

Comprehensive Annual Financial Report

Tarrant County, Texas



For the Year Ended September 30, 2004

TARRANT COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2004

Prepared By
County Auditor's Office

S. Renee Tidwell, CPA
County Auditor

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



TARRANT COUNTY

**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**

April 18, 2005

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, 2004 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, 2004, 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, 2004, 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 1.59 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 at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons are presented on pages 72-75 as part of the required supplementary information. The other budget comparisons are presented on pages 85-93 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, Hagggar 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 2004 totaled \$.030743 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, 2004 were \$166,874,000, and total investment earnings on that portfolio were \$2,206,168. The average yield on investments was 1.17%.

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 2004 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$10,807,414. 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 10.16% for the months of the accounting year in 2004, and 9.96% for the months of the accounting year in 2003. The contribution rate payable by the employee members for calendar year 2004 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 635 retirees and 307 of their dependents receiving benefits. For the year ended September 30, 2004, the County incurred \$3,581,704 in health insurance premiums and claims while the retirees contributed \$1,180,025. The County pays the entire cost for EAP coverage of \$19,112, 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, 2003. 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. Renée 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, 2003

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.



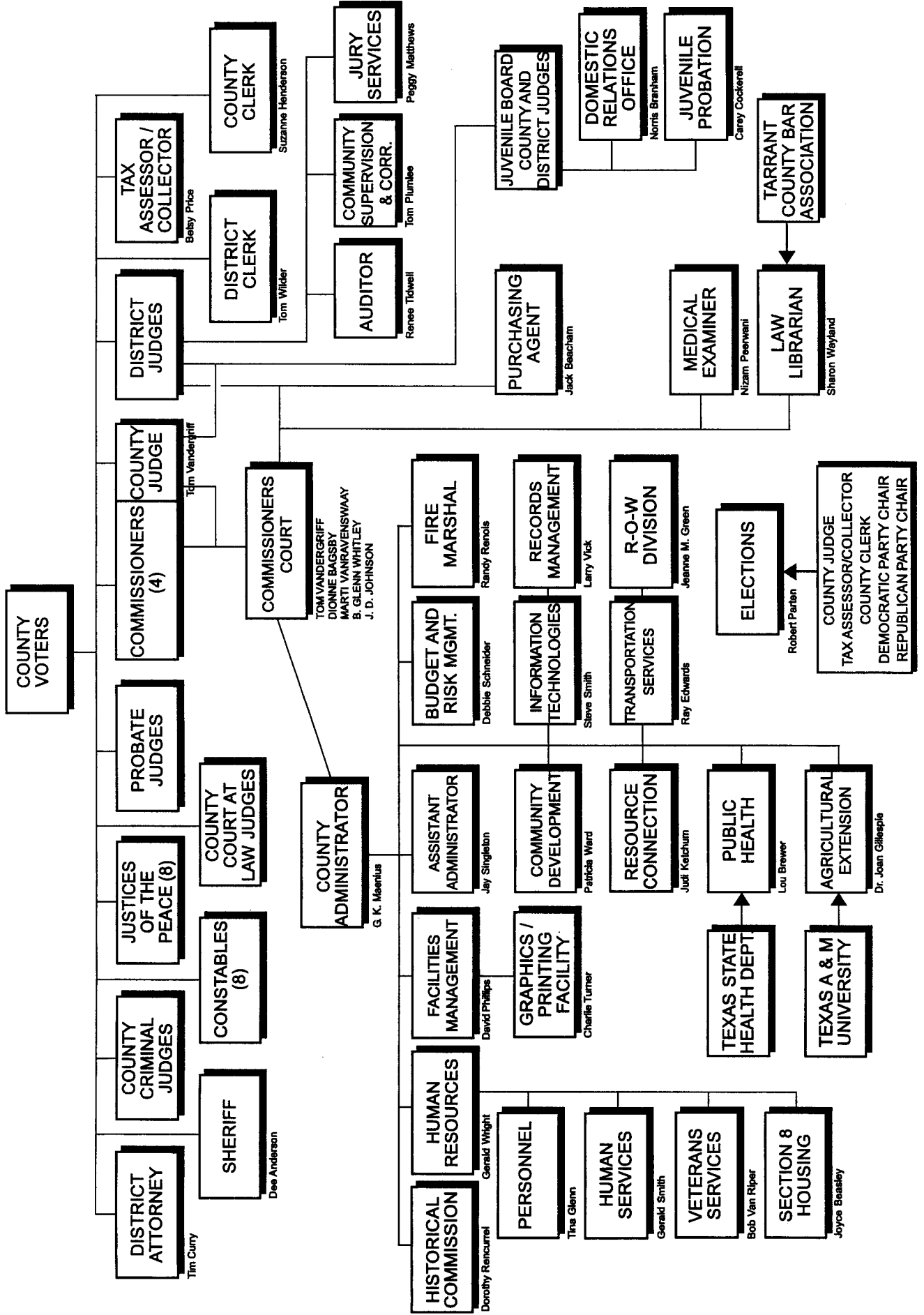
Nancy L. Ziehl

President

Jeffrey R. Emer

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
David Evans
Donald Cosby
Jeff Walker
Len Wade
Kenneth Curry
Robert Gill
Randy Catterton
William Harris
Thomas Lowe III
Everett Young
Frank Sullivan
Jean Boyd
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
Linda Bierman-Davis
Sanford W. Prindle
Jacquelyn Wright
Manuel T. Valdez
Richard G. Ritchie
Roy Kurban
Ernest Thompson

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

Law Enforcement:

Dee Anderson
Tim Curry
Carey Don Cockerell*
Tom Plumlee*
Jerry Crowder
David Harris
Zane Hilger
Jack Allen
Sergio L. DeLeon
Joseph Kubes
Michael Honeycutt
Chester Lockett
Norris Branham*

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

Administrative Officials:

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

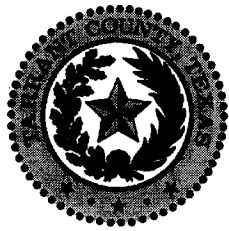
County Administrator
County Auditor
Tax Assessor-Collector
Purchasing Agent
Budget and Risk Management Director
Chief Information Officer

Recording Officials:

Suzanne Henderson
Tom Wilder

County Clerk
District Clerk

*Appointed officials. All others listed are elected officials.



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and Commissioners' Court
Tarrant County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, aggregate remaining fund information and the Tarrant County Hospital District, a discretely presented component unit of Tarrant County, Texas (the "County") as of and for the year ended September 30, 2004, 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 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, 2004. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, 2004, 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.

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 basic 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 April 18, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

April 18, 2005

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, 2004. 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 \$209,660,000 (*net assets*). Of this amount, \$73,707,000 (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 \$23,442,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$121,742,000, a increase of \$16,387,000 in comparison with the prior year. Approximately forty-five of this total amount, \$54,315,000, 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 \$31,231,000, or 13 percent of total general fund expenditures.
- The County's total debt increased by \$22,415,000 (15 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 resent 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 71-76 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 80-101 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 \$209,660,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (65 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)

	September 30, 2004			September 30, 2003		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 194,702	\$ 1,054	\$ 195,756	\$ 163,368	\$ 1,100	\$ 164,468
Internal balance	2,499	(2,499)	-	2,694	(2,694)	-
Capital assets	268,766	4,360	273,126	236,542	4,555	241,097
Total assets	465,967	2,915	468,882	402,604	2,961	405,565
Long-term liabilities						
outstanding	215,045	166	215,211	178,244	117	178,361
Other liabilities	43,803	208	44,011	40,826	160	40,986
Total liabilities	258,848	374	259,222	219,070	277	219,347
Net assets:						
Invested in capital assets, net of related debt	134,092	1,861	135,953	108,534	1,861	110,395
Unrestricted	73,027	680	73,707	75,000	823	75,823
Total net assets	\$ 207,119	\$ 2,541	\$ 209,660	\$ 183,534	\$ 2,684	\$ 186,218

Certain amounts in the 2003 numbers have been reclassified to conform to the 2004 presentation.
The reclassification had no effect on previously reported net assets.

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 \$23,442,000 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 \$23,585,000, thereby accounting for 100 percent of the total growth in the net assets of the County. A key element of this increase was property tax revenue increased by \$15,170,000, or 6.6 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.

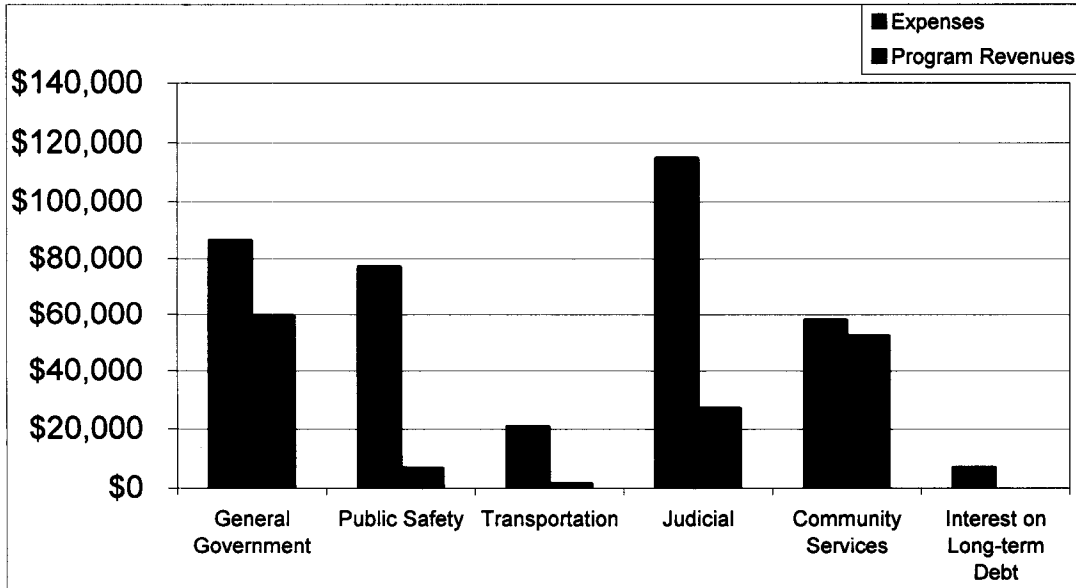
There were some reclassifications for fiscal year 2004 of expenditures between functional categories to adopt the Uniform Chart of Accounts for Texas Counties. The reclassifications were to move the recording and vital statistics section of the County Clerk from judicial to general government and Juvenile Services previously reported as public safety to judicial.

Tarrant County's Changes in Net Assets

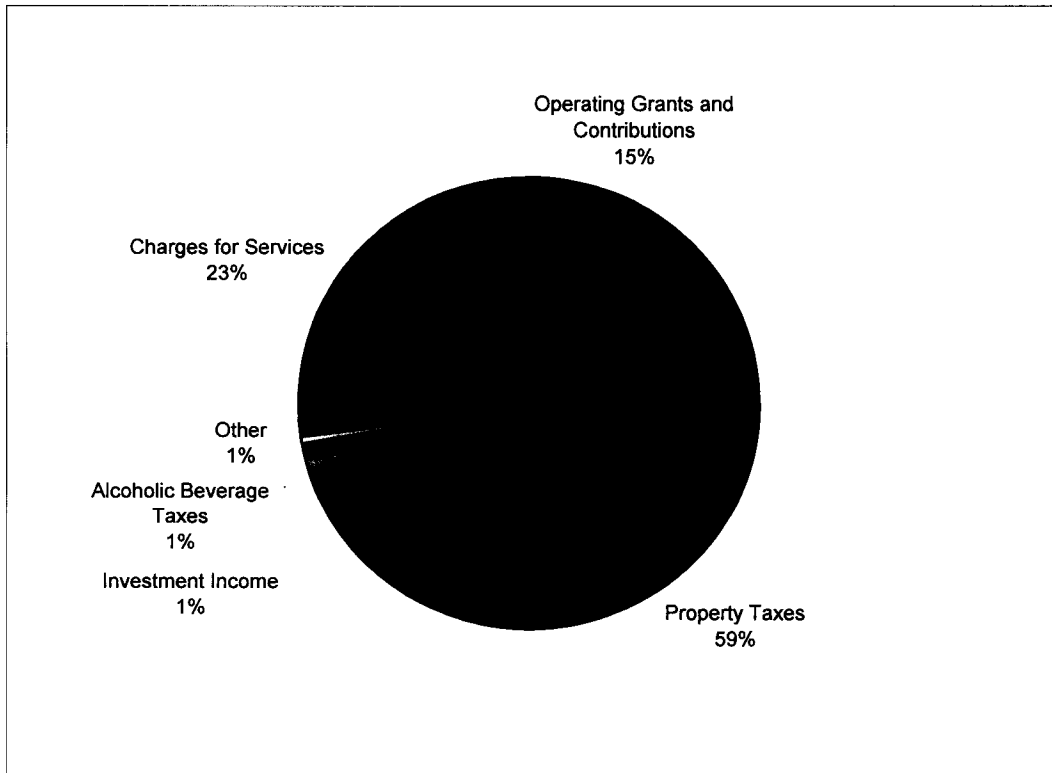
(Amounts in thousands)

	<u>For the year ended Sept. 30, 2004</u>			<u>For the year ended Sept. 30, 2003</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 87,817	\$ 2,701	\$ 90,518	\$ 76,379	\$ 2,646	\$ 79,025
Operating grants and contributions	60,003		60,003	64,744		64,744
Capital grants and contributions	-	-	-	2,626	134	2,760
General revenues:						
Taxes	231,288		231,288	216,118		216,118
Alcoholic beverage taxes	4,835		4,835	4,000		4,000
Other	4,536	10	4,546	4,430	10	4,440
Total revenues	388,479	2,711	391,190	368,297	2,790	371,087
Expenses:						
General government	86,469		86,469	66,121		66,121
Public safety	77,318		77,318	107,910		107,910
Transportation	20,913		20,913	21,725		21,725
Judicial	115,010		115,010	80,201		80,201
Community services	58,123		58,123	62,217		62,217
Interest and fiscal charges	7,061		7,061	7,313		7,313
Resource Connection		2,854	2,854		2,666	2,666
Total expenses	364,894	2,854	367,748	345,487	2,666	348,153
Increase in net assets	23,585	(143)	23,442	22,810	124	22,934
Net assets-beginning	183,534	2,684	186,218	160,724	2,560	163,284
Net assets-ending	\$ 207,119	\$ 2,541	\$ 209,660	\$ 183,534	\$ 2,684	\$ 186,218

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



Revenues by Source – Governmental Activities
 (Amounts in thousands)



Business-type activities. Business-type activities decreased \$143,000. A key element of this reduction was an increase of operating expenses for buildings and equipment and personnel costs.

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 \$121,742,000 an increase of \$16,387,000 in comparison with the prior year. Approximately forty- five percent of this total amount, \$54,315,000, 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 \$17,486,000, 2) to pay debt service \$1,621,000, 3) for capital projects \$36,507,000 or 4) for a variety of other restricted purposes \$11,813,000.

