market Mutual Funds | | | | <u>55,015</u> |
| | | | | <u>\$ 125,442</u> |

At September 30, 2002 TCHD's restricted investment balances were as follows (in thousands):

| | <u>Category</u> | | | <u>Fair Value</u> |
|--|-----------------|----------|----------|-------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| Investments not subject to categorization: | | | | |
| Money Market Mutual Funds | | | | <u>\$ 1,906</u> |
| | | | | <u>\$ 1,906</u> |

At August 30, 2002, MHMRTC's restricted investment balances were as follows (in thousands):

| | <u>Category</u> | | | <u>Fair Value</u> |
|--|-----------------|----------|----------|-------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| Repurchase agreement | <u>\$ 1,365</u> | | | <u>\$ 1,365</u> |
| | <u>\$ 1,365</u> | | | 1,365 |
| Investments not subject to categorization: | | | | |
| Money Market Mutual Funds | | | | <u>11,106</u> |
| | | | | <u>\$ 12,471</u> |

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

| | Primary Government | Component Units |
|---|-------------------------------|-----------------------------|
| Cash: | | |
| County | \$ 9,689 | |
| TCHD | | \$ 17,055 |
| MHMRTC | | (240) |
| Investments: | | |
| County | 114,242 | |
| TCHD | | 49,905 |
| TCHD - assets limited as to use | | 125,442 |
| TCHD - restricted | | 1,906 |
| MHMRTC - restricted | | 12,471 |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$ 123,931</u></u> | <u><u>\$ 206,539</u></u> |
| Cash and investments per combined balance sheet: | | |
| Unrestricted | \$ 123,931 | \$ 77,473 |
| Restricted | | 3,624 |
| Assets limited as to use | | 125,442 |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$ 123,931</u></u> | <u><u>\$ 206,539</u></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 | \$ 10,213 | \$ 30 | \$ 2,315 | \$ 12,558 | \$ 10,926 |
| Allowance for uncollectibles | <u>(3,135)</u> | <u>(18)</u> | <u>(523)</u> | <u>(3,676)</u> | <u>(8,372)</u> |
| Net taxes receivable | <u><u>\$ 7,078</u></u> | <u><u>\$ 12</u></u> | <u><u>\$ 1,792</u></u> | <u><u>\$ 8,882</u></u> | <u><u>\$ 2,554</u></u> |

The following is a summary of 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 | | | | | Other | |
|---------------------------------|-----------------|------------------------|-------------------------|-------------------|---------------------------|------------------|
| | General | Road and Bridge | Capital Projects | Grants | Governmental Funds | Total |
| Accounts receivable | \$ 744 | \$ 139 | \$ 325 | \$ 15,732 | \$ 705 | \$ 17,645 |
| Long-term accounts receivable | 8,880 | | | | | 8,880 |
| Net accounts receivable | <u>\$ 9,624</u> | <u>\$ 139</u> | <u>\$ 325</u> | <u>\$ 15,732</u> | <u>\$ 705</u> | <u>\$ 26,525</u> |
| | | | | Enterprise | Internal Service | Total |
| Business-type Activities | | | | | | |
| Accounts receivable | | | | \$ 223 | \$ 120 | \$ 343 |
| Allowance for uncollectible | | | | | | |
| Net accounts receivable | | | | <u>\$ 223</u> | <u>\$ 120</u> | <u>\$ 343</u> |
| Component Units | | | | TCHD | MHMRTC | Total |
| Accounts receivable | | | | \$ 41,557 | \$ 1,965 | \$ 43,522 |
| Allowance for uncollectible | | | | (21,655) | (827) | (22,482) |
| Net accounts receivable | | | | <u>\$ 19,902</u> | <u>\$ 1,138</u> | <u>\$ 21,040</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 \$110,569,615 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 and third-party payers represent a 56% concentrated group of credit risk for TCHD. Other receivables consist of receivables from various payers 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.

The Government-wide Statement of Net Assets other receivable amount includes fee office accounts receivable of \$19,836,000 with an allowance for uncollectible of \$9,157,000 and also includes the governmental activities-internal service fund receivable of \$120,000.

5. CAPITAL ASSETS

County

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

| | Balance October 1, 2001 | Additions | Disposals | Adjustments | Balance September 30, 2002 |
|--|--|------------------|------------------|--------------------|---|
| Governmental activities: | | | | | |
| Capital assets not depreciated: | | | | | |
| Land | \$ 35,818 | \$ 7,174 | \$ 21 | \$ (853) | 42,118 |
| Construction in progress | | 3,222 | | 1,951 | 5,173 |
| Software development | | 2,259 | | 183 | 2,442 |
| Total capital assets not depreciated | <u>35,818</u> | <u>12,655</u> | <u>21</u> | <u>1,281</u> | <u>49,733</u> |
| Other capital assets: | | | | | |
| Buildings and improvements | 127,755 | 35,215 | | 1,868 | 164,838 |
| Fixed equipment | 91,013 | 7,813 | 2,224 | (50,900) | 45,702 |
| Infrastructure | 43,368 | 4,843 | | | 48,211 |
| Total other capital assets at cost | <u>262,136</u> | <u>47,871</u> | <u>2,224</u> | <u>(49,032)</u> | <u>258,751</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (40,440) | (4,486) | | | (44,926) |
| Fixed equipment | (23,247) | (5,220) | 1,991 | | (26,476) |
| Infrastructure | (18,032) | (1,950) | | | (19,982) |
| Total accumulated depreciation | <u>(81,719)</u> | <u>(11,656)</u> | <u>1,991</u> | <u>-</u> | <u>(91,384)</u> |
| Other capital assets, net | 180,417 | 36,215 | 4,215 | (49,032) | 167,367 |
| Governmental activities capital assets, net | <u>\$ 216,235</u> | <u>\$ 48,870</u> | <u>\$ 4,236</u> | <u>\$ (47,751)</u> | <u>\$ 217,100</u> |
| | | | | | |
| | Balance October 1, 2001 | Additions | Disposals | Adjustments | Balance September 30, 2002 |
| Business-type activities: | | | | | |
| Capital assets not depreciated: | | | | | |
| Land | \$ 116 | \$ - | \$ - | \$ - | \$ 116 |
| Other capital assets: | | | | | |
| Buildings and improvements | 3,150 | 45 | | (31) | 3,164 |
| Major movable equipment | 401 | 16 | | (219) | 198 |
| Total other capital assets at cost | <u>3,551</u> | <u>61</u> | <u>-</u> | <u>(250)</u> | <u>3,362</u> |
| Accumulated depreciation | <u>(1,589)</u> | <u>(156)</u> | | <u>212</u> | <u>(1,533)</u> |
| Other capital assets, net | 1,962 | (95) | - | (38) | 1,829 |
| Business-type activities capital assets, net | <u>\$ 2,078</u> | <u>\$ (95)</u> | <u>\$ -</u> | <u>\$ (38)</u> | <u>\$ 1,945</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|------------------|
| Governmental activities: | |
| General government | \$ 3,405 |
| Public safety | 2,172 |
| Judicial | 1,577 |
| Community services | 182 |
| Transportation | 4,320 |
| Total governmental activities depreciation expense | <u>\$ 11,656</u> |

For the fiscal year ended September 30, 2002, the County changed its policy for capitalization of capital assets to \$5,000 for individual items, except for computers and computer related items, which remain at \$1,500. This resulted in a reduction of capital assets of \$ 47,781,000. Also, the useful life for the proprietary fund's buildings was changed to 20 years from 15 years.

Construction in progress primarily consists of construction costs for the construction of the law center. At September 30, 2002, the remaining commitments on contracts and agreements approximated \$60,805,000.

The County is currently involved in the development and implementation of an enterprise resource planning software. At September 30, 2002, the remaining commitments on contracts and agreements approximated \$11,891,000.

TCHD

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

| | <u>Balance October 1, 2001</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance September 30, 2002</u> |
|--|--|------------------|------------------|---|
| Business-type activities | | | | |
| Capital assets not depreciated: | | | | |
| Land | \$ 3,922 | \$ 1,359 | \$ - | \$ 5,281 |
| Construction in progress | 9,591 | 9,805 | 2,816 | 16,580 |
| Total capital assets not depreciated | <u>13,513</u> | <u>11,164</u> | <u>2,816</u> | <u>21,861</u> |
| Other capital assets: | | | | |
| Buildings and system | 131,483 | 1,077 | 87 | 132,473 |
| Improvements other than buildings | 2,539 | 297 | | 2,836 |
| Machinery and equipment | 119,249 | 6,641 | 543 | 125,347 |
| Total other capital assets at cost | <u>253,271</u> | <u>8,015</u> | <u>630</u> | <u>260,656</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (58,513) | (5,823) | | (64,336) |
| Improvements other than buildings | (1,983) | (128) | | (2,111) |
| Machinery and equipment | (76,785) | (9,085) | 452 | (85,418) |
| Total accumulated depreciation | <u>(137,281)</u> | <u>(15,036)</u> | <u>452</u> | <u>(151,865)</u> |
| Other capital assets, net | 115,990 | (7,021) | 1,082 | 108,791 |
| Business-type activities capital assets, net | <u>\$ 129,503</u> | <u>\$ 4,143</u> | <u>\$ 3,898</u> | <u>\$ 130,652</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|-------------------------|
| Business-type activities: | |
| Hospital | <u>\$ 15,036</u> |
| Total business-type activities depreciation expense | <u><u>\$ 15,036</u></u> |

Construction in progress primarily consists of construction costs for renovation of the TCHD's facilities and construction of a public health building and central plant. At September 30, 2002, the remaining commitments on contracts and agreements approximated \$13,073,000.

MHMRTC

A summary of changes in general fixed asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2002, is as follows (in thousands):

| | <u>Balance September 1, 2001</u> | <u>Additions</u> | <u>Retirements</u> | <u>Adjustments</u> | <u>Balance August 31, 2002</u> |
|---|--|----------------------|-----------------------|-----------------------|--|
| Governmental activities: | | | | | |
| Capital assets not depreciated: | | | | | |
| Land | \$ 945 | | | | \$ 945 |
| Total capital assets not depreciated | <u>945</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>945</u> |
| Other capital assets: | | | | | |
| Buildings and improvements | 6,198 | | \$ (5) | | 6,193 |
| Equipment and furniture | 5,731 | \$ 1,203 | (1,376) | \$ (306) | 5,252 |
| Total other capital assets at cost | <u>11,929</u> | <u>1,203</u> | <u>(1,381)</u> | <u>(306)</u> | <u>11,445</u> |
| Less accumulated depreciation | <u>(7,201)</u> | <u>(1,034)</u> | <u>1,349</u> | <u>251</u> | <u>(6,635)</u> |
| Governmental activities capital assets, net | <u><u>\$ 5,673</u></u> | <u><u>\$ 169</u></u> | <u><u>\$ (32)</u></u> | <u><u>\$ (55)</u></u> | <u><u>\$ 5,755</u></u> |

| | <u>Balance September 1, 2001</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance August 31, 2002</u> |
|--|--|------------------------|-----------------------|--|
| Business-type activities: | | | | |
| Other capital assets: | | | | |
| Buildings and improvements | \$ 99 | \$ 87 | | \$ 186 |
| Furniture and equipment | 325 | | | 325 |
| Vehicles | 2,128 | 125 | \$ (236) | 2,017 |
| Total other capital assets at cost | <u>2,552</u> | <u>212</u> | <u>(236)</u> | <u>2,528</u> |
| Accumulated depreciation | <u>(1,204)</u> | <u>(353)</u> | <u>193</u> | <u>(1,364)</u> |
| Business-type activities capital assets, net | <u><u>\$ 1,348</u></u> | <u><u>\$ (141)</u></u> | <u><u>\$ (43)</u></u> | <u><u>\$ 1,164</u></u> |

Depreciation expense was charged to functions as follows:

| | |
|--|-----------------|
| Governmental activities: | |
| Mental Health Adult | \$ 492 |
| Mental Retardation | 401 |
| Substance Abuse | 79 |
| Early Childhood Intervention | 62 |
| Total governmental activities depreciation expense | <u>\$ 1,034</u> |

For the fiscal year ended August 31, 2002, MHMRTC changed its policy for capitalization of capital assets to \$1,000 for individual items. This resulted in a reduction of the book value of capital assets of \$55,209.

