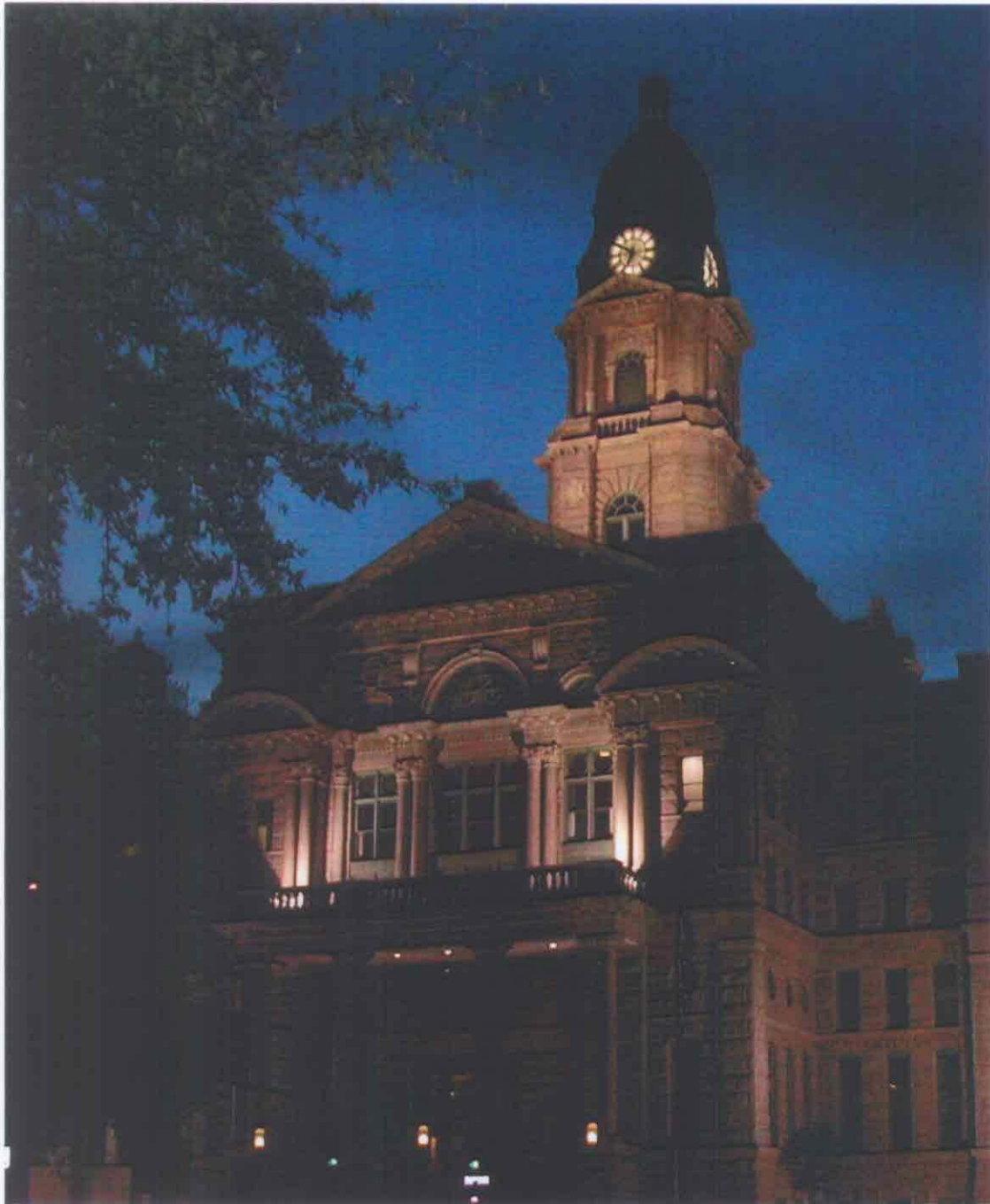


# TARRANT COUNTY, TEXAS



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2005**

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

**Fiscal Year Ended September 30, 2005**

**Prepared By**

**County Auditor's Office**

**S. Renee Tidwell, CPA**

**County Auditor**

**TARRANT COUNTY, TEXAS  
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 YEAR ENDED SEPTEMBER 30, 2005  
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**INTRODUCTORY SECTION**



## TARRANT COUNTY

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

March 9, 2006

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, 2005 is submitted herewith. This report is submitted in compliance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

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

The County's financial statements have been audited by Weaver and Tidwell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2005, 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, 2005, 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 1.63 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 70-73 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 Cabela's Retail, 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 ad valorem tax rate for the fiscal year 2005 totaled \$.028452 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, 2005 were \$162,218,057, and total investment earnings on that portfolio were \$5,688,464. The average yield on investments was 2.63%.

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 2005 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$9,730,554. 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 9.86% for the months of the accounting year in 2005, and 10.16% for the months of the accounting year in 2004. The contribution rate payable by the employee members for calendar year 2005 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 569 retirees and 330 of their dependents receiving benefits. For the year ended September 30, 2005, the County incurred \$3,966,014 in health insurance premiums and claims while the retirees contributed \$1,360,527. The County pays the entire cost for EAP coverage of \$17,817, while the retirees pay the entire cost of the dental insurance premiums.

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

**Major Initiatives.** The County is preparing a large bond package for tax-payers approval in May. The bond package would include a new Courts Building, the Medical Examiner's facility, the Juvenile Services facility, additional jail facilities, and transportation-related activities.


## **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, 2004. 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, Weaver and Tidwell, LLP.

Sincerely,



S. Reneé 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, 2004

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.



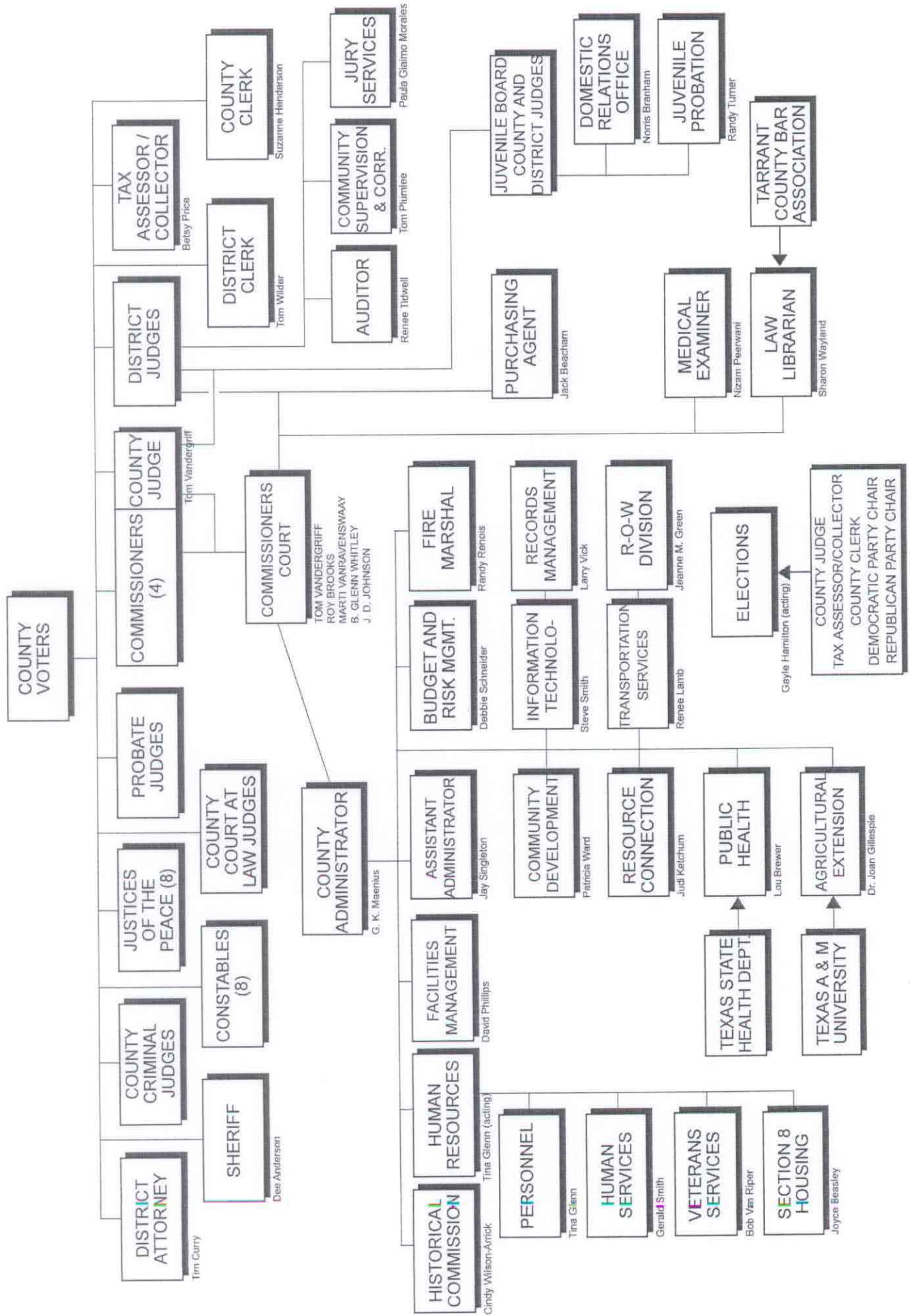
*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