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 \$31,231,000, while total fund balance reached \$41,580,000. 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 13 percent of total general fund expenditures, while total fund balance represents 17 percent of that same amount.

The fund balance of the County's general fund increased by \$7,294,000 during the current fiscal year. Key factor in this growth is as follows:

- 9% increase in property taxes, due to property valuations and the allocation between the general fund and debt service requirements
- 12% increase in intergovernmental revenues.

The debt service fund has a total fund balance of \$1,621,000, 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 \$57,000, 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 \$26,277,000 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 \$2,541,000. The total reduction in net assets for the fund was \$143,000. 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 departments. The transfers can be summarized as follows:

- There were very few transfers between departments. The largest transfers were from Non-departmental undesignated to several judicial courts 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 differences 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 \$2,441,000.
- Public safety expenditures were less than budgeted for jail operations and salaries.
- While investment income and other revenues 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, 2004 amount to \$273,126,000 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)

	September 30, 2004			September 30, 2003		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 43,868	\$ 116	\$ 43,984	\$ 42,997	\$ 116	\$ 43,113
Buildings and improvements	113,164	4,190	117,354	115,860	4,404	120,264
Fixed equipment	36,665	54	36,719	22,599	35	22,634
Infrastructure	31,005	-	31,005	29,667	-	29,667
Construction in progress	44,064	-	44,064	18,012	-	18,012
Software development	-	-	-	7,407	-	7,407
Total	<u>\$ 268,766</u>	<u>\$ 4,360</u>	<u>\$ 273,126</u>	<u>\$ 236,542</u>	<u>\$ 4,555</u>	<u>\$ 241,097</u>

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$175,615,000. All of this debt represents bonds secured solely on future tax revenue.

Tarrant County's Outstanding Debt
(Amounts in thousands)

	Governmental Activities 2004	Governmental Activities 2003
General Obligation	\$ 41,240	\$ 42,790
Certificates of Obligation	22,940	37,150
Limited Tax Refunding Bonds	59,120	32,945
Taxable Tax Notes	28,315	28,315
Non Taxable Tax Notes	24,000	12,000
Total	<u>\$ 175,615</u>	<u>\$ 153,200</u>

The County's total debt increased by a net \$22,415,000 or 15 percent during the current fiscal year. This reflects the issuance of \$59,550,000 and principal reduction of \$22,090,000.

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 \$4,250,055,000, 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 52-54 of this report.

Economic Factors and Next Year's Budgets and Rates

Tarrant County's economic condition remains positive.

- The unemployment rate increased slightly for Tarrant County at 6.5 percent, compared to the prior year of 6.2 percent. This is comparable to the state's slight increase in average unemployment rate of 6.7 percent from 6.3 percent a year ago.
- Continued increase in the property values in Tarrant County.
- Inflationary trends in the region compare favorably to national indices.

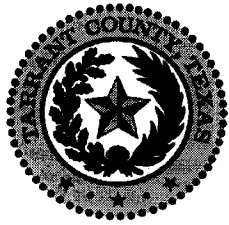
All of these factors were considered in preparing the County's budget for 2005 fiscal year.

During the 2004 fiscal year, unreserved fund balance in the general fund increased to \$31,231,000. The County has appropriated \$29,613,856 of this amount for spending in the 2005 fiscal year budget. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2005 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, 2004 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 141,870	\$ 693	\$ 142,563
Taxes receivable, net of allowance for uncollectibles	9,335		9,335
Other receivables, net of allowance for uncollectibles	40,909	356	41,265
Internal balance	2,499	(2,499)	-
Due from other governments			
Prepaid expenses and inventory	1,823	5	1,828
Deferred charges	765		765
Restricted assets			
Assets limited to use			
Capital assets, net:			
Not subject to depreciation	87,932	116	88,048
Subject to depreciation	180,834	4,244	185,078
Total assets	<u>465,967</u>	<u>2,915</u>	<u>468,882</u>
<u>LIABILITIES</u>			
Accounts payable	14,042	208	14,250
Accrued interest payable	586		586
Other liabilities	15,126		15,126
Deferred revenue	14,049		14,049
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	15,610	115	15,725
Capital lease			
Bonds payable	19,970		19,970
Other noncurrent liabilities	4,209	51	4,260
Portion due or payable after one year:			
Compensated absences payable	11,051		11,051
Capital lease			
Bonds payable	156,964		156,964
Other noncurrent liabilities	7,241		7,241
Total liabilities	<u>258,848</u>	<u>374</u>	<u>259,222</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	134,092	1,861	135,953
Restricted			
Unrestricted	73,027	680	73,707
Total net assets	<u>\$ 207,119</u>	<u>\$ 2,541</u>	<u>\$ 209,660</u>

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 82,475	\$ 17,779
4,025	
20,786	1,820
28,563	3,028
11,811	2,395
	43
1,782	277
123,235	
14,565	915
146,064	4,417
<u>433,306</u>	<u>30,674</u>
16,675	3,452
	48
23,128	2,039
	2,287
	331
641	130
2,215	338
	1,366
5,638	79
38,509	1,977
4,975	
<u>91,781</u>	<u>12,047</u>
117,862	2,851
1,852	277
221,811	15,499
<u>\$ 341,525</u>	<u>\$ 18,627</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

Activities:	Expenses	Program Revenues	
		Fees, Fines , and Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental:			
General government	\$ 86,469	\$ 54,960	\$ 4,748
Public safety	77,318	4,883	1,984
Transportation support	20,913	1,608	
Judicial	115,010	17,404	9,698
Community services	58,123	8,962	43,573
Interest and fiscal charges	7,061		
Total governmental activities	364,894	87,817	60,003
Business-type:			
Resource Connection	2,854	2,701	
Total primary government	\$ 367,748	\$ 90,518	\$ 60,003
Component units			
Tarrant County Hospital District	\$ 391,170	\$ 121,725	\$ 66,997
MHMR of Tarrant County	67,323	20,297	47,966
	\$ 458,493	\$ 142,022	\$ 114,963

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

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (26,761)		\$ (26,761)		
(70,451)		(70,451)		
(19,305)		(19,305)		
(87,908)		(87,908)		
(5,588)		(5,588)		
(7,061)		(7,061)		
(217,074)		(217,074)		
	\$ (153)	(153)		
\$ (217,074)	\$ (153)	\$ (217,227)	\$ -	\$ -
			\$ (202,448)	
			\$ (202,448)	\$ 940
				\$ 940
231,288		231,288	205,254	
4,835		4,835		
2,315	10	2,325	3,281	219
2,221		2,221	43,765	565
240,659	10	240,669	252,300	784
23,585	(143)	23,442	49,852	1,724
183,534	2,684	186,218	291,673	16,903
\$ 207,119	\$ 2,541	\$ 209,660	\$ 341,525	\$ 18,627

TARRANT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and investments	\$ 37,582	\$ 12,540	\$ 2,058	\$ 55,897
Receivables (Note 2):				
Taxes, net of allowance for uncollectibles	7,358	11	1,966	
Other receivables, net of allowance for uncollectibles	19,840	290		
Due from other funds (Note 10)	9,124			
Advance to proprietary fund				2,499
Supplies and prepaid items	732	942		4
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 74,636</u>	<u>\$ 13,783</u>	<u>\$ 4,024</u>	<u>\$ 58,400</u>

See accompanying notes the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,164	\$ 14,482	\$ 130,723
		9,335
19,603	931	40,664
		9,124
		2,499
114	31	1,823
<u>\$ 27,881</u>	<u>\$ 15,444</u>	<u>\$ 194,168</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

<u>LIABILITIES AND FUND BALANCES</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES:				
Accounts payable	\$ 4,908	\$ 921		\$ 4,791
Other liabilities	10,388	558	\$ 267	
Due to other funds (Note 10)				
Compensated absences (Note 4)				
Deferred revenue	<u>17,760</u>	<u>11</u>	<u>2,136</u>	<u>85</u>
Total liabilities	33,056	1,490	2,403	4,876
FUND BALANCES:				
Reserved:				
For debt service			1,621	
For capital projects				36,507
For encumbrances	2,012	652		14,514
For supplies and prepaid items	732	942		4
For long term receivable	7,605			2,499
Unreserved, report in:				
General fund	31,231			
Road and Bridge fund		10,699		
Other Special revenue				
Total equity	<u>41,580</u>	<u>12,293</u>	<u>1,621</u>	<u>53,524</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 74,636</u>	<u>\$ 13,783</u>	<u>\$ 4,024</u>	<u>\$ 58,400</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,379	\$ 751	\$ 13,750
2,619	1,294	15,126
8,374	675	9,049
58		58
<u>14,451</u>		<u>34,443</u>
27,881	2,720	72,426
		1,621
		36,507
	308	17,486
	31	1,709
		10,104
		31,231
		10,699
	<u>12,385</u>	<u>12,385</u>
<u>-</u>	<u>12,724</u>	<u>121,742</u>
<u>\$ 27,881</u>	<u>\$ 15,444</u>	<u>\$ 194,168</u>

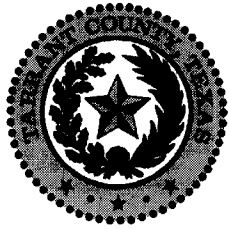
TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET ASSETS
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

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

Total fund balance - total governmental funds (pages 20-21)	\$ 121,742
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	268,766
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	20,394
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.	(425)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (Note 2)	<u>(203,358)</u>
Net assets of governmental activities (page 14)	<u>\$ 207,119</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, 2004 (AMOUNTS IN THOUSANDS)

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES:				
Taxes, licenses and permits	\$ 205,181	\$ 2	\$ 26,277	
Fees of office	24,416	23,560		
Intergovernmental	10,512	33		\$ 343
Investment income	1,328	169	137	405
Other revenues	8,297	60	2,221	520
	<u>249,734</u>	<u>23,824</u>	<u>28,635</u>	<u>1,268</u>
EXPENDITURES:				
Current:				
General government	64,378	1,747		
Public safety	75,246			
Transportation support		18,387		
Judicial	95,854			
Community services	4,715			
Capital outlay	1,387			45,013
Debt service:				
Principal payments			22,090	
Interest and fiscal charges			6,840	
	<u>241,580</u>	<u>20,134</u>	<u>28,930</u>	<u>45,013</u>
Excess (deficiency) of revenues over (under) expenditures	8,154	3,690	(295)	(43,745)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 10)	739		200	6,208
Transfers out (Note 10)	(1,599)	(4,934)		(200)
Issuance of new debt			14,720	44,830
Premium on bonds			557	876
Payment to refunded bond escrow agent			(15,125)	
	<u>(860)</u>	<u>(4,934)</u>	<u>352</u>	<u>51,714</u>
Change in fund balance	7,294	(1,244)	57	7,969
FUND BALANCES, beginning of year	<u>34,286</u>	<u>13,537</u>	<u>1,564</u>	<u>45,555</u>
FUND BALANCES, end of year	<u>\$ 41,580</u>	<u>\$ 12,293</u>	<u>\$ 1,621</u>	<u>\$ 53,524</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$ 231,460
\$ 1,737	\$ 9,267	58,980
57,673	8,292	76,853
72	204	2,315
<u>1,886</u>	<u>1,887</u>	<u>14,871</u>
61,368	19,650	384,479
2,284	4,609	73,018
1,761	1,091	78,098
		18,387
11,491	2,558	109,903
40,595	8,171	53,481
4,576	1,223	52,199
		22,090
		<u>6,840</u>
<u>60,707</u>	<u>17,652</u>	<u>414,016</u>
661	1,998	(29,537)
	1,084	8,231
(661)	(771)	(8,165)
		59,550
		1,433
		<u>(15,125)</u>
<u>(661)</u>	<u>313</u>	<u>45,924</u>
-	2,311	16,387
<u>-</u>	<u>10,413</u>	<u>105,355</u>
<u>\$ -</u>	<u>\$ 12,724</u>	<u>\$ 121,742</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, 2004 (AMOUNTS IN THOUSANDS)

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

Net change in fund balances--total governmental funds (pages 24-25)	\$ 16,387
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2)	31,984
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (Note 2)	240
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,240
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2)	(23,584)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2)	(1,622)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>(2,060)</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 23,585</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 693	\$ 11,147
Other receivables, net of allowance for uncollectibles	356	245
Prepaid expenses and inventory	5	
Total current assets	<u>1,054</u>	<u>11,392</u>
Noncurrent assets:		
Capital assets (Note 5)		
Land	116	
Building and improvements, net	4,189	
Equipment, net	55	
Total noncurrent assets	<u>4,360</u>	<u>-</u>
Total assets	<u>5,414</u>	<u>11,392</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	208	292
Other liabilities	51	4,209
Due to other funds		75
Advance from governmental fund	200	
Compensated absences payable	115	
Total current liabilities	<u>574</u>	<u>4,576</u>
Noncurrent liabilities:		
Other noncurrent liabilities		7,241
Long term advance from governmental fund	2,299	
Total noncurrent liabilities	<u>2,299</u>	<u>7,241</u>
Total liabilities	<u>2,873</u>	<u>11,817</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,861	
Unrestricted	680	(425)
Total net assets (deficit)	<u>\$ 2,541</u>	<u>\$ (425)</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, 2004 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
OPERATING REVENUES:		
Building rental	\$ 2,565	
User fees		\$ 8,283
County contributions		30,550
Other revenues	<u>136</u>	<u>1,650</u>
Total operating revenues	2,701	40,483
OPERATING EXPENSES		
Personnel	1,229	
Building and equipment	1,283	117
Depreciation and amortization	294	
Self insurance claims		29,647
Insurance premiums	26	8,893
Other expenses	<u>22</u>	<u>3,950</u>
Total operating expenses	<u>2,854</u>	<u>42,607</u>
Operating income (loss)	(153)	(2,124)
NONOPERATING REVENUES:		
Investment income	<u>10</u>	<u>130</u>
Total nonoperating revenues	<u>10</u>	<u>130</u>
Income before contributions and transfers	(143)	(1,994)
Transfers in		325
Transfers out		<u>(391)</u>
Change in net assets	(143)	(2,060)
Total net assets (deficit)-beginning	<u>2,684</u>	<u>1,635</u>
Total net assets (deficit)-ending	<u>\$ 2,541</u>	<u>\$ (425)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

**STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
OPERATING ACTIVITIES:		
Receipts from customers	\$ 2,625	\$ 40,387
Payments to suppliers	(1,283)	(325)
Payments on behalf of employees		(41,239)
Payments to employees	<u>(1,180)</u>	<u> </u>
Net cash flows provided by (used in) operating activities	162	(1,177)
INVESTING ACTIVITIES:		
Investment income	<u>10</u>	<u>130</u>
Net cash flows provided by investing activities	10	130
NONCAPITAL FINANCING ACTIVITIES:		
Advance to other funds		(6)
Transfers in	<u> </u>	<u>(66)</u>
Net cash flows provided by (used in) noncapital financing activities	-	(72)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Advance from other funds	(195)	
Acquisition of capital assets	<u>(99)</u>	<u> </u>
Net cash flows provided by (used in) capital and related financial activities	(294)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(122)	(1,119)
CASH AND CASH EQUIVALENTS, beginning of year	<u>815</u>	<u>12,266</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 693</u>	<u>\$ 11,147</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ (153)	\$ (2,124)
Net cash provided by (used in) operating activities:		
Depreciation & amortization	294	
Changes in assets and liabilities:		
Supplies & prepaid items		
Other receivables	(76)	(64)
Accounts payable	48	(336)
Other liabilities	51	1,379
Deferred revenue		(32)
Compensated absences	<u>(2)</u>	<u> </u>
Net cash flows provided by (used in) operating activities	<u>\$ 162</u>	<u>\$ (1,177)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

ASSETS

Current assets:

Cash and investments	\$	27,770
Other receivables		132,046
Restricted asset		<u>52,881</u>

TOTAL ASSETS \$ 212,697

LIABILITIES

Current liabilities:

Due to third parties	\$	<u>212,697</u>
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TOTAL LIABILITIES \$ 212,697

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

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. We have adopted the provisions of Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations Are Component Units* ("GASB 39"), an amendment of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, as of September 30, 2004. There are no organizations that met the requirements of GASB 39 which require inclusion in the basic financial statements.

