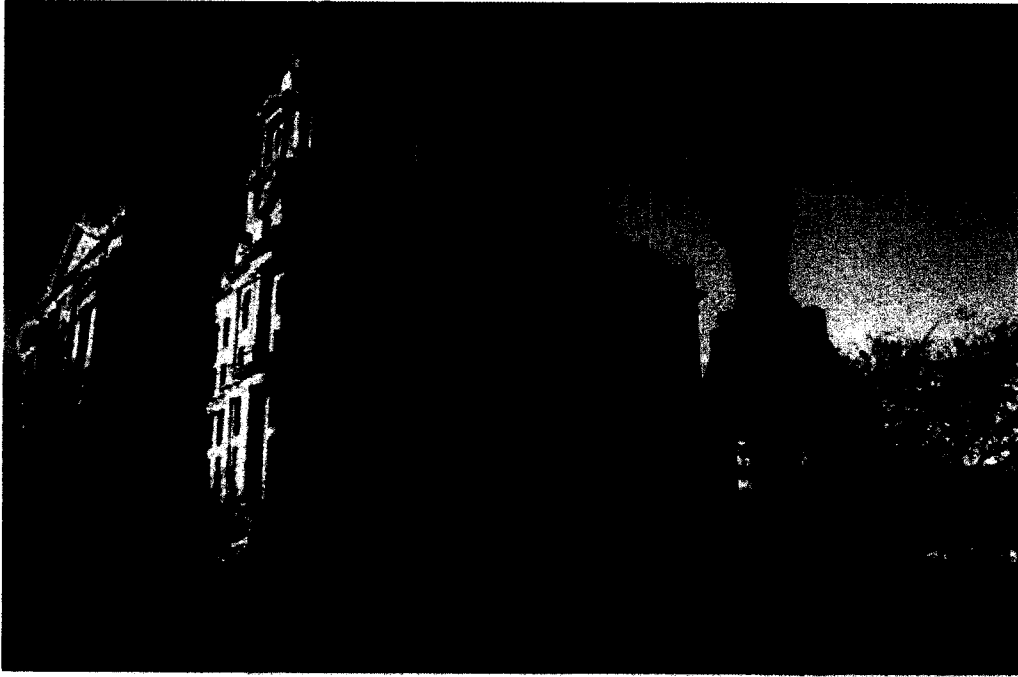


# **TARRANT COUNTY, TEXAS**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

**TARRANT COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended September 30, 2003**

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

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

**TARRANT COUNTY, TEXAS  
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 YEAR ENDED SEPTEMBER 30, 2003  
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**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**

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

March 17, 2004

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, 2003 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, 2003, 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, 2003, 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 1.55 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 all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons are presented on pages 72-73 as part of the required supplementary information. The other budget comparisons are presented on pages 83-92 as part of budgetary compliance.

## **Factors Affecting Financial Condition**

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

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

Major factors of this continued stability and growth include:

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

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

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

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



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

**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 2003 totaled \$.035081 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, 2003 were \$143,465,000, and total investment earnings on that portfolio were \$2,693,233. The average yield on investments was 1.42%.

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 2003 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$9,035,515. 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 10.01% for the months of the accounting year in 2002, and 9.96% for the months of the accounting year in 2003. The contribution rate payable by the employee members for calendar year 2003 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 601 retirees and 183 of their dependents receiving benefits. For the year ended September 30, 2003, the County incurred \$3,749,122 in health insurance premiums and claims while the retirees contributed \$980,737. The County pays the entire cost for EAP coverage of \$6,905, 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, 2002. 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, 2002

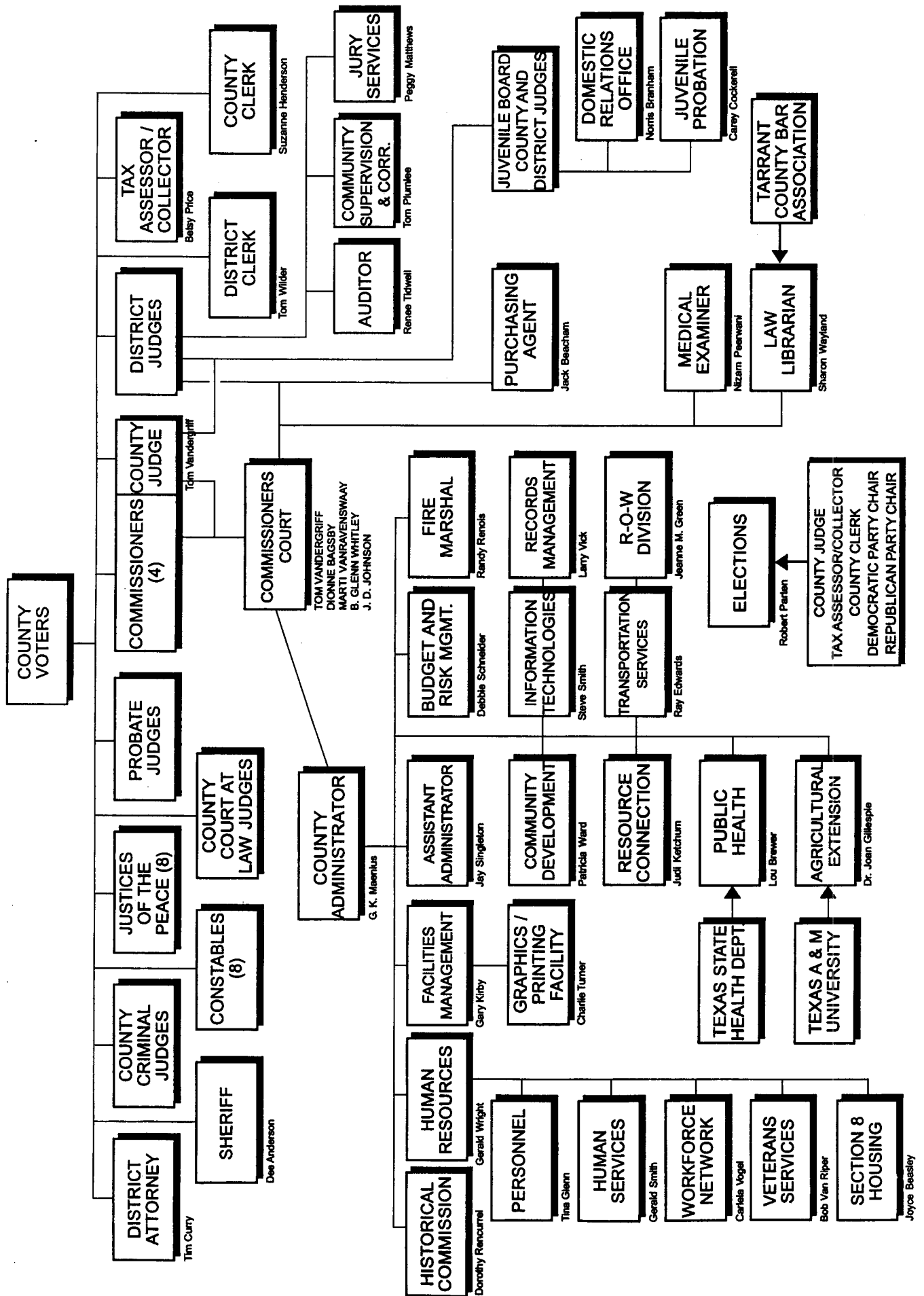
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# TARRANT COUNTY ORGANIZATION



**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

Commissioners Court:

Tom Vandergriff  
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  
Elizabeth Berry  
Mike Thomas  
Fred W. Davis  
Robert McCoy  
Donald Cosby  
Jeff Walker  
Len Wade  
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  
Deborah Nekhom-Harris  
Jamie Cummings  
Molly Jones  
Cheril Hardy  
Daryl Coffey  
Brent Carr  
Phillip Sorrells  
Brent Keis  
Jennifer Rymell  
Vincent G. Sprinkle  
Steve King  
Patrick Ferchill

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

**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

County Judges: (continued)

Barbara Ferrell	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
James S. Smith*	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, aggregate remaining fund information and the Tarrant County Hospital District discretely presented component unit of Tarrant County, Texas (the "County") as of and for the year ended September 30, 2003, 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 Mental Health Mental Retardation of Tarrant County ("MHMRTC"), a discretely presented component unit, as of and for the year ended August 31, 2003. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the MHMRTC, 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 opinion.

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, 2003, 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 stated in Note 17, MHMRTC restated certain beginning balances during the year ended August 31, 2003.

Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, are not required parts of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. This supplementary information is the responsibility of the County's management. 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 March 17, 2004, 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*

March 17, 2004

## 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, 2003. 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 \$186,218,000 (*net assets*). Of this amount, \$75,823,000 (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 \$22,934,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$105,355,000, a decrease of \$8,345,000 in comparison with the prior year. Approximately one half of this total amount, \$44,621,000, is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$22,917,000, or 10 percent of total general fund expenditures.
- The County's total debt decreased by \$10,215,000 (.1 percent) during the current fiscal year.

### *Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to Tarrant County's 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 required and other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business activities*). The governmental activities of the County include general government, public safety, judicial, community services, and transportation. The business-type activities of Tarrant County include the Resource Connection.

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 18-26 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 statement can be found on page 30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-69 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information concerning the County's progress in funding its obligation to provide pension benefits to its employees and budget to actual schedule for general fund and road and bridge fund. Required supplementary information can be found on pages 71-74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 78-99 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 \$186,218,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (59 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. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

## Tarrant County's Net Assets

(Amounts in thousands)

	Governmental Activities 2003	Business-type Activities 2003	Total 2003	Governmental Activities 2002	Business-type Activities 2002	Total 2002
Current and other assets	\$ 166,062	\$ 1,100	\$ 167,162	\$ 171,718	\$ 861	\$ 172,579
Capital assets	236,542	4,555	241,097	217,100	1,945	219,045
Total assets	402,604	5,655	408,259	388,818	2,806	391,624
Long-term liabilities						
outstanding	178,244	2,411	180,655	186,886	87	186,973
Other liabilities	40,826	560	41,386	41,208	159	41,367
Total liabilities	219,070	2,971	222,041	228,094	246	228,340
Net assets:						
Invested in capital assets, net of related debt	108,534	1,861	110,395	89,274	1,945	91,219
Unrestricted	75,000	823	75,823	71,450	615	72,065
Total net assets	<u>\$ 183,534</u>	<u>\$ 2,684</u>	<u>\$ 186,218</u>	<u>\$ 160,724</u>	<u>\$ 2,560</u>	<u>\$ 163,284</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

The County's net assets increased by \$22,934,000 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 \$22,810,000, 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 \$16,823,000, or 8.4 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.

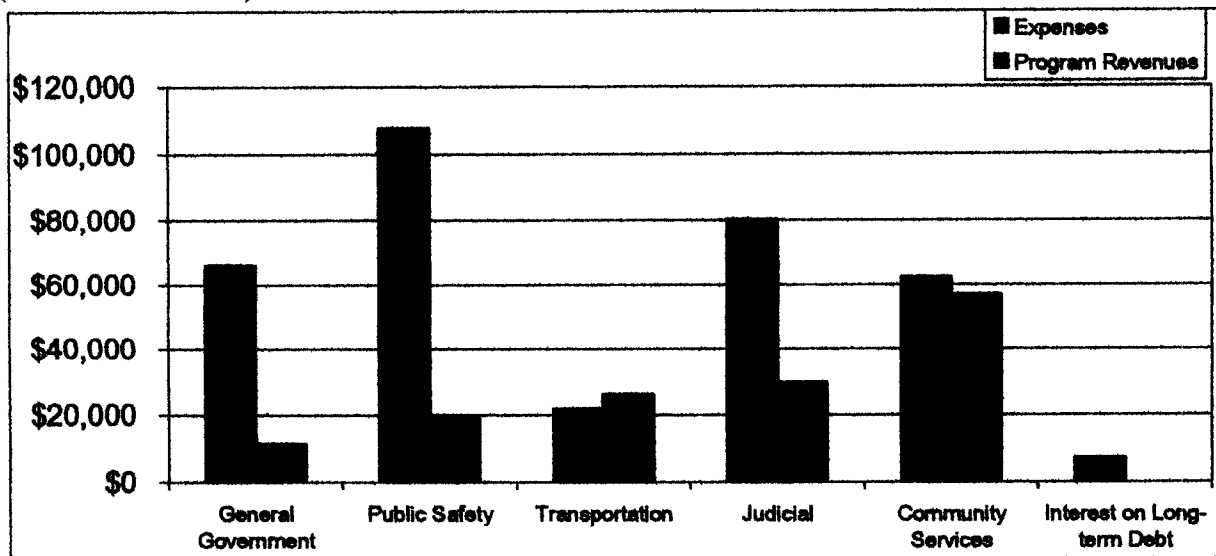
## Tarrant County's Changes in Net Assets

(Amounts in thousands)

	Governmental Activities 2003	Business-type Activities 2003	Total 2003	Governmental Activities 2002	Business-type Activities 2002	Total 2002
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 76,379	\$ 2,646	\$ 79,025	\$ 78,219	\$ 2,496	\$ 80,715
Operating grants and contributions	64,744		64,744	60,236		60,236
Capital grants and contributions	2,626	134				
General revenues:						
Taxes	216,118		216,118	199,295		199,295
Alcoholic beverage taxes	4,000					
Other	4,430	10	4,440	13,530	45	13,575
<b>Total revenues</b>	<b>368,297</b>	<b>2,790</b>	<b>364,327</b>	<b>351,280</b>	<b>2,541</b>	<b>353,821</b>
Expenses:						
General government	66,121		66,121	58,366		58,366
Public safety	107,910		107,910	103,211		103,211
Transportation	21,725		21,725	17,821		17,821
Judicial	80,201		80,201	80,944		80,944
Community services	62,217		62,217	59,669		59,669
Interest and fiscal charges	7,313		7,313	5,842		5,842
Resource Connection		2,666	2,666		2,393	2,393
<b>Total expenses</b>	<b>345,487</b>	<b>2,666</b>	<b>348,153</b>	<b>325,853</b>	<b>2,393</b>	<b>328,246</b>
Increase in net assets	22,810	124	16,174	25,427	148	25,575
Net assets-beginning	160,724	2,560	163,284	135,297	2,412	137,709
Net assets-ending	<b>\$ 183,534</b>	<b>\$ 2,684</b>	<b>\$ 179,458</b>	<b>\$ 160,724</b>	<b>\$ 2,560</b>	<b>\$ 163,284</b>

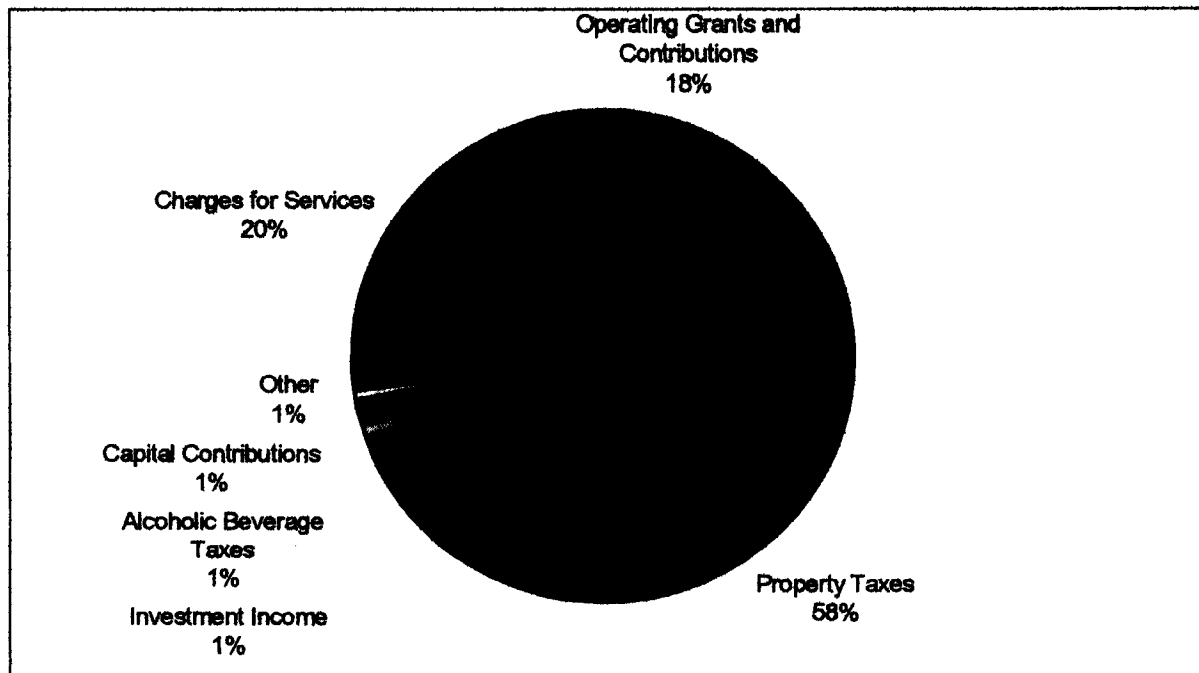
### Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



### Revenues by Source – Governmental Activities

(Amounts in thousands)





**Business-type activities.** Business-type activities increased \$124,000. 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 combined fund balances of \$105,355,000 a decrease of \$8,345,000 in comparison with the prior year. Approximately half of this total amount, \$44,621,000, 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 \$6,619,000, 2) to pay debt service \$1,564,000, 3) for capital projects \$39,431,000 or 4) for a variety of other restricted purposes \$13,120,000.