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, 2002 (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 2019 | \$ 19,215 |
| 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 | 25,000 |
| Limited Tax Refunding - Series 1994 with interest rates from 4.5% to 5.1%, payable in annual installments in varying amounts plus interest through 2010 | 20,415 |
| Limited Tax Refunding - Series 2002 with interest rates from 3.0% to 4.0%, payable in annual installments in varying amounts plus interest through 2008 | 19,045 |
| Certificates of Obligation - Series 1997A with interest at 4.25%, payable in annual installments in varying amounts plus interest through 2003 | 2,875 |
| Certificates of Obligation - Series 1997B with interest at 4.25%, payable in annual installments in varying amounts plus interest through 2003 | 1,100 |

| | |
|---|-------------------|
| Certificates of Obligation - Series 1998 with interest from 3.8% to 4.0%, payable in annual installments of varying amounts plus interest through 2004 | 5,200 |
| Certificates of Obligation - Series 1999 with interest from 4.75% to 5.0%, payable in annual installments of varying amounts plus interest through 2004 | 6,265 |
| Certificates of Obligation - Series 2000 with interest at 4.75%, payable in annual installments of varying amounts plus interest through 2005 | 7,580 |
| Certificates of Obligation - Series 2001 with interest at 4.0%, payable in annual installments of varying amounts plus interest through 2006 | 9,805 |
| Certificates of Obligation - Series 2002 with interest from 2.5% to 3.5%, payable in annual installments of varying amounts plus interest through 2008 | 18,600 |
| Taxable Tax Notes - Series 2002 with interest at 5.65%, payable in full in 2007 | <u>28,315</u> |
| | 163,415 |
| Less - current maturities | <u>22,215</u> |
| Long-term debt, net of current maturities | 141,200 |
| Less - unamortized premium and discount | <u>113</u> |
| Long-term debt, net of current maturities, premium and discount | <u>\$ 141,087</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 | | Taxable Tax Notes | | Total Principal & Interest |
|--------------|--------------------|------------------|----------------------------|-----------------|-----------------------------|-----------------|-------------------|-----------------|----------------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2003 | \$ 1,425 | \$ 2,188 | \$ 14,275 | \$ 1,999 | \$ 6,515 | \$ 1,631 | | \$ 2,133 | \$ 30,166 |
| 2004 | 1,550 | 2,068 | 14,210 | 1,361 | 6,330 | 1,402 | | 1,600 | 28,521 |
| 2005 | 1,630 | 1,985 | 8,730 | 793 | 6,165 | 1,161 | | 1,600 | 22,064 |
| 2006 | 1,715 | 1,905 | 6,330 | 477 | 6,015 | 908 | | 1,600 | 18,950 |
| 2007 | 1,805 | 1,822 | 3,865 | 261 | 5,860 | 658 | \$ 28,315 | 1,599 | 44,185 |
| 2008-2012 | 10,535 | 7,737 | 4,015 | 141 | 8,575 | 696 | | | 31,699 |
| 2013-2017 | 13,565 | 5,018 | | | | | | | 18,583 |
| 2018-2022 | 11,990 | 1,598 | | | | | | | 13,588 |
| Total | <u>\$ 44,215</u> | <u>\$ 24,321</u> | <u>\$ 51,425</u> | <u>\$ 5,032</u> | <u>\$ 39,460</u> | <u>\$ 6,456</u> | <u>\$ 28,315</u> | <u>\$ 8,532</u> | <u>\$ 207,756</u> |

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2002 (in thousands):

| | Balance October 1, 2001 | Additions | Retirements | Balance September 30, 2002 | Amounts Due within One year |
|------------------------------|--|--------------------------|-------------------------|---|--|
| Bonds payable | \$ 115,440 | \$ 91,360 | \$ 43,385 | \$ 163,415 | \$ 22,215 |
| Arbitrage payable | 146 | | 136 | 10 | 10 |
| Accrued compensated absences | <u>15,129</u> | <u>19,950</u> | <u>11,505</u> | <u>23,574</u> | <u>12,778</u> |
| Total | <u><u>\$ 130,715</u></u> | <u><u>\$ 111,310</u></u> | <u><u>\$ 55,026</u></u> | <u><u>\$ 186,999</u></u> | <u><u>\$ 35,003</u></u> |

In 2002, the 2002 Certificates of Obligation were issued to purchase equipment, machinery, motor vehicles, and improve, renovate and repair County-owned buildings. During the same year 2002 General Obligation bonds were issued to construct and equip the law center and associated parking garage. In addition, the County issued 2002 Tax Notes for the purpose of acquiring an existing building in downtown Fort Worth. The County has agreed to lease the building to the current tenant until December 31, 2004, with the option to extend the term for an additional six months. These new issues totaled \$71,915,000.

The County issued \$19,445,000, at a premium of \$86,000, general obligation refunding bonds. These were placed in an irrevocable trust to provide for all future debt service payments of general obligation refunding bonds totaling \$18,890,000. As a result, the refunded bonds are considered defeased, and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$492,700. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by \$943,090 and resulted in an economic gain of \$837,526.

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, 2002, none of the bonds outstanding are considered defeased.

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

TCHD

Long-term debt of TCHD consisted of the following at September 30, 2002 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$260, bearing interest at rates ranging from 2.0% to 5.5%, payable in annual installments ranging from \$600 to \$2,790 from 2003 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral

\$ 41,200

General Obligation Refunding Bonds, Series 1999:

Current Interest Bonds, net of unamortized discount of \$12, bearing interest at rates ranging from 4.1% to 4.5%, payable in annual installments ranging from \$1,190 to \$1,255 from 2003 through 2005; ad valorem tax revenue is pledged as collateral

3,653

44,853

Less - current maturities

1,855

Long-term debt, net of current maturities

\$ 42,998

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

| Fiscal Year | General Refunding Bonds | | Revenue Bonds | | Capital Leases | | Total Principal & Interest |
|------------------|-------------------------|---------------|------------------|------------------|-----------------|-----------------|----------------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2003 | \$ 1,255 | \$ 161 | \$ 600 | \$ 2,335 | \$ 562 | \$ 481 | \$ 5,394 |
| 2004 | 1,220 | 107 | 1,010 | 1,925 | 601 | 443 | 5,306 |
| 2005 | 1,190 | 54 | 1,025 | 1,903 | 642 | 402 | 5,216 |
| 2006 | | | 1,055 | 1,875 | 685 | 358 | 3,973 |
| 2007 | | | 1,090 | 1,843 | 732 | 311 | 3,976 |
| 2008-2012 | | | 6,060 | 8,607 | 4,220 | 736 | 19,623 |
| 2013-2017 | | | 7,580 | 7,080 | | | 14,660 |
| 2018-2022 | | | 9,865 | 4,884 | | | 14,749 |
| 2023-2027 | | | 12,655 | 2,001 | | | 14,656 |
| Add - premium | | | 260 | | | | 260 |
| Less - discounts | (12) | | | | | | (12) |
| Total | \$ 3,653 | \$ 322 | \$ 41,200 | \$ 32,453 | \$ 7,442 | \$ 2,731 | \$ 87,801 |

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2002 (in thousands):

| | Balance October 1, 2001 | Additions | Retirements | Balance September 30, 2002 |
|----------------|-------------------------|------------------|-----------------|----------------------------|
| Bonds payable | \$ 9,598 | \$ 41,203 | \$ 5,948 | \$ 44,853 |
| Capital leases | 8,011 | | 569 | 7,442 |
| Total | \$ 17,609 | \$ 41,203 | \$ 6,517 | \$ 52,295 |

Interest costs capitalized during 2002 were \$425,000.

MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2002 (in thousands):

| | |
|--|-----------------|
| General obligation Refunding Bonds, Series 1993 with interest rates from 4.65% to 5.5%, payable in varying amounts annually through 2013 | \$ 3,824 |
| Less - current maturities | <u>295</u> |
| Long-term debt, net of current maturities | <u>\$ 3,529</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 Principal & Interest |
|-------------|------------------------------------|-----------------|----------------------------|
| | Principal | Interest | |
| 2003 | \$ 295 | \$ 196 | \$ 491 |
| 2004 | 310 | 180 | 490 |
| 2005 | 330 | 164 | 494 |
| 2006 | 350 | 146 | 496 |
| 2007 | 370 | 127 | 497 |
| 2008-2012 | <u>2,169</u> | <u>365</u> | <u>2,534</u> |
| Total | <u>\$ 3,824</u> | <u>\$ 1,178</u> | <u>\$ 5,002</u> |

In November 2001, MHMRTC entered into an agreement with BancOne for a line of credit of \$701,922 for the purchase of information systems equipment. The Center agreed to pay the Bank in equal monthly installments of principal and interest of \$20,708 beginning on December 29, 2001 regardless of the amount drawn down at the time of repayment. At year-end, \$382,935 had been drawn on this line of credit.

During fiscal year 1994, MHMRTC issued \$6,213,500 of tax-exempt bonds, proceeds from the sale of which were used for the refunding of the remaining principal outstanding on the fiscal year 1991 bond issuance, reimbursement of certain construction expenditures and purchase of vehicles. As a result, the 1991 series bonds are considered to be defeased and the liability for these bonds has been removed. The balance of these refunded bonds at August 31, 2002 was \$2,340,000. At August 31, 2002, MHMRTC had a restricted investment of \$1,365,316 held by an escrow agent to be used for principal and interest payments on the series 1993 bonds as required by the bond contract. All restricted cash and investments related to this bond issue, accounts receivable, receivables from other governments and property acquired with bond proceeds are pledged as collateral.

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2002 (in thousands):

| | Balance September 1, 2001 | Additions | Retirements | Balance August 31, 2002 | Due Within One Year |
|----------------------------------|---------------------------|-----------------|-----------------|-------------------------|---------------------|
| Accrued compensated absences | \$ 597 | | | \$ 597 | |
| Obligations under capital leases | 185 | \$ 837 | \$ (347) | 675 | \$ 326 |
| Line of credit | | 383 | (168) | 215 | 215 |
| Tax-exempt bonds | 4,109 | | (285) | 3,824 | 295 |
| Total | <u>\$ 4,891</u> | <u>\$ 1,220</u> | <u>\$ (800)</u> | <u>\$ 5,311</u> | <u>\$ 836</u> |

Conduit Debt - TCHFC, TCIDC and TCHFDC issue revenue bonds to promote housing development, commercial and industrial and manufacturing enterprises, and health facilities, respectively. TCHFC, TCIDC and TCHFDC 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 and TCHFDC 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 Principal Amount September 30, 2002 |
|--------------------------------------|--|
| Multifamily (Amherst Association) 85 | \$ 8,620 |
| Multifamily (Arbors/Central Park) 90 | 6,515 |
| Multifamily (Arbors/Oakmont) 90 | 4,285 |
| Multifamily (Royal Meadows) 85 | 5,100 |
| Multifamily (Lincoln Meadows) 88 | 10,755 |
| Multifamily (S F Apartments) 93 | 7,050 |
| Multifamily (Somerset Project) 95 | 30,461 |
| Multifamily (Summit on the Lake) 97A | 3,475 |
| Multifamily (Summit on the Lake) 97B | 1,000 |
| Multifamily (Bending Oaks Brook) 94A | 5,013 |
| Multifamily (Bending Oaks Brook) 94B | 6,416 |
| Multifamily (Bending Oaks Brook) 95 | 9,709 |
| Multifamily (Windcastle Project) 96 | 7,334 |
| Multifamily (Emerald Oaks) 89 | 6,200 |
| Multifamily (Grayson Square) 89 | 6,570 |
| Multifamily (Hayden's Crossing) 89 | 2,825 |
| Multifamily (Fair Oaks) 2000A | 6,565 |
| Multifamily (Fair Oaks) 2000B | 210 |
| Multifamily (Fair Oaks) 2000C | 760 |
| Multifamily (Fair Oaks) 2000D | 1,085 |
| Multifamily (Hurst Manor) 1998 | 2,915 |
| Multifamily (Hurst Manor) 1998T | 26 |
| Multifamily (Sierra Springs) 1999 | 8,335 |
| Multifamily (Windrush) 1999A | 11,780 |
| Multifamily (Windrush) 1999B | 235 |
| Remington Hill Development 1998 | 13,880 |
| Multifamily (Bardin Greene) 2001 | 17,715 |
| Multifamily (Bardin Greene) 2001T | 950 |
| Multifamily (Legacy) 2001 | 10,627 |
| Multifamily (Legacy) 2001T | 650 |
| Multifamily (Lost Spurs) 2001 | 15,210 |
| Multifamily (Lost Spurs) 2001T | 750 |
| Multifamily (Chatham Creek) 2001 | 13,100 |
| Multifamily (Chatham Creek) 2001T | 275 |
| Multifamily (Palm House) 2001A | 6,000 |
| Multifamily (Palm House) 2001B | 150 |

| | |
|---|-------------------|
| Multifamily (Westridge) 2001A | 5,120 |
| Multifamily (Westridge) 2001B | 240 |
| Multifamily (Westridge) 2001C | 475 |
| Multifamily (Westridge) 2001D | 470 |
| Multifamily (Crossroads) 2001A | 13,835 |
| Multifamily (Crossroads) 2001B | 630 |
| Multifamily (Crossroads) 2001C | 1,525 |
| Multifamily (Manitoba) 2001A | 7,450 |
| Multifamily (Manitoba) 2001B | 250 |
| Multifamily (Quail Ridge) 2002A | 7,100 |
| Multifamily (Quail Ridge) 2002B | 250 |
| Multifamily (Arlington Seniors) 2002 | 12,825 |
| Single family 1985 A | 83,763 |
| Single family 1993 – Tax | 110 |
| Single family (GNMA) 94 | 5,540 |
| Single Family 1997 | 5,920 |
| Single family 1998 | 18,129 |
| Bear Creek | 14,775 |
| The Courtyards at Riverpark 1985 series | 3,225 |
| Single Family 1998 Refunding | 11,171 |
| TCHFDC (Lincoln Meadows) 88 | 10,755 |
| | <hr/> |
| Total Conduit Debt | <u>\$ 436,104</u> |

For certain Single Family debt issues, the trustee declared an event of default due to insufficient funds being on hand with the trustee to allow it to make the sinking fund redemption payments due. The event has not been cured and is ongoing.