BLENDED COMPONENT UNITS

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD assets. TCHD cannot issue bonded debt without County Commissioners Court approval. TCHD's financial statements include the JPS Physicians Group (JPSPG) and Metro West Health Plan as component units within the reporting entity. On July 31, 2004 TCHD terminated the contract between Metro West and Texas Department of Human Services related to the Medicated Managed Care product. On August 4, 2004 Metro West was placed into receivership by the Texas Department of Insurance. On December 9, 2004 the Board of Managers of the TCHD agreed to fund the cash requirements to close out the operations of Metro West and satisfy all valid medical claims submitted by providers. The TCHD has recorded adequate reserves for ultimate settlement of such claims as of September 30, 2004. The component unit financial statements of Metro West for the twelve months ended September 30, 2004, include excess of expenses over revenues of approximately \$3,926,000.

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, 2004, and include total assets, excluding receivables from affiliates, of \$385,000 and total liabilities, excluding payables from affiliates, of \$126,000. JPSPG's excess of expenses over revenues totaled approximately \$11,000 for the year ended September 30, 2004.

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, 2004. 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
John Peter Smith Hospital
1500 S. Main
Fort Worth, Texas 76104

MHMRTC
3840 Hulen Street
Fort Worth, Texas 76107

Separate financial statements of TCHFC, TCIDC 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 10 categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriations between categories even within the same department.
- A separate budget report detailed to the legal level of control is available upon request. The detailed budget report has “sub-funds” and contains more detail than the budget information provided within this report.
- Annual appropriated budgets are legally adopted for all funds except TCHFC, TCIDC and Grants Fund. The budget is prepared utilizing a modified cash basis of accounting, as allowed by state statutes. Beginning fund balance is budgeted as revenue, as required by state statutes.
- Unencumbered appropriations lapse at year-end for all funds.
- The financial statements are prepared in accordance with GAAP and, accordingly, there are differences between the amounts reported as revenues and expenditures in the financial statements and the amounts reflected in the budgetary comparison schedule.
- Supplemental appropriations were made for certain funds and may only be budgeted at only one level.

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, 2004 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 cost determined on an average cost basis.

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

(g) Restricted Assets

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

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

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

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

The TCHD Board of Managers also designates certain funds to be used to increase access to health care within the community, to satisfy self-insurance liabilities and for expansion. 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 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 proprietary fund statements consists of accumulated earned but unpaid vacation and sick pay benefits. All vacation pay is accrued and the vested portion of the sick leave is accrued for the employees eligible to receive payment upon termination, in accordance with County policy. Compensated absences reported in the governmental funds are to be paid out within 60 days.

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

(m) Property Taxes

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

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.2725 (\$0.241757 for the maintenance and operations and \$0.030743 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,

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 \$0.233827 per \$100 valuation for the maintenance and operation fund in 2004 and \$0.001570 per \$100 valuation for the interest and sinking fund in 2004.

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

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

The composition of net patient service revenue for the year ended September 30, 2004 follows (in thousands):

	2004
Patient services provided:	
Inpatient services	\$ 395,003
Outpatient services	376,776
	<u>771,779</u>
Charges forgone for charity care	331,706
Patient service revenue	<u>440,073</u>
Deductions from revenue for contractual allowances	216,316
Net patient service revenue	<u>223,757</u>
Provision for bad debts	<u>102,032</u>
Total net patient service revenue	<u><u>\$ 121,725</u></u>

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

Net patient service revenue net of bad debts of \$121,725,000 for the year ended September 30, 2004 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

Medicare cost reports for all years before 2003 except for the year ended September 30, 1998, have been audited and settled as of September 30, 2004. Medicaid cost reports have been audited and settled for all years before 1997 as of September 30, 2004.

(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, 2004 the TCHD received approximately \$3,300,000 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 2004 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 statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$203,358 difference are as follows (in thousands):

Bonds payable	\$ 175,615
Less: Deferred charge on refunding (to be amortized as interest expense)	(359)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(406)
Less: Issuance discount (to be amortized as interest expense)	(95)
Plus: Premium on refunding (to be amortized as interest expense)	1,408
Plus: Premium on issuance (to be amortized as interest expense)	6
Accrued interest payable	586
Compensated absences	<u>26,603</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 203,358</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 \$31,984 difference are as follows (in thousands):

Capital outlay	\$ 48,366
Depreciation expense	<u>(16,382)</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>\$ 31,984</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 \$240 difference are as follows (in thousands):

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (1,558)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>1,798</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>\$ 240</u></u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$23,584 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 47,550
Plus premiums	1,427
Issuance of tax notes	12,000
Plus premiums	6
Issuance cost	(184)
Principal repayments:	
General obligation debt	(1,550)
Certificates of obligation debt	(14,210)
Limited tax refund debt	(6,330)
Payments to escrow agent for refunding	<u>(15,125)</u>
Net adjustment to decrease <i>net changes in fund balances -total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 23,584</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$1,622 difference are as follows (in thousands):

Compensated absences	\$ (1,516)
Amortization of deferred charge on refunding	(74)
Amortization of issuance costs	(67)
Amortization of bond discounts	(46)
Amortization of bond premiums	<u>81</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>\$ (1,622)</u>

3. CASH AND INVESTMENTS

Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$93,027,695 and the bank balance was \$72,688,265, 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 \$7.3 million and the bank balance was \$11.9 million. Of the bank balance, \$8.5 million was covered by Federal Depository Insurance Corporation or by collateral held by TCHD’s agent in TCHD’s name.

On August 31, 2004, MHMRTC’s carrying amount of cash and cash equivalents was \$1,666,656 and the bank balance was \$1,770,612 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, 2004. 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 2004, 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 2004 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, 2004, the County's investment balances 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	<u>\$6,895</u>			<u>\$6,895</u>
	<u>\$6,895</u>			6,895
Investments not subject to categorization:				
TexPool				54,201
Money Market Mutual Funds				2,039
Lone Star				5,149
MBIA				31,266
TexStar				<u>30,636</u>
				<u>\$130,186</u>

At September 30, 2004 TCHD's investment balances were as follows (in thousands):

	<u>Fair Value</u>
Investments not subject to categorization:	
Money Market Mutual Funds	<u>\$ 75,175</u>
	<u>\$ 75,175</u>

At September 30, 2004 TCHD's investment balances classified as assets limited to use were as follows (in thousands):

	<u>Category</u>			Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
U. S. Government Securities			\$ 4,300	\$ 4,300
U. S. Agency Obligations			<u>59,061</u>	<u>59,061</u>
			<u>\$ 63,361</u>	63,361
Investments not subject to categorization:				
Money Market Mutual Funds				<u>59,874</u>
				<u>\$ 123,235</u>

At September 30, 2004 TCHD's restricted investment balances were as follows (in thousands):

	Fair Value
Investments not subject to categorization:	
Money Market Mutual Funds	<u>\$ 1,782</u>
	<u>\$ 1,782</u>

At August 30, 2004, MHMRTC's investment balances were as follows (in thousands):

	Fair Value
Investments not subject to categorization:	
TexPool	<u>16,855</u>
	<u>\$ 16,855</u>

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

	Primary Government	Component Units
Cash:		
County	\$ 93,028	
TCHD		\$ 7,300
MHMRTC		1,201
Investments:		
County	130,186	
TCHD		75,175
MHMRTC		16,578
TCHD - assets limited as to use		123,235
TCHD - restricted		1,782
MHMRTC - restricted		277
	<hr/>	<hr/>
Total	<u>\$ 223,214</u>	<u>\$ 225,548</u>
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 142,563	\$ 100,254
Restricted		2,059
Assets limited as to use		123,235
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	27,770	
Restricted	52,881	
	<hr/>	<hr/>
Total	<u>\$ 223,214</u>	<u>\$ 225,548</u>

4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

	General	Road and Bridge	Debt Service	Total	TCHD
Taxes receivable	\$ 11,262	\$ 28	\$ 2,462	\$ 13,752	\$ 12,132
Allowance for uncollectibles	<u>(3,904)</u>	<u>(17)</u>	<u>(496)</u>	<u>(4,417)</u>	<u>(8,107)</u>
Net taxes receivable	<u>\$ 7,358</u>	<u>\$ 11</u>	<u>\$ 1,966</u>	<u>\$ 9,335</u>	<u>\$ 4,025</u>

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

Governmental Activities	General	Road and Bridge	Grants	Other Governmental Funds	Total
Accounts receivable	\$ 26,834	\$ 290	\$ 19,603	\$ 931	\$ 47,658
Long-term accounts receivable	7,605				7,605
Allowance for uncollectible	<u>(14,599)</u>				<u>(14,599)</u>
Net accounts receivable	<u>\$ 19,840</u>	<u>\$ 290</u>	<u>\$ 19,603</u>	<u>\$ 931</u>	<u>\$ 40,664</u>
 Business-type Activities			Enterprise	Internal Service	Total
Accounts receivable			\$ 356	\$ 245	\$ 601
Allowance for uncollectible					
Net accounts receivable			<u>\$ 356</u>	<u>\$ 245</u>	<u>\$ 601</u>
 Component Units			TCHD	MHMRTC	Total
Accounts receivable			\$ 62,718	\$ 4,170	\$ 66,888
Allowance for uncollectible			<u>(41,932)</u>	<u>(2,350)</u>	<u>(44,282)</u>
Net accounts receivable			<u>\$ 20,786</u>	<u>\$ 1,820</u>	<u>\$ 22,606</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 \$131,145,728 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 53.2% 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, 2004 was as follows (in thousands):

	Balance October 1, 2003	Additions	Disposals	Balance September 30, 2004
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 42,997	\$ 1,724	\$ (853)	\$ 43,868
Construction in progress	18,012	28,651	(2,599)	44,064
Software development	7,407	4,263	(11,670)	-
Total capital assets not depreciated	<u>68,416</u>	<u>34,638</u>	<u>(15,122)</u>	<u>87,932</u>
Other capital assets:				
Buildings and improvements	166,258	2,680	(80)	168,858
Fixed equipment	52,275	23,305	(3,856)	71,724
Infrastructure	51,861	4,275	(965)	55,171
Total other capital assets at cost	<u>270,394</u>	<u>30,260</u>	<u>(4,901)</u>	<u>295,753</u>
Less accumulated depreciation for:				
Buildings and improvements	(50,398)	(5,297)		(55,695)
Fixed equipment	(29,676)	(8,587)	3,205	(35,058)
Infrastructure	(22,194)	(2,498)	526	(24,166)
Total accumulated depreciation	<u>(102,268)</u>	<u>(16,382)</u>	<u>3,731</u>	<u>(114,919)</u>
Other capital assets, net	168,126	13,878	(1,170)	180,834
Governmental activities capital assets, net	<u>\$ 236,542</u>	<u>\$ 48,516</u>	<u>\$ (16,292)</u>	<u>\$ 268,766</u>
	Balance October 1, 2003	Additions	Disposals	Balance September 30, 2004
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 116	\$ -	\$ -	\$ 116
Other capital assets:				
Buildings and improvements	5,968	65		6,033
Fixed equipment	188	34		222
Total other capital assets at cost	<u>6,156</u>	<u>99</u>	<u>-</u>	<u>6,255</u>
Accumulated depreciation	<u>(1,717)</u>	<u>(294)</u>		<u>(2,011)</u>
Other capital assets, net	4,439	(195)	-	4,244
Business-type activities capital assets, net	<u>\$ 4,555</u>	<u>\$ (195)</u>	<u>\$ -</u>	<u>\$ 4,360</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 9,329
Public safety	1,688
Transportation	4,426
Judicial	714
Community services	<u>225</u>
Total governmental activities depreciation expense	<u><u>\$ 16,382</u></u>

Construction in progress primarily consists of construction costs for the construction of the law center. At September 30, 2004, the remaining commitments on contracts and agreements approximated \$15,323,927.

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, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2004</u>
Business-type activities				
Capital assets not depreciated:				
Land	\$ 5,147	\$ 7,621	\$ (212)	\$ 12,556
Construction in progress	17,637	19,833	(35,461)	2,009
Total capital assets not depreciated	<u>22,784</u>	<u>27,454</u>	<u>(35,673)</u>	<u>14,565</u>
Other capital assets:				
Buildings and improvements	141,929	12,109	(494)	153,544
Improvements other than buildings	6,015	1,677		7,692
Machinery and equipment	141,385	27,268	(2,215)	166,438
Total other capital assets at cost	<u>289,329</u>	<u>41,054</u>	<u>(2,709)</u>	<u>327,674</u>
Less accumulated depreciation for:				
Buildings and improvements	(70,053)	(6,166)		(76,219)
Improvements other than buildings	(2,327)	(352)		(2,679)
Machinery and equipment	(93,206)	(11,623)	2,117	(102,712)
Total accumulated depreciation	<u>(165,586)</u>	<u>(18,141)</u>	<u>2,117</u>	<u>(181,610)</u>
Other capital assets, net	123,743	22,913	(592)	146,064
Business-type activities capital assets, net	<u><u>\$ 146,527</u></u>	<u><u>\$ 50,367</u></u>	<u><u>\$ (36,265)</u></u>	<u><u>\$ 160,629</u></u>

Depreciation expense was charged to functions as follows:

Component unit - business-type activities:	
Hospital	<u>\$ 18,141</u>
Total business-type activities depreciation expense	<u><u>\$ 18,141</u></u>

At September 30, 2004, the remaining commitments on contracts and agreements approximated \$9,000.

MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2004, is as follows (in thousands):

	<u>Balance September 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2004</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 915	-	-	\$ 915
Total capital assets not depreciated	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
Other capital assets:				
Buildings and improvements	6,435	\$ 106	\$ (67)	6,474
Equipment and furniture	7,281	697	(506)	7,472
Total other capital assets at cost	<u>13,716</u>	<u>803</u>	<u>(573)</u>	<u>13,946</u>
Less accumulated depreciation	<u>(8,826)</u>	<u>(1,248)</u>	<u>545</u>	<u>(9,529)</u>
Governmental activities capital assets, net	<u><u>\$ 5,805</u></u>	<u><u>\$ (445)</u></u>	<u><u>\$ (28)</u></u>	<u><u>\$ 5,332</u></u>

Depreciation expense was charged to functions as follows:

Component unit - governmental activities:	
Mental Health Adult	\$ 617
Mental Retardation	390
Substance Abuse	146
Early Childhood Intervention	<u>95</u>
Total governmental activities depreciation expense	<u><u>\$ 1,248</u></u>

6. LONG-TERM DEBT

County

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

Long-term debt of the County consisted of the following at September 30, 2004 (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	\$ 17,725
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	23,515
Limited Tax Refunding - Series 2004 with interest rates from 4.0% to 5.5%, payable in annual installments in varying amounts plus interest through 2024	47,550
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	11,570
Certificates of Obligation - Series 2000 with interest at 4.75%, payable in annual installments in varying amounts plus interest through 2005	2,655
Certificates of Obligation - Series 2001 with interest at 4.0%, payable in annual installments of varying amounts plus interest through 2006	5,120
Certificates of Obligation - Series 2002 with interest from 3.0% to 3.5%, payable in annual installments of varying amounts plus interest through 2008	15,165
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	12,000
Non-Taxable Tax Notes - Series 2004 with interest from 2.25% to 3.25%, payable in annual installments of varying amounts plus interest through 2010	<u>12,000</u>
	175,615
Less - current maturities	<u>19,970</u>
Long-term debt, net of current maturities	155,645
Plus - unamortized premium and discount	<u>1,319</u>
Long-Term debt, net of current maturities, premium and discount	<u><u>\$ 156,964</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
2005	\$ 1,630	\$ 1,985	\$ 8,730	\$ 793	\$ 7,340	\$ 2,564
2006	1,715	1,905	6,330	477	7,170	2,222
2007	1,805	1,822	3,865	261	6,995	1,949
2008	1,900	1,734	4,015	141	5,835	1,661
2009	2,000	1,642			3,100	1,428
2010-2014	11,650	6,741			8,705	5,698
2015-2019	15,015	3,677			8,715	4,083
2020-2024	5,525	559			11,260	1,747
Total	\$ 41,240	\$ 20,065	\$ 22,940	\$ 1,672	\$ 59,120	\$ 21,352

Fiscal Year	Taxable Tax Notes		Non Taxable Tax Notes		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2005		\$ 1,600	\$ 2,270	\$ 631	\$ 27,543
2006		1,600	4,575	586	26,580
2007	\$ 28,315	1,600	4,715	489	51,816
2008			4,860	374	20,520
2009			5,010	237	13,417
2010-2014			2,570	83	35,447
2015-2019					31,490
2020-2024					19,091
Total	\$ 28,315	\$ 4,800	\$ 24,000	\$ 2,400	\$ 225,904

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2004 (in thousands):

	Balance October 1, 2003			Balance September 30, 2004		Amounts Due within One year
		Additions	Retirements			
Bonds payable	\$ 153,121	\$ 60,983	\$ 37,170	\$ 176,934	\$ 19,970	
Accrued compensated absences	25,123	18,038	16,500	26,661	15,610	
Total	\$ 178,244	\$ 79,021	\$ 53,670	\$ 203,595	\$ 35,580	

The 2004 Non-taxable Tax Notes were issued to purchase equipment, machinery, motor vehicles, and improve, renovate and repair County-owned buildings.

The County also issued \$47,550,000 Limited Tax Refunding and Improvement Bonds at a premium of \$1,426,500. Of this \$47,550,000 in bonds, \$33,700,000 was new debt and \$14,720,000 was for the refunding of Limited Tax Refunding Series 1994. The funds were placed in an irrevocable trust to provide

for all future debt service payments totaling \$15,045,000. As a result, the refunded bonds were called and are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$79,697. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by \$817,515 and resulted in an economic gain of \$683,936.

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the statement of net assets. On September 30, 2004, all of the bonds outstanding are considered defeased.

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

TCHD

Long-term debt of TCHD consisted of the following at September 30, 2004 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$208, bearing interest at rates ranging from 2.0% to 5.5%, payable in annual installments ranging from \$600 to \$2,790 from 200 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral \$ 39,538

General Obligation Refunding Bonds, Series 1999:

Current Interest Bonds, net of unamortized discount of \$3, bearing interest at rates ranging from 4.1% to 4.5%, payable annually with remaining intallment of \$1,187 in 2005; ad valorem tax revenue is pledged as collateral 1,186

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, 2004 of approximately \$7,214 6,279

47,003

Less - current maturities 2,856

Long-term debt, net of current maturities \$ 44,147

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	
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			1,165	1,769	835	208	3,977
2010-2014			6,560	8,103	2,603	267	17,533
2015-2019			8,435	6,223			14,658
2020-2024			10,905	3,743			14,648
2025-2029			7,970	826			8,796
Add - premium			208				208
Less - discounts		(4)					(4)
Total	\$ 1,186	\$ 54	\$ 39,538	\$ 28,093	\$ 6,279	\$ 1,807	\$ 76,957

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2004 (in thousands):

	Balance October 1, 2003	Additions	Retirements	Balance September 30, 2004	Amounts Due within One year
Bonds payable	\$ 42,977		\$ 2,253	\$ 40,724	\$ 2,215
Capital leases	6,880		601	6,279	641
Total	\$ 49,857	\$ -	\$ 2,854	\$ 47,003	\$ 2,856

Interest costs capitalized during 2004 were \$600,000.

MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2004 (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	338
Long-term debt, net of current maturities	\$ 2,032

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

Fiscal Year	General Obligation Refunding Bonds		Total Principal & Interest
	Principal	Interest	
2005	\$ 338	\$ 80	\$ 418
2006	339	68	407
2007	338	55	393
2008	339	43	382
2009	339	30	369
2010-2012	<u>677</u>	<u>25</u>	<u>702</u>
Total	<u>\$ 2,370</u>	<u>\$ 301</u>	<u>\$ 2,671</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2004 (in thousands):

	Balance September 1, 2003	Additions	Retirements	Balance August 31, 2004	Due Within One Year
Accrued compensated absences	\$ 1,849	\$ 1,846	\$ 1,998	\$ 1,697	\$ 331
Obligations under capital leases	673	90	554	209	130
Bonds	<u>2,370</u>	<u>-</u>	<u>-</u>	<u>2,370</u>	<u>338</u>
Total	<u>\$ 4,892</u>	<u>\$ 1,936</u>	<u>\$ 2,552</u>	<u>\$ 4,276</u>	<u>\$ 799</u>

Bonds payable are reported in the financial statements as:

Noncurrent bonds outstanding	\$ 2,370
Unamortized loss on refunding	<u>(55)</u>
Net Noncurrent Bonds Outstanding	<u>\$ 2,315</u>

Interest expenditures for the year ended August 31, 2004, were \$64,287.

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

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

User Corporation	Outstanding Principal Amount September 30, 2004
Multifamily (Royal Meadows) 85	5,100
Multifamily (Lincoln Meadows) 88	10,755
Multifamily (S F Apartments) 93	7,050
Multifamily (Somerset Project) 95	29,412
Multifamily (Summit on the Lake) 97A	3,475
Multifamily (Summit on the Lake) 97B	850
Multifamily (Bending Oaks Brook) 94A	5,013
Multifamily (Bending Oaks Brook) 94B	6,416
Multifamily (Bending Oaks Brook) 95	9,709
Multifamily (Wendcastle Project) 96	7,334
Multifamily (Fair Oaks) 2000A	6,565
Multifamily (Fair Oaks) 2000B	125
Multifamily (Fair Oaks) 2000C	750
Multifamily (Fair Oaks) 2000D	1,080
Multifamily (Hurst Manor) 1998	2,873
Multifamily (Sierra Springs) 1999	8,335
Multifamily (Windrush) 1999A	11,655
Remington Hill Development 1998	13,880
Multifamily (Arlington Ret) 2000	12,625
Multifamily (Barrington at Beach St) 2000	27,250
Multifamily (Provident) 2001	13,300
Multifamily (Bardin Greene) 2001	17,429
Multifamily (Bardin Greene) 2001T	732
Multifamily (Chatham Creek) 2001	13,100
Multifamily (Palm House) 2001A	6,000
Multifamily (Westridge) 2001A	5,120
Multifamily (Westridge) 2001B	105
Multifamily (Westridge) 2001C	470
Multifamily (Westridge) 2001D	465
Multifamily (Crossroads) 2001A	13,835
Multifamily (Crossroads) 2001B	310
Multifamily (Crossroads) 2001C	1,505
Multifamily (Manitoba) 2001A	7,450
Multifamily (Manitoba) 2001B	250
Multifamily (Quail Ridge) 2002A	7,100

Multifamily (Quail Ridge) 2002B	250
Multifamily (Arlington Seniors) 2002	12,685
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	13,350
Multifamily (Aventine Parkway)	14,450
Multifamily (Blue Lake at Marine Creek Apt)	11,000
Single family 1985 A	83,763
Single family 1983 A	5,123
Single Family 1997	2,105
Single family 1998	5,158
Single family mortgage revenue 2002	3,025
PAB Shady Oaks, Ltd	3,808
Bear Creek	14,475
The Courtyards at Riverpark 1985 series	3,225
Single Family 1998 Refunding	11,171
	<hr/>
Total Conduit Debt	<u>\$ 496,858</u>

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

User Corporation	Outstanding Principal Amount September 30, 2004
3927 Foundation, Inc. Project	\$ 16,127
Fort Worth Osteopathic Hospital, Inc. Project 93	45,745
Fort Worth Osteopathic Hospital, Inc. Project 96	21,010
Forth Worth Osteopathic Hospital Project 97	13,030
Adventist Health System/Sunbelt 89A	4,605
Adventist Health System/Sunbelt 92	1,790
Adventist Health System/Sunbelt 93	8,625
Adventist Health System/Sunbelt 95	5,350
Adventist Health System/Sunbelt 96A	12,510
Adventist Health System/Huguley Place 93	3,600
Adventist Health System/Sunbelt 97A	8,190
Adventist Health System/Sunbelt 98	14,535
Adventist Health System/Sunbelt Obligated Group 2000	32,670
Villa Oak Park Project 2001 A-1	12,935
Villa Oak Park Project 2001 B	3,200

South Central Nursing Homes Tax Exempt (1997A)	9,165
Harris Methodist Health Systems 87A	11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	84,665
Harris Methodist Health Systems 96	72,115
Texas Health Resources Series 97	397,165
Texas Health Resources Series 2003A & 2003B	150,000
Heritage Housing Long Term Care Facility Series 97	13,240
Heritage Housing Long Term Care Facility Series 98 A	2,010
Heritage Housing Long Term Care Facility Series 98 B	2,130
Heritage Housing Long Term Care Facility Series 98 C	2,715
Heritage Eastwood Gardens, Houston Series 1998 A	8,770
Heritage Eastwood Gardens, Houston Series 1998 B	2,460
Heritage Valley Gardens, Brownsville Series A	9,735
Heritage Valley Gardens, Brownsville Series B	1,900
Carter Blood Care Series 98	11,100
Harvest Communities of Houston Series 1999-A	5,053
Harvest Communities of Houston Series 1999-B	347
Bethesda Living Centers-Bethesda Gardens Series 1998C	8,445
Cook Children's Medical Center 2000A	23,785
Cook Children's Medical Center 2000B	55,000
Westchester Retirement Community Project 98A	26,775
Westchester Retirement Community Project 98B	230
Westchester Retirement Community Project 98C	2,500
Baylor 2002A FAST	81,075
Cumberland Rest, Inc. Series 2002	17,555
Eastview Nursing Center 2000 A-1	26,885
Eastview Nursing Center 2000 B	3,107
	<hr/>
Total Conduit Debt	<u>\$ 1,479,164</u>

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

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

This matter is not yet resolved by the TCHFDC.

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

User Corporation	Outstanding Principal Amount September 30, 2004
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):

	Balance September 1, 2003	Additions	Deletions	Balance August 31, 2004
Cash	<u>\$ 295</u>	<u>\$ 3,588</u>	<u>\$ 3,418</u>	<u>\$ 465</u>
Client custodian funds payable	<u>\$ 295</u>	<u>\$ 3,588</u>	<u>\$ 3,418</u>	<u>\$ 465</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, 2004 (in thousands):

Worker's Compensation \$ 8,588

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

10. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2004 and for the year then ended (in thousands):

Transfer From	Amount	Transfer To	Explanation
General Fund	\$ 1,274	Capital Projects Fund	Supplement Capital funds
General Fund	325	Internal Service	Supplement Internal Service fund
Road and Bridge	4,934	Capital Projects Fund	Supplement Capital funds
Capital Projects Fund	200	Debt Service Fund	Supplement Debt Service fund
Other Governmental	707	General Fund	Reimburse for courthouse security
Internal Service	391	Other Governmental	Forfeited contributions
Grants Fund	629	Other Governmental	Required match and supplement fund sources
Grants Fund	32	General Fund	Reimburse general fund
Other Governmental	64	Other Governmental	Required match and supplement fund sources
	<u>\$ 8,556</u>		

Funds Due From	Amount	Funds Due To	Explanation
Grant Fund	\$ 8,374	General	Short-term loan
Other Governmental	675	General	Short-term loan
Internal Service	75	General	Short-term loan
	<u>\$ 9,124</u>		

Advance From	Amount	Advance To	Explanation
Capital Project Fund	<u>\$ 2,499</u>	Resource Connection	Repayment for HVAC system to be repaid as funds are available. \$200,000 to be paid in 2005.

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 2004, TCHD recorded revenues of approximately \$67,000,000 from Texas Disproportionate Share programs (primarily Dispro III). The significant increase in disproportionate share revenue for fiscal year 2004 is related to reconciliation payments received for prior years of \$22 million.