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 \$22,917,000, while total fund balance reached \$34,286,000. 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 10 percent of total general fund expenditures, while total fund balance represents 15 percent of that same amount.

The fund balance of the County's general fund decreased by \$12,036,000 during the current fiscal year. Key factor in this reduction is as follows:

- 277% increase in operating transfers out, in order for non debt capital purchases in fiscal year 2003.

The debt service fund has a total fund balance of \$1,564,000, 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 \$27,903,000 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 \$2,684,000. The total growth in net assets for the fund was \$124,000. 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 costs due to Senate Bill 7.

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 \$14,000,000 and undesignated balance of \$1,440,000.
- Public safety expenditures were less than budgeted for jail operations and salaries.
- While investment income was less than anticipated, taxes and fees of office revenues were greater than budgeted due to an increase in property values and 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, 2003 amount to \$241,097,000 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.

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

- 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 49-50 of this report.

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

	Governmental Activities 2003	Business-type Activities 2003	Total 2003	Governmental Activities 2002	Business-type Activities 2002	Total 2002
Land	\$ 42,997	\$ 116	\$ 43,113	\$ 42,118	\$ 116	\$ 42,234
Buildings and improvements	115,860	4,404	120,264	119,912	1,805	121,717
Fixed equipment	22,599	35	22,634	19,226	24	19,250
Infrastructure	29,667	-	29,667	28,229	-	28,229
Construction in progress	18,012	-	18,012	5,173	-	5,173
Software development	7,407	-	7,407	2,442	-	2,442
<b>Total</b>	<b>\$ 236,542</b>	<b>\$ 4,555</b>	<b>\$ 241,097</b>	<b>\$ 217,100</b>	<b>\$ 1,945</b>	<b>\$ 219,045</b>

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$153,200,000. All of this debt represents bonds secured solely on future tax revenue.

**Tarrant County's Outstanding Debt**  
(Amounts in thousands)

	Governmental Activities 2003	Governmental Activities 2002
General Obligation	\$ 42,790	\$ 44,215
Certificates of Obligation	37,150	51,425
Limited Tax Refunding Bonds	32,945	39,460
Taxable Tax Notes	28,315	28,315
Non Taxable Tax Notes	12,000	-
<b>Total</b>	<b>\$ 153,200</b>	<b>\$ 163,415</b>

The County's total debt decreased by a net \$10,215,000 or .1 percent during the current fiscal year. This reflects the issuance of \$12,000,000 and principal reduction of \$22,215,000.

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 \$3,958,991,000, 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 52-53 of this report.

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

- The unemployment rate remained steady for Tarrant County at 6.3 percent, the same as the prior year. This is comparable to the state's slight increase in average unemployment rate of 6.8 percent from 6.4 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 2004 fiscal year.

During the 2003 fiscal year, unreserved fund balance in the general fund decreased to \$22,917,000. The County has appropriated \$20,000,000 of this amount for spending in the 2004 fiscal year budget. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2004 fiscal year.

## **Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**



TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 115,178	\$ 815	\$ 115,993
Taxes receivable, net of allowance for uncollectibles	9,586		9,586
Other receivables, net of allowance for uncollectibles	36,394	280	36,674
Advance to proprietary fund	2,694		2,694
Due from other governments			
Prepaid expenses and inventory	1,568	5	1,573
Deferred charges	642		642
Restricted assets			
Assets limited to use			
Capital assets, net:			
Not subject to depreciation	68,416	116	68,532
Subject to depreciation	168,126	4,439	172,565
Total assets	402,604	5,655	408,259
<b>LIABILITIES</b>			
Accounts payable	11,939	160	12,099
Accrued interest payable	253		253
Other liabilities	5,102		5,102
Deferred revenue	14,496		14,496
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	14,912	117	15,029
Capital lease			
Advance from governmental fund		400	400
Bonds payable	22,090		22,090
Other noncurrent liabilities	3,180		3,180
Portion due or payable after one year:			
Compensated absences payable	10,211		10,211
Capital lease			
Advance from governmental fund		2,294	2,294
Bonds payable	131,031		131,031
Other noncurrent liabilities	5,856		5,856
Total liabilities	219,070	2,971	222,041
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	108,534	1,861	110,395
Restricted			
Unrestricted	75,000	823	75,823
Total net assets	\$ 183,534	\$ 2,684	\$ 186,218

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 51,396	\$ 14,057
3,383	
18,083	1,383
15,961	3,751
11,216	1,461
	50
1,677	323
136,643	
22,784	915
123,743	4,890
<u>384,886</u>	<u>26,830</u>
14,811	1,643
26,576	1,939
	1,518
	321
	534
2,831	
	1,528
	139
47,026	2,305
1,969	
<u>93,213</u>	<u>9,927</u>
115,298	2,826
1,677	323
174,698	13,754
<u>\$ 291,673</u>	<u>\$ 16,903</u>



TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

Activities:	Expenses	Program Revenues		
		Fees, Fines , and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental:</b>				
General government	\$ 66,121	\$ 11,558	\$ 24	
Public safety	107,910	6,588	12,559	
Transportation support	21,725	23,625		\$ 2,626
Judicial	80,201	26,061	3,711	
Community services	62,217	8,547	48,450	
Interest and fiscal charges	7,313			
<b>Total governmental activities</b>	<b>345,487</b>	<b>76,379</b>	<b>64,744</b>	<b>2,626</b>
<b>Business-type:</b>				
Resource Connection	2,666	2,646		134
<b>Total primary government</b>	<b>\$ 348,153</b>	<b>\$ 79,025</b>	<b>\$ 64,744</b>	<b>\$ 2,760</b>
<b>Component units</b>				
Tarrant County Hospital District	\$ 430,043	\$ 194,894	\$ 40,878	
MHMR of Tarrant County	75,567	21,497	52,358	
	<b>\$ 505,610</b>	<b>\$ 216,391</b>	<b>\$ 93,236</b>	<b>\$ -</b>

General revenues:  
 Property taxes  
 Alcoholic beverage taxes  
 Unrestricted investment earnings  
 Gain on sale of capital assets  
 Miscellaneous  
 Total general revenues  
 Change in net assets  
 Net assets-beginning  
 Transfer of Net Assets to North Texas Affiliated Medical Group  
 Prior period adjustment (Note 17)  
 Net assets-ending

See accompanying notes to the financial statements.

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

Governmental Activities	Primary Government		Component Units	
	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (54,539)		\$ (54,539)		
(88,763)		(88,763)		
4,526		4,526		
(50,429)		(50,429)		
(5,220)		(5,220)		
(7,313)		(7,313)		
(201,738)		(201,738)		
	\$ 114	114		
<u>\$ (201,738)</u>	<u>\$ 114</u>	<u>\$ (201,624)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (194,271)	\$ 3,120
			<u>\$ (194,271)</u>	<u>\$ 3,120</u>
216,118		216,118	184,173	
4,000		4,000		
2,285	10	2,295	5,642	286
		-		30
2,145		2,145	28,229	481
<u>224,548</u>	<u>10</u>	<u>224,558</u>	<u>218,044</u>	<u>797</u>
22,810	124	22,934	23,773	3,917
160,724	2,560	163,284	275,157	12,337
			(7,257)	
				649
<u>\$ 183,534</u>	<u>\$ 2,684</u>	<u>\$ 186,218</u>	<u>\$ 291,673</u>	<u>\$ 16,903</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

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<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and investments	\$ 23,074	\$ 13,706	\$ 1,772	\$ 46,071
Receivables (Note 2):				
Taxes, net of allowance for uncollectibles	7,640	12	1,934	
Other receivables, net of allowance for uncollectibles	17,781	63		314
Due from other funds (Note 9)	6,492			
Advance to proprietary fund				2,694
Supplies and prepaid items	814	682		4
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 55,801</u>	<u>\$ 14,463</u>	<u>\$ 3,706</u>	<u>\$ 49,083</u>

See accompanying notes the financial statements.

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<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,934	\$ 11,355	\$ 102,912
		9,586
17,714	341	36,213
		6,492
22	46	2,694
		1,568
<u>\$ 24,670</u>	<u>\$ 11,742</u>	<u>\$ 159,465</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2003 (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>
<b>LIABILITIES:</b>				
Accounts payable	\$ 4,359	\$ 902		\$ 3,443
Other liabilities	1,317		\$ 38	
Due to other funds (Note 9)				
Compensated absences (Note 4)				
Deferred revenue	<u>15,839</u>	<u>24</u>	<u>2,104</u>	<u>85</u>
Total liabilities	21,515	926	2,142	3,528
<b>FUND BALANCES:</b>				
Reserved:				
For debt service			1,564	
For capital projects				39,431
For encumbrances	1,675	1,082		3,426
For supplies and prepaid items	814	682		4
For long term receivable	8,880			2,694
Unreserved, report in:				
General fund	22,917			
Road and Bridge fund		11,773		
Other Special revenue				
Total equity	<u>34,286</u>	<u>13,537</u>	<u>1,564</u>	<u>45,555</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 55,801</u>	<u>\$ 14,463</u>	<u>\$ 3,706</u>	<u>\$ 49,083</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,129	\$ 478	\$ 11,311
1,970	742	4,067
6,302	109	6,411
36		36
<u>14,233</u>		<u>32,285</u>
24,670	1,329	54,110
		1,564
		39,431
	436	6,619
	46	1,546
		11,574
		22,917
		11,773
	<u>9,931</u>	<u>9,931</u>
<u>-</u>	<u>10,413</u>	<u>105,355</u>
<u>\$ 24,670</u>	<u>\$ 11,742</u>	<u>\$ 159,465</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE  
TO NET ASSETS  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

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

Total fund balance - total governmental funds (pages 20-21)	\$ 105,355
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	236,542
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	17,821
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.	1,635
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(177,819)</u>
Net assets of governmental activities (page 14)	<u>\$ 183,534</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, 2003 (AMOUNTS IN THOUSANDS)**

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES:</b>				
Taxes, licenses and permits	\$ 188,029	\$ 2	\$ 27,903	
Fees of office	24,811	23,625		
Intergovernmental	9,394	23		\$ 226
Investment income	1,540	193	176	539
Other revenues	7,493	44	2,224	616
<b>Total revenues</b>	<b>231,267</b>	<b>23,887</b>	<b>30,303</b>	<b>1,381</b>
<b>EXPENDITURES:</b>				
Current:				
General government	57,008			
Public safety	93,033			
Transportation support		18,890		
Judicial	71,244			
Community services	5,855			
Capital outlay				29,750
Debt service:				
Principal payments			22,215	
Interest and fiscal charges			7,593	
<b>Total expenditures</b>	<b>227,140</b>	<b>18,890</b>	<b>29,808</b>	<b>29,750</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,127</b>	<b>4,997</b>	<b>495</b>	<b>(28,369)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (Note 10)	764		3	18,078
Transfers out (Note 10)	(16,927)	(4,992)		(3)
Bond proceeds				12,000
<b>Total other financing sources (uses)</b>	<b>(16,163)</b>	<b>(4,992)</b>	<b>3</b>	<b>30,075</b>
<b>Change in fund balance</b>	<b>(12,036)</b>	<b>5</b>	<b>498</b>	<b>1,706</b>
<b>FUND BALANCES, beginning of year</b>	<b>46,322</b>	<b>13,532</b>	<b>1,066</b>	<b>43,849</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 34,286</b>	<b>\$ 13,537</b>	<b>\$ 1,564</b>	<b>\$ 45,555</b>

See accompanying notes to the financial statements.