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

| User Corporation | Outstanding Principal Amount September 30, 2002 |
|--|---|
| 3927 Foundation, Inc. Project | \$ 16,680 |
| Fort Worth Osteopathic Hospital, Inc. Project 93 | 48,265 |
| Fort Worth Osteopathic Hospital, Inc. Project 96 | 21,675 |
| Forth Worth Osteopathic Hospital Project 97 | 13,570 |
| Adventist Health System/Sunbelt 89A | 6,055 |
| Adventist Health System/Sunbelt 92 | 3,205 |
| Adventist Health System/Sunbelt 93 | 9,165 |
| Adventist Health System/Sunbelt 95 | 5,595 |
| Adventist Health System/Sunbelt 96A | 13,000 |
| Adventist Health System/Huguley Place 93 | 3,765 |
| Adventist Health System/Sunbelt 97A | 8,490 |
| Adventist Health System/Sunbelt 98 | 14,535 |
| South Central Nursing Homes Tax Exempt (1997A) | 9,355 |
| South Central Nursing Homes Taxable Mortgage (1997B) | 45 |
| Hospital Revenue Bonds, Series 2000 | 33,570 |

| | |
|---|---------------------|
| Harris Methodist Health Systems 87A | 11,805 |
| Harris Methodist Health Systems 87B | 24,070 |
| Harris Methodist Health Systems 94 | 88,920 |
| Harris Methodist Health Systems 96 | 84,740 |
| Texas Health Resources Series 97 | 413,790 |
| 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 | 9,780 |
| Heritage Valley Gardens, Brownsville Series B | 1,850 |
| Carter Blood Care Series 98 | 12,300 |
| Harvest Communities of Houston Series 1999-A | 5,053 |
| Harvest Communities of Houston Series 1999-B | 347 |
| Bethesda Living Centers-Bethesda Gardens Series 1998C | 8,770 |
| Westchester Retirement Community Project 98A | 26,775 |
| Westchester Retirement Community Project 98B | 1,315 |
| Westchester Retirement Community Project 98C | 2,500 |
| Baylor 2002A FAST | 83,665 |
| Cumberland Rest, Inc. Series 2002 | 18,000 |
| | <hr/> |
| Total Conduit Debt | <u>\$ 1,031,975</u> |

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

- Harvest Communities of Houston Series 1999 A
- Harvest Communities of Houston Series 1999 B
- Westchester Retirement Community Project 98 A
- Westchester Retirement Community Project 98 B
- Westchester Retirement Community Project 98 C

This matter is not yet resolved by the TCHFDC.

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

| User Corporation | Outstanding Principal Amount September 30, 2002 |
|---|--|
| Holden Business Forms | \$ 3,505 |
| Fox Meyer – TBL, Inc. | 5,000 |
| Sterigenics International Inc. Project Ser 1997 | 5,075 |
| Mortex Products, Inc. | 4,000 |
| | <hr/> |
| Total Conduit Debt | <u>\$ 17,580</u> |

7. RELATED PARTY TRANSACTIONS

Partners Together for Health (Partners) is a nonprofit organization whose purpose is to perform services on behalf of the TCHD, including organizing fund-raising activities, performing patient assistance programs, participating in recruiting functions and conducting administrative services. The TCHD reimburses Partners for its expenses through a contracted fee arrangement, which is currently \$207,000 per year. Partners' Board of Directors is independent of the TCHD's Board of Managers with the exception of one TCHD board member. As the TCHD has no voting power, there is no significant control over Partners to warrant consolidation into the TCHD's combined financial statements.

8. CHANGES IN AGENCY FUND - MHMRTC

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

| | Balance September 1, 2001 | Additions | Deletions | Balance August 31, 2002 |
|--------------------------------|--|------------------|------------------|--|
| Cash | <u>\$ 536</u> | <u>\$ 3,247</u> | <u>\$ 3,358</u> | <u>\$ 425</u> |
| Client custodian funds payable | <u>\$ 536</u> | <u>\$ 3,247</u> | <u>\$ 3,358</u> | <u>\$ 425</u> |

9. DEFICIT FUND BALANCES/NET ASSETS

The following is a summary of County funds which had a deficit fund balance or deficit net assets as of September 30, 2002 (in thousands):

| | |
|-----------------------|-------|
| Self-insurance | 490 |
| Worker's Compensation | 7,525 |

The County plans to reduce the deficit in these funds with future revenues.

10. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2002 and for the year then ended (in thousands):

| Operating transfer From | Amount | Operating transfer To | Explanation |
|----------------------------|------------------|--------------------------|--|
| General Fund | \$ 1,457 | Grants Fund | Required match and supplement fund sources |
| General Fund | 2,854 | Capital Projects Fund | Supplement Capital funds |
| General Fund | 179 | Other Governmental | Required match and supplement fund sources |
| Road and Bridge | 3,345 | Capital Projects Fund | Supplement Capital funds |
| Road and Bridge | 2,792 | General Fund | Supplement Road and Bridge |
| Capital Projects Fund | 8 | Debt Service Fund | Supplement Debt Service fund |
| Other Governmental | 638 | General Fund | Reimburse for courthouse security |
| Internal Service | 376 | Other Governmental | Forfeited contributions |
| Grants Fund | 430 | Other Governmental | Required match and supplement fund sources |
| Other Governmental | 55 | Other Governmental | Required match and supplement fund sources |
| Other Governmental | 567 | Grants Fund | Required match and supplement fund sources |
| | <u>\$ 12,701</u> | | |

| Funds Due From | Amount | Funds Due To | Explanation |
|----------------|-----------------|--------------------|-----------------|
| General | \$ 5,762 | Grants Fund | Short-term loan |
| General | 362 | Other Governmental | Short-term loan |
| | <u>\$ 6,124</u> | | |

11. TEXAS DISPROPORTIONATE SHARE PROGRAM – TCHD

In response to the growing number of uninsured patients, urban violence, drug abuse and the rising costs of healthcare, 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 2002, TCHD recorded revenues of approximately \$47,885,000 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 509 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 2001, and 10.01% for the months of the accounting year in 2002. The contribution rate payable by the employee members for calendar year 2002 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, 2002, the annual pension cost for the TCDRS plan for its employees was \$16,490,936 and the actual contributions were \$16,490,936. 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, 1999 and December 31, 2000, the basis for determining the contribution rates for calendar years 2001 and 2002. The December 31, 2001 actuarial valuation is the most recent valuation.

| Actuarial Valuation Information | | | |
|---|--|--|--|
| Actuarial valuation date | 12/31/1999 | 12/31/2000 | 12/31/2001 |
| 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 | 5.9% | 5.9% | 5.5% |
| Inflation | 4.0% | 4.0% | 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 |
|--------------------------------------|--|--|---------------------------------------|
| Sept 30, 2000 | \$ 14,217,028 | 100% | 0 |
| Sept 30, 2001 | 15,445,569 | 100% | 0 |
| Sept 30, 2002 | 16,490,936 | 100% | 0 |

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 663 retirees and 204 of their dependents receiving benefits. For the year ended September 30, 2002, the County incurred \$1,227,429 in health insurance premiums and the retirees contributed \$404,579. The County pays the entire cost for EAP coverage of \$6,222 while the retirees pay the entire cost of the dental insurance premiums.

TCHD

a. Plan Description

The 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 the 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 Status

The Board of Managers of the 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. The 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. The 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 3.4% of estimated participant compensation for the plan year ended September 30, 2002. 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, 2002, the TCHD's annual pension cost was \$1,503,882, the same as the annual required contributions determined in the October 1, 2001 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2002 were based on the results of the actuarial valuation as of October 1, 2001 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 8% 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.

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. Effective October 1, 1993, the plan was amended to allow employees to contribute 5% of earnings with MHMRTC contributing 10% of earnings to participating employees. The plan was also amended to allow loans by participants. Prior to this amendment, the plan allowed an employee to contribute 1% of earnings to the plan with MHMRTC matching the employee's contributions at a rate of 4%. Participants were granted a one-time choice to remain with the 1-4 match, and certain employees chose to remain in the plan. The 1-4 plan is no longer an option. On October 17, 1997, the plan was amended reducing the employer contribution to 8%. Participants start to vest in the employer's contribution at the completion of one year of service with 100% vesting occurring after five years. 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 plans. For the year ended August 31, 2002, covered payroll was approximately \$18,913,900; total payroll, excluding temporary service personnel, was approximately \$36,707,610. 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 |
|--------------------|-------------------------------|-------------------------------|-------------------------------|
| 2000 | \$ 1,481,351 | \$ 925,844 | 100% |
| 2001 | 1,495,568 | 934,730 | 100% |
| 2002 | 1,513,112 | 945,695 | 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 2002 was \$1,497,630, and \$3,786,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2002. Such assets totaled approximately \$675,006 at August 31, 2002.

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, 2002 are as follows (in thousands):

| Year Ending August 31, | Operating Leases | Capital Leases |
|--|---------------------|-------------------|
| 2003 | \$ 1,849 | \$ 336 |
| 2004 | 1,155 | 291 |
| 2005 | 588 | 65 |
| 2006 | 312 | |
| 2007 | 60 | |
| | <hr/> | <hr/> |
| Total minimum lease payment | <u>\$ 3,964</u> | 692 |
| Less amount representing interest | | <u>(17)</u> |
| Present value of future minimum lease payments | | <u>\$ 675</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, 2002 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 general-purpose 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, 2002 is 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, 2002 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.

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 | \$ 50,000 |
| Boilers | 5,000 |
| Scheduled equipment | 1,000 |

For the year ended September 30, 2002 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, 2002.

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 group health care program. Specifically, employees are offered options for group health coverage, only one of which provides an insured coverage based on fixed premiums paid by the County. Dental coverage is offered with one option being an uninsured indemnity plan, and all other options being fixed premium Dental Maintenance

Organization plans. At September 30, 2002, 3389 and 3103 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):

| | 2002 | 2001 |
|----------------------------|-------------------|-------------------|
| Beginning liability | \$10,717 | \$10,097 |
| New claims/adjustments | 3,533 | 3,858 |
| Claims paid/adjustments | (3,533) | (3,858) |
| Other - change in estimate | 1,316 | 620 |
| | <u> </u> | <u> </u> |
| Ending liability | <u>\$12,033</u> | <u>\$10,717</u> |

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, 2001 through August 31, 2003. Similar coverage was purchased for periods prior to September 1, 2001.

Self-insurance reserves for professional and general liability are estimated for asserted and unasserted claims based on TCHD's historical experience and opinion of legal counsel. Professional and general liability reserves totaled \$7,067,000 at September 30, 2002. It is the opinion of TCHD's management that the estimated reserves at September 30, 2002 are adequate to provide for potential losses resulting from pending or threatened litigation and asserted and unasserted claims. However, the ultimate cost of the pending litigation and claims will not be determined for several years and losses may exceed recorded accruals.

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. Workers' compensation and health insurance reserves totaled \$3,994,000 at September 30, 2002, which is recorded in other accrued liabilities. Claims paid during 2002 related to workers' compensation and health insurance totaled approximately \$10,722,000. Expenses related to workers' compensation and health insurance totaled approximately \$11,699,000 during 2002.

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

| | 2002 | 2001 |
|---------------------|-----------------|-----------------|
| Beginning liability | \$ 6,580 | \$ 6,026 |
| New claims | 11,209 | 7,450 |
| Claims paid | <u>(10,722)</u> | <u>(6,896)</u> |
| Ending liability | <u>\$ 7,067</u> | <u>\$ 6,580</u> |

16. TAX INCREMENT FINANCING AGREEMENTS

The County is involved in several tax increment financing agreements (TIF) as illustrated in the following table (in thousands):

| Name | Percentage Committed | Taxes Forgone During 2002 |
|---------------------------------|-------------------------|------------------------------|
| Grapevine Mills | 100% | \$ 488 |
| City of Southlake | 100% | 169 |
| City of Fort Worth #3 | 100% | 101 |
| City of Colleyville | 100% | 84 |
| City of Grand Prairie #2 | 75% | 83 |
| City of Keller | 66% | 47 |
| City of North Richland Hills #2 | 100% | 35 |
| City of North Richland Hills #1 | 100% | 18 |
| Downtown Arlington | 100% | 11 |
| City of Grand Prairie #3 | 75% | 1 |

During the year, the County agreed to participate in City of Fort Worth TIF #4. There were no taxes forgone during 2002.