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 553 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 10.16% for the months of the accounting year in 2004, and 9.96% for the months of the

rate of 10.16% for the months of the accounting year in 2004, 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 \$17,733,031 and the actual contributions were \$17,733,031. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2003, the basis for determining the contribution rates for calendar year 2004. The December 31, 2003 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2001	12/31/2002	12/31/2003
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20 years	20 years	20 years
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

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

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Sept 30, 2002	\$ 16,490,936	100%	\$ -
Sept 30, 2003	17,491,028	100%	-
Sept 30, 2004	17,733,031	100%	-

d. Post-Employment Healthcare Benefits

In addition to providing retirement benefits, the County provides certain healthcare and dental insurance benefits and an employee assistance program (EAP) to its retirees and their dependents. To be eligible for these benefits, the employee must be working for the County at the time of retirement. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners Court on a year-to-year basis. The cost of these benefits is recognized when claims or premiums are paid. At year-end, there were 635 retirees and 307 of their dependents receiving benefits. For the year ended September 30, 2004, the County incurred \$3,581,704 in health insurance premiums and claims. Retirees' contributions for the year ended September 30, 2004 totaled \$1,108,025 and the County paid the remaining amount of the claims. The County pays the entire cost for EAP coverage of \$19,112 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 Policy

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 5.4% of estimated participant compensation for the plan year ended September 30, 2004. 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, 2004, the TCHD's annual pension cost was \$3,400,000, the same as the annual required contributions determined in the October 1, 2003 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2004 were based on the results of the actuarial valuation as of October 1, 2003 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, 2004, covered payroll was approximately \$17,954,438 total payroll, excluding temporary service personnel, was approximately \$34,310,878. The required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

Fiscal Year	Employer Contributions	Employee Contributions	Percentage Contributed
2002	\$ 1,513,112	\$ 945,695	100%
2003	1,559,829	974,893	100%
2004	1,436,355	897,722	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 2004 was \$1,416,420, and \$3,100,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2004.

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, 2004 are as follows (in thousands):

Year Ending August 31,	Operating Leases	Capital Leases
2005	\$ 750	\$ 154
2006	689	35
2007	<u>377</u>	<u>26</u>
Total minimum lease payment	<u>\$ 1,816</u>	215
Less amount representing interest		<u>(6)</u>
Present value of future minimum lease payments		<u>\$ 209</u>

Contingencies

County

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2004 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, 2004 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, 2004 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, 2004.

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, 2004, 3,460 and 3,128 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):

	2004	2003
Beginning liability	\$ 9,039	\$12,033
New claims/adjustments	4,313	3,472
Claims paid/adjustments	(4,313)	(3,472)
Other - change in estimate	<u>1,769</u>	<u>(2,997)</u>
Ending liability	<u>\$ 10,808</u>	<u>\$ 9,039</u>
Amount due within 1 year	\$ 3,567	\$ 3,180

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 \$3,400,000 at September 30, 2004. It is the opinion of TCHD's management that the estimated reserves at September 30, 2004 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 \$6,400,000 at September 30, 2004, which is recorded in other accrued liabilities. Claims paid during 2004 related to workers' compensation and health insurance totaled approximately \$13,700,000. Expenses related to workers' compensation and health insurance totaled approximately \$15,600,000 during 2004.

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

	2004	2003
Beginning liability	\$ 11,328	\$ 12,514
New claims	38,538	23,367
Claims paid	<u>(33,838)</u>	<u>(24,553)</u>
Ending liability	<u>\$ 16,028</u>	<u>\$ 11,328</u>

16. TAX INCREMENT FINANCING AGREEMENTS

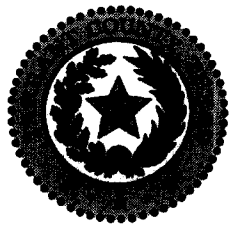
The County participates in several TIF Districts with other governmental entities through Interlocal Agreements. Tax Increment Financing (TIF) is an economic development tool used by local governments to finance public improvements within a defined geographic area. For the year a TIF District is created,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

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

Name	Percentage Committed	Taxes Forgone During 2004
City of Grapevine	100%	\$ 529
City of Fort Worth #3	100%	338
City of Southlake	100%	230
City of Colleyville	100%	202
City of Grand Prairie #2	75%	138
City of North Richland Hills #2	100%	323
City of Fort Worth #4	100%	103
City of Keller	66%	108
City of Arlington #1 (maintenance and operation rate only)	100%	56
City of Burleson	100%	65
City of North Richland Hills #1	100%	15
City of Grand Prairie #3	75%	48
City of Benbrook #1	100%	13

During the year, the County agreed to participate in City of Fort Worth TIF.#10 – The Lone Star TIF. There were no taxes forgone during 2004.

* * * * *



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)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
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%
12/31/2003	385,506	459,384	73,878	83.92%	177,441	41.64%

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 202,131	\$ 202,131	\$ 205,333	\$ 3,202
Fees of office	27,222	27,222	28,344	1,122
Intergovernmental	9,988	9,453	10,518	1,065
Investment income	2,088	2,088	1,819	(269)
Other revenues	5,986	6,521	4,585	(1,936)
Transfers	689	689	739	50
Total Revenues	\$ 248,104	\$ 248,104	\$ 251,338	\$ 3,234
EXPENDITURES:				
General Administration				
County Judge	\$ 237	\$ 237	\$ 235	\$ 2
County Administrator	1,251	1,166	1,142	24
Non-departmental	29,715	29,187	10,099	19,088
County Auditor	4,228	4,244	4,244	-
Budget/Risk Management	481	481	456	25
Tax Assessor/Collector	9,392	9,159	8,970	189
Elections	2,944	3,109	3,082	27
Information Technologies	20,559	20,919	20,409	510
Human Resources	2,213	2,213	2,066	147
Purchasing	1,224	1,224	1,217	7
Facilities Management	2,915	2,952	2,882	70
Sheriff	25,629	25,621	24,785	836
Sheriff - Confinement	50,621	50,629	48,729	1,900
Constable Precinct 1	606	625	620	5
Constable Precinct 2	645	645	615	30
Constable Precinct 3	577	582	582	-
Constable Precinct 4	441	441	433	8
Constable Precinct 5	454	445	431	14
Constable Precinct 6	429	432	429	3
Constable Precinct 7	602	585	578	7
Constable Precinct 8	585	585	585	-
Medical Examiner	4,643	4,656	4,646	10
Fire Marshal	328	328	319	9
Community Supervision	82	82	68	14
Juvenile Services	12,478	12,478	12,259	219
Pretrial Services	1,003	1,025	980	45
Buildings	12,427	12,439	12,005	434
17TH District Court	191	211	211	-
48TH District Court	188	189	187	2
67TH District Court	171	170	169	1
96TH District Court	180	180	179	1
141ST District Court	181	181	174	7
153RD District Court	180	184	184	-
236TH District Court	186	189	189	-
342ND District Court	176	176	169	7
348TH District Court	192	192	191	1
352ND District Court	191	191	191	-
Criminal District Court 1	898	1,049	1,043	6

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Criminal District Court 2	888	1,294	1,289	5
Criminal District Court 3	1,192	1,215	1,206	9
Criminal District Court 4	1,117	1,101	1,036	65
213TH District Court	973	1,034	1,018	16
297TH District Court	922	1,074	1,062	12
371ST District Court	1,005	1,319	1,311	8
372ND District Court	951	1,071	1,060	11
396th District Court	1,049	1,274	1,232	42
Magistrate Court	540	540	525	15
231ST District Court	358	383	380	3
233RD District Court	382	376	374	2
322ND District Court	363	393	392	1
323RD District Court	2,038	2,091	2,089	2
324TH District Court	402	412	410	2
325TH District Court	405	402	397	5
360TH District Court	411	390	388	2
Special Judges	457	449	367	82
Criminal District Court Support System	210	213	213	-
Grand Jury	133	134	134	-
Criminal Attorney Appointment	155	161	148	13
County Court at Law #1	302	305	302	3
County Court at Law #2	295	301	301	-
County Court at Law #3	315	318	315	3
County Criminal Court #1	549	549	538	11
County Criminal Court #2	563	578	570	8
County Criminal Court #3	519	541	535	6
County Criminal Court #4	508	508	501	7
County Criminal Court #5	861	873	865	8
County Criminal Court #6	490	496	495	1
County Criminal Court #7	503	517	515	2
County Criminal Court #8	525	515	489	26
County Criminal Court #9	491	488	474	14
County Criminal Court #10	484	484	459	25
Probate Court 1	1,052	1,029	1,028	1
Probate Court 2	900	952	951	1
Justice of the Peace Pct. 1	391	380	372	8
Justice of the Peace Pct. 2	382	382	376	6
Justice of the Peace Pct. 3	406	406	405	1
Justice of the Peace Pct. 4	479	485	485	-
Justice of the Peace Pct. 5	299	299	297	2
Justice of the Peace Pct. 6	340	340	336	4
Justice of the Peace Pct. 7	439	439	431	8
Justice of the Peace Pct. 8	312	312	304	8
District Attorney	26,019	26,019	25,845	174
District Clerk	7,324	7,345	7,345	-
County Clerk	6,424	6,424	6,398	26
Domestic Relations	4,546	4,546	4,395	151
Jury Services	1,329	1,332	1,214	118
Courts / Judiciary	1,949	500	496	4
Human Services	3,698	3,698	3,695	3
Child Protective Services	1,509	1,503	1,443	60
Public Assistance	190	190	190	-

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
TX Cooperative Extension	601	601	543	58
Veterans Services	237	243	243	-
Historical Commission	70	70	66	4
Total Expenditures	\$ 268,695	\$ 268,695	\$ 244,001	\$ 24,694

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - ROAD AND BRIDGE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 2	\$ 2	\$ 2	\$ -
Fees of office	23,378	23,378	23,883	505
Intergovernmental	23	23	33	10
Investment income	160	160	169	9
Other revenues	<u>520</u>	<u>520</u>	<u>50</u>	<u>(470)</u>
Total Revenues	\$ 24,083	\$ 24,083	\$ 24,137	\$ 54
EXPENDITURES:				
Commissioner Precinct 1	\$ 4,060	\$ 4,060	\$ 3,837	\$ 223
Commissioner Precinct 2	3,542	3,542	3,276	266
Commissioner Precinct 3	3,346	3,346	3,154	192
Commissioner Precinct 4	4,748	4,748	4,475	273
Right of Way	8,675	8,634	2,864	5,770
Transportation	1,907	1,957	1,836	121
Road and Bridge Non-Departmental	<u>8,805</u>	<u>8,796</u>	<u>5,962</u>	<u>2,834</u>
Total Expenditures	\$ 35,083	\$ 35,083	\$ 25,404	\$ 9,679

TARRANT COUNTY, TEXAS

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2004**

For GAAP purposes, encumbrances are not considered expenditures or liabilities. This is the primary difference in the financial statements prepared in accordance with GAAP and the budgetary comparison schedule. The following table illustrates the various components of these differences and their impact on the excess of revenues over expenditures for the governmental fund types (in thousands):

	General Fund	Road and Bridge
Revenues and Other Sources		
Budgetary Basis	\$ 251,338	\$ 24,137
Accrued in 2003, received in 2004	(1,233)	(323)
Accrued in 2004, to be received in 2005	368	10
	<hr/>	<hr/>
Revenues on modified accrual (GAAP) basis	250,473	23,824
Expenditures and Other Uses		
Budgetary Basis	244,001	25,404
Incurred during 2003, paid in 2004	1,190	316
Incurred during 2004, payable in 2005	(2,012)	(652)
	<hr/>	<hr/>
Expenditures on modified accrual (GAAP) basis	243,179	25,068
Changes in Fund Balance	<u>\$ 7,294</u>	<u>\$ (1,244)</u>

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

NONMAJOR GOVERNMENTAL FUNDS

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

LAW LIBRARY FUND

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

RECORDS PRESERVATION & AUTOMATION FUNDS

This fund was established, pursuant to State statutes, to account for the collection and expenditure of monies collected in court cases 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

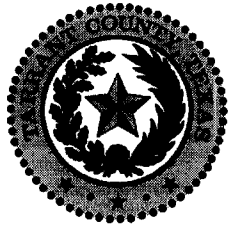
This fund was established, pursuant to State statutes, to account for the collection of food permit fees and expenditures incurred in connection with issuing permits and conducting inspections.

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, 2004 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
ASSETS					
Cash and investments	\$ 682	\$ 4,198	\$ 79	\$ 1,156	\$ 1,247
Other receivables, net of allowance for uncollectibles	6	44			3
Supplies and prepaid items	9			6	
TOTAL ASSETS	\$ 697	\$ 4,242	\$ 79	\$ 1,162	\$ 1,250
LIABILITIES					
Accounts payable	\$ 84	\$ 164	\$ 7	\$ 76	\$ 2
Other liabilities	16	94		202	850
Due to other funds					30
Total liabilities	100	258	7	278	882
FUND BALANCES					
Reserved:					
For encumbrances	23	63		56	
For supplies and prepaid items	9			6	
Unreserved, undesignated	565	3,921	72	822	368
Total fund balances	597	3,984	72	884	368
TOTAL LIABILITIES AND FUND BALANCES	\$ 697	\$ 4,242	\$ 79	\$ 1,162	\$ 1,250

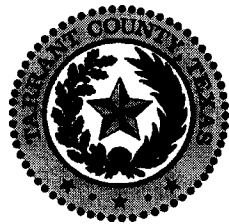
<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
\$ 815	\$ 1,901	\$ 762	\$ 174	\$ 106	\$ 3,282	\$ 80	\$14,482
	863	15					931
<u>16</u>							<u>31</u>
<u>\$ 831</u>	<u>\$ 2,764</u>	<u>\$ 777</u>	<u>\$ 174</u>	<u>\$ 106</u>	<u>\$ 3,282</u>	<u>\$ 80</u>	<u>\$15,444</u>
\$ 21	\$ 67	\$ 33	\$ 8	\$ 3	\$ 286		\$ 751
22	64	8	2	36			1,294
	<u>645</u>						<u>675</u>
<u>43</u>	<u>776</u>	<u>41</u>	<u>10</u>	<u>39</u>	<u>286</u>		<u>2,720</u>
28	125	13					308
16							31
<u>744</u>	<u>1,863</u>	<u>723</u>	<u>164</u>	<u>67</u>	<u>2,996</u>	<u>\$ 80</u>	<u>12,385</u>
<u>788</u>	<u>1,988</u>	<u>736</u>	<u>164</u>	<u>67</u>	<u>2,996</u>	<u>80</u>	<u>12,724</u>
<u>\$ 831</u>	<u>\$ 2,764</u>	<u>\$ 777</u>	<u>\$ 174</u>	<u>\$ 106</u>	<u>\$ 3,282</u>	<u>\$ 80</u>	<u>\$15,444</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Fees of office	\$ 949	\$ 5,127	\$ 17	\$ 913	\$ 417
Intergovernmental			96	5,598	
Investment income	7	36	1	9	4
Other revenues	31				354
Total revenues	987	5,163	114	6,520	775
EXPENDITURES:					
Current:					
General government		2,018		220	
Public safety			66		
Judicial	17	109	38	7	754
Community services	998			6,372	
Capital outlay	3	1,021		21	
Total expenditures	1,018	3,148	104	6,620	754
Excess (deficiency) of revenues over (under) expenditures	(31)	2,015	10	(100)	21
OTHER FINANCING SOURCES (USES) -					
Operating transfers in (out)				(64)	
Total other financing sources (uses)				(64)	0
Change in fund balance	(31)	2,015	10	(164)	21
FUND BALANCES, beginning of year	628	1,969	62	1,048	347
FUND BALANCES, end of year	<u>\$ 597</u>	<u>\$ 3,984</u>	<u>\$ 72</u>	<u>\$ 884</u>	<u>\$ 368</u>