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<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 215,934
\$ 1,554	\$ 7,181	57,171
61,411	7,254	78,308
59	248	2,755
1,315	1,743	13,435
64,339	16,426	367,603
1	1,752	58,761
12,135	1,786	106,954
3,979	4,006	18,890
46,013	7,000	79,229
4,213	570	58,868
		34,533
		22,215
		7,593
66,341	15,114	387,043
(2,002)	1,312	(19,440)
2,558	1,408	22,811
(556)	(1,238)	(23,716)
		12,000
2,002	170	11,095
-	1,482	(8,345)
-	8,931	113,700
<u>\$ -</u>	<u>\$ 10,413</u>	<u>\$ 105,355</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, 2003 (AMOUNTS IN THOUSANDS)

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

Net change in fund balances--total governmental funds (pages 24-25)	\$ (8,345)
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.	17,284
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets	2,158
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,356)
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.	10,266
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.	(1,940)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>4,743</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 22,810</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

---

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 815	\$ 12,266
Other receivables, net of allowance for uncollectibles	280	181
Prepaid expenses and inventory	5	
Total current assets	<u>1,100</u>	<u>12,447</u>
Noncurrent assets:		
Capital assets (Note 5)		
Land	116	
Building and improvements, net	4,404	
Equipment, net	35	
Total noncurrent assets	<u>4,555</u>	<u>-</u>
Total assets	<u>5,655</u>	<u>12,447</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	160	628
Other liabilities		6,891
Due to other funds		81
Advance from governmental fund	400	
Deferred revenue		32
Compensated absences payable	117	
Total current liabilities	<u>677</u>	<u>7,632</u>
Noncurrent liabilities:		
Other noncurrent liabilities		3,180
Long term advance from governmental fund	2,294	
Total noncurrent liabilities	<u>2,294</u>	<u>3,180</u>
Total liabilities	<u>2,971</u>	<u>10,812</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,861	
Unrestricted	823	1,635
Total net assets	<u>\$ 2,684</u>	<u>\$ 1,635</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, 2003 (AMOUNTS IN THOUSANDS)

---

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING REVENUES:		
Building management	\$ 196	
Building rentals	2,366	
Pool rental	26	
Self insurance revenues		\$ 36,673
Other revenues	58	1,882
Total operating revenues	<u>2,646</u>	<u>38,555</u>
OPERATING EXPENSES		
Personnel	1,169	
Materials and supplies	19	
Building and equipment	1,189	128
Depreciation and amortization	218	
Self insurance claims		34,728
Other expenses	71	
Total operating expenses	<u>2,666</u>	<u>34,856</u>
Operating income (loss)	(20)	3,699
NONOPERATING REVENUES:		
Investment income	10	139
Total nonoperating revenues	<u>10</u>	<u>139</u>
Income before contributions and transfers	(10)	3,838
Capital contributions	134	
Transfers in		1,328
Transfers out		(423)
Change in net assets	124	4,743
Total net assets-beginning	<u>2,560</u>	<u>(3,108)</u>
Total net assets-ending	<u>\$ 2,684</u>	<u>\$ 1,635</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS**STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<b>OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 2,589	\$ 38,447
Payments to suppliers	(1,271)	(325)
Payments on behalf of employees		(37,444)
Payments to employees	<u>(1,139)</u>	
Net cash flows provided by (used in) operating activities	179	678
<b>INVESTING ACTIVITIES:</b>		
Investment income (expense), net	<u>10</u>	<u>139</u>
Net cash flows provided by investing activities	10	139
<b>NONCAPITAL FINANCING ACTIVITIES:</b>		
Advance from other funds		81
Transfers in		<u>905</u>
Net cash flows provided by noncapital financing activities	-	986
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Advance from other funds	2,694	
Acquisition of capital assets	<u>(2,694)</u>	
Net cash flows provided by capital and related financial activities	-	-
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	189	1,803
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>626</u>	<u>10,463</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 815</u>	<u>\$ 12,266</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Income (loss) from operations	\$ (20)	\$ 3,699
Net cash provided by (used in) operating activities:		
Depreciation & amortization	218	
Changes in assets and liabilities:		
Supplies & prepaid items	7	
Other receivables	(57)	(61)
Accounts payable	1	(494)
Other liabilities		(2,419)
Deferred revenue		(47)
Compensated absences	<u>30</u>	
Net cash flows provided by (used in) operating activities	<u>\$ 179</u>	<u>\$ 678</u>
<b>Noncash capital activities:</b>		
Capital contributions	134	

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

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ASSETS

Current assets:

Cash and investments	\$	27,472
Other receivables, net of allowance for uncollectibles		126,842
Restricted asset		<u>53,442</u>

TOTAL ASSETS \$ 207,756

LIABILITIES

Current liabilities:

Other liabilities	\$	<u>207,756</u>
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TOTAL LIABILITIES \$ 207,756

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**(a) Reporting Entity**

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

**BLENDED COMPONENT UNITS**

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

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

**DISCRETELY PRESENTED COMPONENT UNITS**

The Tarrant County Hospital District ("TCHD") serves the citizens of the County and is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. The County Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD assets. TCHD cannot issue bonded debt without County Commissioners Court approval. TCHD's financial statements include the JPS Physicians Group (JPSPG) and Metro West Health Plan as component units within the reporting entity. On July 31, 2003, the TCHD entered into a separation and settlement agreement with the North Texas Affiliated Medical Group (NTAMG)



whereby the TCHD withdrew as the sole corporate member of the NTAMG, and NTAMG returned the initial capitalization funds to the TCHD, resulting in a transfer of \$7.2 million in net assets to NTAMG. In addition, the TCHD now holds a security interest in the NTAMG administration building to secure the remaining receivable from NTAMG for the ten months ended July 31, 2003 include excess of expenses over revenues of approximately \$568,000.

JPSPG began operations in July 2003 primarily for the purpose of providing physician services to TCHD patients. The TCHD is the sole corporate member of JPSPG and, as such, exercises significant influence over the financial operations of JPSPG. The financial statements of JPSPG are blended with the TCHD for the year ended September 30, 2003, and include total assets, of \$36,000 and total liabilities of \$139,000. JPSPG's excess of revenues and gains over expenses totaled approximately \$103,000 for the year ended September 30, 2003. 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, 2003 and include total assets of \$6,200,000 and total liabilities of \$2,700,000. Metro West Health Plan's excess of revenues and gains over expenses totaled approximately \$548,000 for the year ended September 30, 2003.

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

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

The Tarrant County Health Facilities Development Corporation ("TCHFDC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC has no balance sheet or results of operations as of and for the year ended September 30, 2003. 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**

**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 for all financial resources of the general government, except for those required to be accounted for in another fund.

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

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

**Capital Projects Fund** – The Capital Projects Fund accounts for the financial resources to be used for the acquisition and/or construction of facilities 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 and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred regardless of when the related cash flow takes place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, 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 within sixty days after year-end. The primary revenue sources susceptible to accrual are property taxes, which are recognized as deferred revenue until cash is received, and grant income, which is accrued when the legal and contractual requirements of the individual programs are met. Expenditures are recorded when incurred. However, expenditures for principal and interest on general long-term debt, compensated absences, and claims and judgments are recorded when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**(d) 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.
- Unencumbered appropriations lapse at year-end for all funds.
- The financial statements are prepared in accordance with GAAP and, accordingly, there are differences between the amounts reported as revenues and expenditures in the financial statements and the amounts reflected in the budgetary comparison schedule.
- Supplemental appropriations were made for certain funds.

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

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

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

MHMRTC cash equivalents at August 31, 2003 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 in the fiduciary fund pursuant to court-ordered trust accounts and securities posted by bondsmen to secure bail bonds. Court designated funds are not considered to be restricted.

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

For MHMRTC, certain proceeds of debt are classified as restricted assets as their use is limited by applicable debt covenants. Investments set aside for "Information Systems Project" are funds received from a lender to be used for the purchase and replacement of computer equipment.

**(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.

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 County is currently implementing an enterprise resource planning (ERP) software package. The costs associated with each phase are collected in software development until the phase is complete and then the costs are moved to equipment and depreciated over the useful life of the software.

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

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

**(j) Deferred Revenue**

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

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

**(k) Long-term Obligations**

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

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

**(l) Compensated Absences**

The liability for compensated absences reported in the government-wide and propriety fund statements consists of accumulated earned but unpaid vacation and sick pay benefits. All vacation pay is accrued and the vested portion of the sick leave is accrued for the employees eligible to receive payment upon termination, in accordance with County policy. Compensated absences reported in the governmental funds are to be paid out 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 \$0.2725 (\$0.237419 for the maintenance and operations and \$0.035081 for interest and sinking fund) per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

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

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



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

TCHD ad valorem tax rate was \$0.230805 per \$100 valuation for the maintenance and operation fund in 2003 and \$0.0017950 per \$100 valuation for the interest and sinking fund in 2003.

**(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, 2003 follows (in thousands):

	<b>2003</b>
Patient services provided:	
Inpatient services	\$ 294,885
Outpatient services	<u>326,553</u>
	621,438
Charges forgone for charity care	<u>266,406</u>
Patient service revenue	355,032
Deductions from revenue for contractual allowances	<u>160,138</u>
Net patient service revenue	194,894
Provision for bad debts	<u>67,808</u>
Total net patient service revenue	<u><u>\$ 127,086</u></u>

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

Net patient service revenue net of bad debts of \$114,400,000 for the year ended September 30, 2003 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 cost reports for all years before 1998 have been audited and settled as of September 30, 2003. Medicaid cost reports have been audited and settled for all years before 1997 as of September 30, 2003.

**(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, 2003 the TCHD received approximately \$2,400,000 related to the settlement. The funding from the tobacco industry is to offset indigent health care costs of local governments.

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

MHMRTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; doctors' malpractice; and natural disasters. During fiscal 2003 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: Restricted**

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

**Net Assets: Unrestricted**

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

## 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 \$177,819 difference are as follows (in thousands):

Bonds payable	\$ 153,200
Less: Deferred charge on refunding (to be amortized as interest expense)	(353)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(289)
Less: Issuance discount (to be amortized as interest expense)	(141)
Plus: Premium on refunding (to be amortized as interest expense)	62
Accrued interest payable	253
Compensated absences	<u>25,087</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 177,819</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 \$17,284 difference are as follows (in thousands):

Capital outlay	\$ 32,305
Depreciation expense	<u>(15,021)</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>\$ 17,284</u></u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets." The details of this \$2,158 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.	\$ (468)
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>2,626</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>\$ 2,158</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 \$10,266 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of tax notes	\$ 12,000
Issuance cost	(51)
Principal repayments:	
General obligation debt	(1,425)
Certificates of obligation debt	(14,275)
Limited tax refund debt	<u>(6,515)</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>\$ (10,266)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$1,940 difference are as follows (in thousands):

Compensated absences	\$ (1,791)
Arbitrage	10
Amortization of deferred charge on refunding	(70)
Amortization of issuance costs	(55)
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>\$ (1,940)</u>

### 3. CASH AND INVESTMENTS

#### Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$89,648,000 and the bank balance was \$69,992,564, 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 \$5,700,000 and the bank balance was \$10,017,085. Of the bank balance, \$10,017,085 was covered by Federal Depository Insurance Corporation or by collateral held by TCHD’s agent in TCHD’s name.

On August 31, 2003, MHMRTC’s carrying amount of cash and cash equivalents was (\$131,311) and the bank balance was \$202,654, 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, 2003. 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 2003, 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 2003 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, 2003, the County's investment balances were as follows (in thousands):

	Category			Fair Value
	1	2	3	
U.S. Government Securities	<u>\$6,965</u>			<u>\$6,965</u>
	<u>\$6,965</u>			6,965
Investments not subject to categorization:				
TexPool				30,524
Money Market Mutual Funds				2,360
Lone Star				9,363
MBIA				41,565
TexStar				<u>16,482</u>
				<u>\$107,259</u>

At September 30, 2003 TCHD's investment balances were as follows (in thousands):

	Fair Value
Investments not subject to categorization:	
Money Market Mutual Funds	<u>\$ 45,696</u>
	<u>\$ 45,696</u>

At September 30, 2003 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			\$ 4,492	\$ 4,492
U. S. Agency Obligations			<u>68,059</u>	<u>68,059</u>
			<u>\$ 72,551</u>	72,551
Investments not subject to categorization:				
Money Market Mutual Funds				<u>64,092</u>
				<u>\$ 136,643</u>

At September 30, 2003 TCHD's restricted investment balances were as follows (in thousands):

	<u>Fair Value</u>
Investments not subject to categorization:	
Money Market Mutual Funds	<u>\$ 1,677</u>
	<u>\$ 1,677</u>

At August 30, 2003, MHMRTC's restricted investment balances were as follows (in thousands):

	<u>Fair Value</u>
Investments not subject to categorization:	
TexPool	<u>14,545</u>
	<u>\$ 14,545</u>

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

	<b>Primary Government</b>	<b>Component Units</b>
<b>Cash:</b>		
County	\$ 89,648	
TCHD		\$ 5,700
MHMRTC		(165)
<b>Investments:</b>		
County	107,259	
TCHD		45,696
MHMRTC		14,222
TCHD - assets limited as to use		136,643
TCHD - restricted		1,677
MHMRTC - restricted		323
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 196,907</u>	<u>\$ 204,096</u>
<b>Cash and investments per Statement of Net Assets:</b>		
Unrestricted	\$ 115,993	\$ 65,453
Restricted		2,000
Assets limited as to use		136,643
<b>Cash and investments per Statement of Fiduciary Net Assets:</b>		
Unrestricted	27,472	
Restricted	53,442	
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 196,907</u>	<u>\$ 204,096</u>

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

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

	<b>General</b>	<b>Road and Bridge</b>	<b>Debt Service</b>	<b>Total</b>	<b>TCHD</b>
Taxes receivable	\$ 11,144	\$ 30	\$ 2,452	\$ 13,626	\$ 11,816
Allowance for uncollectibles	<u>(3,504)</u>	<u>(18)</u>	<u>(518)</u>	<u>(4,040)</u>	<u>(8,433)</u>
Net taxes receivable	<u>\$ 7,640</u>	<u>\$ 12</u>	<u>\$ 1,934</u>	<u>\$ 9,586</u>	<u>\$ 3,383</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):

<b>Governmental Activities</b>				<b>Other</b>		<b>Total</b>
	<b>General</b>	<b>Road and Bridge</b>	<b>Capital Projects</b>	<b>Grants</b>	<b>Governmental Funds</b>	
Accounts receivable	\$ 21,962	\$ 63	\$ 314	\$ 17,714	\$ 341	\$ 40,394
Long-term accounts receivable	8,475					8,475
Allowance for uncollectible	<u>12,656</u>					<u>12,656</u>
Net accounts receivable	<u>\$ 17,781</u>	<u>\$ 63</u>	<u>\$ 314</u>	<u>\$ 17,714</u>	<u>\$ 341</u>	<u>\$ 36,213</u>
<b>Business-type Activities</b>				<b>Enterprise</b>	<b>Internal Service</b>	<b>Total</b>
Accounts receivable				\$ 280	\$ 181	\$ 461
Allowance for uncollectible						
Net accounts receivable				<u>\$ 280</u>	<u>\$ 181</u>	<u>\$ 461</u>
<b>Component Units</b>				<b>TCHD</b>	<b>MHMRTC</b>	<b>Total</b>
Accounts receivable				\$ 50,046	\$ 2,639	\$ 52,685
Allowance for uncollectible				<u>(31,963)</u>	<u>(1,256)</u>	<u>(33,219)</u>
Net accounts receivable				<u>\$ 18,083</u>	<u>\$ 1,383</u>	<u>\$ 19,466</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 \$126,673,300 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 53.1% 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.