* * * * *

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 SUPPLEMENTAL INFORMATION

(Amounts in thousands)
(UNAUDITED)

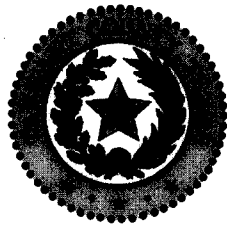
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Annual Covered Payroll | Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|-----------------------------------|---|-----------------|------------------------------|---|
| 12/31/1999 | \$ 253,202 | \$ 312,810 | \$ 59,608 | 80.94% | \$ 135,190 | 44.09% |
| 12/31/2000 | 281,361 | 341,930 | 60,569 | 82.29% | 144,628 | 41.88% |
| 12/31/2001 | 313,026 | 380,341 | 67,315 | 82.30% | 156,134 | 43.11% |

TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND & ROAD AND BRIDGE
 FOR THE YEAR ENDED SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | General Fund | | | | | Variance Positive (Negative) |
|---|------------------|--|-----------------------------|--------------------|-----------------|------------------------------------|
| | Actual | Adjustment to Budgetary Basis | Actual (Budget Basis) | Original Budget | Final Budget | |
| REVENUES: | | | | | | |
| Taxes, licenses and permits | \$171,851 | \$ 31 | \$ 171,882 | \$171,809 | \$171,809 | \$ 42 |
| Fees of office | 22,383 | (36) | 22,347 | 20,059 | 20,059 | 2,324 |
| Intergovernmental | 12,374 | 18 | 12,392 | 10,601 | 12,745 | (371) |
| Investment income | 2,059 | 374 | 2,433 | 3,298 | 3,298 | (1,239) |
| Other revenues | 9,679 | (59) | 9,620 | 10,245 | 8,101 | 1,578 |
| Total revenues | 218,346 | 328 | 218,674 | 216,012 | 216,012 | 2,334 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 47,100 | 27 | 47,127 | 69,515 | 65,921 | 18,821 |
| Public safety | 85,486 | (12) | 85,474 | 90,511 | 91,176 | 5,690 |
| Transportation support | | | | | | |
| Judicial | 68,730 | 33 | 68,763 | 66,906 | 70,432 | 1,702 |
| Community services | 5,844 | | 5,718 | 6,046 | 6,135 | 291 |
| Capital outlay | | | | | | |
| Debt service: | | | | | | |
| Principal payments | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total expenditures | 207,160 | (78) | 207,082 | 232,978 | 233,664 | 26,504 |
| Excess (deficiency) of revenues over (under) expenditures | 11,186 | 406 | 11,592 | (16,966) | (17,652) | 28,838 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Operating transfers in | 3,430 | | 3,430 | 3,372 | 3,372 | 58 |
| Operating transfers out | (4,490) | | (4,490) | (5,406) | (4,720) | 230 |
| Total other financing sources (uses) | (1,060) | - | (1,060) | (2,034) | (1,348) | 288 |
| Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures | 10,126 | 406 | 10,532 | (19,000) | (19,000) | 29,126 |
| FUND BALANCES, beginning of year | 36,196 | (12,163) | 24,033 | 19,000 | 19,000 | 17,196 |
| FUND BALANCES, end of year | \$ 46,322 | \$(11,757) | \$ 34,565 | \$ - | \$ - | \$46,322 |

| Road and Bridge | | | | | |
|------------------|--|-----------------------------|--------------------|-----------------|------------------------------------|
| Actual | Adjustment to Budgetary Basis | Actual (Budget Basis) | Original Budget | Final Budget | Variance Positive (Negative) |
| \$ 3 | | \$ 3 | \$ 2 | \$ 2 | \$ 1 |
| 23,688 | 138 | 23,826 | 23,535 | 23,535 | 153 |
| 24 | (1) | 23 | 23 | 23 | 1 |
| 306 | 0 | 306 | 270 | 270 | 36 |
| 49 | (10) | 39 | 15 | 15 | 34 |
| 24,070 | 127 | 24,197 | 23,845 | 23,845 | 225 |
| 17,230 | 173 | 17,403 | 26,408 | 26,408 | (9,178) |
| <u>17,230</u> | <u>173</u> | <u>17,403</u> | <u>26,408</u> | <u>26,408</u> | <u>(9,178)</u> |
| 6,840 | (46) | 6,794 | (2,563) | (2,563) | 9,403 |
| <u>(6,137)</u> | <u> </u> | <u>(6,137)</u> | <u>(6,137)</u> | <u>(6,137)</u> | <u>-</u> |
| <u>(6,137)</u> | <u>-</u> | <u>(6,137)</u> | <u>(6,137)</u> | <u>(6,137)</u> | <u>-</u> |
| 703 | (46) | 657 | (8,700) | (8,700) | 9,403 |
| <u>12,829</u> | <u>(2,238)</u> | <u>10,591</u> | <u>8,700</u> | <u>8,700</u> | <u>4,129</u> |
| <u>\$ 13,532</u> | <u>\$ (2,284)</u> | <u>\$ 11,248</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,532</u> |



NONMAJOR GOVERNMENTAL FUNDS

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

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 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 FUND

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. Monies are also collected from forfeitures resulting from narcotics related activities.

MISCELLANEOUS TRUST FUNDS

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

COURT DESIGNATED FUND

This fund was established to account for the collection and expenditures of monies collected for court ordered designation, 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 purposes 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, 2002 (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 | \$ 734 | \$ 1,399 | \$ 109 | \$ 806 | \$ 1,278 |
| Other receivables, net of allowance for uncollectibles | | | | | |
| Supplies and prepaid items | <u>2</u> | <u>85</u> | <u></u> | <u>12</u> | <u></u> |
| TOTAL ASSETS | <u>\$ 736</u> | <u>\$ 1,484</u> | <u>\$ 109</u> | <u>\$ 818</u> | <u>\$ 1,278</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 168 | \$ 206 | \$ 31 | \$ 51 | \$ 10 |
| Other liabilities | | | | | 695 |
| Due to other funds | | | | | |
| Deferred revenue | <u></u> | <u></u> | <u></u> | <u></u> | <u></u> |
| Total liabilities | <u>168</u> | <u>206</u> | <u>31</u> | <u>51</u> | <u>705</u> |
| <u>FUND BALANCES</u> | | | | | |
| Reserved: | | | | | |
| For encumbrances | 7 | 23 | | 50 | |
| For supplies and prepaid items | 2 | 85 | | 12 | |
| Unreserved, undesignated | <u>559</u> | <u>1,170</u> | <u>78</u> | <u>705</u> | <u>573</u> |
| Total fund balances | <u>568</u> | <u>1,278</u> | <u>78</u> | <u>767</u> | <u>573</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 736</u> | <u>\$ 1,484</u> | <u>\$ 109</u> | <u>\$ 818</u> | <u>\$ 1,278</u> |

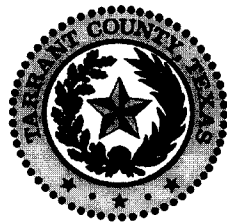
| <u>Sheriff Contracts</u> | <u>Miscellaneous Contracts</u> | <u>Court Designated Funds</u> | <u>Vehicle Inventory Tax</u> | <u>Consumer Health</u> | <u>Housing Finance Corporation</u> | <u>Industrial Development Corporation</u> | <u>Total</u> |
|------------------------------|------------------------------------|---------------------------------------|--------------------------------------|----------------------------|--|---|----------------------------|
| \$ 530 | \$ 1,499 | \$ 489 | \$ 163 | \$ 77 | \$ 2,877 | \$ 84 | \$10,045 |
| 18 | 687 | | | | | | 705 99 |
| <u>\$ 548</u> | <u>\$ 2,186</u> | <u>\$ 489</u> | <u>\$ 163</u> | <u>\$ 77</u> | <u>\$ 2,877</u> | <u>\$ 84</u> | <u>\$10,849</u> |
| \$ 3 | \$ 156 | \$ 30 | | \$ 2 | \$ 192 | | \$ 849 695 362 12 |
| | 362 | 12 | | | | | |
| <u>3</u> | <u>518</u> | <u>42</u> | | <u>2</u> | <u>192</u> | | <u>1,918</u> |
| 30 | 24 | | \$ 3 | 1 | | | 138 99 |
| <u>515</u> | <u>1,644</u> | <u>447</u> | <u>160</u> | <u>74</u> | <u>2,685</u> | <u>\$ 84</u> | <u>8,694</u> |
| <u>545</u> | <u>1,668</u> | <u>447</u> | <u>163</u> | <u>75</u> | <u>2,685</u> | <u>84</u> | <u>8,931</u> |
| <u>\$ 548</u> | <u>\$ 2,186</u> | <u>\$ 489</u> | <u>\$ 163</u> | <u>\$ 77</u> | <u>\$ 2,877</u> | <u>\$ 84</u> | <u>\$10,849</u> |

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | Special Revenue Funds | | | | |
|--|------------------------|--|------------------|---------------------------------------|--|
| | <u>Law Library</u> | <u>Records Preservation and Automation</u> | <u>Education</u> | <u>Public Health Contract</u> | <u>District Attorney Contracts</u> |
| REVENUES: | | | | | |
| Fees of office | \$ 925 | \$ 2,384 | \$ 19 | \$ 876 | \$ 724 |
| Intergovernmental | | | 98 | 5,598 | |
| Investment income | 15 | 26 | 3 | 14 | 11 |
| Other revenues | 29 | | | | 250 |
| Total revenues | 969 | 2,410 | 120 | 6,488 | 985 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | | 316 | | | |
| Public safety | | | 127 | | |
| Transportation support | | | | | |
| Judicial | 914 | 1,329 | 25 | | 1,152 |
| Community services | | | | 5,556 | |
| Capital outlay | 107 | 456 | 29 | 15 | 3 |
| Total expenditures | 1,021 | 2,101 | 181 | 5,571 | 1,155 |
| Excess (deficiency) of revenues over (under) expenditures | (52) | 309 | (61) | 917 | (170) |
| OTHER FINANCING SOURCES (USES) - | | | | | |
| Operating transfers in (out) | (21) | | | (601) | |
| Total other financing sources (uses) | (21) | | | (601) | |
| Excess (deficiency) of revenues and financing sources over expenditures and other uses | (73) | 309 | (61) | 316 | (170) |
| FUND BALANCES, beginning of year | 641 | 969 | 139 | 451 | 743 |
| FUND BALANCES, end of year | <u>\$ 568</u> | <u>\$ 1,278</u> | <u>\$ 78</u> | <u>\$ 767</u> | <u>\$ 573</u> |

| <u>Sheriff Contracts</u> | <u>Miscellaneous Contracts</u> | <u>Court Designated Funds</u> | <u>Vehicle Inventory Tax</u> | <u>Consumer Health</u> | <u>Housing Finance Corporation</u> | <u>Industrial Development Corporation</u> | <u>Total</u> |
|------------------------------|------------------------------------|---------------------------------------|--------------------------------------|----------------------------|--|---|-----------------|
| | \$ 42 | \$ 1,336 | | \$ 415 | | | \$ 6,721 |
| | 2,033 | | | | | | 7,729 |
| \$ 11 | 30 | 9 | \$ 164 | 2 | \$ 70 | \$ 3 | 358 |
| 261 | 921 | | | | 368 | | 1,829 |
| 272 | 3,026 | 1,345 | 164 | 417 | 438 | 3 | 16,637 |
| | 1,485 | 300 | 49 | | 114 | 3 | 2,267 |
| 149 | 1,397 | 82 | | | | | 1,755 |
| | 3 | | | | | | 3 |
| | 102 | 244 | | | | | 3,766 |
| | 872 | | | 479 | | | 6,907 |
| 42 | 214 | | 74 | | | | 940 |
| 191 | 4,073 | 626 | 123 | 479 | 114 | 3 | 15,638 |
| 81 | (1,047) | 719 | 41 | (62) | 324 | | 999 |
| | 1,040 | (638) | | | | | (220) |
| | 1,040 | (638) | | | | | (220) |
| 81 | (7) | 81 | 41 | (62) | 324 | | 779 |
| 464 | 1,675 | 366 | 122 | 137 | 2,361 | 84 | 8,152 |
| <u>\$ 545</u> | <u>\$ 1,668</u> | <u>\$ 447</u> | <u>\$ 163</u> | <u>\$ 75</u> | <u>\$ 2,685</u> | <u>\$ 84</u> | <u>\$ 8,931</u> |