<u>Sheriff Contracts</u>	<u>Miscellaneous Contracts</u>	<u>Court Designated Funds</u>	<u>Vehicle Inventory Tax</u>	<u>Consumer Health</u>	<u>Housing Finance Corporation</u>	<u>Industrial Development Corporation</u>	<u>Total</u>
	\$ 43	\$ 1,273		\$ 528			\$ 9,267
	2,266	332					8,292
\$ 9	18	6	\$ 52	1	\$ 60	\$ 1	204
<u>951</u>	<u>262</u>				<u>289</u>		<u>1,887</u>
960	2,589	1,611	52	529	349	1	19,650
	1,714	300	45		309	3	4,609
863	72	90					1,091
	1,327	306					2,558
	258			543			8,171
<u>94</u>	<u>56</u>		<u>27</u>	<u>1</u>			<u>1,223</u>
957	3,427	696	72	544	309	3	17,652
3	(838)	915	(20)	(15)	40	(2)	1,998
	<u>1,019</u>	<u>(706)</u>		<u>64</u>			<u>313</u>
0	1,019	(706)		64			313
3	181	209	(20)	49	40	(2)	2,311
<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>\$ 788</u>	<u>\$ 1,988</u>	<u>\$ 736</u>	<u>\$ 164</u>	<u>\$ 67</u>	<u>\$ 2,996</u>	<u>\$ 80</u>	<u>\$ 12,724</u>



BUDGETARY COMPLIANCE

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	Debt Service Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 25,989	\$ 25,989	\$ 26,298	\$ 309
Investment income	140	140	137	(3)
Other revenues	2,215	2,215	2,221	6
Transfers	200	200	200	-
Total revenues	\$ 28,544	\$ 28,544	\$ 28,856	\$ 312
EXPENDITURES:				
Debt service	\$ 29,644	\$ 29,644	\$ 28,778	\$ 866
Total expenditures	\$ 29,644	\$ 29,644	\$ 28,778	\$ 866

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Capital Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 311	\$ 311	\$ 343	\$ 32
Investment income	238	238	405	167
Other revenues	166	166	526	360
Bond proceeds	42,519	45,200	45,700	500
Transfers	4,934	6,208	6,208	-
Total revenues	\$ 48,168	\$ 52,123	\$ 53,182	\$ 1,059
EXPENDITURES:				
County Administrator		\$ 1	\$ 1	\$ -
Non-Departmental	\$ 5,152	4,624	66	4,558
Budget/Risk Management		1	1	-
Tax Assessor / Collector	8	7	7	-
Elections Administration	105	112	108	4
Information Technology	8,789	8,789	8,646	143
Human Resources	10	10	2	8
Purchasing	1	1	1	-
Facilities	300	295	78	217
Sheriff	152	158	120	38
Sheriff - Confinement	64	64	60	4
Constable Precinct 1	38	38	35	3
Constable Precinct 2	42	42	38	4
Constable Precinct 3	28	28	26	2
Constable Precinct 4	20	20	19	1
Constable Precinct 5	27	27	25	2
Constable Precinct 6	20	20	19	1
Constable Precinct 7	27	27	25	2
Constable Precinct 8	34	34	31	3
Medical Examiner	146	146	132	14
Fire Marshal	3	8	7	1
Community Supervision	43	43	42	1
Juvenile Services	11	11	10	1
Buildings	37,110	68,176	42,375	25,801
96TH District Court		2	2	-
County Court at Law #1	3	3	3	-
County Criminal Court #3	1	1		1
County Criminal Court #4	1	1		1
Probate Court 1	5	5	5	-
Justice of the Peace Pct. 1	3	3	1	2
Justice of the Peace Pct. 2	2	2	2	-
Justice of the Peace Pct. 3		1	1	-
Justice of the Peace Pct. 5	1	1	1	-
Justice of the Peace Pct. 6	8	7	7	-
Justice of the Peace Pct. 8	1	1	1	-
District Attorney	77	77	76	1
District Clerk	192	192	84	108
County Clerk	25	25	23	2

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Capital Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Domestic Relations	\$ 4	\$ 4	\$ 3	\$ 1
Jury Services		2	2	-
Human Services	12	12	6	6
TX Cooperative Extension	3	3	3	-
Commissioner Precinct 1	1,004	1,004	749	255
Commissioner Precinct 2	500	500	400	100
Commissioner Precinct 3	4,317	4,317	771	3,546
Commissioner Precinct 4	1,221	1,222	1,142	80
Transportation	1,283	1,172	1,164	8
Road and Bridge Non-Departmental	<u>200</u>	<u>200</u>		<u>200</u>
Total expenditures	\$ 60,993	\$ 91,439	\$ 56,320	\$ 35,119

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	<u>Law Library</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 920	\$ 920	\$ 951	\$ 31
Investment income	5	5	7	2
Other revenues	29	29	31	2
Total revenues	\$ 954	\$ 954	\$ 989	\$ 35
EXPENDITURES:				
Law Library	\$ 1,500	\$ 1,500	\$ 1,025	\$ 475
Total expenditures	\$ 1,500	\$ 1,500	\$ 1,025	\$ 475

	<u>Records Preservation and Automation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 4,480	\$ 4,480	\$ 5,119	\$ 639
Investment income	20	20	35	15
Total revenues	\$ 4,500	\$ 4,500	\$ 5,154	\$ 654
EXPENDITURES:				
Information Technology	\$ 651	\$ 651	\$ 344	\$ 307
District Clerk	101	101	86	15
County Clerk	5,302	5,302	2,486	2,816
Total expenditures	\$ 6,054	\$ 6,054	\$ 2,916	\$ 3,138

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 17	\$ -
Intergovernmental	96	96	96	-
Investment income			1	1
Total revenues	\$ 113	\$ 113	\$ 114	\$ 1
EXPENDITURES:				
Sheriff	\$ 35	\$ 117	\$ 66	\$ 51
Constable Precinct 1		2	1	1
Constable Precinct 2	2	3	2	1
Constable Precinct 3	1	2	1	1
Constable Precinct 4	4	5	1	4
Constable Precinct 5	1	2	1	1
Constable Precinct 6	5	6	1	5
Constable Precinct 7	2	3	3	-
Constable Precinct 8	3	4		4
Probate Court 1	9	9	8	1
Probate Court 2	8	8	8	-
District Attorney	9	14	12	2
Total expenditures	\$ 79	\$ 175	\$ 104	\$ 71

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 905	\$ 905	\$ 914	\$ 9
Intergovernmental	6,669	5,923	5,598	(325)
Investment income	20	20	9	(11)
Other revenues			1	1
Total revenues	\$ 7,594	\$ 6,848	\$ 6,522	\$ (326)
EXPENDITURES:				
Buildings	\$ 1,072	\$ 325	\$ 235	\$ 90
Public Health	6,430	6,495	581	5,914
Operating Subsidy	943	878	607	271
Total expenditures	\$ 8,445	\$ 7,698	\$ 1,423	\$ 6,275

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	<u>District Attorney</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 525	\$ 525	\$ 417	\$ (108)
Investment income	5	5	4	(1)
Other revenues	<u>215</u>	<u>215</u>	<u>354</u>	<u>139</u>
Total revenues	\$ 745	\$ 745	\$ 775	\$ 30
EXPENDITURES:				
District Attorney	<u>\$ 1,081</u>	<u>\$ 1,081</u>	<u>\$ 754</u>	<u>\$ 327</u>
Total expenditures	\$ 1,081	\$ 1,081	\$ 754	\$ 327

	<u>Sheriff Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment income	\$ 9	\$ 9	\$ 9	\$ -
Other revenues	<u>750</u>	<u>825</u>	<u>951</u>	<u>126</u>
Total revenues	\$ 759	\$ 834	\$ 960	\$ 126
EXPENDITURES:				
Sheriff	\$ 528	\$ 528	\$ 145	\$ 383
Sheriff - Confinement	<u>1,006</u>	<u>1,081</u>	<u>840</u>	<u>241</u>
Total expenditures	\$ 1,534	\$ 1,609	\$ 985	\$ 624

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	<u>Miscellaneous Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 42	\$ 42	\$ 43	\$ 1
Intergovernmental	639	2,587	2,267	(320)
Investment income	14	14	18	4
Other revenues	224	243	262	19
Transfer	778	778	1,019	241
Total revenues	\$ 1,697	\$ 3,664	\$ 3,609	\$ (55)
EXPENDITURES:				
Non-Departmental	\$ 46	\$ 46	\$ 40	\$ 6
Elections Administration	22	1,873	1,575	298
Self Insurance	880	880	218	662
Sheriff	14	14	14	-
Medical Examiner	28	28	7	21
Fire Marshal	50	50	49	1
Juvenile Services	1,322	1,322	1,022	300
323RD District Court		25	14	11
District Attorney	107	107	81	26
Domestic Relations	18	20	20	-
Courts / Judiciary	7	7	3	4
Public Health	319	407	277	130
Human Services	40	40	2	38
Child Protective Services	377	377	223	154
TX Cooperative Extension	7	7	1	6
Historical Commission	54	54	2	52
Peace Officers Memorial Monument	17	17		17
Total expenditures	\$ 3,308	\$ 5,274	\$ 3,548	\$ 1,726

TARRANT COUNTY, TEXAS

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

	<u>Court Designated</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,333	\$ 1,333	\$ 1,271	\$ (62)
Intergovernmental	80	130	332	202
Investment income	6	6	6	-
Total revenues	\$ 1,419	\$ 1,469	\$ 1,609	\$ 140
EXPENDITURES:				
Non Departmental	\$ 1,131	\$ 1,131	\$ 1,007	\$ 124
Medical Examiner	156	156	98	58
Probate Court 1	119	144	50	94
Probate Court 2	77	102	99	3
Appeals Court	452	452	162	290
Total expenditures	\$ 1,935	\$ 1,985	\$ 1,416	\$ 569

	<u>Vehicle Inventory Tax</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment income	\$ 55	\$ 55	\$ 52	\$ (3)
Total revenues	\$ 55	\$ 55	\$ 52	\$ (3)
EXPENDITURES:				
Tax Assessor/Collector	239	239	76	163
Total expenditures	\$ 239	\$ 239	\$ 76	\$ 163

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 461	\$ 477	\$ 528	\$ 51
Investment income			1	1
Other revenues		17		(17)
Transfers	65	65	65	-
Total revenues	\$ 526	\$ 559	\$ 594	\$ 35
EXPENDITURES:				
Public Health	\$ 544	\$ 577	\$ 544	\$ 33
Total expenditures	\$ 544	\$ 577	\$ 544	\$ 33



INTERNAL SERVICE FUNDS

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

EMPLOYEE BENEFITS FUND

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

SELF INSURANCE FUNDS

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

WORKERS' COMPENSATION FUND

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 5,874	\$ 5,113	\$ 160	\$ 11,147
Other receivables, net of allowance for uncollectibles	244	1		245
Total current assets	<u>6,118</u>	<u>5,114</u>	<u>160</u>	<u>11,392</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	220	24	48	292
Other liabilities	642	415	3,152	4,209
Due to other funds			75	75
Total current liabilities	<u>862</u>	<u>439</u>	<u>3,275</u>	<u>4,576</u>
Noncurrent liabilities:				
Other noncurrent liabilities		1,768	5,473	7,241
Total noncurrent liabilities	<u>-</u>	<u>1,768</u>	<u>5,473</u>	<u>7,241</u>
Total liabilities	<u>862</u>	<u>2,207</u>	<u>8,748</u>	<u>11,817</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>5,256</u>	<u>2,907</u>	<u>(8,588)</u>	<u>(425)</u>
Total net assets (deficit)	<u>\$ 5,256</u>	<u>\$ 2,907</u>	<u>\$ (8,588)</u>	<u>\$ (425)</u>

TARRANT COUNTY, TEXASCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User Fees	\$ 8,282	\$ 1		\$ 8,283
County Contributions	26,665		\$ 3,885	30,550
Other revenues	<u>1,184</u>	<u>459</u>	<u>7</u>	<u>1,650</u>
Total operating revenues	36,131	460	3,892	40,483
OPERATING EXPENSES:				
Building & Equipment	11	106		117
Self insurance claims	25,735	169	3,743	29,647
Insurance Premiums	8,893			8,893
Other Expenses	<u>1,453</u>	<u>110</u>	<u>2,387</u>	<u>3,950</u>
Total operating expenses	36,092	385	6,130	42,607
Operating income	39	75	(2,238)	(2,124)
NONOPERATING REVENUES :				
Investment income	<u>74</u>	<u>53</u>	<u>3</u>	<u>130</u>
Income before transfers	113	128	(2,235)	(1,994)
OTHER FINANCING SOURCES (USES)				
Transfers in		325		325
Transfers out	<u>(391)</u>			<u>(391)</u>
Total other financing sources and uses	(391)	325	-	(66)
Change in net assets	(278)	453	(2,235)	(2,060)
Total net assets (deficit)-beginning	<u>5,534</u>	<u>2,454</u>	<u>(6,353)</u>	<u>1,635</u>
Total net assets (deficit)-ending	<u>\$ 5,256</u>	<u>\$ 2,907</u>	<u>\$ (8,588)</u>	<u>\$ (425)</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 36,031	\$ 464	\$ 3,892	\$ 40,387
Payment to suppliers		(325)		(325)
Payments on behalf of employees	<u>(36,868)</u>	<u>(481)</u>	<u>(3,890)</u>	<u>(41,239)</u>
Net cash flows provided by (used in) operating activities	(837)	(342)	2	(1,177)
INVESTING ACTIVITIES:				
Investment income, net	74	53	3	130
NONCAPITAL FINANCING ACTIVITIES:				
Advance from other funds			(6)	(6)
Transfers in (out)	<u>(391)</u>	<u>325</u>	<u> </u>	<u>(66)</u>
Net cash flows provided by (used in) noncapital financing activities	<u>(391)</u>	<u>325</u>	<u>(6)</u>	<u>(72)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,154)	36	(1)	(1,119)
CASH AND CASH EQUIVALENTS, beginning of year	<u>7,028</u>	<u>5,077</u>	<u>161</u>	<u>12,266</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,874</u>	<u>\$ 5,113</u>	<u>\$ 160</u>	<u>\$ 11,147</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ 39	\$ 75	\$ (2,238)	\$ (2,124)
Changes in assets and liabilities:				
Other receivables	(68)	4		(64)
Accounts payable	(382)	9	37	(336)
Other liabilities	(394)	(430)	2,203	1,379
Deferred Revenue	<u>(32)</u>	<u> </u>	<u> </u>	<u>(32)</u>
Net cash flows provided by (used in) operating activities	<u>\$ (837)</u>	<u>\$ (342)</u>	<u>\$ 2</u>	<u>\$ (1,177)</u>