## 5. CAPITAL ASSETS

### County

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	<u>Balance October 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance September 30, 2003</u>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 42,118	\$ 879		42,997
Construction in progress	5,173	12,953	(114)	18,012
Software development	2,442	4,965		7,407
Total capital assets not depreciated	<u>49,733</u>	<u>18,797</u>	<u>(114)</u>	<u>68,416</u>
Other capital assets:				
Buildings and improvements	164,838	1,420		166,258
Fixed equipment	45,702	11,141	(4,568)	52,275
Infrastructure	48,211	3,650		51,861
Total other capital assets at cost	<u>258,751</u>	<u>16,211</u>	<u>(4,568)</u>	<u>270,394</u>
Less accumulated depreciation for:				
Buildings and improvements	(44,926)	(5,472)		(50,398)
Fixed equipment	(26,476)	(7,337)	4,137	(29,676)
Infrastructure	(19,982)	(2,212)		(22,194)
Total accumulated depreciation	<u>(91,384)</u>	<u>(15,021)</u>	<u>4,137</u>	<u>(102,268)</u>
Other capital assets, net	167,367	1,190	(431)	168,126
Governmental activities capital assets, net	<u>\$ 217,100</u>	<u>\$ 19,987</u>	<u>\$ (545)</u>	<u>\$ 236,542</u>

	<u>Balance October 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance September 30, 2003</u>
<b>Business-type activities:</b>				
Capital assets not depreciated:				
Land	\$ 116	\$ -	\$ -	\$ 116
Other capital assets:				
Buildings and improvements	3,164	2,804		5,968
Fixed equipment	198	24	(34)	188
Total other capital assets at cost	<u>3,362</u>	<u>2,828</u>	<u>(34)</u>	<u>6,156</u>
Accumulated depreciation	<u>(1,533)</u>	<u>(218)</u>	<u>34</u>	<u>(1,717)</u>
Other capital assets, net	1,829	2,610	-	4,439
Business-type activities capital assets, net	<u>\$ 1,945</u>	<u>\$ 2,610</u>	<u>\$ -</u>	<u>\$ 4,555</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 5,858
Public safety	2,147
Transportation	6,273
Judicial	548
Community services	<u>195</u>
Total governmental activities depreciation expense	<u>\$ 15,021</u>

Construction in progress primarily consists of construction costs for the construction of the law center. At September 30, 2003, the remaining commitments on contracts and agreements approximated \$51,547,100.

The County is currently involved in the development and implementation of an enterprise resource planning software. At September 30, 2003, the remaining commitments on contracts and agreements approximated \$7,092,692.

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. The monthly lease amount is \$170,000.

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

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

## TCHD

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

	<u>Balance October 1, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2003</u>
<b>Business-type activities</b>				
Capital assets not depreciated:				
Land	\$ 5,281	\$ 287	\$ (421)	\$ 5,147
Construction in progress	16,729	1,066	(158)	17,637
Total capital assets not depreciated	<u>22,010</u>	<u>1,353</u>	<u>(579)</u>	<u>22,784</u>
Other capital assets:				
Buildings and improvements	132,314	9,635	(20)	141,929
Improvements other than buildings	2,836	3,179		6,015
Machinery and equipment	125,357	18,737	(2,709)	141,385
Total other capital assets at cost	<u>260,507</u>	<u>31,551</u>	<u>(2,729)</u>	<u>289,329</u>
Less accumulated depreciation for:				
Buildings and improvements	(64,336)	(5,717)		(70,053)
Improvements other than buildings	(2,111)	(216)		(2,327)
Machinery and equipment	(85,418)	(10,109)	2,321	(93,206)
Total accumulated depreciation	<u>(151,865)</u>	<u>(16,042)</u>	<u>2,321</u>	<u>(165,586)</u>
Other capital assets, net	108,642	15,509	(408)	123,743
Business-type activities capital assets, net	<u>\$ 130,652</u>	<u>\$ 16,862</u>	<u>\$ (987)</u>	<u>\$ 146,527</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Hospital	\$ 16,042
Total business-type activities depreciation expense	<u>\$ 16,042</u>

Construction in progress primarily consists of construction costs for renovation of the TCHD's facilities and construction of a new Health Center for Women. At September 30, 2003, the remaining commitments on contracts and agreements approximated \$11,600,000.

#### MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2003, is as follows (in thousands):

	<u>Balance September 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2003</u>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 945		\$ (30)	\$ 915
Total capital assets not depreciated	<u>945</u>	<u>-</u>	<u>(30)</u>	<u>915</u>
Other capital assets:				
Buildings and improvements	6,379	\$ 132	(76)	6,435
Equipment and furniture	7,595	134	(448)	7,281
Total other capital assets at cost	<u>13,974</u>	<u>266</u>	<u>(524)</u>	<u>13,716</u>
Less accumulated depreciation	<u>(8,000)</u>	<u>(1,312)</u>	<u>486</u>	<u>(8,826)</u>
Governmental activities capital assets, net	<u>\$ 6,919</u>	<u>\$ (1,046)</u>	<u>\$ (68)</u>	<u>\$ 5,805</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Mental Health Adult	\$ 670
Mental Retardation	467
Substance Abuse	99
Early Childhood Intervention	<u>76</u>
Total governmental activities depreciation expense	<u>\$ 1,312</u>

## 6. LONG-TERM DEBT

### County

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

Long-term debt of the County consisted of the following at September 30, 2003 (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	\$ 18,490
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	24,300
Limited Tax Refunding - Series 1994 with interest rates from 4.6% to 5.1%, payable in annual installments in varying amounts plus interest through 2010	18,210
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	14,735
Certificates of Obligation - Series 1998 with interest at 4.0%, payable in annual installments in varying amounts plus interest through 2004	2,655
Certificates of Obligation - Series 1999 with interest at 5.0%, payable in annual installments in varying amounts plus interest through 2004	3,200
Certificates of Obligation - Series 2000 with interest at 4.75%, payable in annual installments in varying amounts plus interest through 2005	5,180
Certificates of Obligation - Series 2001 with interest at 4.0%, payable in annual installments of varying amounts plus interest through 2006	7,515
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	28,315
Non-Taxable Tax Notes - Series 2003 with interest from 2.0% to 3.0%, payable in annual installments of varying amounts plus interest through 2009	<u>12,000</u>
	153,200
Less - current maturities	<u>22,090</u>
Long-term debt, net of current maturities	131,110
Less - unamortized premium and discount	<u>79</u>
Long-Term debt, net of current maturities, premium and discount	<u><u>\$ 131,031</u></u>

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

Fiscal Year	General Obligation		Certificates of Obligation		Limited Tax Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 1,550	\$ 2,068	\$ 14,210	\$ 1,361	\$ 6,330	\$ 1,402
2005	1,630	1,985	8,730	793	6,165	1,161
2006	1,715	1,905	6,330	477	6,015	908
2007	1,805	1,822	3,865	261	5,860	658
2008	1,900	1,734	4,015	141	4,710	403
2009-2013	11,080	7,249			3,865	293
2014-2018	14,270	4,369				
2019-2023	8,840	1,000				
<b>Total</b>	<b>\$ 42,790</b>	<b>\$ 22,132</b>	<b>\$ 37,150</b>	<b>\$ 3,033</b>	<b>\$ 32,945</b>	<b>\$ 4,825</b>

Fiscal Year	Taxable Tax Notes		Non Taxable Tax Notes		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2004					\$ 26,921
2005		\$ 1,600		\$ 289	22,353
2006		1,600	\$ 2,270	302	21,522
2007		1,600	2,335	256	18,462
2008	\$ 28,315	1,600	2,400	210	45,428
2009-2013			2,465	150	25,102
2014-2018			2,530	76	21,245
2019-2023					9,840
<b>Total</b>	<b>\$ 28,315</b>	<b>\$ 6,400</b>	<b>\$ 12,000</b>	<b>\$ 1,283</b>	<b>\$ 190,873</b>

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2003 (in thousands):

	Balance October 1, 2002	Additions	Retirements	Balance September 30, 2003	Amounts Due within One year
Bonds payable	\$ 163,302	\$ 12,046	\$ 22,227	\$ 153,121	\$ 22,090
Arbitrage payable	10		10	-	-
Accrued compensated absences	23,574	20,315	18,766	25,123	14,912
<b>Total</b>	<b>\$ 186,886</b>	<b>\$ 32,361</b>	<b>\$ 41,003</b>	<b>\$ 178,244</b>	<b>\$ 37,002</b>

The 2003 Non-taxable Tax Notes were issued to purchase equipment, machinery, motor vehicles, and improve, renovate and repair County-owned buildings.

The County is not obligated under any significant noncancelable long-term leases nor are there any outstanding balances on previously defeased debt.

**TCHD**

Long-term debt of TCHD consisted of the following at September 30, 2003 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$234, 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 \$ 40,575

General Obligation Refunding Bonds, Series 1999:

Current Interest Bonds, net of unamortized discount of \$8, bearing interest at rates ranging from 4.1% to 4.5%, payable in annual intallments ranging from \$1,190 to \$1,255 from 2003 through 2005; ad valorem tax revenue is pledged as collateral 2,402

Capital lease obligations:

Issued in 1997 and expiring at various dates through 2012; average effective interest rates of approximately 6.65%, carrying value of leased equipment at September 30, 2003 of approximately \$7,438 6,880

49,857

Less - current maturities 2,831

Long-term debt, net of current maturities \$ 47,026

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	
2004	\$ 1,220	\$ 107	\$ 1,010	\$ 1,925	\$ 601	\$ 442	\$ 5,305
2005	1,190	54	1,025	1,903	641	402	5,215
2006			1,055	1,875	685	358	3,973
2007			1,090	1,843	732	311	3,976
2008			1,125	1,808	783	261	3,977
2009-2013			6,290	8,373	3,438	475	18,576
2014-2018			8,000	6,663			14,663
2019-2023			10,375	4,273			14,648
2024-2028			10,370	1,355			11,725
Add - premium			235				235
Less - discounts	(8)						(8)
<b>Total</b>	<b>\$ 2,402</b>	<b>\$ 161</b>	<b>\$ 40,575</b>	<b>\$ 30,018</b>	<b>\$ 6,880</b>	<b>\$ 2,249</b>	<b>\$ 82,285</b>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2003 (in thousands):

	<b>Balance October 1, 2002</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2003</b>	<b>Amounts Due within One year</b>
Bonds payable	\$ 44,853		\$ 1,876	\$ 42,977	\$ 2,230
Capital leases	7,442		562	6,880	601
<b>Total</b>	<b>\$ 52,295</b>	<b>\$ -</b>	<b>\$ 2,438</b>	<b>\$ 49,857</b>	<b>\$ 2,831</b>

Interest costs capitalized during 2003 were \$1,400,000.

#### MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2003 (in thousands):

General obligation Refunding Bonds, Series 1993 with interest rates from 3.63%, payable in varying amounts annually through 2013	\$ 2,370
Less - current maturities	-
<b>Long-term debt, net of current maturities</b>	<b>\$ 2,370</b>

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

<b>Fiscal Year</b>	<b>General Obligation Refunding Bonds</b>		<b>Total Principal &amp; Interest</b>
	<b>Principal</b>	<b>Interest</b>	
2004	\$ -	\$ 49	\$ 49
2005	338	80	418
2006	339	68	407
2007	338	55	393
2008	339	43	382
2009-2012	1,016	55	1,071
<b>Total</b>	<b>\$ 2,370</b>	<b>\$ 350</b>	<b>\$ 2,720</b>

During the fiscal year, MHMRTC issued \$2,370,000 of revenue refunding bonds for a current refunding of \$3,218,500 of revenue bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$64,370. This amount is being



The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2003 (in thousands):

	<b>Balance September 1, 2002</b>	<b>Adjustments (Note 17)</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance August 31, 2003</b>	<b>Due Within One Year</b>
Accrued compensated absences	\$ 3,179	\$ (823)	\$ 1,589	\$ 2,096	\$ 1,849	\$ 321
Obligations under capital leases	890	319	20	556	673	534
Bonds	<u>3,824</u>	<u></u>	<u>2,370</u>	<u>3,824</u>	<u>2,370</u>	<u></u>
Total	<u>\$ 7,893</u>	<u>\$ (504)</u>	<u>\$ 3,979</u>	<u>\$ 6,476</u>	<u>\$ 4,892</u>	<u>\$ 855</u>

Bonds payable are reported in the financial statements as:

Noncurrent bonds outstanding	\$ 2,370
Unamortized loss on refunding	<u>(65)</u>
Net Noncurrent Bonds Outstanding	<u>\$ 2,305</u>

Interest expenditures for the year ended August 31, 2003, were \$321,652.

**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):

<b>User Corporation</b>	<b>Outstanding Principal Amount September 30, 2003</b>
Multifamily (Arbors/Central Park) 90	\$ 6,435
Multifamily (Arbors/Oakmont) 90	4,175
Multifamily (Royal Meadows) 85	5,100
Multifamily (Lincoln Meadows) 88	10,755
Multifamily (S F Apartments) 93	7,050
Multifamily (Somerset Project) 95	29,975
Multifamily (Summit on the Lake) 97A	3,475
Multifamily (Summit on the Lake) 97B	930
Multifamily (Bending Oaks Brook) 94A	5,013
Multifamily (Bending Oaks Brook) 94B	6,416
Multifamily (Bending Oaks Brook) 95	9,709

Multifamily (Wendcastle Project) 96	7,334
Multifamily (Emerald Oaks) 89	6,060
Multifamily (Grayson Square) 89	6,430
Multifamily (Hayden's Crossing) 89	2,760
Multifamily (Fair Oaks) 2000A	6,565
Multifamily (Fair Oaks) 2000B	120
Multifamily (Fair Oaks) 2000C	750
Multifamily (Fair Oaks) 2000D	1,075
Multifamily (Hurst Manor) 1998	2,915
Multifamily (Sierra Springs) 1999	8,335
Multifamily (Windrush) 1999A	11,780
Multifamily (Windrush) 1999B	125
Remington Hill Development 1998	13,880
Multifamily (Bardin Greene) 2001	17,429
Multifamily (Bardin Greene) 2001T	838
Multifamily (Legacy) 2001	10,627
Multifamily (Legacy) 2001T	590
Multifamily (Lost Spurs) 2001	14,958
Multifamily (Lost Spurs) 2001T	673
Multifamily (Chatham Creek) 2001	13,100
Multifamily (Palm House) 2001A	6,000
Multifamily (Westridge) 2001A	5,120
Multifamily (Westridge) 2001B	175
Multifamily (Westridge) 2001C	470
Multifamily (Westridge) 2001D	465
Multifamily (Crossroads) 2001A	13,835
Multifamily (Crossroads) 2001B	475
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
Multifamily (Hulen Bend) 2002	12,250
Multifamily (Gateway Arl) 2003	15,100
Multifamily (Gateway Arl) 2003T	800
Multifamily (Alameda Villas) 2003	11,230
Multifamily (Sycamore Villas) 2003	12,800
Single family 1985 A	83,763
Single family 1983 A	5,123
Single family 1993 – Tax	110
Single family (GNMA) 94	5,540
Single Family 1997	5,920
Single family 1998	18,129
Single family mortgage revenue 2002	22,000
PAB Shady Oaks, Ltd	3,905
Bear Creek	14,475

The Courtyards at Riverpark 1985 series	3,225
Single Family 1998 Refunding	11,171
	<hr/>
Total Conduit Debt	\$ 496,858
	<hr/>