# TARRANT COUNTY ORGANIZATION



**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

Commissioners Court:

Tom Vandergriff  
Roy Brooks  
Marti VanRavenswaay  
B. Glen Whitley  
J. D. Johnson

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

Board of District Judges:

Sharen Wilson  
Wayne Salvant  
Elizabeth Berry  
Mike Thomas  
Fred W. Davis  
David Evans  
Donald Cosby  
Jeff Walker  
Len Wade  
Kenneth Curry  
Robert Gill  
Randy Catterton  
William Harris  
Thomas Lowe III  
Everett Young  
Frank Sullivan  
Jean Boyd  
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  
Stephen Turner\*  
Tom Plumlee\*  
Jerry Crowder  
David Harris  
Zane Hilger  
Dub Bransom, Jr.  
Sergio L. DeLeon  
Joseph Kubes  
Clint Burgess  
Chester Lockett  
Norris Branham\*

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

Administrative Officials:

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

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

Recording Officials:

Suzanne Henderson  
Tom Wilder

County Clerk  
District Clerk

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



**FINANCIAL SECTION**





**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the "County") as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Mental Health Mental Retardation of Tarrant County ("MHMRTC") or the Tarrant County Hospital District ("TCHD"), discretely presented component units, as of and for the year ended August 31, 2005 and September 30, 2005, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the MHMRTC and the TCHD, are based solely on the reports of such other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the County, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
January 29, 2006

## 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, 2005. 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 \$236,975,000 (*net assets*). Of this amount, \$83,638,000 (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 \$27,315,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$115,310,000, a decrease of \$6,432,000 in comparison with the prior year. Approximately fifty-one percent of this total amount, \$58,349,000, 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 \$38,201,000, or 15 percent of total general fund expenditures.
- The County's total debt decreased by \$8,575,000 (5 percent) during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information concerning the County's progress in funding its obligation to provide pension benefits to its employees and budget to actual schedule for general fund and road and bridge fund. Required supplementary information can be found on pages 69-75 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and budget to actual statements. Combining and individual fund statements and schedules can be found on pages 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 \$236,975,000 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, excluding unspent proceeds. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

## Tarrant County's Net Assets

(Amounts in thousands)

	September 30, 2005			September 30, 2004		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 187,775	\$ 779	\$ 188,554	\$ 194,702	\$ 1,054	\$ 195,756
Internal balance	2,299	(2,299)	-	2,499	(2,499)	-
Capital assets	293,793	4,092	297,885	268,766	4,360	273,126
Total assets	483,867	2,572	486,439	465,967	2,915	468,882
Long-term liabilities						
outstanding	206,791	160	206,951	215,045	166	215,211
Other liabilities	42,352	161	42,513	43,803	208	44,011
Total liabilities	249,143	321	249,464	258,848	374	259,222
Net assets:						
Invested in capital assets, net of related debt	151,544	1,793	153,337	134,092	1,861	135,953
Unrestricted	83,180	458	83,638	73,027	680	73,707
Total net assets	\$ 234,724	\$ 2,251	\$ 236,975	\$ 207,119	\$ 2,541	\$ 209,660

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 \$27,315,000 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. 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 \$27,605,000, 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 \$12,487,000, or 5.1 percent during the year. Most of this increase was due to increased property values.

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

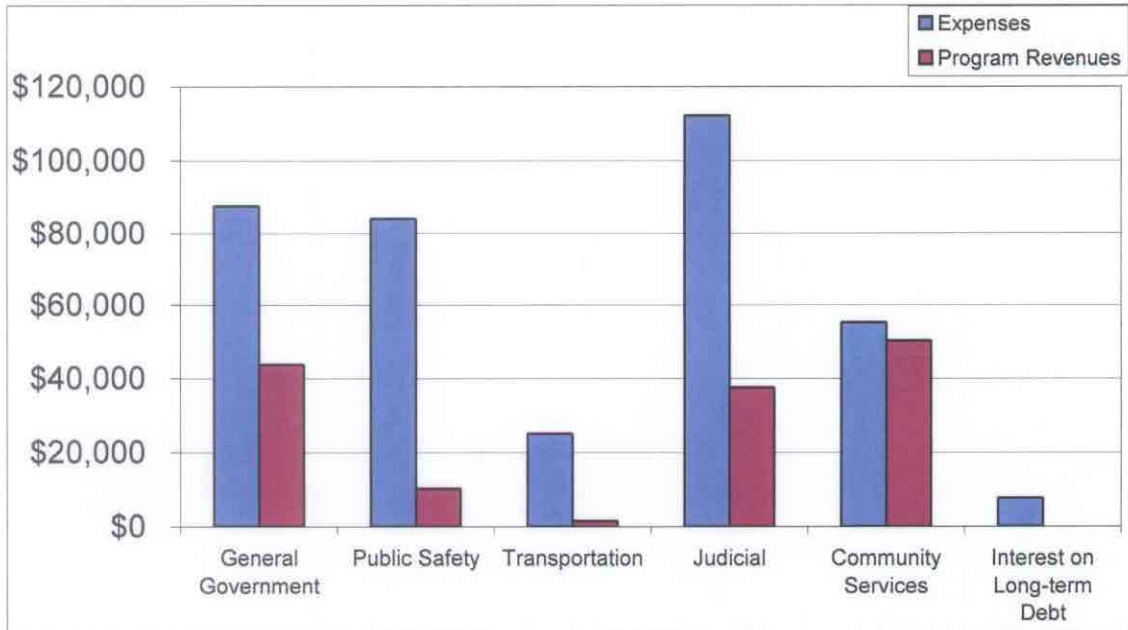
## Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended Sept. 30, 2005			For the year ended Sept. 30, 2004		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
	Revenues:					
Program revenues:						
Fees, fines and charges for for services	\$ 86,263	\$ 2,625	\$ 88,888	\$ 87,817	\$ 2,701	\$ 90,518
Operating grants and contributions	54,155		54,155	60,003		60,003
Capital grants and contributions	2,959		2,959			
General revenues:						
Taxes	243,775		243,775	231,288		231,288
Alcoholic beverage taxes	5,197		5,197	4,835		4,835
Other	7,325	14	7,339	4,536	10	4,546
Total revenues	399,674	2,639	402,313	388,479	2,711	391,190
Expenses:						
General government	87,645		87,645	86,469		86,469
Public safety	84,147		84,147	77,318		77,318
Transportation	25,107		25,107	20,913		20,913
Judicial	112,173		112,173	115,010		115,010
Community services	55,320		55,320	58,123		58,123
Interest and fiscal charges	7,677		7,677	7,061		7,061
Resource Connection		2,929	2,929		2,854	2,854
Total expenses	372,069	2,929	374,998	364,894	2,854	367,748
Increase in net assets	27,605	(290)	27,315	23,585	(143)	23,442
Net assets-beginning	207,119	2,541	209,660	183,534	2,684	186,218
Net assets-ending	\$ 234,724	\$ 2,251	\$ 236,975	\$ 207,119	\$ 2,541	\$ 209,660