FIDUCIARY FUNDS

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

PAYROLL CLEARING FUND

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

FEE OFFICE FUND

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

TARRANT COUNTY, TEXAS

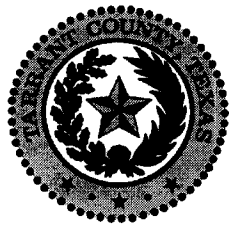
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	Payroll Clearing	Fee Office	Total
Current assets:			
Cash and investments	\$ 2,231	\$ 25,539	\$ 27,770
Other receivables	15	132,031	132,046
Restricted asset		52,881	52,881
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,246</u>	<u>\$ 210,451</u>	<u>\$ 212,697</u>
<u>LIABILITIES</u>			
Current liabilities:			
Due to third parties	<u>\$ 2,246</u>	<u>\$ 210,451</u>	<u>\$ 212,697</u>
TOTAL LIABILITIES	<u>\$ 2,246</u>	<u>\$ 210,451</u>	<u>\$ 212,697</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

	Balance October 1, 2003	Additions	Deletions	Balance September 30, 2004
PAYROLL CLEARING:				
Cash and investments	\$ 2,502	\$ 166,796	\$ 167,067	\$ 2,231
Other receivables		32	17	15
	<u>\$ 2,502</u>	<u>\$ 166,828</u>	<u>\$ 167,084</u>	<u>\$ 2,246</u>
Due to third parties	\$ 2,502	\$ 356,774	\$ 357,030	\$ 2,246
	<u>\$ 2,502</u>	<u>\$ 356,774</u>	<u>\$ 357,030</u>	<u>\$ 2,246</u>
FEE OFFICE:				
Cash and investments	\$ 24,970	\$ 306,243	\$ 305,674	\$ 25,539
Other receivables	126,842	296,130	290,941	132,031
Restricted assets	53,442	37,671	38,232	52,881
	<u>\$ 205,254</u>	<u>\$ 640,044</u>	<u>\$ 634,847</u>	<u>\$ 210,451</u>
Due to third parties	\$ 205,254	\$ 276,084	\$ 270,887	\$ 210,451
	<u>\$ 205,254</u>	<u>\$ 276,084</u>	<u>\$ 270,887</u>	<u>\$ 210,451</u>
TOTAL:				
Cash and investments	\$ 27,472	\$ 473,039	\$ 472,741	\$ 27,770
Other receivables	126,842	296,162	290,958	132,046
Restricted assets	53,442	37,671	38,232	52,881
	<u>\$ 207,756</u>	<u>\$ 806,872</u>	<u>\$ 801,931</u>	<u>\$ 212,697</u>
Due to third parties	\$ 207,756	\$ 632,858	\$ 627,917	\$ 212,697
	<u>\$ 207,756</u>	<u>\$ 632,858</u>	<u>\$ 627,917</u>	<u>\$ 212,697</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, 2004 (AMOUNTS IN THOUSANDS)**

Governmental funds capital assets:

Land and land improvements	\$	43,868
Construction in progress		44,064
Buildings and leasehold improvements		168,858
Equipment		71,724
Infrastructure		<u>55,171</u>
Total governmental funds capital assets	\$	<u>383,685</u>

Investments in governmental funds capital assets by source:

General Fund	\$	107,499
Road & Bridge		63,518
Other Governmental Funds		2,764
Capital Project Funds		205,095
Grant Funds		3,011
Donations		<u>1,798</u>
Total governmental funds capital assets	\$	<u>383,685</u>

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
General Government:			
County Administrator		\$55	\$219
Non-Departmental	\$114	33	
IT Administration			15,096
IT-Telephone Ops			87
Enterprise Data Mgmt			148
IT ERP Operations -2			12,382
Mainframe Operations			24
IT Rec Mgmt Admin			18
IT Records Center			132
IT-Project Managmnt			6
HR Admin			67
Group Ins-Sec 125			18
County Clerk Admin			1,926
Prct 1 General		133	3,505
Prct 2 General			3,237
Prct 3 General			4,192
Prct 4 General			3,120
Auditor Admin			233
Budget/Risk Mgmt			411
Purchasing Admin			8
Tax Office Admin			638
Facilities Admin	20,678	256	341
Facil Construct Serv		51	
Facilities Graphics			924
Administration Bldg		7,011	167
Tarrant County Plaza		27,880	
Andersen Sub-Crths		800	
SW Sub-Courthouse		3,367	31
C Griffin Sub-Crths		352	33
C Griffin Sub Annex	344	2,685	33
Mebus SE Sub-Crths		809	5
Mansfield Sub-Crths	581	4,737	17
NE Annex		9	
NE Sub-Courthouse	6,120	688	38
NW Sub-Courthouse		764	6
Premier St Annex		127	
Block 10 Facility		309	
Impound Facility			
Medical Examiner Bdg		2,891	87
NorthPatrol Facility			
Criminal Courts Bldg		3,465	10

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
		\$274
		147
		15,096
		87
		148
		12,382
		24
		18
		132
		6
		67
		18
		1,926
		3,638
		3,237
		4,192
		3,120
		233
		411
		8
		638
		21,275
		51
		924
		7,178
		27,880
		800
		3,398
	108	493
		3,062
		814
		5,335
		9
		6,846
	163	933
		127
		309
	418	418
		2,978
	94	94
	240	3,715

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
<i>General Government (cont'd):</i>			
Civil Courts Bldg		1,689	
Old Courthouse Bldg		8,042	12
Justice Center		25,746	112
Crimnl Justice Bldg		1,013	18
Law Center	3,442		290
CPS-Lancaster Annex		1,084	
Resource Connection	765		
Public Health Fclty			870
Parking-Taylor St		4,454	72
Parking-Law Center	2,699	7,198	
Elections Center		476	13
Education Center	855	3,551	20
Reproduction Center		864	
Records Mgnt Center		1,135	31
Sign Shop Bldg		103	
Elections Admin			307
Total General Government	<u>35,598</u>	<u>111,777</u>	<u>48,904</u>
Public Safety:			
SO Sheriff Admin			86
SO-Employee Relation			30
SO-Warrant Deputies			138
SO-IT			331
SO-Narcotics			15
SO-Investigations			10
SO-North Patrol			548
SO-State Forfeit			22
SO-Federal Forfeit			140
Medical Examiner			2,200
Fire Marshal			333
SO-Confinement-Admin			989
SO-Greenbay			15
SO-Cold Springs			14
Conf - City/Co Jail			27
Conf - Greenbay		2,180	127
Conf - Cold Springs		4,059	34
Corrections Facility		36,260	152
CSCD Non-CJAD			114
Pretrial Services			9
Mansfield Boot Camp		2,891	
Total Public Safety	<u>-</u>	<u>45,390</u>	<u>5,334</u>

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
		1,689
		8,054
	421	26,279
		1,031
	35,887	39,619
		1,084
		765
		870
		4,526
		9,897
		489
		4,426
		864
		1,166
		103
		307
-	37,331	233,610
		86
		30
		138
		331
		15
		10
		548
		22
		140
		2,200
		333
		989
		15
		14
	3,565	3,592
	2,879	5,186
	77	4,170
		36,412
		114
		9
		2,891
-	6,521	57,245

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
Judicial:			
SO-Bailiff			457
CDC 3			8
213TH DC			12
Crim Attorney Appt			5
Criminal Court 3			12
DA Administration			1,165
DA Narcotics			15
Jury Services			37
Constable Pct 1			31
Constable Pct 2			37
Constable Pct 3			93
Constable Pct 4			41
Constable Pct 5			45
Constable Pct 6			19
Constable Pct 7			25
Constable Pct 8			44
231ST DC			13
322ND DC			8
360TH DC			6
Court at Law 2		19	
Court at Law 3			12
Probate Court 1			11
Probate Court 2			23
Justice of Peace #1			5
Justice of Peace #2			5
Justice of Peace #6			13
Justice of Peace #7			5
Justice of Peace #8			9
Dist Clerk Admin			222
Dom Relations Admin			5
Child Sup Reg/Mntr			36
DRO Family Court Srv			23
DRO Community Sprvsn			9
Courts/Judiciary			31
JV Administration		41	198
JV Detentn Operation		6,567	
Lyn W Ross JV Center		845	13
Total Judicial	<u>-</u>	<u>7,472</u>	<u>2,693</u>

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
		457
		8
		12
		5
		12
		1,165
		15
		37
		31
		37
		93
		41
		45
		19
		25
		44
		13
		8
		6
		19
		12
		11
		23
		5
		5
		13
		5
		9
		222
		5
		36
		23
		9
		31
		239
		6,567
		858
<hr/>	<hr/>	<hr/>
-	-	10,165

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

<u>Function and Activity</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
Transportation:			
Prct 1 Garage		583	
Prct 1 Maintenance			1,747
Prct 2 Garage	322	2,156	
Prct 2 Maintenance			1,256
Prct 3 Garage		91	
Prct 3 Maintenance			1,084
Prct 4 Garage		289	524
Prct 4 Maintenance		11	2,367
Right of Way	7,948		
Transportation			6,199
Central Garage		508	74
Sign Shop			226
Road/Bridge NonDept		167	
Total Transportation	<u>8,270</u>	<u>3,805</u>	<u>13,477</u>
Community Services:			
Health Admin-Directr			335
Health HIV Admin			21
Health DIS Intrvntn			16
Hlth Milk/Dairy Test			70
Hlth Bio Terror Test			181
Hlth Lab BT Focus C			127
Hlth DiseaseRprt/HAN			14
Health HAN BT FocusE			43
Health Immunization			55
Health WIC		121	89
Hlth CHP BT Focus A			6
Health Education			76
Health Env Admin			7
Health Food Permits			24
Human Services			23
Housing Assistance			102
CDBG Admin			66
CDBG Rehab Prog Del			17
HOPWA			6
Law Library			38
HistoricalCommission		293	
Total Community Services	<u>-</u>	<u>414</u>	<u>1,316</u>
Total governmental funds capital assets	<u>\$43,868</u>	<u>\$168,858</u>	<u>\$71,724</u>

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
		583
17,336		19,083
		2,478
3,833		5,089
	212	303
9,895		10,979
		813
24,107		26,485
		7,948
		6,199
		582
		226
		167
<u>55,171</u>	<u>212</u>	<u>80,935</u>
		335
		21
		16
		70
		181
		127
		14
		43
		55
		210
		6
		76
		7
		24
		23
		102
		66
		17
		6
		38
		293
-	-	1,730
<u>\$55,171</u>	<u>\$44,064</u>	<u>\$383,685</u>

TARRANT COUNTY, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)

Function and Activity	10/1/2003 Balance	Additions	Disposals	Transfers	9/30/2004 Balance
General Government:					
County Administrator	\$274				\$274
Non-departmental	147				147
IT Administration	12,081	\$3,151	\$ (136)		15,096
IT-Telephone Ops	22	65			87
Enterprise Data Mgmt		148			148
IT ERP Operations -2	8,360	4,268	(246)		12,382
Mainframe Operations		24			24
IT Rec Mgmt Admin		18			18
IT Records Center	132				132
IT-Project Managmnt		6			6
HR Admin	67				67
Self-Insurance	103			\$ (103)	-
Group Ins-Sec 125	18				18
County Clerk Admin	1,712	836	(622)		1,926
Prct 1 General	3,827	13	(202)		3,638
Prct 2 General	3,024	277	(64)		3,237
Prct 3 General	4,089	171	(68)		4,192
Prct 4 General	3,262	130	(272)		3,120
Auditor Admin	233				233
Budget/Risk Mgmt	411				411
Purchasing Admin	8				8
Tax Office Admin	639	15	(16)		638
Facilities Admin	21,271	22	(26)	8	21,275
Facil Construct Serv	64		(13)		51
Facilities Graphics	903	93	(72)		924
Administration Bldg	7,173	5			7,178
Tarrant County Plaza	27,880				27,880
Andersen Sub-Crths	800				800
SW Sub-Courthouse	3,393	5			3,398
C Griffin Sub-Crths	378	122	(7)		493
C Griffin Sub Annex	2,748	314			3,062
Mebus SE Sub-Crths	814				814
Mansfield Sub-Crths	5,335				5,335
NE Annex	9				9
NE Sub-Courthouse	6,846				6,846
NW Sub-Courthouse	770	163			933
Premier St Annex	127				127
Block 10 Facility	309				309
Impound Facility	35	383			418
Medical Examiner Bdg	3,105		(127)		2,978
NorthPatrol Facility		94			94
Criminal Courts Bldg	3,481	234			3,715
Civil Courts Bldg	1,689				1,689

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

Function and Activity	10/1/2003 Balance	Additions	Disposals	Transfers	9/30/2004 Balance
<i>General Government (cont'd):</i>					
Old Courthouse Bldg	8,054				8,054
Justice Center	25,858	421			26,279
Crimnl Justice Bldg	1,031				1,031
Law Center	17,693	21,926			39,619
CPS-Lancaster Annex	1,084				1,084
Resource Connection		765			765
Public Health Fclty	460	418	(8)		870
Parking-Taylor St	4,526				4,526
Parking-Law Center	9,894	3			9,897
Elections Center	489				489
Education Center	4,426				4,426
Reproduction Center	864				864
Records Mgnt Center	1,166				1,166
Sign Shop Bldg	103				103
Elections Admin	318	16	(27)		307
Total General Government	201,505	34,106	(1,906)	(95)	233,610
 Public Safety:					
SO Sheriff Admin	131		(45)		86
SO-Employee Relation	30				30
SO-Warrant Deputies	64	97	(23)		138
SO-IT	248	83			331
SO-Narcotics		15			15
SO-Investigations	10				10
SO-North Patrol	618	22	(92)		548
SO-State Forfeit	52	8	(38)		22
SO-Federal Forfeit	112	28			140
Medical Examiner	2,011	189			2,200
Fire Marshal	130	203			333
SO-Confinement-Admin	399	629	(39)		989
SO-Greenbay	24		(9)		15
SO-Cold Springs	14				14
Conf - City/Co Jail	870	2,722			3,592
Conf - Greenbay	2,610	2,576			5,186
Conf - Cold Springs	4,054	116			4,170
Corrections Facility	36,203	209			36,412
CSCD Non-CJAD	178	41	(105)		114
Pretrial Services	9				9
Mansfield Boot Camp	2,881	10			2,891
Total Public Safety	50,648	6,948	(351)	-	57,245
 Judicial:					
SO-Bailiff	405	62	(10)		457