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, 2002 (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 | \$ 6,282 | \$ 4,065 | \$ 116 | \$ 10,463 |
| Other receivables, net of allowance for uncollectibles | 88 | | 32 | 120 |
| Total current assets | <u>6,370</u> | <u>4,065</u> | <u>148</u> | <u>10,583</u> |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | 974 | 13 | 135 | 1,122 |
| Other liabilities | 410 | 4,542 | 7,538 | 12,490 |
| Deferred revenue | 79 | | | 79 |
| Total current liabilities | <u>1,463</u> | <u>4,555</u> | <u>7,673</u> | <u>13,691</u> |
| <u>NET ASSETS</u> | | | | |
| Unrestricted | <u>4,907</u> | <u>(490)</u> | <u>(7,525)</u> | <u>(3,108)</u> |
| Total net assets | <u>\$ 4,907</u> | <u>\$ (490)</u> | <u>\$ (7,525)</u> | <u>\$ (3,108)</u> |

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | <u>Employee Benefits</u> | <u>Self Insurance</u> | <u>Workers Compensation</u> | <u>Total</u> |
|--------------------------------|------------------------------|---------------------------|---------------------------------|-------------------|
| OPERATING REVENUES: | | | | |
| Self insurance revenues | <u>\$ 29,956</u> | <u>\$ 20</u> | <u>\$ 2,962</u> | <u>\$ 32,938</u> |
| Total operating revenues | 29,956 | 20 | 2,962 | 32,938 |
| OPERATING EXPENSES: | | | | |
| Personnel | 2 | | | 2 |
| Materials and supplies | | | 2 | 2 |
| Building and equipment | | 64 | | 64 |
| Self insurance claims | <u>27,054</u> | <u>259</u> | <u>4,524</u> | <u>31,837</u> |
| Total operating expenses | 27,056 | 323 | 4,526 | 31,905 |
| Operating income (loss) | 2,900 | (303) | (1,564) | 1,033 |
| NONOPERATING REVENUES : | | | | |
| Investment income | <u>101</u> | <u>43</u> | <u>30</u> | <u>174</u> |
| Income (loss) before transfers | 3,001 | (260) | (1,534) | 1,207 |
| TRANSFERS OUT | <u>(376)</u> | | | <u>(376)</u> |
| Change in net assets | 2,625 | (260) | (1,534) | 831 |
| Total net assets-beginning | <u>2,282</u> | <u>(230)</u> | <u>(5,991)</u> | <u>(3,939)</u> |
| Total net assets-ending | <u>\$ 4,907</u> | <u>\$ (490)</u> | <u>\$ (7,525)</u> | <u>\$ (3,108)</u> |

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| | <u>Employee Benefits</u> | <u>Self Insurance</u> | <u>Workers Compensation</u> | <u>Total</u> |
|---|------------------------------|---------------------------|---------------------------------|------------------|
| OPERATING ACTIVITIES: | | | | |
| Receipts from customers | \$ 29,947 | \$ 21 | \$ 2,930 | \$ 32,898 |
| Payments to suppliers | (2) | 0 | 0 | (2) |
| Payments to employees | <u>(26,968)</u> | <u>(389)</u> | <u>(3,115)</u> | <u>(30,472)</u> |
| Net cash flows provided by (used in) operating activities | 2,977 | (368) | (185) | 2,424 |
| INVESTING ACTIVITIES: | | | | |
| Investment income, net | 101 | 43 | 30 | 174 |
| NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Operating transfers out | <u>(376)</u> | <u> </u> | <u> </u> | <u>(376)</u> |
| Net cash flows used in noncapital financing activities | <u>(376)</u> | <u> </u> | <u> </u> | <u>(376)</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,702 | (325) | (155) | 2,222 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>3,580</u> | <u>4,390</u> | <u>271</u> | <u>8,241</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 6,282</u> | <u>\$ 4,065</u> | <u>\$ 116</u> | <u>\$ 10,463</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Income (loss) from operations | \$ 2,900 | \$ (303) | \$ (1,564) | \$ 1,033 |
| Changes in assets and liabilities: | | | | |
| Supplies & prepaid items | 30 | | | 30 |
| Other receivables | (88) | 1 | (32) | (119) |
| Accounts payable | 121 | 8 | 29 | 158 |
| Other liabilities | (65) | (74) | 1,382 | 1,243 |
| Deferred Revenue | <u>79</u> | <u> </u> | <u> </u> | <u>79</u> |
| Net cash flows provided by (used in) operating activities | <u>\$ 2,977</u> | <u>\$ (368)</u> | <u>\$ (185)</u> | <u>\$ 2,424</u> |

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)**

Governmental funds capital assets:

| | |
|---|-------------------|
| Land and land improvements | \$ 42,118 |
| Construction in progress | 5,173 |
| Software development | 2,442 |
| Buildings and leasehold improvements | 164,838 |
| Equipment | 45,702 |
| Infrastructure | <u>48,211</u> |
| Total governmental funds capital assets | <u>\$ 308,484</u> |

Investments in governmental funds capital assets by source:

| | |
|---|-------------------|
| General Fund | \$ 103,942 |
| Road & Bridge | 59,067 |
| Other Governmental Funds | 2,641 |
| Capital Project Funds | 140,418 |
| Grant Funds | 2,399 |
| Donations | <u>17</u> |
| Total governmental funds capital assets | <u>\$ 308,484</u> |

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Equipment</u> |
|-------------------------------------|-------------|------------------|------------------|
| General Government: | | | |
| County Administrator | | | \$ 444 |
| Non-departmental | | | 419 |
| County Auditor | | | 240 |
| Budget/Risk Management | | | 8 |
| Tax Assessor | | | 691 |
| Elections | | | 250 |
| Information Technologies | | | 8,989 |
| Human Resources | | | 67 |
| Purchasing | | | 26 |
| Records Management | | | 162 |
| Facilities | \$ 34,704 | | 352 |
| Construction Services | | | 25 |
| Graphics | | | 760 |
| Self Insurance | | | 89 |
| Group Insurance | | | 7 |
| Administration Building | | \$ 6,511 | 168 |
| SW Sub-Courthouse | | 3,367 | 26 |
| C Griffin Sub-Courthouse | | 205 | 128 |
| Griffin Annex | | 1,117 | 7 |
| Manfield Sub-Courthouse | | 4,907 | 17 |
| Storage Building Mansfield Sub-Crt. | | 73 | |
| Northwest Sub-Courthouse | | 642 | 5 |
| NW Sub-Courthouse Annex | | 122 | |
| Northeast Sub-Courthouse | | 596 | 53 |
| NE Sub-Courthouse Storage Building | | 13 | |
| Northeast Annex | | 89 | |
| Parking Garage | | 4,454 | 22 |
| Records Storage Building | | 128 | 13 |
| Tarrant County Education Center | | 3,420 | 27 |
| Telephone | | | 21 |
| Mueller Bldg. | | 1,135 | 31 |
| Mebus SE Sub-Courthouse | | 809 | |
| Anderson Sub-Courthouse | | 800 | |
| Graphics & Printing | | 864 | |
| Warehouse West | | 132 | |
| Voting Machine Warehouse | | 294 | |
| Sign Carpenter Shop | | 155 | |
| Echo Lake Park | | 33 | |
| Premier St. Annex | | 118 | |

| <u>Infrastructure</u> | <u>Software Development</u> | <u>Construction in Progress</u> | <u>Total</u> |
|-----------------------|---------------------------------|-------------------------------------|--------------|
| | | | \$ 444 |
| | | | 419 |
| | | | 240 |
| | | | 8 |
| | | | 691 |
| | | | 250 |
| | \$ 2,442 | | 11,431 |
| | | | 67 |
| | | | 26 |
| | | | 162 |
| | | | 35,056 |
| | | | 25 |
| | | | 760 |
| | | | 89 |
| | | | 7 |
| | | | 6,679 |
| | | | 3,393 |
| | | | 333 |
| | | 441 | 1,565 |
| | | | 4,924 |
| | | | 73 |
| | | | 647 |
| | | | 122 |
| | | | 649 |
| | | | 13 |
| | | | 89 |
| | | | 4,476 |
| | | | 141 |
| | | 56 | 3,503 |
| | | | 21 |
| | | | 1,166 |
| | | | 809 |
| | | | 800 |
| | | | 864 |
| | | | 132 |
| | | | 294 |
| | | | 155 |
| | | | 33 |
| | | | 118 |

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Equipment</u> |
|------------------------------------|---------------|------------------|------------------|
| <i>General Government (cont'd)</i> | | | |
| Precinct 1 Sign Shop | | 278 | |
| Condominium Austin | | 55 | |
| Law Center Parking Garage | | 7,067 | |
| Consulate Building | | 309 | |
| Tarrant County Plaza | | 24,820 | |
| TC Plaza Parking | | 3,060 | |
| Impound Facility | | 10 | |
| Total General Government | <u>34,704</u> | <u>65,583</u> | <u>13,047</u> |
| Public Safety: | | | |
| Sheriff | | 135 | 2,168 |
| Constables | | | 196 |
| Medical Examiner | | 2,782 | 2,048 |
| Fire Marshal | | | 143 |
| Community Supervision | | 2,637 | 228 |
| Juvenile Probation | | | 266 |
| Pre-trial Release | | | 9 |
| Greenbay Jail Facility | | 2,173 | 128 |
| Cold Springs Rehab. Center | | 3,651 | 9 |
| Corrections Facility | | 36,080 | 86 |
| Lynn Ross Juvenile Center | | 7,430 | 7 |
| City/County Jail Complex | | | 86 |
| Total Public Safety | <u>-</u> | <u>54,888</u> | <u>5,374</u> |
| Judicial: | | | |
| State Civil Courts | | | 35 |
| State Criminal Courts | | | 88 |
| State Family Courts | | | 15 |
| Criminal Attorney Appointment | | | 5 |
| County Civil Courts | | | 27 |
| County Criminal Courts | | | 20 |
| County Probate Courts | | | 32 |
| Justice of the Peace | | | 51 |
| District Attorney | | | 1,542 |
| District Clerk | | | 189 |
| County Clerk | | | 1,743 |
| Domestic Relations | | | 20 |
| Child Support | | | 34 |
| Family Court Service | | | 23 |
| Resitution Enforcement | | | 9 |

| <u>Infrastructure</u> | <u>Software Development</u> | <u>Construction in Progress</u> | <u>Total</u> |
|-----------------------|---------------------------------|-------------------------------------|----------------|
| | | | 278 |
| | | | 55 |
| | | | 7,067 |
| | | | 309 |
| | | | 24,820 |
| | | | 3,060 |
| | | | 10 |
| <u>-</u> | <u>2,442</u> | <u>497</u> | <u>116,273</u> |

| | | | |
|----------|----------|-----------|---------------|
| | | | 2,303 |
| | | | 196 |
| | | | 4,830 |
| | | | 143 |
| | | 58 | 2,923 |
| | | | 266 |
| | | | 9 |
| | | | 2,301 |
| | | | 3,660 |
| | | | 36,166 |
| | | | 7,437 |
| | | | 86 |
| <u>-</u> | <u>-</u> | <u>58</u> | <u>60,320</u> |

35
88
15
5
27
20
32
51
1,542
189
1,743
20
34
23
9

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Equipment</u> |
|---|-------------|------------------|------------------|
| <i>Judicial (cont'd)</i> | | | |
| Jury Services | | | 37 |
| Law Library | | | 38 |
| Criminal Courts Building | | 3,465 | 10 |
| Old Courthouse | | 7,929 | 23 |
| Justice Center Complex | | 25,746 | 112 |
| Civil Courts Building | | 1,689 | |
| Criminal Justice Building | | 983 | 48 |
| Family Law Building | | | |
| Total Judicial | - | 39,812 | 4,101 |
| Transportation: | | | |
| Precinct 1 | | 311 | 4,699 |
| Precinct 2 | | 2,156 | 3,582 |
| Precinct 3 | | 96 | 4,354 |
| Precinct 4 | | 301 | 4,983 |
| Central Garage | | 486 | 106 |
| Sign Shop | | | 147 |
| Right of Way | | | 23 |
| Transportation | 7,414 | | 4,442 |
| Total Transportation | 7,414 | 3,350 | 22,336 |
| Community Services: | | | |
| Health | | 121 | 555 |
| Human Services | | | 32 |
| HUD | | | 177 |
| Workforce Investment Act | | | 80 |
| Lancaster Annex | | 129 | |
| Child Protective Services | | 955 | |
| Total Community Services | - | 1,205 | 844 |
| Total governmental funds capital assets | \$ 42,118 | \$ 164,838 | \$ 45,702 |

| <u>Infrastructure</u> | <u>Software Development</u> | <u>Construction in Progress</u> | <u>Total</u> |
|-----------------------|---------------------------------|-------------------------------------|-------------------|
| | | | 37 |
| | | | 38 |
| | | | 3,475 |
| | | | 7,952 |
| | | | 25,858 |
| | | | 1,689 |
| | | | 1,031 |
| | | 4,601 | 4,601 |
| <u>-</u> | <u>-</u> | <u>4,601</u> | <u>48,514</u> |
| | | | 5,010 |
| | | | 5,738 |
| | | 17 | 4,467 |
| | | | 5,284 |
| | | | 592 |
| | | | 147 |
| | | | 23 |
| 48,211 | | | 60,067 |
| <u>48,211</u> | <u>-</u> | <u>17</u> | <u>81,328</u> |
| | | | 676 |
| | | | 32 |
| | | | 177 |
| | | | 80 |
| | | | 129 |
| | | | 955 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>2,049</u> |
| <u>\$ 48,211</u> | <u>\$ 2,442</u> | <u>\$ 5,173</u> | <u>\$ 308,484</u> |