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

User Corporation	Outstanding Principal Amount September 30, 2003
3927 Foundation, Inc. Project	\$ 16,117
Fort Worth Osteopathic Hospital, Inc. Project 93	47,040
Fort Worth Osteopathic Hospital, Inc. Project 96	21,350
Forth Worth Osteopathic Hospital Project 97	13,305
Adventist Health System/Sunbelt 89A	5,355
Adventist Health System/Sunbelt 92	1,875
Adventist Health System/Sunbelt 93	8,900
Adventist Health System/Sunbelt 95	5,475
Adventist Health System/Sunbelt 96A	12,760
Adventist Health System/Huguley Place 93	3,685
Adventist Health System/Sunbelt 97A	8,345
Adventist Health System/Sunbelt 98	14,535
Adventist Health System/Sunbelt Obligated Group 2000	33,130
GNMA Collateralized Mortgage Loan 2000 A-1	28,890
GNMA Collateralized Mortgage Loan 2000 B	3,112
Villa Oak Park Project 2001 A-1	12,935
Villa Oak Park Project 2001 A-2	115
Villa Oak Park Project 2001 B	3,200
Villa Oak Park Refunding Series 2001	16,250
South Central Nursing Homes Tax Exempt (1997A)	9,280
Harris Methodist Health Systems 87A	11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	86,850
Harris Methodist Health Systems 96	78,580
Texas Health Resources Series 97	405,665
Texas Health Resources Series 2003A & 2003B	300,000
Heritage Housing Long Term Care Facility Series 97	13,240
Heritage Housing Long Term Care Facility Series 98 A	2,010
Heritage Housing Long Term Care Facility Series 98 B	2,130
Heritage Housing Long Term Care Facility Series 98 C	2,715
Heritage Eastwood Gardens, Houston Series 1998 A	8,770
Heritage Eastwood Gardens, Houston Series 1998 B	2,460
Heritage Valley Gardens, Brownsville Series A	9,735
Heritage Valley Gardens, Brownsville Series B	1,900
Carter Blood Care Series 98	11,700
Harvest Communities of Houston Series 1999-A	5,053

Harvest Communities of Houston Series 1999-B	347
Bethesda Living Centers-Bethesda Gardens Series 1998C	8,610
Cook Children's Medical Center 2000A	25,610
Cook Children's Medical Center 2000B	55,000
Westchester Retirement Community Project 98A	26,775
Westchester Retirement Community Project 98B	530
Westchester Retirement Community Project 98C	2,500
Baylor 2002A FAST	82,465
Cumberland Rest, Inc. Series 2002	17,785
Eastview Nursing Center 2000 A-1	26,885
Eastview Nursing Center 2000 B	320

Total Conduit Debt	<u>\$ 1,479,164</u>
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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, 2003
Holden Business Forms	\$ 3,505
Fox Meyer – TBL, Inc.	5,000
Sterigenics International Inc. Project Ser 1997	5,075
Mortex Products, Inc.	<u>4,000</u>
Total Conduit Debt	<u>\$ 17,580</u>

## 7. 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 \$269,000 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):

	<b>Balance September 1, 2002</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance August 31, 2003</b>
Cash	<u>\$ 425</u>	<u>\$ 3,191</u>	<u>\$ 3,321</u>	<u>\$ 295</u>
Client custodian funds payable	<u>\$ 425</u>	<u>\$ 3,191</u>	<u>\$ 3,321</u>	<u>\$ 295</u>

## 9. DEFICIT FUND BALANCES/NET ASSETS

The following is a County fund which had a deficit fund balance or deficit net assets as of September 30, 2003 (in thousands):

Worker's Compensation            6,353

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, 2003 and for the year then ended (in thousands):

<b>Transfer From</b>	<b>Amount</b>	<b>Transfer To</b>	<b>Explanation</b>
General Fund	\$ 2,169	Grants Fund	Required match and supplement fund sources
General Fund	13,086	Capital Projects Fund	Supplement Capital funds
General Fund	372	Other Governmental	Required match and supplement fund sources
General Fund	1,300	Internal Service	Supplement Internal Service fund
Road and Bridge	4,992	Capital Projects Fund	Supplement Capital funds
Capital Projects Fund	3	Debt Service Fund	Supplement Debt Service fund
Other Governmental	756	General Fund	Reimburse for courthouse security
Internal Service	395	Other Governmental	Forfeited contributions
Grants Fund	548	Other Governmental	Required match and supplement fund sources
Grants Fund	8	General Fund	Reimburse general fund
Other Governmental	93	Other Governmental	Required match and supplement fund sources
Other Governmental	389	Grants Fund	Required match and supplement fund sources
Internal Service	28	Internal Service	Supplement
	<u>\$ 24,139</u>		

<b>Funds Due From</b>	<b>Amount</b>	<b>Funds Due To</b>	<b>Explanation</b>
Grant Fund	\$ 6,302	General	Short-term loan
Other Governmental	109	General	Short-term loan
Internal Service	81	General	Short-term loan
	<u>\$ 6,492</u>		

<b>Advance From</b>	<b>Amount</b>	<b>Advance To</b>	<b>Explanation</b>
Capital Project Fund	<u>\$ 2,694</u>	Resource Connection	Purchase of HVAC system

## 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 2003, TCHD recorded revenues of approximately \$40,900,000 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 10.01% for the months of the accounting year in 2002, and 9.96% for the months of the accounting year in 2003. The contribution rate payable by the employee members for calendar year 2003 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, 2003, the annual pension cost for the TCDRS plan for its employees was \$17,491,028 and the actual contributions were \$17,491,028. 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 2002 and 2003. The December 31, 2002 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial valuation date	12/31/2000	12/31/2001	12/31/2002
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 <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.9%	5.5%	5.5%
Inflation	4.0%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

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

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

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Sept 30, 2001	\$ 15,445,569	100%	0
Sept 30, 2002	16,490,936	100%	0
Sept 30, 2003	17,491,028	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 601 retirees and 183 of their dependents receiving benefits. For the year ended September 30, 2003, the County incurred \$3,749,122 in health insurance premiums and claims. Retirees' contributions for the year ended September 30, 2003 totaled \$980,737 and the County paid the remaining amount of the claims. The County pays the entire cost for EAP coverage of \$6,905 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, 2003. 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, 2003, the TCHD's annual pension cost was \$2,400,000, the same as the annual required contributions determined in the October 1, 2002 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2003 were based on the results of the actuarial valuation as of October 1, 2002 using the aggregate actuarial cost method and were in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions included (a) an 8% investment rate of return [net of administrative expenses] and (b) projected salary increases of 4% to 7.5% per year varying by attained age; both (a) and (b) reflect an inflation component of approximately 4%. The assumptions did not include any post-retirement benefit increases. The actuarial value of plan assets was determined using a 5-year smoothed market value method, which approximates fair value. There is no unfunded actuarial liability to be amortized or an amortization period with the aggregate actuarial cost method.

## **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, 2003, covered payroll was approximately \$19,497,863; total payroll, excluding temporary service personnel, was approximately \$36,926,547. The required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Percentage Contributed</b>
2001	\$ 1,495,568	\$ 934,730	100%
2002	1,513,112	945,695	100%
2003	1,559,829	974,893	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 2003 was \$1,689,392, and \$3,200,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2003.

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, 2003 are as follows (in thousands):

<b>Year Ending August 31,</b>	<b>Operating Leases</b>	<b>Capital Leases</b>
2004	\$ 1,541	\$ 547
2005	750	132
2006	689	5
2007	377	3
	<hr/>	<hr/>
Total minimum lease payment	\$ 3,357	687
Less amount representing interest		(14)
		<hr/>
Present value of future minimum lease payments		\$ 673
		<hr/>

## 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, 2003 have not yet been completed. Accordingly, the County's compliance with applicable grant or contract requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, and, accordingly, no accrual has been made for them, as management believes these to be immaterial.

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

The County is self-insured for workers' compensation, automobile bodily injury and property damage, comprehensive general liability and all self-insured retentions for existing policies. It is the opinion of County management that the amounts accrued at September 30, 2003 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, 2003 that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past.

### **MHMRTC**

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

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

## 15. SELF-INSURANCE PROGRAMS

### County

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

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

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

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

Workers Compensation Fund – accounts for workers compensation claims.

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

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

For the year ended September 30, 2003 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, 2003.

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

Beginning in fiscal 1994, the County elected to self-insure a portion of the employee/retiree group health care program. Specifically, employees and retirees are offered options for group health coverage, some of which provide an insured coverage based on fixed premiums while others are self insured programs. The self insured options are re-insured to prevent extraordinary or catastrophic losses. Dental coverage is offered with one option being a self-insured indemnity plan, and all other options being fixed premium Dental Maintenance Organization plans. At September 30, 2003, 3,408 and 3,117 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):

	2003	2002
Beginning liability	\$12,033	\$10,717
New claims/adjustments	3,472	3,533
Claims paid/adjustments	(3,472)	(3,533)
Other - change in estimate	(2,997)	1,316
	<u>\$ 9,036</u>	<u>\$12,033</u>
Ending liability	<u>\$ 9,036</u>	<u>\$12,033</u>
Amount due within 1 year	\$ 3,180	\$ 3,246

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

**TCHD**

TCHD is self-insured for professional and general liability, health insurance, and workers' compensation risk. TCHD's maximum liability for professional and general liability claims as a governmental unit under the Tort Claims Act is generally \$100,000 per individual and \$300,000 in the aggregate for each occurrence. TCHD has purchased an insurance policy from a commercial carrier for workers' compensation claims exceeding \$300,000 per occurrence and \$2,800,000 in the aggregate for the period September 1, 2002 through August 31, 2003. Similar coverage was purchased for periods prior to September 1, 2002.

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 \$4,400,000 at September 30, 2003. It is the opinion of TCHD's management that the estimated reserves at September 30, 2003 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 \$4,500,000 at September 30, 2003, which is recorded in other accrued liabilities. Claims paid during 2003 related to workers' compensation and health insurance totaled approximately \$16,300,000. Expenses related to workers' compensation and health insurance totaled approximately \$16,500,000 during 2003.

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

	<b>2003</b>	<b>2002</b>
Beginning liability	\$ 12,514	\$ 11,641
New claims	23,367	17,483
Claims paid	<u>(24,553)</u>	<u>(16,610)</u>
Ending liability	<u>\$ 11,328</u>	<u>\$ 12,514</u>

**16. TAX INCREMENT FINANCING AGREEMENTS**

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

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

Name	Percentage Committed	Taxes Forgone During 2003
City of Grapevine	100%	\$ 536
City of Fort Worth #3	100%	244
City of Southlake	100%	210
City of Colleyville	100%	167
City of Grand Prairie #2	75%	123
City of North Richland Hills #2	100%	120
City of Fort Worth #4	100%	106
City of Keller	66%	80
City of Arlington #1 (maintenance and operation rate only)	100%	74
City of Burleson	100%	27
City of North Richland Hills #1	100%	18
City of Grand Prairie #3	75%	7

During the year, the County agreed to participate in City of Benbrook TIF. There were no taxes forgone during 2003.

## 17. PRIOR PERIOD ADJUSTMENTS

### MHMRTC

In the year ended August 31, 2002, MHMRTC recorded certain grant revenues prior to meeting with revenue recognition criteria. To correct this, an adjustment has been made to decrease the beginning fund balance in the General Fund in the amount of \$173,302.

An adjustment was made to increase the beginning net assets in the amount of \$822,715 for compensated absences that should not have been recorded as of August 31, 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 SUPPLEMENTARY INFORMATION**

(Amounts in thousands)  
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2000	\$ 281,361	\$ 341,930	\$ 60,569	82.29%	\$ 144,628	41.88%
12/31/2001	313,026	381,793	68,766	81.99%	156,134	44.04%
12/31/2002	341,306	417,824	76,519	81.69%	168,481	45.42%

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND AND ROAD AND BRIDGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	General Fund					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Taxes, licenses and permits	\$188,029	\$ (93)	\$ 187,936	\$186,650	\$186,650	\$ 1,286
Fees of office	24,811	(12)	24,799	21,923	23,313	1,486
Intergovernmental	9,394	2	9,396	8,811	9,219	177
Investment income	1,540	442	1,982	2,151	2,151	(169)
Other revenues	7,493	(31)	7,462	9,917	8,119	(657)
<b>Total revenues</b>	<b>231,267</b>	<b>308</b>	<b>231,575</b>	<b>229,452</b>	<b>229,452</b>	<b>2,123</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	57,008	593	57,601	60,238	59,517	1,916
Public safety	93,033	94	93,127	93,353	93,956	829
Transportation support						
Judicial	71,244	13	71,257	67,835	71,620	363
Community services	5,855	28	5,883	5,972	5,944	61
Capital outlay						
<b>Debt service:</b>						
Principal payments						
Interest and fiscal charges						
<b>Total expenditures</b>	<b>227,140</b>	<b>728</b>	<b>227,868</b>	<b>227,398</b>	<b>231,037</b>	<b>3,169</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,127</b>	<b>(420)</b>	<b>3,707</b>	<b>2,054</b>	<b>(1,585)</b>	<b>5,292</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	764		764	600	600	164
Transfers out	(16,927)	68	(16,859)	(36,654)	(33,015)	16,156
<b>Total other financing sources (uses)</b>	<b>(16,163)</b>	<b>68</b>	<b>(16,095)</b>	<b>(36,054)</b>	<b>(32,415)</b>	<b>16,320</b>
<b>Net change in fund balance</b>	<b>(12,036)</b>	<b>(352)</b>	<b>(12,388)</b>	<b>(34,000)</b>	<b>(34,000)</b>	<b>21,612</b>
<b>FUND BALANCES, beginning of year</b>	<b>46,322</b>	<b>(11,757)</b>	<b>34,565</b>	<b>34,000</b>	<b>34,000</b>	<b>565</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 34,286</b>	<b>\$(12,109)</b>	<b>\$ 22,177</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$22,177</b>

See accompanying notes to required supplementary information.