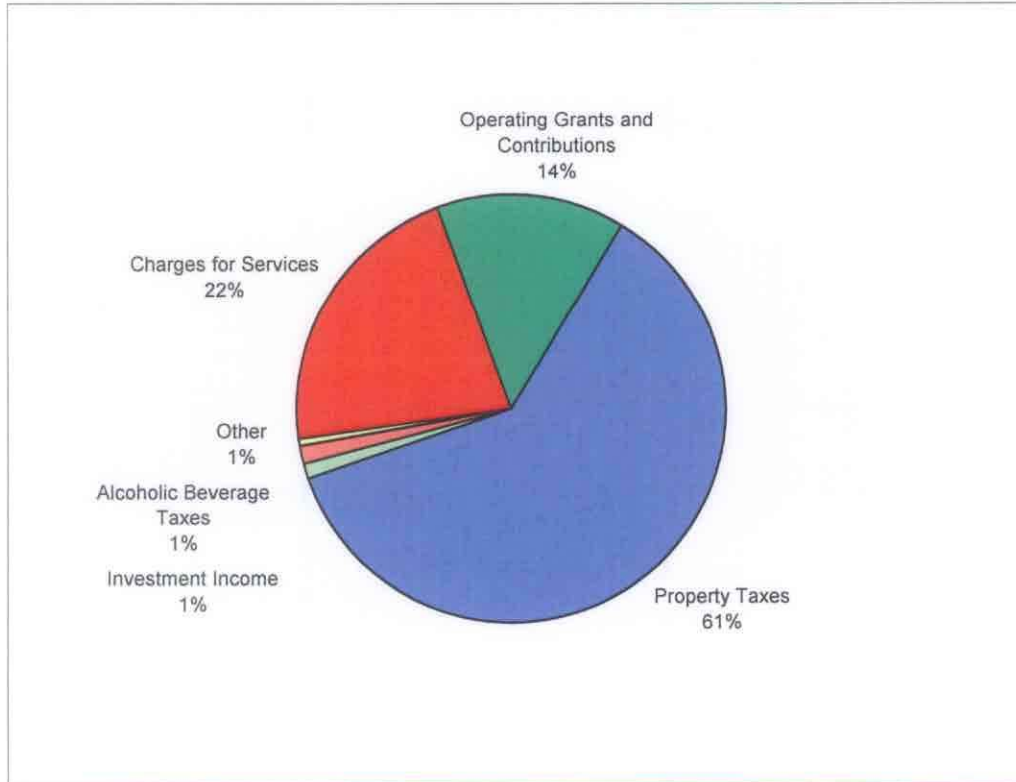
## Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



## Revenues by Source – Governmental Activities

(Amounts in thousands)





**Business-type activities.** Business-type activities decreased \$290,000. A key element of this reduction was a \$200,000 repayment of the long term advance from the governmental funds.

## 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 \$115,310,000 an decrease of \$6,432,000 in comparison with the prior year. Approximately fifty-one percent of this total amount, \$58,349,000, 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 \$12,507,000, 2) to pay debt service \$2,092,000, 3) for capital projects \$31,107,000 or 4) for a variety of other restricted purposes \$11,255,000.

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 \$38,201,000, while total fund balance reached \$47,750,000. 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 15 percent of total general fund expenditures, while total fund balance represents 19 percent of that same amount.

The fund balance of the County's general fund increased by \$6,170,000 during the current fiscal year. Key factor in this growth is as follows:

- 7% increase in property taxes, due to property valuations and the allocation between the general fund and debt service requirements
- 4% increase in expenditures.

The debt service fund has a total fund balance of \$2,092,000, 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 \$471,000, due to the benefits of a debt refunding. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$25,748,000 in the current fiscal year.

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

Total net assets of the Resource Connection at the end of the year amounted to \$2,251,000. The total reduction in net assets for the fund was \$290,000. 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 to all departments to fund salary merit increases.
- There were few transfers from Non-departmental undesignated to judicial departments to provide grant matching funds.

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

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$15,000,000 and undesignated balance of \$2,994,313.
- Public safety expenditures were \$3,762,000 less than budgeted for jail operations and salaries.
- While other revenues was less than anticipated, investment income, taxes and fees of office revenues were greater than budgeted due to an increase in interest rates, property values and County Clerk fees from home financing.

## **Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business type activities as of September 30, 2005 amount to \$297,885,000 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 \$24,759,000.

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

- Completion of the new law center
- Implementation of an Enterprise Resource Planning (ERP) system
- Construction of a new maintenance facility
- Continued expansion of a jail facility

Additional information on the County's capital assets can be found in Note 5 on pages 47-48 of this report.

## Tarrant County's Capital Assets

(Net of depreciation)  
(Amounts in thousands)

	September 30, 2005			September 30, 2004		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,420	\$ 116	\$ 46,536	\$ 43,868	\$ 116	\$ 43,984
Buildings and improvements	154,394	3,911	158,305	113,164	4,190	117,354
Fixed equipment	36,027	65	36,092	36,665	54	36,719
Infrastructure	32,874	-	32,874	31,005	-	31,005
Construction in progress	24,078	-	24,078	44,064	-	44,064
Software development	-	-	-	-	-	-
Total	\$ 293,793	\$ 4,092	\$ 297,885	\$ 268,766	\$ 4,360	\$ 273,126

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$167,040,000. All of this debt represents bonds secured solely on future tax revenue.

## Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities 2005	Governmental Activities 2004
	General Obligation	\$ 27,405
Certificates of Obligation	14,210	22,940
Limited Tax Refunding Bonds	91,650	59,120
Taxable Tax Notes	-	28,315
Non Taxable Tax Notes	33,775	24,000
Total	\$ 167,040	\$ 175,615

The County's total debt decreased by a net \$8,575,000 or 5 percent during the current fiscal year. This reflects the issuance of \$51,915,000 and principal reduction of \$60,490,000.

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 \$4,510,859,000, which is significantly in excess of the County's outstanding obligation debt.

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

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

Tarrant County's economic condition remains positive.

- The unemployment rate decreased for Tarrant County to 5.1 percent, compared to the prior year of 5.7 percent. This is comparable to the state's decrease in average unemployment rate of 5.3 percent from 6.1 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 2005 fiscal year, unreserved fund balance in the general fund increased to \$38,201,000. The County has appropriated \$33,000,000 of this amount for spending in the 2006 fiscal year budget. It is intended that use of available fund balance will avoid the need to raise taxes or charges during the 2006 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, 2005 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 134,332	\$ 277	\$ 134,609
Taxes receivable, net of allowance for uncollectibles	9,371		9,371
Other receivables, net of allowance for uncollectibles	41,658	498	42,156
Internal balance	2,299	(2,299)	-
Due from other governments			
Prepaid expenses and inventory	1,939	4	1,943
Deferred charges	475		475
Restricted assets			
Assets limited to use			
Capital assets, net:			
Not subject to depreciation	70,498	116	70,614
Subject to depreciation	223,295	3,976	227,271
Total assets	483,867	2,572	486,439
<u>LIABILITIES</u>			
Accounts payable	13,906	161	14,067
Accrued interest payable	886		886
Other liabilities	9,697		9,697
Unearned revenue	17,863		17,863
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	15,144	138	15,282
Capital lease			
Bonds payable	20,825		20,825
Other noncurrent liabilities	3,542	22	3,564
Portion due or payable after one year:			
Compensated absences payable	13,103		13,103
Capital lease			
Bonds payable	147,989		147,989
Other noncurrent liabilities	6,188		6,188
Total liabilities	249,143	321	249,464
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	151,544	1,793	153,337
Restricted			
Unrestricted	83,180	458	83,638
Total net assets	\$ 234,724	\$ 2,251	\$ 236,975