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)**

| Function and Activity | 10/1/2001 Balance | Additions | Disposals | Adjustments | 9/30/2002 Balance |
|-------------------------------------|----------------------|-----------|-----------|-------------|----------------------|
| General Government: | | | | | |
| County Judge | \$ 1 | | | \$ (1) | |
| County Administrator | 678 | | | (234) | \$ 444 |
| Non-departmental | 913 | | | (494) | 419 |
| County Auditor | 492 | \$ 17 | | (269) | 240 |
| Budget/Risk Management | 8 | | | | 8 |
| Tax Assessor | 1,648 | 82 | \$ (13) | (1,026) | 691 |
| Elections | 172 | 78 | | | 250 |
| Information Technologies | 33,793 | 4,739 | (27) | (27,074) | 11,431 |
| Human Resources | 186 | | | (119) | 67 |
| Purchasing | 325 | | | (299) | 26 |
| Records Management | 461 | | | (299) | 162 |
| Facilities | 29,517 | 6,463 | (12) | (912) | 35,056 |
| Construction Services | 25 | | | | 25 |
| Graphics | 625 | 217 | | (82) | 760 |
| Self Insurance | 238 | | (14) | (135) | 89 |
| Group Insurance | 4 | 7 | | (4) | 7 |
| Administration Building | 6,853 | 11 | | (185) | 6,679 |
| SW Sub-Courthouse | 3,426 | 32 | | (65) | 3,393 |
| C Griffin Sub-Courthouse | 333 | | | | 333 |
| Griffin Annex | 1,087 | 444 | | 34 | 1,565 |
| Manfield Sub-Courthouse | 5,025 | | | (101) | 4,924 |
| Storage Building Mansfield Sub-Crt. | | 73 | | | 73 |
| Northwest Sub-Courthouse | 655 | 6 | | (14) | 647 |
| NW Sub-Courthouse Annex | 122 | | | | 122 |
| Northeast Sub-Courthouse | 682 | | | (33) | 649 |
| NE Sub-Courthouse Storage Building | 13 | | | | 13 |
| Northeast Annex | 98 | | | (9) | 89 |
| Parking Garage | 4,490 | | | (14) | 4,476 |
| Records Storage Building | 141 | | | | 141 |
| Tarrant County Education Center | 3,466 | 56 | | (19) | 3,503 |
| Telephone | 37 | | | (16) | 21 |
| Reproduction Center | 6 | | | (6) | - |
| Mueller Bldg. | 1,183 | | | (17) | 1,166 |
| Mebus SE Sub-Courthouse | 809 | | | | 809 |
| Anderson Sub-Courthouse | 820 | | | (20) | 800 |
| Graphics & Printing | 864 | | | | 864 |
| Warehouse West | 132 | | | | 132 |
| Voting Machine Warehouse | 294 | | | | 294 |
| Sign Carpenter Shop | 155 | | | | 155 |
| Echo Lake Park | 33 | | | | 33 |

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| Function and Activity | 10/1/2001 Balance | Additions | Disposals | Adjustments | 9/30/2002 Balance |
|------------------------------------|----------------------|-----------|-----------|-------------|----------------------|
| <i>General Government (cont'd)</i> | | | | | |
| Premier St. Annex | 118 | | | | 118 |
| Precinct 1 Sign Shop | 278 | | | | 278 |
| Condominium Austin | 55 | | | | 55 |
| Law Center Parking Garage | | 6,290 | | 777 | 7,067 |
| Consulate Building | | 309 | | | 309 |
| Tarrant County Plaza | | 24,820 | | | 24,820 |
| TC Plaza Parking | | 3,060 | | | 3,060 |
| Impound Facility | | 10 | | | 10 |
| Total General Government | 100,261 | 46,714 | (66) | (30,636) | 116,273 |
| Public Safety: | | | | | |
| Sheriff | 4,309 | 163 | (733) | (1,436) | 2,303 |
| Constables | 586 | | (374) | (16) | 196 |
| Medical Examiner | 6,002 | 354 | (26) | (1,500) | 4,830 |
| Fire Marshal | 153 | | (10) | | 143 |
| Community Supervision | 2,979 | 58 | | (114) | 2,923 |
| Juvenile Probation | 951 | | (16) | (669) | 266 |
| Pre-trial Release | 23 | | | (14) | 9 |
| Greenbay Jail Facility | 2,354 | | | (53) | 2,301 |
| Cold Springs Rehab. Center | 3,784 | 6 | | (130) | 3,660 |
| Corrections Facility | 36,193 | 35 | | (62) | 36,166 |
| Lynn Ross Juvenile Center | 6,442 | 31 | | 964 | 7,437 |
| City/County Jail Complex | 86 | | | | 86 |
| Total Public Safety | 63,862 | 647 | (1,159) | (3,030) | 60,320 |
| Judicial: | | | | | |
| State Civil Courts | 92 | | | (57) | 35 |
| State Criminal Courts | 146 | | | (58) | 88 |
| State Family Courts | 45 | | | (30) | 15 |
| Appeals Court | 65 | | | (65) | - |
| Criminal Attorney Appointment | 12 | 5 | | (12) | 5 |
| County Civil Courts | 27 | | | | 27 |
| County Criminal Courts | 20 | | | | 20 |
| County Probate Courts | 32 | | | | 32 |
| Justice of the Peace | 87 | 5 | | (41) | 51 |
| District Attorney | 1,651 | 329 | (108) | (330) | 1,542 |
| District Clerk | 594 | 6 | | (411) | 189 |
| County Clerk | 3,540 | 218 | (10) | (2,005) | 1,743 |
| Domestic Relations | 20 | | | | 20 |

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2002 (AMOUNTS IN THOUSANDS)

| <u>Function and Activity</u> | <u>10/1/2001 Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Adjustments</u> | <u>9/30/2002 Balance</u> |
|---|------------------------------|------------------|-------------------|--------------------|------------------------------|
| <i>Judicial (cont'd)</i> | | | | | |
| Child Support | 64 | | | (30) | 34 |
| Family Court Service | 50 | | | (27) | 23 |
| Benbrook Group Home | 5 | | | (5) | - |
| Resitution Enforcement | 9 | | | | 9 |
| Jury Services | 70 | | | (33) | 37 |
| Law Library | 148 | 9 | | (119) | 38 |
| Criminal Courts Building | 3,535 | 26 | | (86) | 3,475 |
| Old Courthouse | 7,800 | 76 | | 76 | 7,952 |
| Justice Center Complex | 26,169 | | | (311) | 25,858 |
| Civil Courts Building | 1,693 | | | (4) | 1,689 |
| Criminal Justice Building | 932 | 114 | | (15) | 1,031 |
| Family Law Building | | 2,693 | | 1,908 | 4,601 |
| Total Judicial | <u>46,806</u> | <u>3,481</u> | <u>(118)</u> | <u>(1,655)</u> | <u>48,514</u> |
| Transportation: | | | | | |
| Precinct 1 | 6,486 | 499 | (223) | (1,752) | 5,010 |
| Precinct 2 | 5,937 | 696 | (55) | (840) | 5,738 |
| Precinct 3 | 6,300 | 216 | (63) | (1,986) | 4,467 |
| Precinct 4 | 7,441 | 529 | (294) | (2,392) | 5,284 |
| Central Garage | 815 | 22 | (39) | (206) | 592 |
| Sign Shop | 130 | 17 | | | 147 |
| Right of Way | 34 | | (11) | | 23 |
| Transportation | <u>55,475</u> | <u>7,575</u> | <u>(177)</u> | <u>(2,806)</u> | <u>60,067</u> |
| Total Transportation | <u>82,618</u> | <u>9,554</u> | <u>(862)</u> | <u>(9,982)</u> | <u>81,328</u> |
| Community Services: | | | | | |
| Health | 2,410 | 68 | (13) | (1,789) | 676 |
| Human Services | 84 | | | (52) | 32 |
| HUD | 619 | 62 | (27) | (477) | 177 |
| Workforce Investment Act | 155 | | | (75) | 80 |
| Lancaster Annex | 129 | | | | 129 |
| Child Protective Services | 963 | | | (8) | 955 |
| Cooperative Extension Service | 33 | | | (33) | - |
| Veterans Service | 4 | | | (4) | - |
| Historical Commission | 10 | | | (10) | - |
| Total Community Services | <u>4,407</u> | <u>130</u> | <u>(40)</u> | <u>(2,448)</u> | <u>2,049</u> |
| Total governmental funds capital assets | <u>\$ 297,954</u> | <u>\$ 60,526</u> | <u>\$ (2,245)</u> | <u>\$ (47,751)</u> | <u>\$ 308,484</u> |

STATISTICAL SECTION

TARRANT COUNTY, TEXAS
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(Amounts in thousands)
(UNAUDITED)

| <u>Year</u> | <u>General Government</u> | <u>Buildings</u> | <u>Public Safety</u> | <u>Transportation Support</u> | <u>Judicial</u> | <u>Health/ Welfare</u> | <u>Capital</u> | <u>Debt Service</u> | <u>Total</u> |
|-------------|-------------------------------|------------------|--------------------------|-----------------------------------|-----------------|----------------------------|----------------|-------------------------|--------------|
| 1993 | \$ 31,276 | \$ 6,898 | \$ 47,592 | \$ 10,053 | \$ 32,019 | \$ 4,459 | \$ 14,240 | \$ 24,592 | \$ 171,129 |
| 1994 | 33,847 | 7,304 | 52,335 | 10,417 | 32,798 | 4,782 | 11,863 | 25,504 | 178,850 |
| 1995 | 27,514 | 7,258 | 55,376 | 11,733 | 40,125 | 5,547 | 21,622 | 25,900 | 195,075 |
| 1996 | 28,456 | 7,428 | 50,941 | 10,891 | 42,154 | 6,842 | 24,572 | 29,787 | 201,071 |
| 1997 | 24,159 | 7,807 | 60,441 | 12,921 | 46,302 | 6,762 | 21,094 | 29,616 | 209,102 |
| 1998 | 25,911 | 8,398 | 64,573 | 15,272 | 48,217 | 7,200 | 19,998 | 29,064 | 218,633 |
| 1999 | 31,828 | 8,635 | 69,872 | 17,183 | 52,592 | 7,724 | 22,972 | 31,856 | 242,662 |
| 2000 | 33,376 | 9,293 | 74,797 | 15,631 | 56,220 | 8,983 | 15,546 | 32,431 | 246,277 |
| 2001 | 38,101 | 10,935 | 78,790 | 16,319 | 61,760 | 5,195 | 17,169 | 29,893 | 258,162 |
| 2002 | 50,049 | (2) | 97,936 | 17,233 | 75,983 | 55,874 | 63,509 | 29,977 | 390,561 |

(1) Includes general, special revenue, debt service, and capital projects funds.

(2) Prior to 2002 buildings were their own functional area.

TARRANT COUNTY, TEXAS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Amounts in thousands)
(UNAUDITED)

| <u>Year</u> | <u>Taxes, Licenses & Permits</u> | <u>Fees Of Office</u> | <u>Inter- governmental</u> | <u>Other</u> | <u>Total</u> |
|-------------|--|-------------------------------|--------------------------------|--------------|--------------|
| 1993 | \$ 112,912 | \$ 21,511 | \$ 27,982 | \$ 8,211 | \$ 170,616 |
| 1994 | 113,502 | 23,578 | 45,131 | 10,665 | 192,876 |
| 1995 | 115,353 | 33,680 | 21,412 | 13,755 | 184,200 |
| 1996 | 119,902 | 37,666 | 6,514 | 13,691 | 177,773 |
| 1997 | 126,864 | 38,759 | 7,367 | 14,018 | 187,008 |
| 1998 | 134,578 | 41,579 | 9,183 | 14,800 | 200,140 |
| 1999 | 145,321 | 44,104 | 14,015 | 16,684 | 220,124 |
| 2000 | 157,734 | 46,159 | 14,113 | 16,395 | 234,401 |
| 2001 | 180,230 | 48,335 | 12,372 | 16,122 | 257,059 |
| 2002 | 200,546 | 54,006 | 77,271 | 18,329 | 350,152 (1) |

(1) Prior to 2002, Expendable trust revenues were not included as General Governmental.