Road and Bridge

Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	Variance Positive (Negative)
\$ 2		\$ 2	\$ 1	\$ 1	\$ 1
23,625	(59)	23,566	23,766	23,766	(200)
23	0	23	23	23	0
193	0	193	180	180	13
44	(11)	33	515	515	(482)
23,887	(70)	23,817	24,485	24,485	(668)
18,890	883	19,773	28,715	28,493	8,720
<u>18,890</u>	<u>883</u>	<u>19,773</u>	<u>28,715</u>	<u>28,493</u>	<u>8,720</u>
4,997	(953)	4,044	(4,230)	(4,008)	8,052
(4,992)		(4,992)	(4,770)	(4,992)	-
(4,992)	-	(4,992)	(4,770)	(4,992)	-
5	(953)	(948)	(9,000)	(9,000)	8,052
13,532	(2,284)	11,248	9,000	9,000	2,248
<u>\$ 13,537</u>	<u>\$ (3,237)</u>	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,300</u>

**TARRANT COUNTY, TEXAS**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2003**

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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):

	<b>General Fund</b>	<b>Road and Bridge</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing users - GAAP basis	\$ 4,127	\$ 5
Basis differences:		
Accrual of revenue	308	(70)
Encumbrances	<u>(728)</u>	<u>(883)</u>
Excess (deficiency) of revenue and other financing sources (uses) over (under) expenditures - budget basis	<u>\$ 3,707</u>	<u>\$ (948)</u>

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

**NONMAJOR GOVERNMENTAL FUNDS**

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

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

**DISTRICT ATTORNEY CONTRACTS**

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

**SHERIFF CONTRACTS**

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

**MISCELLANEOUS TRUST CONTRACTS**

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

**COURT DESIGNATED FUNDS**

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

**VEHICLE INVENTORY TAX FUND**

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

**CONSUMER HEALTH FUND**

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

## HOUSING FINANCE CORPORATION

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

## INDUSTRIAL DEVELOPMENT CORPORATION

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





TARRANT COUNTY, TEXAS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2003 (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	\$ 628	\$ 2,060	\$ 71	\$ 1,081	\$ 1,090
Other receivables, net of allowance for uncollectibles					
Supplies and prepaid items	<u>39</u>	<u>1</u>	<u></u>	<u>6</u>	<u></u>
TOTAL ASSETS	<u>\$ 667</u>	<u>\$ 2,061</u>	<u>\$ 71</u>	<u>\$ 1,087</u>	<u>\$ 1,090</u>
 <u>LIABILITIES</u>					
Accounts payable	\$ 39	\$ 92	\$ 9	\$ 39	\$ 1
Other liabilities					742
Due to other funds					
Total liabilities	<u>39</u>	<u>92</u>	<u>9</u>	<u>39</u>	<u>743</u>
 <u>FUND BALANCES</u>					
Reserved:					
For encumbrances	31	311		56	
For supplies and prepaid items	39	1		6	
Unreserved, undesignated	<u>558</u>	<u>1,657</u>	<u>62</u>	<u>986</u>	<u>347</u>
Total fund balances	<u>628</u>	<u>1,969</u>	<u>62</u>	<u>1,048</u>	<u>347</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 667</u>	<u>\$ 2,061</u>	<u>\$ 71</u>	<u>\$ 1,087</u>	<u>\$ 1,090</u>

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<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>
\$ 778	\$ 1,656	\$ 535	\$ 184	\$ 20	\$ 3,170	\$ 82	\$11,355
8	333						341
<u>786</u>	<u>1,989</u>	<u>535</u>	<u>184</u>	<u>20</u>	<u>3,170</u>	<u>82</u>	<u>11,742</u>
\$ 1	\$ 73	\$ 8		\$ 2	\$ 214		\$ 478
	109						742
<u>1</u>	<u>182</u>	<u>8</u>		<u>2</u>	<u>214</u>		<u>1,329</u>
3	35						436
<u>782</u>	<u>1,772</u>	<u>527</u>	<u>\$ 184</u>	<u>18</u>	<u>2,956</u>	<u>\$ 82</u>	<u>9,931</u>
<u>785</u>	<u>1,807</u>	<u>527</u>	<u>184</u>	<u>18</u>	<u>2,956</u>	<u>82</u>	<u>10,413</u>
<u>\$ 786</u>	<u>\$ 1,989</u>	<u>\$ 535</u>	<u>\$ 184</u>	<u>\$ 20</u>	<u>\$ 3,170</u>	<u>\$ 82</u>	<u>\$11,742</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Fees of office	\$ 955	\$ 2,947	\$ 17	\$ 867	\$ 610
Intergovernmental			95	5,598	
Investment income	8	21	1	30	6
Other revenues	30				221
Total revenues	993	2,968	113	6,495	837
EXPENDITURES:					
Current:					
General government		329			
Public safety			105		
Judicial	924	1,586	23		1,130
Community services				5,731	10
Capital outlay	9	362	1	2	1
Total expenditures	933	2,277	129	5,733	1,141
Excess (deficiency) of revenues over (under) expenditures	60	691	(16)	762	(304)
OTHER FINANCING SOURCES (USES) -					
Operating transfers in (out)				(481)	78
Total other financing sources (uses)				(481)	78
Change in fund balance	60	691	(16)	281	(226)
FUND BALANCES, beginning of year	568	1,278	78	767	573
FUND BALANCES, end of year	\$ 628	\$ 1,969	\$ 62	\$ 1,048	\$ 347

<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>
	\$ 44	\$ 1,307		\$ 434			\$ 7,181
	1,420	141					7,254
\$ 7	19	6	\$ 80	1	\$ 67	\$ 2	248
<u>442</u>	<u>414</u>				<u>636</u>		<u>1,743</u>
449	1,897	1,454	80	435	703	2	16,426
	642	300	45		432	4	1,752
159	1,435	87					1,786
	107	236					4,006
	767			492			7,000
<u>49</u>	<u>132</u>		<u>14</u>				<u>570</u>
208	3,083	623	59	492	432	4	15,114
241	(1,186)	831	21	(57)	271	(2)	1,312
<u>(1)</u>	<u>1,325</u>	<u>(751)</u>					<u>170</u>
(1)	1,325	(751)					170
240	139	80	21	(57)	271	(2)	1,482
<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>\$ 785</u>	<u>\$ 1,807</u>	<u>\$ 527</u>	<u>\$ 184</u>	<u>\$ 18</u>	<u>\$ 2,956</u>	<u>\$ 82</u>	<u>\$ 10,413</u>



**BUDGETARY COMPLIANCE**

**TARRANT COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	Debt Service Fund					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Taxes, licenses and permits	\$ 27,903	\$ (16)	\$ 27,887	27,803	\$ 27,803	\$ 84
Investment income	176		176	158	158	18
Other revenues	2,224		2,224	2,215	2,215	9
<b>Total revenues</b>	<b>30,303</b>	<b>(16)</b>	<b>30,287</b>	<b>30,176</b>	<b>30,176</b>	<b>111</b>
<b>Debt service:</b>						
Principal payments	22,215		22,215	23,040	23,040	825
Interest and fiscal charges	7,593		7,593	7,961	7,961	368
<b>Total expenditures</b>	<b>29,808</b>		<b>29,808</b>	<b>31,001</b>	<b>31,001</b>	<b>1,193</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>495</b>	<b>(16)</b>	<b>479</b>	<b>(825)</b>	<b>(825)</b>	<b>1,304</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	3		3			3
Transfers out						
Bond proceeds						
<b>Total other financing sources (uses)</b>	<b>3</b>		<b>3</b>			<b>3</b>
<b>Net change in fund balance</b>	<b>498</b>	<b>(16)</b>	<b>482</b>	<b>(825)</b>	<b>(825)</b>	<b>1,307</b>
<b>FUND BALANCES, beginning of year</b>	<b>1,066</b>	<b>62</b>	<b>1,066</b>	<b>825</b>	<b>825</b>	<b>241</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 1,564</b>	<b>\$ 46</b>	<b>\$ 1,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,548</b>

**TARRANT COUNTY, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -CAPITAL PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	<b>Capital Projects</b>					
	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual (Budget Basis)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>						
Intergovernmental	\$ 226		\$ 226			\$ 226
Investment income	539		539	\$ 366	\$ 367	172
Other revenues	616		616	154	154	462
<b>Total revenues</b>	<b>1,381</b>		<b>1,381</b>	<b>520</b>	<b>521</b>	<b>860</b>
<b>EXPENDITURES:</b>						
Current:		\$ 23,440	23,440	74,241	74,387	50,947
General government		3,606	3,606	3,035	18,567	14,961
Public safety		3,397	3,397	6,753	6,975	3,578
Transportation support		216	216	369	374	158
Judicial		11	11	12	12	1
Community services	29,750	(29,750)				
<b>Total expenditures</b>	<b>29,750</b>	<b>920</b>	<b>30,670</b>	<b>84,410</b>	<b>100,315</b>	<b>69,645</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(28,369)</b>	<b>(920)</b>	<b>(29,289)</b>	<b>(83,890)</b>	<b>(99,794)</b>	<b>70,505</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	18,078		18,078	18,531	18,753	(675)
Transfers out	(3)		(3)		(3)	
Bond proceeds	12,000		12,000	18,600	30,600	(18,600)
<b>Total other financing sources (uses)</b>	<b>30,075</b>		<b>30,075</b>	<b>37,131</b>	<b>49,350</b>	<b>(19,275)</b>
<b>Net change in fund balance</b>	<b>1,706</b>	<b>(920)</b>	<b>786</b>	<b>(46,759)</b>	<b>(50,444)</b>	<b>51,230</b>
<b>FUND BALANCES, beginning of year</b>	<b>43,849</b>	<b>(2,893)</b>	<b>40,956</b>	<b>46,759</b>	<b>50,444</b>	<b>(9,488)</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 45,555</b>	<b>\$ (3,813)</b>	<b>\$ 41,742</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,742</b>



TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	<u>Law Library</u>					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Fees of office	\$ 955		\$ 955	\$ 885	\$ 885	\$ 70
Investment income	8		8	9	9	(1)
Other revenues	30		30	29	29	1
<b>Total revenues</b>	<b>993</b>		<b>993</b>	<b>923</b>	<b>923</b>	<b>70</b>
<b>EXPENDITURES:</b>						
Current:						
Judicial	924	\$ 29	953	1,476	1,470	517
Capital outlay	9	(4)	5	4	10	5
<b>Total expenditures</b>	<b>933</b>	<b>25</b>	<b>958</b>	<b>1,480</b>	<b>1,480</b>	<b>522</b>
<b>Net change in fund balance</b>	<b>60</b>	<b>(25)</b>	<b>35</b>	<b>(557)</b>	<b>(557)</b>	<b>592</b>
<b>FUND BALANCES, beginning of year</b>	<b>568</b>	<b>62</b>	<b>558</b>	<b>557</b>	<b>557</b>	<b>1</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 628</b>	<b>\$ 37</b>	<b>\$ 593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 593</b>

	<u>Records Preservation and Automation</u>					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Fees of office	\$ 2,947	\$ (8)	\$ 2,939	\$ 2,229	\$ 2,229	\$ 710
Investment income	21		21	15	15	6
<b>Total revenues</b>	<b>2,968</b>	<b>(8)</b>	<b>2,960</b>	<b>2,244</b>	<b>2,244</b>	<b>716</b>
<b>EXPENDITURES:</b>						
Current:						
General government	329	41	370	564	564	194
Judicial	1,586	0	1,586	1,861	1,861	275
Capital outlay	362	252	614	970	970	356
<b>Total expenditures</b>	<b>2,277</b>	<b>293</b>	<b>2,570</b>	<b>3,395</b>	<b>3,395</b>	<b>825</b>
<b>Net change in fund balance</b>	<b>691</b>	<b>(301)</b>	<b>390</b>	<b>(1,151)</b>	<b>(1,151)</b>	<b>1,541</b>
<b>FUND BALANCES, beginning of year</b>	<b>1,278</b>	<b>62</b>	<b>1,170</b>	<b>1,151</b>	<b>1,151</b>	<b>19</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 1,969</b>	<b>\$ (239)</b>	<b>\$ 1,560</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,560</b>

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	Education					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Fees of office	\$ 17		\$ 17	\$ 18	\$ 18	\$ (1)
Intergovernmental	95		95	0	96	(1)
Investment income	1		1	0	0	1
<b>Total revenues</b>	<b>113</b>		<b>113</b>	<b>18</b>	<b>114</b>	<b>(1)</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Public Safety	105	\$ (1)	104	70	160	56
Judicial	23		23	29	34	11
Capital outlay	1		1		1	
<b>Total expenditures</b>	<b>129</b>	<b>(1)</b>	<b>128</b>	<b>99</b>	<b>195</b>	<b>67</b>
<b>Net change in fund balance</b>	<b>(16)</b>	<b>1</b>	<b>(15)</b>	<b>(81)</b>	<b>(81)</b>	<b>66</b>
<b>FUND BALANCES, beginning of year</b>	<b>78</b>	<b>62</b>	<b>78</b>	<b>81</b>	<b>81</b>	<b>(3)</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 62</b>	<b>\$ 63</b>	<b>\$ 63</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	Public Health Contract					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Fees of office	\$ 867	\$ (1)	\$ 866	\$ 894	\$ 894	\$ (28)
Intergovernmental	5,598		5,598	5,598	5,598	
Investment income	30		30	8	8	22
Total revenues	6,495	(1)	6,494	6,500	6,500	(6)
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Community services	5,731	39	5,770	6,273	6,273	503
Capital outlay	2	9	11	11	11	
Total expenditures	5,733	48	5,781	6,284	6,284	503
Excess (deficiency) of revenues over (under) expenditures	762	(49)	713	216	216	497
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in (out)	(481)		(481)	(916)	(916)	(435)
Total other financing sources (uses)	(481)		(481)	(916)	(916)	(435)
Net change in fund balance	281	(49)	232	(700)	(700)	932
FUND BALANCES, beginning of year	767	62	706	700	700	6
FUND BALANCES, end of year	\$ 1,048	\$ 13	\$ 938	\$ -	\$ -	\$ 938

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	District Attorney Contracts					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
REVENUES:						
Fees of office	\$ 610	\$ (1)	\$ 609	\$ 700	\$ 700	\$ (91)
Investment income	6		6	7	7	(1)
Other revenues	221		221	225	225	(4)
Total revenues	837	(1)	836	932	932	(96)
EXPENDITURES:						
Current:						
Judicial	1,130		1,130	1,639	1,678	548
Community services	10		10	10	10	
Capital outlay	1		1	50	11	10
Total expenditures	1,141	-	1,141	1,699	1,699	558
Excess (deficiency) of revenues over (under) expenditures	(304)	(1)	(305)	(767)	(767)	462
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	78		78	200	200	(122)
Total other financing sources (uses)	78		78	200	200	(122)
Net change in fund balance	(226)	(1)	(227)	(567)	(567)	340
FUND BALANCES, beginning of year	573	62	573	567	567	6
FUND BALANCES, end of year	\$ 347	\$ 61	\$ 346	\$ -	\$ -	\$ 346

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	Sheriff Contracts					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
REVENUES:						
Investment income	\$ 7		\$ 7	\$ 7	\$ 7	
Other revenues	442		442	72	72	\$ 370
Total revenues	449		449	79	79	370
EXPENDITURES:						
Current:						
Public safety	159	17	176	583	585	409
Capital outlay	49	(43)	6	10	8	2
Total expenditures	208	(26)	182	593	593	411
Excess (deficiency) of revenues over (under) expenditures	241	26	267	(514)	(514)	781
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(1)	1				
Total other financing sources (uses)	(1)	1				
Net change in fund balance	240	27	267	(514)	(514)	781
FUND BALANCES, beginning of year	545	62	514	514	514	
FUND BALANCES, end of year	\$ 785	\$ 89	\$ 781	\$ -	\$ -	\$ 781

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	<u>Miscellaneous Contracts</u>					Variance Positive (Negative)
	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual (Budget Basis)</u>	<u>Original Budget</u>	<u>Final Budget</u>	
<b>REVENUES:</b>						
Fees of office	\$ 44		\$ 44	\$ 42	\$ 42	\$ 2
Intergovernmental	1,420	\$ (1)	1,419	596	1,181	238
Investment income	19		19	17	17	2
Other revenues	414	(3)	411	919	926	(515)
Total revenues	1,897	(4)	1,893	1,574	2,166	(273)
<b>EXPENDITURES:</b>						
Current:						
General government	642	16	658	546	1,051	393
Public safety	1,435	(17)	1,418	1,668	1,700	282
Judicial	107	(4)	103	131	131	28
Community services	767	(11)	756	828	1,115	359
Capital outlay	132	(31)	101	299	299	198
Total expenditures	3,083	(47)	3,036	3,472	4,296	1,260
Excess (deficiency) of revenues over (under) expenditures	(1,186)	43	(1,143)	(1,898)	(2,130)	987
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in (out)	1,325	(1,330)	(5)		(5)	
Total other financing sources (uses)	1,325	(1,330)	(5)		(5)	
Net change in fund balance	139	(1,287)	(1,148)	(1,898)	(2,135)	987
FUND BALANCES, beginning of year	1,668	62	1,999	1,898	2,135	(136)
FUND BALANCES, end of year	<u>\$ 1,807</u>	<u>\$ (1,225)</u>	<u>\$ 851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851</u>