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 128,747	\$ 16,565
4,151	
28,829	1,223
14,639	3,101
11,834	1,578
	82
1,361	
122,977	
31,320	915
144,152	6,066
<u>488,010</u>	<u>29,530</u>
25,220	2,074
	37
18,682	2,204
	1,446
	1,519
685	88
1,055	339
4,952	116
37,430	1,692
4,984	
<u>93,008</u>	<u>9,515</u>
133,528	4,745
8,089	
253,385	15,269
<u>\$ 395,002</u>	<u>\$ 20,015</u>



TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

Activities:	Expenses	Program Revenues		
		Fees, Fines , and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental:				
General government	\$ 87,645	\$ 42,440	\$ 1,309	\$ 3
Public safety	84,147	7,825	1,177	1,191
Transportation support	25,107			1,547
Judicial	112,173	26,007	11,319	218
Community services	55,320	9,991	40,350	
Interest and fiscal charges	7,677			
Total governmental activities	372,069	86,263	54,155	2,959
Business-type:				
Resource Connection	2,929	2,625		
Total primary government	<u>\$ 374,998</u>	<u>\$ 88,888</u>	<u>\$ 54,155</u>	<u>\$ 2,959</u>
Component units				
Tarrant County Hospital District	\$ 409,358	\$ 146,103	\$ 73,395	
MHMR of Tarrant County	69,035	20,968	48,399	
	<u>\$ 478,393</u>	<u>\$ 167,071</u>	<u>\$ 121,794</u>	<u>\$ -</u>

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

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Primary Government		Component Units	
	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (43,893)		\$ (43,893)		
(73,954)		(73,954)		
(23,560)		(23,560)		
(74,629)		(74,629)		
(4,979)		(4,979)		
(7,677)		(7,677)		
(228,692)		(228,692)		
	\$ (304)	(304)		
<u>\$ (228,692)</u>	<u>\$ (304)</u>	<u>\$ (228,996)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (189,860)	
				\$ 332
			<u>\$ (189,860)</u>	<u>\$ 332</u>
243,775		243,775	213,367	
5,197		5,197		
5,265	14	5,279	6,542	383
2,060		2,060	23,428	673
<u>256,297</u>	<u>14</u>	<u>256,311</u>	<u>243,337</u>	<u>1,056</u>
27,605	(290)	27,315	53,477	1,388
207,119	2,541	209,660	341,525	18,627
<u>\$ 234,724</u>	<u>\$ 2,251</u>	<u>\$ 236,975</u>	<u>\$ 395,002</u>	<u>\$ 20,015</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2005 (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	\$ 38,178	\$ 6,458	\$ 2,274	\$ 45,925
Receivables				
Taxes, net of allowance for uncollectibles	8,383	11	977	
Other receivables, net of allowance for uncollectibles	21,226	960	36	3
Due from other funds	8,837			
Advance to proprietary fund				2,299
Supplies and prepaid items	825	976		
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 77,449</u>	<u>\$ 8,405</u>	<u>\$ 3,287</u>	<u>\$ 48,227</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 4,347	\$ 1,262		\$ 5,881
Other liabilities	5,525	236	\$ 218	
Due to other funds				
Compensated absences				
Deferred revenue	19,827	11	977	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	29,699	1,509	1,195	5,881
 FUND BALANCES:				
Reserved:				
For debt service			2,092	
For capital projects				31,107
For encumbrances	1,604	752		8,940
For supplies and prepaid items	825	976		
For long term receivable	7,120			2,299
Unreserved, report in:				
General fund	38,201			
Road and Bridge fund		5,168		
Other Special revenue				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total equity	47,750	6,896	2,092	42,346
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 77,449</u>	<u>\$ 8,405</u>	<u>\$ 3,287</u>	<u>\$ 48,227</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,993	\$ 17,788	\$ 121,616
		9,371
18,903	241	41,369
		8,837
		2,299
103	35	1,939
<u>\$ 29,999</u>	<u>\$ 18,064</u>	<u>\$ 185,431</u>
\$ 1,741	\$ 476	\$ 13,707
1,809	1,151	8,939
8,626	211	8,837
70		70
<u>17,753</u>		<u>38,568</u>
29,999	1,838	70,121
		2,092
		31,107
	1,211	12,507
	35	1,836
		9,419
		38,201
		5,168
	<u>14,980</u>	<u>14,980</u>
<u>-</u>	<u>16,226</u>	<u>115,310</u>
<u>\$ 29,999</u>	<u>\$ 18,064</u>	<u>\$ 185,431</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET ASSETS  
SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

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

Total fund balance - total governmental funds (pages 18-19)	\$ 115,310
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	293,793
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	20,733
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.	2,290
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>(197,402)</u>
Net assets of governmental activities (page 14)	<u>\$ 234,724</u>

See accompanying notes to the financial statements.



TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	General	Road and Bridge	Debt Service	Capital Projects
<b>REVENUES:</b>				
Taxes, licenses and permits	\$ 219,380	\$ 1	\$ 25,748	
Fees of office	26,104	23,399		
Intergovernmental	11,224	33		\$ 90
Investment income	2,932	273	352	1,112
Other revenues	9,333	207	1,372	704
	<u>268,973</u>	<u>23,913</u>	<u>27,472</u>	<u>1,906</u>
<b>EXPENDITURES:</b>				
Current:				
General government	67,576	1,777		
Public safety	78,810			
Transportation support		23,583		
Judicial	98,816			
Community services	4,997			
Capital outlay	224	12		41,222
Debt service:				
Principal payments			19,970	
Interest and fiscal charges			7,275	
Bond issuance costs			163	
	<u>250,423</u>	<u>25,372</u>	<u>27,408</u>	<u>41,222</u>
Excess (deficiency) of revenues over (under) expenditures	18,550	(1,459)	64	(39,316)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	698		267	16,360
Transfers out	(13,078)	(3,938)		(267)
Issuance of new debt				12,045
Proceeds of Refunding bonds			39,870	
Premium on bonds			1,675	
Payment to refunded bond escrow agent			(41,405)	
	<u>(12,380)</u>	<u>(3,938)</u>	<u>407</u>	<u>28,138</u>
Change in fund balance	6,170	(5,397)	471	(11,178)
FUND BALANCES, beginning of year	<u>41,580</u>	<u>12,293</u>	<u>1,621</u>	<u>53,524</u>
FUND BALANCES, end of year	<u>\$ 47,750</u>	<u>\$ 6,896</u>	<u>\$ 2,092</u>	<u>\$ 42,346</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$ 19	\$ 245,148
\$ 1,539	9,487	60,529
52,908	8,019	72,274
148	448	5,265
<u>1,045</u>	<u>2,420</u>	<u>15,081</u>
55,640	20,393	398,297
96	4,334	73,783
1,659	1,252	81,721
		23,583
10,245	2,766	111,827
38,290	8,500	51,787
4,851	564	46,873
		19,970
		7,275
		<u>163</u>
<u>55,141</u>	<u>17,416</u>	<u>416,982</u>
499	2,977	(18,685)
348	1,393	19,066
(847)	(868)	(18,998)
		12,045
		39,870
		1,675
		<u>(41,405)</u>
<u>(499)</u>	<u>525</u>	<u>12,253</u>
-	3,502	(6,432)
<u>-</u>	<u>12,724</u>	<u>121,742</u>
<u>\$ -</u>	<u>\$ 16,226</u>	<u>\$ 115,310</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, 2005 (AMOUNTS IN THOUSANDS)