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

Function and Activity	10/1/2003 Balance	Additions	Disposals	Transfers	9/30/2004 Balance
<i>Judicial (cont'd):</i>					
CDC 3	8				8
213TH DC	12				12
Crim Attorney Appt	5				5
Criminal Court 3	12				12
DA Administration	1,462	46	(335)	(8)	1,165
DA Narcotics	16		(16)	15	15
Jury Services	37				37
Constable Pct 1		31			31
Constable Pct 2		37			37
Constable Pct 3	68	25			93
Constable Pct 4	22	19			41
Constable Pct 5	20	25			45
Constable Pct 6	20	19	(20)		19
Constable Pct 7		25			25
Constable Pct 8	13	31			44
348TH DC	8		(8)		-
231ST DC	13				13
322ND DC	8				8
360TH DC	6				6
Court at Law 2	19				19
Court at Law 3	12				12
Probate Court 1	10	11	(10)		11
Probate Court 2	23				23
Justice of Peace #1	10		(5)		5
Justice of Peace #2	5				5
Justice of Peace #6	6	7			13
Justice of Peace #7	5				5
Justice of Peace #8	9				9
Dist Clerk Admin	227	41	(46)		222
Dom Relations Admin	13		(8)		5
Child Sup Reg/Mntr	36				36
DRO Family Court Srv	23				23
DRO Community Sprvsn	9				9
Courts/Judiciary	38		(7)		31
JV Administration	239	31	(31)		239
JV Detentn Operation	6,567				6,567
Lyn W Ross JV Center	852	6			858
Total Judicial	10,238	416	(496)	7	10,165
 Transportation:					
Prc1 Garage	583				583
Prc1 Maintenance	17,901	1,358	(176)		19,083
Prc2 Garage	2,500		(22)		2,478

TARRANT COUNTY, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2004 (AMOUNTS IN THOUSANDS)**

Function and Activity	10/1/2003 Balance	Additions	Disposals	Transfers	9/30/2004 Balance
<i>Transportation (cont'd):</i>					
Prct 2 Maintenance	4,923	435	(269)		5,089
Prct 3 Garage	234	69			303
Prct 3 Maintenance	10,014	1,519	(554)		10,979
Prct 4 Garage	1,029		(216)		813
Prct 4 Maintenance	23,409	3,450	(374)		26,485
Right of Way	8,112	688	(852)		7,948
Transportation	5,318	1,211	(417)	87	6,199
Central Garage	577	5			582
Sign Shop	226				226
Road/Bridge NonDept	167				167
Total Transportation	74,993	8,735	(2,880)	87	80,935
Community Services:					
Health Admin-Directr	310	57	(32)		335
Health HIV Admin	9	12			21
Health DIS Intrvntn	15	1			16
Hlth Milk/Dairy Test	70				70
Hlth Bio Terror Test	83	98			181
Hlth Lab BT Focus C		127			127
Hlth DiseaseRprt/HAN	14				14
Health HAN BT FocusE		43			43
Health Immunization	55				55
Health WIC	210				210
Hlth CHP BT Focus A		6			6
Health Education	91	1	(16)		76
Health Env Admin	7				7
Health Food Permits	24				24
Human Services	17	6			23
Housing Assistance	102				102
CDBG Admin	65			1	66
CDBG Rehab Prog Del	17				17
HOPWA	6				6
Law Library	38				38
HistoricalCommission	293				293
Total Community Services	1,426	351	(48)	1	1,730
Total governmental funds capital assets	\$338,810	\$50,556	(\$5,681)	\$ -	\$383,685



STATISTICAL SECTION

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

<u>Year</u>	<u>General Government</u>	<u>Buildings</u>	<u>Public Safety</u>	<u>Transportation Support</u>	<u>Judicial</u>	<u>Health/ Welfare</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Total</u>
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
2004	73,018	(2)	78,098	18,387	109,903	53,481	52,199	28,930	414,016

(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 & Permits</u>	<u>Fees Of Office</u>	<u>Inter- governmental</u>	<u>Other</u>	<u>Total</u>
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)
2004	231,460	58,980	76,853	17,186	384,479 (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)

<u>Fiscal Year</u>	<u>Net Valuations</u>	<u>County Rate per \$100</u>	<u>Total Tax Levy</u>	<u>Current Collection Amount</u>	<u>Current Collection Percentage</u>	<u>Delinquent Taxes June 30</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
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%
2004	85,001,101	0.272500	231,628	227,468	98.20%	4,161	1.80%

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	
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%
2004	75,871,423	81,582,175	17,219,209	17,570,621	8,089,531	85,001,101	99,152,798	85.73%

TARRANT COUNTY, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2004
(Amounts in thousands)
(UNAUDITED)

Assessed Value of Real Property	\$ 75,871,423
Debt Limit Rate (1)	<u>0.25</u>
Amount of Debt Limit	18,967,856
Road Bonds Outstanding	<u>-</u>
Legal Debt Margin	<u>\$ 18,967,856</u>
Assessed Value of All Taxable Property	\$ 85,001,101
Debt Limit Rate (2)	0.05
Amount of Debt Limit	4,250,055
Total General Bonded Debt	\$ 175,615
Less Debt Service Fund Cash and Investments	<u>(2,058)</u>
Total Net Bonded Debt	<u>173,557</u>
Amount of Debt Margin	<u>\$ 4,076,498</u>

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

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

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

ENTITY	1995	1996	1997	1998	1999
Tarrant County					
Operating Fund	\$0.211850	\$0.202045	\$0.205246	\$0.209062	\$0.208638
Debt Service Fund	0.060020	0.064558	0.059590	0.055774	0.056198
Total County Funds	0.271870	0.266603	0.264836	0.264836	0.264836
Farm to market and lateral roads	0.000000	0.000000	0.000000	0.000000	0.000000
Total Tarrant County	0.271870	0.266603	0.264836	0.264836	0.264836
Tarrant County Hospital District	0.244640	0.239840	0.234070	0.234070	0.234070
Tarrant County College District	0.056510	0.055460	0.057720	0.057690	0.106410
Tarrant County Regional Water District	0.000000	0.000000	0.020000	0.019823	0.019823
Tarrant County Fresh Water Supply	0.218000	0.218000	0.218000	0.218000	0.218000
Rural Fire Prevention District	0.030000	0.030000	0.000000	0.000000	0.000000
Emergency Service District	0.000000	0.000000	0.030000	0.050000	0.080000
Total	<u>\$0.821020</u>	<u>\$0.809903</u>	<u>\$0.824626</u>	<u>\$0.844419</u>	<u>\$0.923139</u>

TABLE VI

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$0.212890	\$0.230460	\$0.235486	\$0.237419	\$0.241757
<u>0.051946</u>	<u>0.044325</u>	<u>0.039299</u>	<u>0.035081</u>	<u>0.030743</u>
0.264836	0.274785	0.274785	0.272500	0.272500
<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>
0.264836	0.274785	0.274785	0.272500	0.272500
0.234070	0.234070	0.234070	0.232400	0.235397
0.106410	0.106410	0.106410	0.139380	0.139380
0.019823	0.020000	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	0.100000	0.080000
<u>\$0.923139</u>	<u>\$0.933265</u>	<u>\$0.933265</u>	<u>\$0.982280</u>	<u>\$0.965277</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>
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
2004	1,589	85,001,101	175,615	2,058	173,557	0.20%	109.22

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>
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%
2004	22,090	6,840	28,930	414,016 (1)	6.99%

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

TARRANT COUNTY, TEXAS
ESTIMATED CONSOLIDATED OVERLAPPING DEBT
September 30, 2004
(Amounts in thousands)
(UNAUDITED)

TABLE IX

<u>Taxing Jurisdiction</u>	<u>Total Funded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Overlapping Funded Debt 6/15/2004</u>
Tarrant County	\$197,705	100.00%	<u>\$197,705</u>
Special Districts:			
Tarrant County Fresh Water Supply District #1	1,390	100.00%	1,390
Tarrant County Hospital District	2,410	100.00%	2,410
Tarrant County College District	72,005	100.00%	72,005
County Line Special District:			
Trophy Club Municipal Utility District #1	4,982	0.53%	<u>26</u>
Total Special Districts			<u>75,831</u>
Cities:			
Arlington	297,820	100.00%	297,820
Bedford	59,840	100.00%	59,840
Benbrook	10,065	100.00%	10,065
Colleyville	28,880	100.00%	28,880
Crowley	15,945	100.00%	15,945
Dalworthington Gardens	776	100.00%	776
Euless	54,807	100.00%	54,807
Everman	3,375	100.00%	3,375
Forest Hill	7,690	100.00%	7,690
Fort Worth	326,344	99.69%	325,332
Haltom City	22,085	100.00%	22,085
Haslet	2,335	100.00%	2,335
Hurst	26,150	100.00%	26,150
Keller	105,300	100.00%	105,300
Kennedale	4,975	100.00%	4,975
Lake Worth	10,350	100.00%	10,350
North Richland Hills	55,454	100.00%	55,454
Pantego	1,395	100.00%	1,395
Richland Hills	4,915	100.00%	4,915
Saginaw	19,060	100.00%	19,060
Samsom Park	197	100.00%	197
Watauga	20,745	100.00%	20,745
Westlake	18,810	97.87%	18,409
Westover Hills	455	100.00%	455
White Settlement	5,000	100.00%	<u>5,000</u>
Total Cities			<u>1,101,356</u>

TARRANT COUNTY, TEXAS
ESTIMATED CONSOLIDATED OVERLAPPING DEBT
September 30, 2004
(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 6/15/2004</u>
County Line Cities:			
Azle	\$10,280	78.94%	\$8,115
Burleson	15,081	9.26%	1,397
Grand Prairie	128,270	45.24%	58,029
Grapevine	149,825	99.64%	149,286
Mansfield	74,035	77.52%	57,392
Southlake	122,012	99.16%	120,987
Total County Line Cities			<u>395,206</u>
School Districts:			
Arlington Independent School District	512,539	100.00%	512,539
Birdville Independent School District	146,954	100.00%	146,954
Carroll Independent School District	156,624	100.00%	156,624
Castleberry Independent School District	22,140	100.00%	22,140
Eagle Mountain Saginaw Independent School District	153,063	100.00%	153,063
Everman Independent School District	1,176	100.00%	1,176
Fort Worth Independent School District	380,320	100.00%	380,320
Hurst Euless Bedford Independent School District	237,976	100.00%	237,976
Keller Independent School District	401,675	100.00%	401,675
Kennedale Independent School District	15,978	100.00%	15,978
Lake Worth Independent School District	23,657	100.00%	23,657
White Settlement Independent School District	56,511	100.00%	56,511
Total School Districts			<u>2,108,613</u>
County Line School Districts:			
Aledo Independent School District	44,711	3.49%	1,560
Azle Independent School District	34,030	63.04%	21,453
Burleson Independent School District	65,643	25.81%	16,942
Crowley Independent School District	124,633	96.15%	119,835
Godley Independent School District	9,360	9.52%	891
Grapevine Colleyville Independent School District	242,616	98.99%	240,166
Mansfield Independent School District	414,138	82.26%	340,670
Northwest Independent School District	217,809	22.46%	48,920
Total County Line School Districts			<u>790,436</u>
Total Overlapping Funded Debt			<u>4,471,442</u>
Total Direct and Overlapping Funded Debt			<u>\$ 4,669,147</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>	
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
2003	15,746	232,400	15,429,000

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>2003/2004 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	123,850	0.16%
		<u>\$3,103,176</u>	<u>3.92%</u>

TARRANT COUNTY, TEXAS

GENERAL INFORMATION

Date of incorporation.....	1849
County seat	
Birdville.....	1849-1856
Fort Worth.....	1856-present
Area - square miles.....	863
Governing body	
County Judge.....	1
Commissioners.....	4
Elected officials.....	69
Non-elected employees.....	4,125

POPULATION

1920 Census	153,000
1930 Census	163,000
1940 Census	256,000
1950 Census	361,000
1960 Census	538,000
1970 Census	716,000
1980 Census	861,000
1990 Census	1,170,000
2000 Census	1,446,000
2001 Estimated	1,472,000
2002 Estimated	1,490,000
2003 Estimated	1,554,000
2004 Estimated	1,589,200

Source: North Central Texas Council of Governments

TARRANT COUNTY, TEXAS

POPULATION DISTRIBUTION

	<u>17 - UNDER</u>	<u>18 - 24</u>	<u>25 - 34</u>	<u>35 - 49</u>	<u>50 - OVER</u>
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
2003	28.1	10.0	16.9	19.6	25.4

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

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Construction	39	39	40	40
Manufacturing	93	90	97	102
Trade, Transportation & Utilities	169	175	181	185
Education & Health	72	68	69	66
Service	223	228	225	225
Government	95	90	92	90
Total	691	690	704	708

Sources: Texas Workforce Commission

TARRANT COUNTY, TEXAS

TEN LARGEST EMPLOYERS⁽¹⁾

	2003	2002	2001	2000	1999
AMRCorp./American Airlines	26,700	28,500	28,492	28,600	30,000
Lockheed Fort Worth Division	16,800	16,800	11,400	10,500	10,000
Fort Worth Independent School District	11,200	9,930	12,513	11,900	9,500
Arlington Independent School District	8,082	8,000	6,723	6,700	6,300
Texas Health Resources	7,268	13,100	8,800	6,700	6,000
City of Fort Worth	5,400	5,740	5,480	5,400	5,100
Bell Helicopter-Textron	5,053	6,000	6,249	6,400	6,200
Radio Shack Corp.	4,453	3,545	4,295	4,600	4,500
Tarrant County Government	4,373	4,197	4,196	4,100	4,000
U.S. Postal Service	4,231	4,231	3,462	4,300	4,500

UNEMPLOYMENT AND HOUSEHOLD BUYING POWER⁽¹⁾

	Unemployment Rate	Income Per Household
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
2003	6.5	31,307

TRANSPORTATION⁽¹⁾

Dallas-Fort Worth International Airport	
Opened	1974
Longest Runway	13,400 feet
Scheduled Airlines	24
Passengers Arriving/Departing	59,412,217
Meacham International Airport	
Opened	1925
Longest Runway	7,500 feet
Scheduled Airline	none
Fort Worth Alliance Airport	
Opened	1989
Longest Runway	9,600 feet
Scheduled Airlines (cargo only)	1
Trucking Services	750
Railroad Services	6

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

TARRANT COUNTY, TEXAS

EDUCATION

The Fort Worth Independent School District serves as the largest single school district in Tarrant County. The 145 schools in the district operate on the 5-3-4 plan in which the elementary schools (80) teach grades 1-5; middle schools (24), grades 6-8; senior high schools (13), grades 9-12, and (28) alternative schools. The Fort Worth School District employs approximately 4,792 classroom teachers to instruct the 80,223 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 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

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
2003	286,000

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

	<u>Spring 2004 Enrollment</u>	<u>Type of Institution Year Founded</u>	<u>Type of Degrees Available</u>
Tarrant County College (NE, NW, South, and SE Campuses)	30,549	Community college/1965	Associate's and certificates of completion
University of Texas at Arlington	24,187	State/1895	Bachelor's, master's, and doctorate
Texas Christian University	7,769		Bachelor's, master's, doctorate, and professional
Southwestern Baptist Theological Seminary	2,926	Theological Seminary/ 1908	Master's and doctorate
Texas Wesleyan University	2,246	Private/1890	Bachelor's, Master's, JD
University of North Texas Health Science Center	983	State/1966	Master's and doctorate, and professional

Source: Texas Education Agency, individual colleges and universities