TARRANT COUNTY, TEXAS
NET TAXABLE VALUATIONS, CURRENT ROLL COLLECTIONS
AND DELINQUENT TAXES
LAST TEN YEARS
(Amounts in thousands)
(UNAUDITED)

| Fiscal Year | Net Valuations | County Rate per \$100 | Total Tax Levy | Current Collection Amount | Current Collection Percentage | Delinquent Taxes June 30 | Ratio of Delinquent Taxes to Total Tax Levy |
|----------------|-------------------|-----------------------------|-------------------|---------------------------------|-------------------------------------|--------------------------------|--|
| 1993 | \$ 41,846,766 | 0.271880 | \$ 113,773 | \$ 111,441 | 97.95% | \$ 2,332 | 2.05% |
| 1994 | 41,415,993 | 0.271880 | 112,602 | 110,068 | 97.75% | 2,534 | 2.25% |
| 1995 | 41,171,680 | 0.271870 | 111,933 | 109,896 | 98.18% | 2,037 | 1.82% |
| 1996 | 44,453,802 | 0.266603 | 118,515 | 116,726 | 98.49% | 1,790 | 1.51% |
| 1997 | 47,411,876 | 0.264836 | 125,564 | 123,693 | 98.51% | 1,871 | 1.49% |
| 1998 | 49,028,368 | 0.264836 | 129,845 | 127,962 | 98.55% | 1,883 | 1.45% |
| 1999 | 54,578,360 | 0.264836 | 144,543 | 141,840 | 98.13% | 2,703 | 1.87% |
| 2000 | 59,465,933 | 0.264836 | 157,487 | 154,904 | 98.36% | 2,583 | 1.64% |
| 2001 | 66,100,075 | 0.274785 | 181,633 | 178,109 | 98.06% | 3,524 | 1.94% |
| 2002 | 73,058,209 | 0.274785 | 200,753 | 196,253 | 97.76% | 4,500 | 2.24% |

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

| Fiscal Year | Real Property | | Personal Property | | Exemptions | Total | | Ratio of Total Assessed Value To Total Estimated Actual Value |
|-------------|----------------|------------------------|-------------------|------------------------|---------------|----------------|------------------------|---|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Real Property | Assessed Value | Estimated Actual Value | |
| 1993 | \$ 38,301,020 | \$ 41,183,892 | \$ 7,998,462 | \$ 8,161,696 | \$ 4,452,716 | \$ 41,846,766 | \$ 49,345,588 | 84.80% |
| 1994 | 37,358,629 | 40,170,569 | 8,465,346 | 8,638,108 | 4,407,982 | 41,415,993 | 48,808,677 | 84.85% |
| 1995 | 37,453,798 | 40,272,901 | 8,529,637 | 8,703,711 | 4,811,755 | 41,171,680 | 48,976,612 | 84.06% |
| 1996 | 39,251,082 | 42,205,465 | 9,767,610 | 9,966,949 | 4,564,890 | 44,453,802 | 52,172,414 | 85.21% |
| 1997 | 41,715,056 | 44,854,899 | 11,021,428 | 11,246,355 | 5,324,608 | 47,411,876 | 56,101,254 | 84.51% |
| 1998 | 44,569,464 | 47,924,155 | 11,481,681 | 11,716,001 | 7,022,776 | 49,028,369 | 59,640,156 | 82.21% |
| 1999 | 48,530,101 | 52,182,904 | 12,300,540 | 12,551,571 | 6,252,281 | 54,578,360 | 64,734,475 | 84.31% |
| 2000 | 52,879,037 | 56,859,180 | 13,268,352 | 13,539,135 | 6,681,456 | 59,465,933 | 70,398,315 | 84.47% |
| 2001 | 59,007,528 | 63,448,955 | 14,349,965 | 14,642,821 | 7,257,418 | 66,100,075 | 78,091,776 | 84.64% |
| 2002 | 63,077,190 | 67,824,935 | 18,593,776 | 18,973,241 | 8,612,757 | 73,058,209 | 86,798,176 | 84.17% |

TARRANT COUNTY, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2002
(Amounts in thousands)
(UNAUDITED)

| | | |
|---|----------------|----------------------|
| Assessed Value of Real Property | | \$ 63,077,190 |
| Debt Limit Rate (1) | | <u>0.25</u> |
| Amount of Debt Limit | | 15,769,298 |
| Road Bonds Outstanding | | <u>-</u> |
| Legal Debt Margin | | <u>\$ 15,769,298</u> |
| | | |
| Assessed Value of All Taxable Property | | \$ 73,058,209 |
| Debt Limit Rate (2) | | <u>0.05</u> |
| Amount of Debt Limit | | 3,652,910 |
| Total General Bonded Debt | \$ 163,415 | |
| Less Debt Service Fund Cash and Investments | <u>(1,430)</u> | |
| Total Net Bonded Debt | | <u>161,985</u> |
| Amount of Debt Margin | | <u>\$ 3,490,925</u> |

(1) Texas Constitution Article 3 Section 52 (b)

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

TARRANT COUNTY, TEXAS
DIRECT AND OVERLAPPING AD VALOREM TAX RATES
LAST TEN YEARS
(Per \$100 valuation)
(UNAUDITED)

| ENTITY | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Tarrant County | | | | | |
| Operating Fund | \$0.210290 | \$0.211850 | \$0.202045 | \$0.205246 | \$0.209062 |
| Debt Service Fund | 0.061590 | 0.060020 | 0.064558 | 0.059590 | 0.055774 |
| Total County Funds | 0.271880 | 0.271870 | 0.266603 | 0.264836 | 0.264836 |
| Farm to market and lateral roads | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Total Tarrant County | 0.271880 | 0.271870 | 0.266603 | 0.264836 | 0.264836 |
| Tarrant County Hospital District | 0.242100 | 0.244640 | 0.239840 | 0.234070 | 0.234070 |
| Tarrant County College District | 0.046710 | 0.056510 | 0.055460 | 0.057720 | 0.057690 |
| Tarrant County Regional Water District | 0.000000 | 0.000000 | 0.000000 | 0.020000 | 0.019823 |
| Tarrant County Fresh Water Supply | 0.194000 | 0.218000 | 0.218000 | 0.218000 | 0.218000 |
| Rural Fire Prevention District | 0.030000 | 0.030000 | 0.030000 | 0.000000 | 0.000000 |
| Emergency Service District | 0.000000 | 0.000000 | 0.000000 | 0.030000 | 0.050000 |
| Total | <u>\$0.784690</u> | <u>\$0.821020</u> | <u>\$0.809903</u> | <u>\$0.824626</u> | <u>\$0.844419</u> |

TABLE VI

| <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$0.208638 | \$0.212890 | \$0.230460 | \$0.235486 | \$0.237419 |
| <u>0.056198</u> | <u>0.051946</u> | <u>0.044325</u> | <u>0.039299</u> | <u>0.035081</u> |
| 0.264836 | 0.264836 | 0.274785 | 0.274785 | 0.272500 |
| <u>0.000000</u> | <u>0.000000</u> | <u>0.000000</u> | <u>0.000000</u> | <u>0.000000</u> |
| 0.264836 | 0.264836 | 0.274785 | 0.274785 | 0.272500 |
| 0.234070 | 0.234070 | 0.234070 | 0.234070 | 0.232400 |
| 0.106410 | 0.106410 | 0.106410 | 0.106410 | 0.139380 |
| 0.019823 | 0.019823 | 0.020000 | 0.020000 | 0.020000 |
| 0.218000 | 0.218000 | 0.218000 | 0.218000 | 0.218000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.080000 | 0.080000 | 0.080000 | 0.080000 | 0.100000 |
| <u>\$0.923139</u> | <u>\$0.923139</u> | <u>\$0.933265</u> | <u>\$0.933265</u> | <u>\$0.982280</u> |

TARRANT COUNTY, TEXAS
RATIO OF GENERAL BONDED DEBT
TO ASSESSED VALUES AND BONDED DEBT PER CAPITA
LAST TEN YEARS
 (Amounts in thousands, except per capita)
 (UNAUDITED)

| <u>Fiscal Year</u> | <u>Estimated Population</u> | <u>Net Assessed Values</u> | <u>General Bonded Debt</u> | <u>Less Debt Service Cash and Investments</u> | <u>Net Bonded Debt</u> | <u>Ratio To Assessed Values</u> | <u>Net General Bonded Debt Per Capita</u> |
|--------------------|-----------------------------|----------------------------|----------------------------|---|------------------------|---------------------------------|---|
| 1993 | 1,202 | \$ 41,846,766 | \$ 154,780 | \$ 487 | \$ 154,293 | 0.37% | 128.36 |
| 1994 | 1,235 | 41,415,993 | 156,415 | 905 | 155,510 | 0.38% | 125.92 |
| 1995 | 1,250 | 41,171,680 | 159,175 | 1,178 | 157,997 | 0.38% | 126.40 |
| 1996 | 1,280 | 44,453,802 | 149,355 | 875 | 148,480 | 0.33% | 116.00 |
| 1997 | 1,299 | 47,411,876 | 126,860 | 400 | 126,460 | 0.27% | 97.35 |
| 1998 | 1,310 | 49,028,369 | 122,620 | 419 | 122,201 | 0.25% | 93.28 |
| 1999 | 1,337 | 54,578,360 | 141,075 | 439 | 140,636 | 0.26% | 105.19 |
| 2000 | 1,446 | 59,465,933 | 127,305 | 651 | 126,654 | 0.21% | 87.59 |
| 2001 | 1,472 | 66,100,075 | 91,345 | 615 | 90,730 | 0.14% | 61.64 |
| 2002 | 1,490 | 73,058,209 | 163,415 | 1,430 | 161,985 | 0.22% | 108.71 |

TARRANT COUNTY, TEXAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (UNAUDITED)

| <u>Year</u> | <u>Principal</u> | <u>Interest and Other Expenditures</u> | <u>Total Debt Service</u> | <u>Total General Governmental Expenditures</u> | <u>Ratio</u> |
|-------------|------------------|--|-----------------------------------|--|--------------|
| 1993 | \$ 13,815 | \$ 10,777 | \$ 24,592 | \$ 171,129 | 14.37% |
| 1994 | 15,890 | 9,614 | 25,504 | 178,850 | 14.26% |
| 1995 | 17,940 | 7,961 | 25,901 | 195,075 | 13.28% |
| 1996 | 22,220 | 7,567 | 29,787 | 201,071 | 14.81% |
| 1997 | 22,495 | 7,121 | 29,616 | 209,102 | 14.16% |
| 1998 | 22,340 | 6,724 | 29,064 | 218,633 | 13.29% |
| 1999 | 25,770 | 6,086 | 31,856 | 242,662 | 13.13% |
| 2000 | 25,770 | 6,661 | 32,431 | 246,277 | 13.17% |
| 2001 | 23,865 | 6,028 | 29,893 | 258,162 | 11.58% |
| 2002 | 24,495 | 5,249 | 29,744 | 390,561 (1) | 7.62% |

(1) Prior to 2002, Expendable trust expenditures were not included as General Governmental.

TARRANT COUNTY, TEXAS
ESTIMATED CONSOLIDATED OVERLAPPING DEBT
September 30, 2002
(Amounts in thousands)
(UNAUDITED)

TABLE IX

| <u>Taxing Jurisdiction</u> | <u>Total Funded Debt</u> | <u>Estimated Percentage Applicable</u> | <u>Overlapping Funded Debt 9/30/2002</u> |
|---|----------------------------------|--|--|
| Tarrant County | \$187,910 | 100.00% | <u>\$187,910</u> |
| Special Districts: | | | |
| Tarrant County Fresh Water Supply District #1 | 1,980 | 100.00% | 1,980 |
| Tarrant County Hospital District | 7,390 | 100.00% | 7,390 |
| Tarrant County College District | 80,900 | 100.00% | 80,900 |
| County Line Special District: | | | |
| Trophy Club Municipal Utility District #1 | 5,588 | 0.53% | <u>30</u> |
| Total Special Districts | | | <u>90,300</u> |
| Cities: | | | |
| Arlington | 277,390 | 100.00% | 277,390 |
| Bedford | 58,340 | 100.00% | 58,340 |
| Benbrook | 7,437 | 100.00% | 7,437 |
| Colleyville | 29,000 | 100.00% | 29,000 |
| Crowley | 9,950 | 100.00% | 9,950 |
| Dalworthington Gardens | 1,115 | 100.00% | 1,115 |
| Euless | 56,944 | 100.00% | 56,944 |
| Everman | 3,635 | 100.00% | 3,635 |
| Forest Hill | 2,990 | 100.00% | 2,990 |
| Fort Worth | 310,892 | 99.69% | 309,928 |
| Haltom City | 13,720 | 100.00% | 13,720 |
| Haslet | 2,505 | 100.00% | 2,505 |
| Hurst | 16,010 | 100.00% | 16,010 |
| Keller | 79,445 | 100.00% | 79,445 |
| Kennedale | 5,330 | 100.00% | 5,330 |
| North Richland Hills | 52,764 | 100.00% | 52,764 |
| Pantego | 1,055 | 100.00% | 1,055 |
| Richland Hills | 5,535 | 100.00% | 5,535 |
| Saginaw | 14,135 | 100.00% | 14,135 |
| Watauga | 20,630 | 100.00% | 20,630 |
| Westover Hills | 535 | 100.00% | 535 |
| White Settlement | 6,035 | 100.00% | <u>6,035</u> |
| Total Cities | | | <u>974,428</u> |