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

Net change in fund balances--total governmental funds (pages 22-23)	\$ (6,432)
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)	23,989
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (Note 2)	1,038
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	39
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)	7,990
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)	(1,734)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>2,715</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 27,605</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 277	\$ 12,716
Other receivables, net of allowance for uncollectibles	498	289
Prepaid expenses and inventory	4	
Total current assets	<u>779</u>	<u>13,005</u>
Noncurrent assets:		
Capital assets		
Land	116	
Building and improvements, net	3,911	
Equipment, net	65	
Total noncurrent assets	<u>4,092</u>	<u>-</u>
Total assets	<u>4,871</u>	<u>13,005</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	161	199
Other liabilities	22	4,300
Deferred revenue		28
Advance from governmental fund	200	
Compensated absences payable	138	
Total current liabilities	<u>521</u>	<u>4,527</u>
Noncurrent liabilities:		
Other noncurrent liabilities		6,188
Long term advance from governmental fund	2,099	
Total noncurrent liabilities	<u>2,099</u>	<u>6,188</u>
Total liabilities	<u>2,620</u>	<u>10,715</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,793	
Unrestricted	458	2,290
Total net assets (deficit)	<u>\$ 2,251</u>	<u>\$ 2,290</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, 2005 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
OPERATING REVENUES:		
Building rental	\$ 2,483	
User fees		\$ 9,049
County contributions		31,327
Other revenues	142	2,231
	<u>2,625</u>	<u>42,607</u>
OPERATING EXPENSES		
Personnel	1,187	
Building and equipment	1,385	46
Depreciation and amortization	295	
Self insurance claims		26,987
Insurance premiums	24	11,598
Other expenses	38	1,498
	<u>2,929</u>	<u>40,129</u>
Operating income (loss)	(304)	2,478
NONOPERATING REVENUES:		
Investment income	14	305
	<u>14</u>	<u>305</u>
Income (loss) before transfers	(290)	2,783
Transfers in		325
Transfers out		(393)
	<u>(290)</u>	<u>2,715</u>
Change in net assets	(290)	2,715
Total net assets (deficit)-beginning	<u>2,541</u>	<u>(425)</u>
Total net assets (deficit)-ending	<u>\$ 2,251</u>	<u>\$ 2,290</u>

See accompanying notes to the financial statements.

## TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING ACTIVITIES:		
Receipts from customers	\$ 2,483	\$ 42,591
Payments to suppliers	(1,493)	(187)
Payments on behalf of employees		(40,997)
Payments to employees	<u>(1,193)</u>	
Net cash flows provided by (used in) operating activities	(203)	1,407
INVESTING ACTIVITIES:		
Investment income	<u>14</u>	<u>305</u>
Net cash flows provided by investing activities	14	305
NONCAPITAL FINANCING ACTIVITIES:		
Advance to other funds		(75)
Transfers in		325
Transfers out		<u>(393)</u>
Net cash flows provided by (used in) noncapital financing activities	-	(143)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Advance from other funds	(200)	
Acquisition of capital assets	<u>(27)</u>	
Net cash flows provided by (used in) capital and related financial activities	(227)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(416)	1,569
CASH AND CASH EQUIVALENTS, beginning of year	<u>693</u>	<u>11,147</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 277</u>	<u>\$ 12,716</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ (304)	\$ 2,478
Net cash provided by (used in) operating activities:		
Depreciation & amortization	295	
Changes in assets and liabilities:		
Supplies & prepaid items	1	
Other receivables	(142)	(44)
Accounts payable	(47)	(93)
Other liabilities	(29)	(962)
Deferred revenue		28
Compensated absences	<u>23</u>	
Net cash flows provided by (used in) operating activities	<u>\$ (203)</u>	<u>\$ 1,407</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

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ASSETS

Current assets:

Cash and investments	\$	29,089
Other receivables		134,109
Restricted asset		<u>45,593</u>

TOTAL ASSETS \$ 208,791

LIABILITIES

Current liabilities:

Due to third parties	\$	<u>208,791</u>
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TOTAL LIABILITIES \$ 208,791

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**(a) Reporting Entity**

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

**BLENDED COMPONENT UNITS**

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

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

**DISCRETELY PRESENTED COMPONENT UNITS**

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

Commissioners Court approves the TCHD tax rate and annual budget, but does not provide any funding or hold title to any of the TCHD assets. TCHD cannot issue bonded debt without County Commissioners Court approval. TCHD's financial statements include the JPS Physicians Group (JPSPG) and 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. On August 29, 2005 Metro West Health Plan was released from supervision by the Department of Insurance. As of September 30, 2005 all claims had been paid and operations ceased. The component unit financial statements of Metro West for the twelve months ended September 30, 2005, include excess of expenses over revenues of approximately \$60,000.

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, 2005, and include total assets, excluding receivables from affiliates, of \$1,068,000 and total liabilities, excluding payables from affiliates, of \$195,000. JPSPG's excess of expenses over revenues totaled approximately \$702,000 for the year ended September 30, 2005.

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

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

The Tarrant County Health Facilities Development Corporation ("TCHFDC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC has no material balance sheet or results of operations as of and for the year ended September 30, 2005. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

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

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

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

**(b) Basis of Presentation**

GOVERNMENT-WIDE STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

The County reports the following major governmental funds:

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

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

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

Capital Projects Fund – The Capital Projects Fund accounts for the financial resources to be used for the acquisition and/or construction of facilities 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, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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

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

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

**(d) Encumbrances**

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

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

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

MHMRTC cash equivalents at August 31, 2005 consist of highly liquid investments in a public funds investment pool, TexPool and short-term corporate obligations. These investments are classified as cash equivalents as they are readily convertible to known amounts of cash.

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

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

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

**(f) Supplies and Prepaid Items**

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

TCHD supplies, consisting primarily of pharmaceuticals and other medical supplies and items, are stated at cost determined on an average cost basis.

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

**(g) Restricted Assets**

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

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

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

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

The TCHD Board of Managers also designates certain funds to be used to increase access to health care within the community, to satisfy self-insurance liabilities and 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.

**(i) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**(j) Deferred Revenue**

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

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

**(k) Long-term Obligations**

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

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

**(l) Compensated Absences**

The liability for compensated absences reported in the government-wide and propriety fund statements consists of accumulated earned but unpaid vacation and sick pay benefits. All vacation pay is accrued and the vested portion of the sick leave is accrued for the employees eligible to receive payment upon termination, in accordance with County policy. Compensated absences reported in the governmental funds are to be paid out within 60 days.

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

**(m) Property Taxes**

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

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.2725 (\$0.244048 for the maintenance and operations and \$0.028452 for interest and sinking fund) per \$100 valuation as of the preceding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

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

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

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

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

TCHD ad valorem tax rate was \$0.23401397 per \$100 valuation for the maintenance and operation fund in 2005 and \$0.00138303 per \$100 valuation for the interest and sinking fund in 2005.

**(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, 2005 follows (in thousands):

	<b>2005</b>
Patient services provided:	
Inpatient services	\$ 521,817
Outpatient services	450,533
	<u>972,350</u>
Charges forgone for charity care	367,601
Patient service revenue	<u>604,749</u>
Deductions from revenue for contractual allowances	310,869
Net patient service revenue	<u>293,880</u>
Provision for bad debts	<u>147,777</u>
Total net patient service revenue	<u><u>\$ 146,103</u></u>

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

Net patient service revenue net of bad debts of \$146,100,000 for the year ended September 30, 2005 consists of amounts from the Medicare and Medicaid programs of approximately 89%. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. TCHD believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Medicare cost reports for all years before 2004 have been audited and settled as of September 30, 2005. Medicaid cost reports have been audited and settled for all years before 2004 except for the years ended September 30, 1998 and September 30, 1999 as of September 30, 2005.

**(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, 2005 the TCHD received approximately \$6,300,000 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 2005 MHMRTC was covered under a general liability insurance plan with a combined single limit of \$3,000,000 at a cost it considered to be economically justifiable.