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

	Court Designated Funds					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
<b>REVENUES:</b>						
Fees of office	\$ 1,307		\$ 1,307	\$ 1,100	\$ 1,262	\$ 45
Intergovernmental	141		141	100	100	41
Investment income	6		6	6	6	
<b>Total revenues</b>	<b>1,454</b>		<b>1,454</b>	<b>1,206</b>	<b>1,368</b>	<b>86</b>
<b>EXPENDITURES:</b>						
Current:						
General government	300		300	308	308	8
Public safety	87		87	164	164	77
Judicial	236		236	583	584	348
<b>Total expenditures</b>	<b>623</b>		<b>623</b>	<b>1,055</b>	<b>1,056</b>	<b>433</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>831</b>		<b>831</b>	<b>151</b>	<b>312</b>	<b>519</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in (out)	(751)		(751)	(589)	(751)	-
<b>Total other financing sources (uses)</b>	<b>(751)</b>		<b>(751)</b>	<b>(589)</b>	<b>(751)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>80</b>		<b>80</b>	<b>(438)</b>	<b>(439)</b>	<b>519</b>
<b>FUND BALANCES, beginning of year</b>	<b>447</b>	<b>\$ 62</b>	<b>459</b>	<b>438</b>	<b>439</b>	<b>20</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 527</b>	<b>\$ 62</b>	<b>\$ 539</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 539</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	Vehicle Inventory Tax					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
REVENUES:						
Investment income	\$ 80		\$ 80	\$ 75	\$ 75	\$ 5
Total revenues	80		80	75	75	5
EXPENDITURES:						
Current:						
General government	45		45	172	172	127
Capital outlay	14	\$ (3)	11	63	63	52
Total expenditures	59	(3)	56	235	235	179
Net change in fund balance	21	3	24	(160)	(160)	184
FUND BALANCES, beginning of year	163	62	160	160	160	-
FUND BALANCES, end of year	\$ 184	\$ 65	\$ 184	\$ -	\$ -	\$ 184

	Consumer Health					Variance Positive (Negative)
	Actual	Adjustment to Budgetary Basis	Actual (Budget Basis)	Original Budget	Final Budget	
REVENUES:						
Fees of office	\$ 434		\$ 434	\$ 445	\$ 445	\$ (11)
Investment income	1		1	1	1	-
Total revenues	435		435	446	446	(11)
EXPENDITURES:						
Current:						
Community services	492		492	520	520	28
Total expenditures	492		492	520	520	28
Net change in fund balance	(57)		(57)	(74)	(74)	17
FUND BALANCES, beginning of year	75	\$ 62	74	74	74	-
FUND BALANCES, end of year	\$ 18	\$ 62	\$ 17	\$ -	\$ -	\$ 17



**INTERNAL SERVICE FUNDS**

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

**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, 2003 (AMOUNTS IN THOUSANDS)

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<u>ASSETS</u>	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 7,028	\$ 5,077	\$ 161	\$ 12,266
Other receivables, net of allowance for uncollectibles	176	5		181
Total current assets	<u>7,204</u>	<u>5,082</u>	<u>161</u>	<u>12,447</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	602	15	11	628
Other liabilities	1,036	2,189	3,666	6,891
Due to other funds			81	81
Deferred revenue	32			32
Total current liabilities	<u>1,670</u>	<u>2,204</u>	<u>3,758</u>	<u>7,632</u>
Noncurrent liabilities:				
Other noncurrent liabilities		424	2,756	3,180
Total noncurrent liabilities	<u>-</u>	<u>424</u>	<u>2,756</u>	<u>3,180</u>
Total liabilities	<u>1,670</u>	<u>2,628</u>	<u>6,514</u>	<u>10,812</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>5,534</u>	<u>2,454</u>	<u>(6,353)</u>	<u>1,635</u>
Total net assets	<u>\$ 5,534</u>	<u>\$ 2,454</u>	<u>\$ (6,353)</u>	<u>\$ 1,635</u>

TARRANT COUNTY, TEXASCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
Self insurance revenues	\$ 33,429	\$ 12	\$ 3,232	\$ 36,673
Other revenues		<u>1,882</u>		<u>1,882</u>
Total operating revenues	33,429	1,894	3,232	38,555
OPERATING EXPENSES:				
Building and equipment		128		128
Self insurance claims	<u>32,499</u>	<u>197</u>	<u>2,032</u>	<u>34,728</u>
Total operating expenses	32,499	325	2,032	34,856
Operating income	930	1,569	1,200	3,699
NONOPERATING REVENUES :				
Investment income	<u>92</u>	<u>47</u>		<u>139</u>
Income before transfers	1,022	1,616	1,200	3,838
OTHER FINANCING SOURCES (USES)				
Transfers in		1,328		1,328
Transfers out	<u>(395)</u>		<u>(28)</u>	<u>(423)</u>
Total other financing sources and uses	(395)	1,328	(28)	905
Change in net assets	627	2,944	1,172	4,743
Total net assets-beginning	<u>4,907</u>	<u>(490)</u>	<u>(7,525)</u>	<u>(3,108)</u>
Total net assets-ending	<u>\$ 5,534</u>	<u>\$ 2,454</u>	<u>\$ (6,353)</u>	<u>\$ 1,635</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
<b>OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 33,294	\$ 1,889	\$ 3,264	\$ 38,447
Payment to suppliers		(325)		(325)
Payments on behalf of employees	<u>(32,245)</u>	<u>(1,927)</u>	<u>(3,272)</u>	<u>(37,444)</u>
Net cash flows provided by (used in) operating activities	1,049	(363)	(8)	678
<b>INVESTING ACTIVITIES:</b>				
Investment income, net	92	47		139
<b>NONCAPITAL FINANCING ACTIVITIES:</b>				
Advance from other funds			81	81
Transfers in (out)	<u>(395)</u>	<u>1,328</u>	<u>(28)</u>	<u>905</u>
Net cash flows provided by (used in) noncapital financing activities	<u>(395)</u>	<u>1,328</u>	<u>53</u>	<u>986</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	746	1,012	45	1,803
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>6,282</u>	<u>4,065</u>	<u>116</u>	<u>10,463</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 7,028</u>	<u>\$ 5,077</u>	<u>\$ 161</u>	<u>\$ 12,266</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Income from operations	\$ 930	\$ 1,569	\$ 1,200	\$ 3,699
<b>Changes in assets and liabilities:</b>				
Other receivables	(88)	(5)	32	(61)
Accounts payable	(372)	2	(124)	(494)
Other liabilities	626	(1,929)	(1,116)	(2,419)
Deferred Revenue	<u>(47)</u>			<u>(47)</u>
Net cash flows provided by (used in) operating activities	<u>\$ 1,049</u>	<u>\$ (363)</u>	<u>\$ (8)</u>	<u>\$ 678</u>

**FIDUCIARY FUNDS**

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

**PAYROLL CLEARING FUND**

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

**FEE OFFICE FUND**

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

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<u>ASSETS</u>	Payroll Clearing	Fee Office	Total
Current assets:			
Cash and investments	\$ 2,502	\$ 24,970	\$ 27,472
Other receivables, net of allowance for uncollectibles		126,842	126,842
Restricted asset		53,442	53,442
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,502	\$ 205,254	\$ 207,756
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Current liabilities:			
Other liabilities	\$ 2,502	\$ 205,254	\$ 207,756
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 2,502	\$ 205,254	\$ 207,756
	<hr/>	<hr/>	<hr/>



TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

	<u>Balance</u> <u>October 1, 2002</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>September 30, 2003</u>
<b>PAYROLL CLEARING:</b>			
Cash and investments	\$ 2,390	\$ 112	\$ 2,502
Other receivables	29	(29)	
	<u>\$ 2,419</u>	<u>\$ 83</u>	<u>\$ 2,502</u>
Other liabilities	\$ 2,419	83	\$ 2,502
	<u>\$ 2,419</u>	<u>\$ 83</u>	<u>\$ 2,502</u>
<b>FEE OFFICE:</b>			
Cash and investments	\$ 24,633	\$ 337	\$ 24,970
Other receivables	110,595	16,247	126,842
Restricted assets	52,004	1,438	53,442
	<u>\$ 187,232</u>	<u>\$ 18,022</u>	<u>\$ 205,254</u>
Accounts payable	\$ 33	\$ (33)	
Other liabilities	187,199	18,055	\$205,254
	<u>\$ 187,232</u>	<u>\$ 18,022</u>	<u>\$205,254</u>
<b>TOTAL:</b>			
Cash and investments	\$ 27,023	\$ 449	\$ 27,472
Other receivables	110,624	16,218	126,842
Restricted assets	52,004	1,438	53,442
	<u>\$ 189,651</u>	<u>\$ 18,105</u>	<u>\$ 207,756</u>
Accounts payable	\$ 33	\$ (33)	
Other liabilities	189,618	18,138	\$ 207,756
	<u>\$ 189,651</u>	<u>\$ 18,105</u>	<u>\$ 207,756</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, 2003 (AMOUNTS IN THOUSANDS)**

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Governmental funds capital assets:

Land and land improvements	\$	42,997
Construction in progress		18,012
Software development		7,407
Buildings and leasehold improvements		166,258
Equipment		52,275
Infrastructure		<u>51,861</u>
Total governmental funds capital assets	\$	<u>338,810</u>

Investments in governmental funds capital assets by source:

General Fund	\$	104,395
Road & Bridge		2,750
Other Governmental Funds		2,630
Capital Project Funds		226,378
Grant Funds		2,640
Donations		<u>17</u>
Total governmental funds capital assets	\$	<u>338,810</u>

**TARRANT COUNTY, TEXAS**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
<b>General Government:</b>			
County Administrator			\$219
Non-departmental			403
County Auditor			233
Budget/Risk Management			8
Tax Assessor			640
Elections			318
Information Technologies			12,055
ERP-Information Technologies			952
Human Resources			67
Purchasing			26
Records Management			133
Facilities	\$34,704		331
Construction Services			13
Graphics			885
Self Insurance			103
Group Insurance			19
Administration Building		\$6,511	166
Tarrant County Plaza		24,820	
Anderson Sub-Courthouse		800	
SW Sub-Courthouse		3,367	26
C Griffin Sub-Courthouse	76	313	13
C Griffin Sub-Crthse Storage Bldg		45	
Griffin Annex		1,117	33
Mebus SE Sub-Courthouse		809	
Manfield Sub-Courthouse		4,907	17
Storage Building Mansfield Sub-Crt.		73	
Northeast Sub-Courthouse		596	37
Northeast Annex		89	
NE Sub-Courthouse Storage Bldg		13	
Northwest Sub-Courthouse		642	5
NW Sub-Courthouse Annex		122	
Premier St. Annex		118	
Consulate Building		309	
Patrol Facility		6	
Impound Facility		10	
Medical Examiner		2,782	
Criminal Courts Building		3,465	10
Civil Courts Building		1,689	
Old Courthouse		7,929	11
Justice Center Complex		25,746	112
Criminal Justice Building		1,013	18

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<u>Infrastructure</u>	<u>Software Development</u>	<u>Construction in Progress</u>	<u>Total</u>
			\$219
			403
			233
			8
			640
			318
	\$7,407		19,462
			952
			67
			26
			133
			35,035
			13
			885
			103
			19
		\$494	7,171
			24,820
			800
			3,393
			402
			45
		1,522	2,672
			809
			4,924
			73
			633
			89
			13
			647
			122
			118
			309
			6
		35	45
			2,782
		6	3,481
			1,689
		406	8,346
			25,858
			1,031

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

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<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
<i>General Government (cont'd):</i>			
Family Law Building	19		
Lancaster Annex		129	
Public Health Facility		-	459
Parking Garage		4,454	72
Law Center Parking Garage	86	7,198	
TC Plaza Parking		3,060	
Records Storage Building		128	13
Voting Machine Warehouse		294	
Warehouse West		132	
Tarrant County Education Center		3,551	19
Graphics & Printing		864	
Telephone		-	21
Mueller Bldg.		1,135	31
Sign Carpenter Shop		155	
Child Protective Services		955	
Precinct 1 Sign Shop		278	
Echo Lake Park		200	
Condominium Austin		55	
Total General Government	<u>34,885</u>	<u>109,879</u>	<u>17,468</u>
Public Safety:			
Sheriff		135	2,069
Greenbay Jail Facility		2,173	
Cold Springs Rehab. Center		4,010	
Constables			143
Medical Examiner			2,248
Fire Marshal			130
Community Supervision		2,637	178
Juvenile Probation		24	193
Pre-trial Release			9
City/County Jail Complex			86
Greenbay Jail Confinement			128
Cold Springs Confinement			34
Mansfield Boot Camp		244	
Corrections Facility		36,117	86
Lynn Ross Juvenile Center		7,430	7
Total Public Safety	<u>-</u>	<u>52,770</u>	<u>5,311</u>

<u>Infrastructure</u>	<u>Software Development</u>	<u>Construction in Progress</u>	<u>Total</u>
		14,244	14,263
			129
			459
			4,526
			7,284
			3,060
			141
			294
			132
			3,570
			864
			21
			1,166
			155
			955
			278
			200
			55
<u>-</u>	<u>7,407</u>	<u>16,707</u>	<u>186,346</u>
			2,204
			2,173
			4,010
			143
			2,248
			130
			2,815
			217
			9
		843	929
		310	438
		9	43
			244
			36,203
			7,437
<u>-</u>	<u>-</u>	<u>1,162</u>	<u>59,243</u>



TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)

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<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
Judicial:			
State Civil Courts			8
State Criminal Courts			59
State Family Courts			27
Criminal Attorney Appointment			5
County Civil Courts			18
County Criminal Courts			3
County Probate Courts			32
Justice of the Peace			36
District Attorney			1,469
Resitution Enforcement			9
District Clerk			227
County Clerk			1,730
Domestic Relations			12
Child Support			36
Family Court Service			30
Jury Services			28
Law Library			38
Total Judicial	<u>-</u>	<u>-</u>	<u>3,767</u>
Transportation:			
Precinct 1		444	4,932
Precinct 2		2,156	4,107
Precinct 3		96	4,936
Precinct 4		306	5,204
Central Garage		486	1,343
Sign Shop			136
Transportation	<u>8,112</u>		<u>4,099</u>
Total Transportation	<u>8,112</u>	<u>3,488</u>	<u>24,757</u>
Community Services:			
Health		121	766
Human Services			16
HUD			190
Workforce Investment Act			
Total Community Services	<u>-</u>	<u>121</u>	<u>972</u>
Total governmental funds capital assets	<u>\$42,997</u>	<u>\$166,258</u>	<u>\$52,275</u>

<u>Infrastructure</u>	<u>Software Development</u>	<u>Construction in Progress</u>	<u>Total</u>
			8
			59
			27
			5
			18
			3
			32
			36
			1,469
			9
			227
			1,730
			12
			36
			30
			28
			38
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,767</u>
			5,376
			6,263
		143	5,175
			5,510
			1,829
			136
<u>\$51,861</u>	<u>-</u>	<u>143</u>	<u>64,072</u>
51,861	-	143	88,361
			887
			16
			190
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			1,093
<u>\$51,861</u>	<u>\$7,407</u>	<u>\$18,012</u>	<u>\$338,810</u>