TARRANT COUNTY, TEXAS
ESTIMATED CONSOLIDATED OVERLAPPING DEBT
September 30, 2002
(Amounts in thousands)
(UNAUDITED)

TABLE IX

| <u>Taxing Jurisdiction (cont'd)</u> | <u>Total Funded Debt</u> | <u>Estimated Percentage Applicable</u> | <u>Overlapping Funded Debt 9/1/2002</u> |
|--|----------------------------------|--|---|
| County Line Cities: | | | |
| Azle | \$11,560 | 78.94% | \$9,125 |
| Burleson | 15,055 | 9.26% | 1,394 |
| Grand Prairie | 76,949 | 45.24% | 34,812 |
| Grapevine | 150,575 | 99.64% | 150,033 |
| Mansfield | 62,415 | 77.52% | 48,384 |
| Southlake | 114,800 | 99.16% | 113,836 |
| Total County Line Cities | | | <u>357,584</u> |
| School Districts: | | | |
| Arlington Independent School District | 540,913 | 100.00% | 540,913 |
| Birdville Independent School District | 150,433 | 100.00% | 150,433 |
| Carroll Independent School District | 158,689 | 100.00% | 158,689 |
| Castleberry Independent School District | 23,395 | 100.00% | 23,395 |
| Eagle Mountain Saginaw Independent School District | 44,825 | 100.00% | 44,825 |
| Everman Independent School District | 890 | 100.00% | 890 |
| Fort Worth Independent School District | 419,371 | 100.00% | 419,371 |
| Hurst Euless Bedford Independent School District | 247,538 | 100.00% | 247,538 |
| Keller Independent School District | 404,567 | 100.00% | 404,567 |
| Kennedale Independent School District | 17,981 | 100.00% | 17,981 |
| Lake Worth Independent School District | 24,811 | 100.00% | 24,811 |
| White Settlement Independent School District | 16,885 | 100.00% | 16,885 |
| Total School Districts | | | <u>2,050,298</u> |
| County Line School Districts: | | | |
| Aledo Independent School District | 45,858 | 3.49% | 1,600 |
| Azle Independent School District | 35,405 | 63.04% | 22,319 |
| Burleson Independent School District | 58,257 | 25.81% | 15,036 |
| Crowley Independent School District | 90,048 | 96.15% | 86,581 |
| Godley Independent School District | 9,785 | 9.52% | 932 |
| Grapevine Colleyville Independent School District | 255,596 | 98.99% | 253,014 |
| Mansfield Independent School District | 203,758 | 82.26% | 167,611 |
| Northwest Independent School District | 116,872 | 22.46% | 26,249 |
| Total County Line School Districts | | | <u>573,344</u> |
| Total Overlapping Funded Debt | | | <u>4,045,954</u> |
| Total Direct and Overlapping Funded Debt | | | <u>\$ 4,233,864</u> |

TARRANT COUNTY, TEXAS
CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(UNAUDITED)

| <u>Year</u> | <u>Residential Construction</u> | | <u>Bank Deposits (in thousands)</u> |
|-------------|---------------------------------|--------------|---|
| | <u>Number of Permits</u> | <u>Value</u> | |
| 1992 | 5,085 | \$ 152,700 | \$ 9,008,347 |
| 1993 | 5,987 | 160,100 | 9,414,753 |
| 1994 | 7,371 | 158,900 | 8,978,708 |
| 1995 | 8,866 | 164,000 | 9,208,261 |
| 1996 | 9,486 | 169,900 | 9,308,194 |
| 1997 | 10,077 | 178,400 | 11,145,738 |
| 1998 | 13,458 | 176,500 | 11,655,668 |
| 1999 | 10,754 | 183,500 | 12,910,848 |
| 2000 | 11,685 | 176,500 | 12,911,000 |
| 2001 | 13,399 | 174,650 | 15,121,000 |

Source: U.S. Bureau of Census and FDIC.

TARRANT COUNTY, TEXAS
TEN LARGEST TAXPAYERS
(Amounts in thousands)
(UNAUDITED)

| <u>Taxpayer</u> | <u>Nature of Property</u> | <u>2001/2002 Taxable Assessed Valuation</u> | <u>% of Total Taxable Assessed Valuation</u> |
|----------------------------------|-----------------------------------|---|--|
| American Airlines | Terminals & Facilities | \$948,742 | 1.29% |
| Texas Utilities Electric | Electric Utility | 875,022 | 1.19% |
| Southwestern Bell & Mobile | Telephone Utility | 543,713 | 0.74% |
| Albertson, Inc. | Retail & Distributing Facility | 276,447 | 0.38% |
| Textron, Inc. | Helicopter Manufacturing Facility | 222,732 | 0.30% |
| General Motors Corp. | Automobile Manufacturing | 183,543 | 0.25% |
| Delta Airlines, Inc. | Terminals & Facilities | 169,331 | 0.23% |
| Grapevine Mills Ltd. Partnership | Retail Facility | 165,361 | 0.22% |
| Alcon Laboratories Inc. | Pharmaceuticals | 156,414 | 0.21% |
| Radio Shack, Inc. | Retail Electronics | <u>136,623</u> | <u>0.19%</u> |
| | | <u>\$3,677,928</u> | <u>5.00%</u> |

TARRANT COUNTY, TEXAS

GENERAL INFORMATION

| | |
|----------------------------|--------------|
| Date of incorporation..... | 1849 |
| County seat | |
| Birdville..... | 1849-1856 |
| Fort Worth..... | 1856-present |
| Area - square miles..... | .863 |
| Governing body | |
| County Judge..... | 1 |
| Commissioners..... | 4 |
| Elected officials..... | 69 |
| Non-elected employees..... | 4,122 |

POPULATION

| | |
|----------------|-----------|
| 1920 Census | 153,000 |
| 1930 Census | 163,000 |
| 1940 Census | 256,000 |
| 1950 Census | 361,000 |
| 1960 Census | 538,000 |
| 1970 Census | 716,000 |
| 1980 Census | 861,000 |
| 1990 Census | 1,170,000 |
| 2000 Census | 1,446,000 |
| 2001 Estimated | 1,472,000 |
| 2002 Estimated | 1,490,000 |

Source: North Central Texas Council of Governments

TARRANT COUNTY, TEXAS

POPULATION DISTRIBUTION

| | <u>17 - UNDER</u> | <u>18 - 24</u> | <u>25 - 34</u> | <u>35 - 49</u> | <u>50 - OVER</u> |
|------|-------------------|----------------|----------------|----------------|------------------|
| 1992 | 27.7 | 10.1 | 19.7 | 22.6 | 19.9 |
| 1993 | 28.0 | 9.8 | 19.0 | 23.0 | 20.1 |
| 1994 | 28.3 | 9.6 | 18.3 | 23.5 | 20.4 |
| 1995 | 28.4 | 9.4 | 17.5 | 24.0 | 20.6 |
| 1996 | 28.6 | 9.2 | 16.9 | 24.5 | 20.8 |
| 1997 | 28.7 | 9.3 | 16.1 | 24.7 | 21.2 |
| 1998 | 28.7 | 9.4 | 15.3 | 24.9 | 21.6 |
| 1999 | 28.8 | 9.6 | 14.6 | 25.0 | 22.0 |
| 2000 | 28.1 | 10.0 | 16.3 | 24.1 | 21.5 |
| 2001 | 28.0 | 10.0 | 16.2 | 24.0 | 21.8 |

Sources: U.S. Bureau of Census and Texas State Data Center

NUMBER OF EMPLOYEES IN MAJOR WORK FORCE SECTORS (ooo's omitted)

| | <u>2001</u> | <u>2000</u> |
|-----------------------------------|-------------|-------------|
| Construction | 40 | 40 |
| Manufacturing | 97 | 102 |
| Trade, Transportation & Utilities | 181 | 185 |
| Education & Health | 69 | 66 |
| Service | 225 | 225 |
| Government | 92 | 90 |
| Total | <u>704</u> | <u>708</u> |

Sources: Texas Workforce Commission and State Comptroller of Public Accounts

TARRANT COUNTY, TEXAS

TEN LARGEST EMPLOYERS⁽¹⁾

| | NUMBER OF EMPLOYEES | | | | |
|--|---------------------|--------|--------|--------|--------|
| | 2001 | 2000 | 1999 | 1998 | 1997 |
| AMRCorp./American Airlines | 28,492 | 28,600 | 30,000 | 30,000 | 30,000 |
| Fort Worth Independent School District | 12,513 | 11,900 | 9,500 | 9,500 | 8,000 |
| Lockheed Fort Worth Division | 11,400 | 10,500 | 10,000 | 10,000 | 11,000 |
| Texas Health Resources | 8,800 | 6,700 | 6,000 | 6,000 | 7,400 |
| Arlington Independent School District | 6,723 | 6,700 | 6,300 | 6,300 | 6,300 |
| Bell Helicopter-Textron | 6,000 | 6,400 | 6,200 | 6,200 | 6,400 |
| City of Fort Worth | 5,480 | 5,400 | 5,100 | 5,200 | 5,200 |
| Radio Shack Corp. | 4,295 | 4,600 | 4,500 | 4,700 | 5,400 |
| Tarrant County Governmnet | 4,196 | 4,100 | 4,000 | 4,000 | 4,000 |
| Harris Hospital | 3,728 | 3,800 | 5,100 | 5,100 | 5,100 |

UNEMPLOYMENT AND HOUSEHOLD BUYING POWER⁽¹⁾

| | Unemployment Rate | Effective Buying Income Per Household |
|------|----------------------|---|
| 1992 | 6.8 | 21,504 |
| 1993 | 6.3 | 23,125 |
| 1994 | 5.5 | 24,636 |
| 1995 | 4.9 | 23,297 |
| 1996 | 3.9 | 21,934 |
| 1997 | 3.6 | 23,071 |
| 1998 | 3.3 | 24,748 |
| 1999 | 3.1 | 26,472 |
| 2000 | 3.1 | 28,138 |
| 2001 | 4.2 | 30,490 |

TRANSPORTATION⁽¹⁾

| | |
|--|-------------|
| Dallas-Fort Worth International Airport | |
| Opened | 1974 |
| Longest Runway | 13,400 feet |
| Scheduled Airlines | 27 |
| Passengers Arriving/Departing | 39,752,533 |
| Meacham International Airport | |
| Opened | 1925 |
| Longest Runway | 7,500 feet |
| Scheduled Airline | none |
| Fort Worth Alliance Airport | |
| Opened | 1989 |
| Longest Runway | 9,600 feet |
| Scheduled Airlines (cargo only) | 1 |
| Trucking Services | 750 |
| Railroad Services | 6 |

(1)Source: Fort Worth Business Press, individual firms and Fort Worth Chamber of Commerce.

TARRANT COUNTY, TEXAS

EDUCATION

The Fort Worth Independent School District serves as the largest single school district in Tarrant County. The 133 schools in the district operate on the 5-3-4 plan in which the elementary schools (77) teach grades 1-5; middle schools (24), grades 6-8; senior high schools (13), grades 9-12, and (19) alternative schools. The Fort Worth School District employs approximately 5,024 classroom teachers to instruct the 80,534 students. Special education programs are provided for the blind, handicapped, mentally retarded, brain injured, emotionally disturbed and those who require speech and hearing therapy in 10 special schools. Vocational training is provided at the secondary level for the educable mentally retarded. Bilingual programs are also offered at the primary and secondary level. There are over 50 private and parochial institutions in the primary and secondary education area with a combined enrollment of approximately 7,300 students.

TARRANT COUNTY PUBLIC SCHOOL ENROLLMENT

| | |
|------|---------|
| 1992 | 219,000 |
| 1993 | 224,000 |
| 1994 | 229,000 |
| 1995 | 236,000 |
| 1996 | 244,000 |
| 1997 | 250,000 |
| 1998 | 256,000 |
| 1999 | 256,000 |
| 2000 | 260,000 |
| 2001 | 276,000 |

Tarrant County has eight college and university campuses with an enrollment of more than 63,000 students in both undergraduate and graduate programs.

| | Spring 2002 Enrollment | Type of Institution/ Year Founded | Type of Degrees Available |
|---|---------------------------|--------------------------------------|--|
| Tarrant County College * | 27,354 | Community college/1965 | Associate's and certificates of completion |
| University of Texas at Arlington | 20,842 | State/1895 | Bachelor's, master's, and doctorate |
| Texas Christian University | 7,421 | Private/1873 | Bachelor's, master's, doctorate, and professional |
| Southwestern Baptist Theological Seminary | 2,839 | Theological Seminary/ 1908 | Master's, doctorate |
| Texas Wesleyan University | 2,617 | Private/1890 | Bachelor's, master's, JD |

*Includes Northeast, Northwest, South and Southeast campuses.

Source: Texas Education Agency and Fort Worth Business Press