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

(r) **Fund Equity**

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

(s) **Net Assets**

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

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

**Net Assets: Restricted**

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

**Net Assets: Unrestricted**

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$197,402 difference are as follows (in thousands):

Bonds payable	\$	167,040
Less: Deferred charge on refunding (to be amortized as interest expense)		(1,128)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		(475)
Less: Issuance discount (to be amortized as interest expense)		(36)
Plus: Premium on refunding (to be amortized as interest expense)		2,938
Accrued interest payable		886
Compensated absences		28,177
		<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$	<u>197,402</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 \$23,989 difference are as follows (in thousands):

Capital outlay	\$ 40,941
Depreciation expense	<u>(16,952)</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>\$ 23,989</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets.” The details of this \$1,038 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.	\$ (512)
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>1,550</u>
Net adjustment to increase <i>net changes in fund balances--total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,038</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 \$7,990 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of refunding notes	39,870
Plus premium	1,675
Issuance of tax notes	12,045
Less discount	(42)
Issuance cost	(163)
Principal repayments:	
General obligation debt	(1,630)
Certificates of obligation debt	(8,730)
Non-taxable Tax Notes	(2,270)
Limited tax refund debt	(7,340)
Payments to escrow agent for refunding	<u>(41,405)</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>\$ (7,990)</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 \$1,734 difference are as follows (in thousands):

Compensated absences	\$ (1,574)
Amortization of deferred charge on refunding	(116)
Amortization of issuance costs	(94)
Amortization of bond discounts	(101)
Amortization of bond premiums	<u>151</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>\$ (1,734)</u>

### 3. CASH AND INVESTMENTS

#### Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$56,474,357 and the bank balance was \$64,331,285, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County’s agent in the County’s name.

At year-end, TCHD's carrying amount of cash and cash equivalents (including restricted assets) was \$2,600,000 and the bank balance was \$6,600,000. Of the bank balance, \$6,600,000 was covered by Federal Depository Insurance Corporation or by collateral held by TCHD's agent in TCHD's name.

On August 31, 2005, MHMRTC's carrying amount of cash and cash equivalents was \$146,240 and the bank balance was \$1,239,189 all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC's agent in MHMRTC's name.

## Investments

### County

As of September 30, 2005, the County had the following investments and maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted average Maturity (years)</u>	<u>% of total Portfolio</u>
Money Market Mutual Fund	\$ 1,877	0.000	1.2%
Investment Pools:			
Texpool	72,377	0.148	47.4%
MBIA	41,998	0.107	27.5%
Texstar	24,653	0.134	16.1%
Lone Star	5,100	0.140	3.3%
Total investment pools	<u>144,128</u>	<u>0.133</u>	<u>94.3%</u>
U.S. government sponsored entities, debt securities			
FHLB	1,978	0.840	1.3%
FHLB	1,968	1.140	1.3%
FHLB	1,887	1.240	1.2%
FHLB	979	1.280	0.6%
Total securities	<u>6,812</u>	<u>1.100</u>	<u>4.5%</u>
Total Investments	<u>\$ 152,817</u>	<u>0.177</u>	<u>100.0%</u>

*Interest Rate Risk* : As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment holdings to maturities of less than 60 months. All investments will be in high quality securities with no perceived default risk. Market price fluctuations and/or price volatility of the overall portfolio will be minimized by (1) managing the weighted average days to maturity for the Operating Pool to less than 365 days, and (2) restricting investments with final stated maturities beyond 60 days after the end of the current fiscal year to no more than: 25% of the remaining "Undesignated" balance and 50% of the "Reserves" balance for the combined General and Road and Bridge Funds. Only \$6,811,924 (4.2%) of the portfolio was in holdings with maturities beyond 60 days after year end. All securities mature within 2 years after year end.

*Credit Risk*: The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from security defaults or erosion of market value. The Money market mutual fund and

MBIA were rated AAA and AAA/V1+, respectively by Fitch Rating. Texpool, Texstar, and Lone Star investment pool were rated AAAm, AAAm, and AAAf/S1+ respectively by Standard and Poors.

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

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

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

## TCHD

At September 30, 2005 TCHD's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$ 64,468	0.00
Investment Pools	128,437	0.09
U.S. Treasury Notes	4,132	0.80
U.S. Government sponsored entities, debt securities	<u>53,421</u>	5.70
Total Fair Value of Investments	250,458	
Amounts classified as Cash and Cash equivalents	<u>(127,481)</u>	
Amounts classified as Assets Limited as to Use	\$ 122,977	
Portfolio weighted average maturity		1.72

*Interest rate risk:* The TCHD manages its investment time horizons by averaging investment maturities and chooses to present its exposure to interest rate changes using the weighted average maturity method. TCHD manages its investments in accordance with its investment policy which requires a weighted average maturity of 5 years or less. TCHD invests in U.S. Governmental sponsored entities include fixed rate notes and bonds with a weighted average maturity of 5.7 years. The longer the maturity of a fixed rate bond or note, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the notes and bonds decrease. Likewise, when interest rates decrease, the fair value of the notes and bonds increase.

*Credit risk:* TCHD's policy is to limit its investments to U.S. Government securities and securities issued by the U. S. Government sponsored entities and otherwise follow the restrictions of the Texas Public Funds Investment Act. TCHD's investments in U. S. Treasury notes carry the explicit guarantee of the U.S. Government. The debt

securities of the U.S. Government sponsored entities are rated AAA by Standard and Poor's rating agency. TexPool's portfolio consists of US Treasury Bill and Notes, U.S. Government agency notes, collateralized certificates of deposits, repurchase agreements and mutual funds.

*Concentration of credit risk:* TCHD places no limit on the amount TCHD may invest in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed. More than 5% of TCHD's investments are in Federal National Mortgage Association and Federal Home Loan Bank obligations, at 13.4% and 6.6%, respectively.

*Custodial Credit risk:* For an investment, this is the risk that, in the event of the failure of the counterparty, TCHD would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of TCHD's \$57,600,000 investments in U.S. Treasury notes and debt securities of U.S. Government sponsored entities, all are held by the investment's counterparty, not in the name of TCHD. Subsequent to September 30, 2005, \$44,600,000 of these investments were transferred to a safekeeping account. The remaining \$13,000,000 are held in various trust accounts. Investments and Other income are detailed in the following table (amounts in thousands):

Interest income	\$ 7,789
Unrealized loss on investments	<u>(1,137)</u>
Total investment income	6,652
Other income	<u>(110)</u>
Total investment and other income	<u>\$ 6,542</u>

#### MHMRTC

At August 31, 2005, MHMRTC had the following investments (in thousands):

<u>Type of Investment</u>	<u>Fair Value/ Carrying amount</u>	<u>Cost</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Texas Local Government Investment Pool (TexPool)	\$ 12,639	\$ 12,639	Not rated	Not available
Federal National Mortgage Association	3,026	3,026	Exempt	91
Federal Home Loan Mortgage Corporation	<u>754</u>	<u>754</u>	Exempt	143
Total Investments	<u>\$ 16,419</u>	<u>\$ 16,419</u>		

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

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

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, MHMRTC's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes. MHMRTC investment policy and state statute generally permit MHMRTC to invest in certificated of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended August 31, 2005, MHMRTC did not own any types of securities other than those permitted by statute or its investment policy.

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

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

Description	Carrying Amount	Percentage of Portfolio
Federal National Mortgage Association	\$ 3,026	18.42%

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

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

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

	<b>Primary Government</b>	<b>Component Units</b>
Cash:		
County	\$ 56,474	
TCHD		\$ 128,747
MHMRTC		146
TCHD - restricted		1,361
Investments:		
County	152,817	
MHMRTC		16,419
TCHD - assets limited as to use		122,977
Total	<u>\$ 209,291</u>	<u>\$ 269,650</u>
Cash and investments per Statement of Net Assets:		
Unrestricted	\$ 134,609	\$ 145,312
Restricted		1,361
Assets limited as to use		122,977
Cash and investments per Statement of Fiduciary Net Assets:		
Unrestricted	29,089	
Restricted	45,593	
Total	<u>\$ 209,291</u>	<u>\$ 269,650</u>

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

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

	<b>General</b>	<b>Road and Bridge</b>	<b>Debt Service</b>	<b>Total</b>	<b>TCHD</b>
Taxes receivable	\$ 12,652	\$ 28	\$ 1,475	\$ 14,155	\$ 12,263
Allowance for uncollectibles	<u>(4,269)</u>	<u>(17)</u>	<u>(498)</u>	<u>(4,784)</u>	<u>(8,112)</u>
Net taxes receivable	<u>\$ 8,383</u>	<u>\$ 11</u>	<u>\$ 977</u>	<u>\$ 9,371</u>	<u>\$ 4,151</u>