**TARRANT COUNTY, TEXAS**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

Function and Activity	10/1/2002 Balance	Additions	Disposals	9/30/2003 Balance
General Government:				
County Administrator	\$444		(\$225)	\$219
Non-departmental	419		(16)	403
County Auditor	240		(7)	233
Budget/Risk Management	8			8
Tax Assessor	691		(51)	640
Elections	250	\$68		318
Information Technologies	11,431	8,147	(116)	19,462
ERP-Information Technologies		952		952
Human Resources	67			67
Purchasing	26			26
Records Management	162		(29)	133
Facilities	35,056	25	(46)	35,035
Construction Services	25		(12)	13
Graphics	760	233	(108)	885
Self Insurance	89	14		103
Group Insurance	7	12		19
Administration Building	6,679	501	(9)	7,171
Tarrant County Plaza	24,820			24,820
Anderson Sub-Courthouse	800			800
SW Sub-Courthouse	3,393			3,393
C Griffin Sub-Courthouse	333	184	(115)	402
C Griffin Sub-Crthse Storage Bldg		45		45
Griffin Annex	1,565	1,107		2,672
Mebus SE Sub-Courthouse	809			809
Manfield Sub-Courthouse	4,924			4,924
Storage Building Mansfield Sub-Crt.	73			73
Northeast Sub-Courthouse	649		(16)	633
Northeast Annex	89			89
NE Sub-Courthouse Storage Bldg	13			13
Northwest Sub-Courthouse	647			647
NW Sub-Courthouse Annex	122			122
Premier St. Annex	118			118
Consulate Building	309			309
Patrol Facility		6		6
Impound Facility	10	35		45
Medical Examiner	2,782			2,782
Criminal Courts Building	3,475	6		3,481
Civil Courts Building	1,689			1,689
Old Courthouse	7,952	406	(12)	8,346
Justice Center Complex	25,858			25,858
Criminal Justice Building	1,031	30	(30)	1,031
Family Law Building	4,601	9,662		14,263
Lancaster Annex	129			129

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

Function and Activity	10/1/2002 Balance	Additions	Disposals	9/30/2003 Balance
<i>General Government (cont'd):</i>				
Public Health Facility		459		459
Parking Garage	4,476	50		4,526
Law Center Parking Garage	7,067	217		7,284
TC Plaza Parking	3,060			3,060
Records Storage Building	141			141
Voting Machine Warehouse	294			294
Warehouse West	132			132
Tarrant County Education Center	3,503	138	(71)	3,570
Graphics & Printing	864			864
Telephone	21			21
Mueller Bldg.	1,166			1,166
Sign Carpenter Shop	155			155
Child Protective Services	955			955
Precinct 1 Sign Shop	278			278
Echo Lake Park	33	167		200
Condominium Austin	55			55
Total General Government	164,745	22,464	(863)	186,346
<b>Public Safety:</b>				
Sheriff	2,303	350	(449)	2,204
Greenbay Jail Facility	2,173			2,173
Cold Springs Rehab. Center	3,651	359		4,010
Constables	196		(53)	143
Medical Examiner	2,048	200		2,248
Fire Marshal	143		(13)	130
Community Supervision	2,865	5	(55)	2,815
Juvenile Probation	266	29	(78)	217
Pre-trial Release	9			9
City/County Jail Complex	86	843		929
Greenbay Jail Confinement	128	310		438
Cold Springs Confinement	9	34		43
Mansfield Boot Camp	58	244	(58)	244
Corrections Facility	36,166	37		36,203
Lynn Ross Juvenile Center	7,437			7,437
Total Public Safety	57,538	2,411	(706)	59,243
<b>Judicial:</b>				
State Civil Courts	35		(27)	8
State Criminal Courts	88		(29)	59
State Family Courts	15	12		27
Criminal Attorney Appointment	5			5
County Civil Courts	27		(9)	18

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2003 (AMOUNTS IN THOUSANDS)**

Function and Activity	10/1/2002 Balance	Additions	Disposals	9/30/2003 Balance
<i>Judicial (cont'd):</i>				
County Criminal Courts	20		(17)	3
County Probate Courts	32			32
Justice of the Peace	51		(15)	36
District Attorney	1,542	288	(361)	1,469
Resitution Enforcement	9			9
District Clerk	189	58	(20)	227
County Clerk	1,743	101	(114)	1,730
Domestic Relations	20		(8)	12
Child Support	34	12	(10)	36
Family Court Service	23	7		30
Jury Services	37		(9)	28
Law Library	38			38
Total Judicial	3,908	478	(619)	3,767
Transportation:				
Precinct 1	5,010	861	(495)	5,376
Precinct 2	5,738	766	(241)	6,263
Precinct 3	4,467	1,273	(565)	5,175
Precinct 4	5,284	1,001	(775)	5,510
Right of Way	23		(23)	-
Central Garage	592	1,256	(19)	1,829
Sign Shop	147		(11)	136
Transportation	60,067	4,348	(343)	64,072
Total Transportation	81,328	9,505	(2,472)	88,361
Community Services:				
Health	676	232	(21)	887
Human Services	32		(16)	16
HUD	177	13		190
Workforce Investment Act	80		(80)	-
Total Community Services	965	245	(117)	1,093
 Total governmental funds capital assets	\$308,484	\$35,103	(\$4,777)	\$338,810

**STATISTICAL SECTION**

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

Year	General Government	Buildings	Public Safety	Transportation Support	Judicial	Health/ Welfare	Capital	Debt Service	Total
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
2003	58,761	(2)	106,954	18,890	79,229	58,868	34,533	29,808	387,043

(1) Includes general, road and bridge, debt service, capital projects, grants and other governmental 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 &amp; Permits</u>	<u>Fees Of Office</u>	<u>Inter- governmental</u>	<u>Other</u>	<u>Total</u>
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)
2003	215,934	57,171	78,308	16,190	367,603 (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
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%
2003	79,179,817	0.272500	215,765	211,528	98.04%	4,237	1.96%

**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	
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%
2003	70,840,459	76,172,537	16,955,809	17,301,846	8,616,451	79,179,817	93,474,383	84.71%

**TARRANT COUNTY, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**September 30, 2003**  
**(Amounts in thousands)**  
**(UNAUDITED)**

Assessed Value of Real Property		\$ 70,840,459
Debt Limit Rate (1)		<u>0.25</u>
Amount of Debt Limit		17,710,115
Road Bonds Outstanding		<u>-</u>
Legal Debt Margin		<u>\$ 17,710,115</u>
Assessed Value of All Taxable Property		\$ 73,058,209
Debt Limit Rate (2)		0.05
Amount of Debt Limit		3,652,910
Total General Bonded Debt	\$ 153,200	
Less Debt Service Fund Cash and Investments	<u>(1,772)</u>	
Total Net Bonded Debt		<u>151,428</u>
Amount of Debt Margin		<u>\$ 3,501,482</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)**

<u>ENTITY</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</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>
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
2003	1,554	79,179,817	153,200	1,772	151,428	0.19%	97.44

**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>
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%
2003	22,215	7,593	29,808	387,043 (1)	7.70%

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

**TARRANT COUNTY, TEXAS**  
**ESTIMATED CONSOLIDATED OVERLAPPING DEBT**  
**September 30, 2003**  
**(Amounts in thousands)**  
**(UNAUDITED)**

TABLE IX

<u>Taxing Jurisdiction</u>	<u>Total Funded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Overlapping Funded Debt 9/30/2003</u>
Tarrant County	\$153,200	100.00%	<u>\$153,200</u>
Special Districts:			
Tarrant County Fresh Water Supply District #1	1,605	100.00%	1,605
Tarrant County Hospital District	3,665	100.00%	3,665
Tarrant County College District	76,790	100.00%	76,790
County Line Special District:			
Trophy Club Municipal Utility District #1	4,982	0.53%	<u>26</u>
Total Special Districts			<u>82,086</u>
Cities:			
Arlington	299,650	100.00%	299,650
Bedford	63,015	100.00%	63,015
Benbrook	10,326	100.00%	10,326
Colleyville	30,835	100.00%	30,835
Crowley	16,970	100.00%	16,970
Dalworthington Gardens	941	100.00%	941
Euless	55,037	100.00%	55,037
Everman	3,425	100.00%	3,425
Forest Hill	8,145	100.00%	8,145
Fort Worth	320,786	99.69%	319,792
Haltom City	20,390	100.00%	20,390
Haslet	2,425	100.00%	2,425
Hurst	19,160	100.00%	19,160
Keller	112,885	100.00%	112,885
Kennedale	5,185	100.00%	5,185
North Richland Hills	61,171	100.00%	61,171
Pantego	1,615	100.00%	1,615
Richland Hills	5,250	100.00%	5,250
Saginaw	18,350	100.00%	18,350
Watauga	20,660	100.00%	20,660
Westover Hills	495	100.00%	495
White Settlement	5,505	100.00%	5,505
Total Cities			<u>1,081,227</u>



**TARRANT COUNTY, TEXAS**  
**ESTIMATED CONSOLIDATED OVERLAPPING DEBT**  
**September 30, 2003**  
(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 9/1/2003</u>
<b>County Line Cities:</b>			
Azle	\$10,940	78.94%	\$8,636
Burleson	15,868	9.26%	1,469
Grand Prairie	116,276	45.24%	52,603
Grapevine	159,060	99.64%	158,487
Mansfield	67,605	77.52%	52,407
Southlake	128,697	99.16%	127,616
Total County Line Cities			<u>401,218</u>
<b>School Districts:</b>			
Arlington Independent School District	538,545	100.00%	538,545
Birdville Independent School District	152,958	100.00%	152,958
Carroll Independent School District	164,543	100.00%	164,543
Castleberry Independent School District	22,825	100.00%	22,825
Eagle Mountain Saginaw Independent School District	144,068	100.00%	144,608
Everman Independent School District	1,632	100.00%	1,632
Fort Worth Independent School District	398,134	100.00%	398,134
Hurst Euless Bedford Independent School District	240,390	100.00%	240,390
Keller Independent School District	403,443	100.00%	403,443
Kennedale Independent School District	16,981	100.00%	16,981
Lake Worth Independent School District	24,387	100.00%	24,387
White Settlement Independent School District	34,807	100.00%	34,807
Total School Districts			<u>2,143,253</u>
<b>County Line School Districts:</b>			
Aledo Independent School District	45,390	3.49%	1,584
Azle Independent School District	34,975	63.04%	22,048
Burleson Independent School District	65,408	25.81%	16,882
Crowley Independent School District	127,213	96.15%	122,315
Godley Independent School District	9,635	9.52%	917
Grapevine Colleyville Independent School District	250,416	98.99%	247,887
Mansfield Independent School District	276,395	82.26%	227,363
Northwest Independent School District	161,872	22.46%	36,358
Total County Line School Districts			<u>675,354</u>
Total Overlapping Funded Debt			<u>4,383,138</u>
Total Direct and Overlapping Funded Debt			<u>\$ 4,536,338</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>	
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
2002	15,918	252,700	13,965,000

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>2002/2003 Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Texas Utilities Electric	Electric Utility	\$846,564	1.07%
American Airlines	Terminals & Facilities	588,517	0.74%
Southwestern Bell & Mobile	Telephone Utility	470,068	0.59%
Albertson, Inc.	Retail & Distributing Facility	269,909	0.34%
Textron, Inc.	Helicopter Manufacturing Facility	222,464	0.28%
Grapevine Mills Ltd. Partnership	Retail Facility	166,084	0.21%
General Motors Corp.	Automobile Manufacturing	155,303	0.20%
City Center Development Co.	Real Estate	134,594	0.17%
Miller Brewing Co.	Beverage	125,823	0.16%
Alcon Laboratories Inc.	Pharmaceuticals	<u>123,850</u>	<u>0.16%</u>
		<u>\$3,103,176</u>	<u>3.92%</u>

# TARRANT COUNTY, TEXAS

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## GENERAL INFORMATION

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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.....	4,127

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## POPULATION

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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
2003 Estimated	1,554,000

Source: North Central Texas Council of Governments

# TARRANT COUNTY, TEXAS

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## POPULATION DISTRIBUTION

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	<u>17 - UNDER</u>	<u>18 - 24</u>	<u>25 - 34</u>	<u>35 - 49</u>	<u>50 - OVER</u>
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
2002	28.2	9.8	15.7	23.5	22.8

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

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

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	<u>2002</u>	<u>2001</u>	<u>2000</u>
Construction	39	40	40
Manufacturing	90	97	102
Trade, Transportation & Utilities	175	181	185
Education & Health	68	69	66
Service	228	225	225
Government	90	92	90
Total	<u>690</u>	<u>704</u>	<u>708</u>

Sources: Texas Workforce Commission and State Comptroller of Public Accounts

# TARRANT COUNTY, TEXAS

## TEN LARGEST EMPLOYERS<sup>(1)</sup>

	NUMBER OF EMPLOYEES				
	2002	2001	2000	1999	1998
AMRCorp./American Airlines	28,500	28,492	28,600	30,000	30,000
Lockheed Fort Worth Division	16,800	11,400	10,500	10,000	10,000
Texas Health Resources	13,100	8,800	6,700	6,000	6,000
Fort Worth Independent School District	9,930	12,513	11,900	9,500	9,500
Arlington Independent School District	8,000	6,723	6,700	6,300	6,300
Bell Helicopter-Textron	5,749	6,000	6,400	6,200	6,200
City of Fort Worth	5,740	5,480	5,400	5,100	5,200
Tarrant County Governmnet	4,197	4,196	4,100	4,000	4,000
Harris Hospital	3,900	3,728	3,800	5,100	5,100
Radio Shack Corp.	3,545	4,295	4,600	4,500	4,700

## UNEMPLOYMENT AND HOUSEHOLD BUYING POWER<sup>(1)</sup>

	Unemployment Rate	Effective Buying Income Per Household
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
2002	6.2	30,110

## TRANSPORTATION<sup>(1)</sup>

<b>Dallas-Fort Worth International Airport</b>	
Opened	1974
Longest Runway	13,400 feet
Scheduled Airlines	30
Passengers Arriving/Departing	44,478,486
<b>Meacham International Airport</b>	
Opened	1925
Longest Runway	7,500 feet
Scheduled Airline	none
<b>Fort Worth Alliance Airport</b>	
Opened	1989
Longest Runway	9,600 feet
Scheduled Airlines (cargo only)	1
Trucking Services	750
Railroad Services	6

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

# TARRANT COUNTY, TEXAS

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## EDUCATION

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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 4,967 classroom teachers to instruct the 81,081 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 an enrollment of 15,302 students in the top 28 schools.

### TARRANT COUNTY PUBLIC SCHOOL ENROLLMENT

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
2002	289,000

Tarrant County has nine college and university campuses with an enrollment of more than 66,000 students in both undergraduate and graduate programs.

	Spring 2003 Enrollment	Type of Institution Year Founded	Type of Degrees Available
Tarrant County College (NE, NW, South, and SE Campuses)	30,159	Community college/1965	Associate's and certificates of completion
University of Texas at Arlington	22,654	State/1895	Bachelor's, master's, and doctorate
Texas Christian University	7,534		Bachelor's, master's, doctorate, and professional
Southwestern Baptist Theological Seminary	2,896	Theological Seminary/ 1908	Master's and doctorate
Texas Wesleyan University	2,270	Private/1890	Bachelor's, Master's, JD
University of North Texas Health Science Center	976	State/1966	Master's and doctorate, and professional

Source: Texas Education Agency and Fort Worth Business Press