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

Governmental Activities						Other		
	General	Road and Bridge	Debt Service	Capital Projects	Grants	Governmental Funds	Total	
Accounts receivable	\$ 32,546	\$ 960	\$ 36	\$ 3	\$ 18,903	\$ 241	\$ 52,689	
Long-term accounts receivable	7,120						7,120	
Allowance for uncollectible	(18,440)						(18,440)	
Net accounts receivable	<u>\$ 21,226</u>	<u>\$ 960</u>	<u>\$ 36</u>	<u>\$ 3</u>	<u>\$ 18,903</u>	<u>\$ 241</u>	<u>\$ 41,369</u>	
					<b>Internal</b>			
<b>Business-type Activities</b>						<b>Enterprise</b>	<b>Service</b>	<b>Total</b>
Accounts receivable						\$ 498	\$ 289	\$ 787
Allowance for uncollectible								
Net accounts receivable						<u>\$ 498</u>	<u>\$ 289</u>	<u>\$ 787</u>
					<b>TCHD</b>			
<b>Component Units</b>						<b>MHMRTC</b>	<b>Total</b>	
Accounts receivable						\$ 97,048	\$ 2,167	\$ 99,215
Allowance for uncollectible						(68,219)	(944)	(69,163)
Net accounts receivable						<u>\$ 28,829</u>	<u>\$ 1,223</u>	<u>\$ 30,052</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 \$133,275,354 of tax receivable to be collected for third parties by the Tax Assessor's office.

For TCHD, patient account receivables are stated at estimated net realizable value, and collateral is generally not required. Receivables from government programs represent a 38.3% 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, 2005 was as follows (in thousands):

	<b>Balance October 1, 2004</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance September 30, 2005</b>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 43,868	\$ 2,601	\$ (49)	\$ 46,420
Construction in progress	44,064	17,546	(37,532)	24,078
Total capital assets not depreciated	<u>87,932</u>	<u>20,147</u>	<u>(37,581)</u>	<u>70,498</u>
Other capital assets:				
Buildings and improvements	168,858	46,860		215,718
Fixed equipment	71,724	8,525	(3,377)	76,872
Infrastructure	55,171	4,588	(263)	59,496
Total other capital assets at cost	<u>295,753</u>	<u>59,973</u>	<u>(3,640)</u>	<u>352,086</u>
Less accumulated depreciation for:				
Buildings and improvements	(55,695)	(5,629)		(61,324)
Fixed equipment	(35,058)	(8,725)	2,938	(40,845)
Infrastructure	(24,166)	(2,598)	142	(26,622)
Total accumulated depreciation	<u>(114,919)</u>	<u>(16,952)</u>	<u>3,080</u>	<u>(128,791)</u>
Other capital assets, net	180,834	43,021	(560)	223,295
Governmental activities capital assets, net	<u>\$ 268,766</u>	<u>\$ 63,168</u>	<u>\$ (38,141)</u>	<u>\$ 293,793</u>
	<b>Balance October 1, 2004</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance September 30, 2005</b>
<b>Business-type activities:</b>				
Capital assets not depreciated:				
Land	\$ 116			\$ 116
Other capital assets:				
Buildings and improvements	6,033			6,033
Fixed equipment	222	\$ 27		249
Total other capital assets at cost	<u>6,255</u>	<u>27</u>	<u>-</u>	<u>6,282</u>
Accumulated depreciation	<u>(2,011)</u>	<u>(295)</u>		<u>(2,306)</u>
Other capital assets, net	4,244	(268)	-	3,976
Business-type activities capital assets, net	<u>\$ 4,360</u>	<u>\$ (268)</u>	<u>\$ -</u>	<u>\$ 4,092</u>



Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 9,360
Public safety	1,747
Transportation	4,924
Judicial	709
Community services	212
Total governmental activities depreciation expense	<u>\$ 16,952</u>

Construction in progress primarily consists of construction costs for the construction of sub-courthouse facility, renovation for election office, and jail expansion. At September 30, 2005, the remaining commitments on contracts and agreements approximated \$4,446,133.

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, however in 2005, the County agreed to forgo the 2005 payment. This payment will be divided out and added to the payments for the remaining 7 years.

## TCHD

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

	Balance October 1, 2004	Increases	Decreases	Balance September 30, 2005
<b>Business-type activities</b>				
Capital assets not depreciated:				
Land	\$ 12,556	\$ 2,401		\$ 14,957
Construction in progress	2,009	5,624		7,633
Total capital assets not depreciated	<u>14,565</u>	<u>8,025</u>		<u>22,590</u>
Other capital assets:				
Buildings and improvements	153,544	8,710	\$ (2,031)	160,223
Improvements other than buildings	7,692	1,118	(80)	8,730
Machinery and equipment	166,438	18,345	(20,882)	163,901
Total other capital assets at cost	<u>327,674</u>	<u>28,173</u>	<u>(22,993)</u>	<u>332,854</u>
Less accumulated depreciation for:				
Buildings and improvements	(76,219)	(6,563)	1,182	(81,600)
Improvements other than buildings	(2,679)	(409)	79	(3,009)
Machinery and equipment	(102,712)	(13,370)	20,719	(95,363)
Total accumulated depreciation	<u>(181,610)</u>	<u>(20,342)</u>	<u>21,980</u>	<u>(179,972)</u>
Other capital assets, net	146,064	7,831	(1,013)	152,882
Business-type activities capital assets, net	<u>\$ 160,629</u>	<u>\$ 15,856</u>	<u>\$ (1,013)</u>	<u>\$ 175,472</u>

Depreciation expense was charged to functions as follows:

Component unit - business-type activities:	
Hospital	\$ 20,342
Total business-type activities depreciation expense	<u>\$ 20,342</u>

At September 30, 2005, the remaining commitments on contracts and agreements approximated \$1,800,000.

#### MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2005, is as follows (in thousands):

	<u>Balance August 31, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2005</u>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 915			\$ 915
Total capital assets not depreciated	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
Other capital assets:				
Buildings and improvements	6,474	\$ 776		7,250
Equipment and furniture	<u>7,472</u>	<u>2,003</u>	\$ (278)	<u>9,197</u>
Total other capital assets at cost	13,946	2,779	(278)	16,447
Less accumulated depreciation	<u>(9,529)</u>	<u>(1,104)</u>	<u>252</u>	<u>(10,381)</u>
Governmental activities capital assets, net	<u>\$ 5,332</u>	<u>\$ 1,675</u>	<u>\$ (26)</u>	<u>\$ 6,981</u>

Depreciation expense was charged to functions as follows:

Component unit - governmental activities:	
Mental Health Adult	\$ 402
Mental Retardation	394
Child and Adolescent	76
Addiction Services	88
Early Childhood Intervention	<u>144</u>
Total governmental activities depreciation expense	<u>\$ 1,104</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, 2005 (in thousands):

General Obligation Bonds - Series 1999 with interest rates from 4.9% to 5.75%, payable in annual installments of varying amounts plus interest through 2010	\$ 4,715
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	22,690
Limited Tax Refunding - Series 2002 with interest rates from 3.5% to 4.0%, payable in annual installments in varying amounts plus interest through 2008	8,520
Limited Tax Refunding - Series 2004 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2024	43,260
Limited Tax Refunding - Series 2005 with interest rates from 3.0% to 3.5%, payable in annual installments in varying amounts plus interest through 2025	39,870
Certificates of Obligation - Series 2001 with interest at 4.0%, payable in annual installments of varying amounts plus interest through 2006	2,615
Certificates of Obligation - Series 2002 with interest from 3.0% to 3.5%, payable in annual installments of varying amounts plus interest through 2008	11,595
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	9,730
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	12,000
Non-Taxable Tax Notes - Series 2005 with interest from 3.0% to 5.0%, payable in annual installments of varying amounts plus interest through 2011	12,045
	<u>167,040</u>
Less - current maturities	<u>20,825</u>
Long-term debt, net of current maturities	146,215
Plus - unamortized premium and discount	1,774
Long-Term debt, net of current maturities, premium and discount	<u><u>\$ 147,989</u></u>

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

Fiscal Year	General Obligation		Certificates of Obligation		Limited Tax Refunding Bonds	
	Principle	Interest	Principle	Interest	Principle	Interest
2006	\$ 1,715	\$ 1,275	\$ 6,330	\$ 477	\$ 8,205	\$ 3,935
2007	1,805	1,191	3,865	261	7,980	3,711
2008	1,900	1,103	4,015	141	6,855	3,393
2009	2,000	1,011			4,150	3,129
2010	2,100	922			4,190	2,971
2011-2015	6,170	3,630			19,165	12,614
2016-2020	7,940	2,117			22,510	7,935
2021-2025	3,775	286			18,595	2,664
Total	<u>\$ 27,405</u>	<u>\$ 11,535</u>	<u>\$ 14,210</u>	<u>\$ 879</u>	<u>\$ 91,650</u>	<u>\$ 40,352</u>

Fiscal Year	Non Taxable Tax Notes		Total Principle & Interest
	Principle	Interest	
2006	\$ 4,575	\$ 958	\$ 27,470
2007	6,980	878	26,671
2008	7,195	695	25,297
2009	7,410	489	18,189
2010	5,050	260	15,493
2011-2015	2,565	90	44,234
2016-2020			40,502
2021-2025			25,320
Total	<u>\$ 33,775</u>	<u>\$ 3,370</u>	<u>\$ 223,176</u>

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2005 (in thousands):

	Balance October 1, 2004	Additions	Retirements	Balance September 30, 2005	Amounts Due within One year
Bonds payable	\$ 175,615	\$ 51,915	\$ 60,490	\$ 167,040	\$ 20,825
Deferred amounts:					
Premium/discount	1,319	1,633	50	2,902	-
Refunding	(359)	(885)	116	(1,128)	-
Total bonds payable	176,575	52,663	60,656	168,814	20,825
Compensated absences	26,661	16,712	15,126	28,247	15,144
Total	<u>\$ 203,236</u>	<u>\$ 69,375</u>	<u>\$ 75,782</u>	<u>\$ 197,061</u>	<u>\$ 35,969</u>

The 2005 Non-taxable Tax Notes were issued to purchase land, equipment, machinery, motor vehicles, and improve, renovate and repair County-owned buildings.

The County also issued \$39,870,000 Limited Tax Refunding Bonds at a premium of \$1,675,140. \$28,315,000 of the refunded bonds were called and the remainder was used to purchase U.S. State and Local Government Series Securities that were placed in a irrevocable trust to provide for all future debt service payments totaling \$40,520,000. As a result all refunded bonds are considered defeased and the remainder of 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 \$879,484. 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 20 years by \$879,484 and resulted in an economic gain of \$831,005.

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, 2005, all of the bonds are considered defeased.

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

**TCHD**

Long-term debt of TCHD consisted of the following at September 30, 2005 (in thousands):

Revenue Bonds, Series 2002:

Gross of unamortized premium of \$108, bearing interest at rates ranging from 2.0% to 5.5%, payable in annual installments ranging from \$1,055 to \$2,790 from 2006 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral \$ 38,485

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, 2005 of approximately \$6,995 5,637

44,122

Less - current maturities 1,740

Long-term debt, net of current maturities \$ 42,382

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

Fiscal Year	Revenue Bonds		Capital Leases		Total Principle & Interest
	Principle	Interest	Principle	Interest	
2006	\$ 1,055	\$ 1,875	\$ 685	\$ 358	\$ 3,973
2007	1,090	1,843	732	311	3,976
2008	1,125	1,808	783	262	3,978
2009	1,165	1,769	835	208	3,977
2010	1,210	1,725	892	151	3,978
2011-2015	6,865	7,799	1,710	116	16,490
2016-2020	8,895	5,759			14,654
2021-2025	11,455	3,192			14,647
2026-2027	5,445	420			5,865
Add - premium	180				180
Less - discounts					-
<b>Total</b>	<b>\$ 38,485</b>	<b>\$ 26,190</b>	<b>\$ 5,637</b>	<b>\$ 1,406</b>	<b>\$ 71,718</b>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2005 (in thousands):

	Balance October 1, 2004	Additions	Retirements	Balance September 30, 2005	Amounts Due within One year
Bonds payable	\$ 40,724		\$ 2,239	\$ 38,485	\$ 1,055
Capital leases	6,279		642	5,637	685
<b>Total</b>	<b>\$ 47,003</b>	<b>\$ -</b>	<b>\$ 2,881</b>	<b>\$ 44,122</b>	<b>\$ 1,740</b>

#### MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2005 (in thousands):

General Obligation Refunding Bonds, Series 1993 with interest rates from 3.63%, payable in varying amounts annually through 2011	\$ 2,031
Less - current maturities	<u>339</u>
Long-term debt, net of current maturities	<u>\$ 1,692</u>

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

Fiscal Year	General Obligation Refunding Bonds		Total Principal & Interest
	Principal	Interest	
2006	\$ 339	\$ 68	\$ 407
2007	338	55	393
2008	339	43	382
2009	339	30	369
2010	338	19	357
2011	338	6	344
Total	<u>\$ 2,031</u>	<u>\$ 221</u>	<u>\$ 2,252</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2005 (in thousands):

	Balance September 1, 2004	Additions	Retirements	Balance August 31, 2005	Due Within One Year
Accrued compensated absences	\$ 1,697	\$ 1,519	\$ 1,697	\$ 1,519	\$ 1,519
Obligations under capital leases	209	180	185	204	88
Bonds	<u>2,370</u>	<u></u>	<u>339</u>	<u>2,031</u>	<u>339</u>
Total	<u>\$ 4,276</u>	<u>\$ 1,699</u>	<u>\$ 2,221</u>	<u>\$ 3,754</u>	<u>\$ 1,946</u>

Interest expenditures for the year ended August 31, 2005, was \$80,802.

## CONDUIT DEBT

TCHFDC, TCIDC and TCHFDC issue revenue bonds to promote housing development, commercial and industrial and manufacturing enterprises, and health facilities, respectively. TCHFDC, 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 TCHFDC, TCIDC and TCHFDC are under no obligation to pay bonds from any other source. All payments are made directly from the benefiting corporations to trustees.

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

<b>User Corporation</b>	<b>Outstanding Principal Amount September 30, 2005</b>
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	2,843
Multifamily (Sierra Springs) 1999	8,335
Multifamily (Windrush) 1999A	11,655
Remington Hill Development 1998	13,880
Multifamily (Arlington Ret) 2000	12,625
Multifamily (Barington 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	12,635
Multifamily (Hulen Bend) 2005	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
Multifamily (Park at Sycamore School Apts)	12,800
Multifamily (Evergreen at Keller Senior Apts)	13,200
Multifamily (Amherst)85	8,620
Single family 1985 A	83,763
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
Multifamily (The Courtyards at Riverpark) 85	3,225
Single Family 1998 Refunding	11,171
	<hr/>
Total Conduit Debt	<u>\$ 509,808</u>

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

User Corporation	Outstanding Principal Amount September 30, 2005
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	3,800
Adventist Health System/Sunbelt 92	1,700
Adventist Health System/Sunbelt 93	5,735
Adventist Health System/Sunbelt 95	4,795
Adventist Health System/Sunbelt 96A	12,245
Adventist Health System/Sunbelt 97A	8,030
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)	9,035
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	8,270
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	17,310
Eastview Nursing Center 2000 A-1	22,735
Eastview Nursing Center 2000 B	3,107
	<hr/>
Total Conduit Debt	<u>\$ 1,244,659</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):

<b>User Corporation</b>	<b>Outstanding Principal Amount September 30, 2005</b>
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><u>\$ 17,580</u></u>

**7. RELATED PARTY TRANSACTIONS - TCHD**

Partners Together for Health (Partners) is a nonprofit organization whose purpose is to perform services on behalf of TCHD, including organizing fund-raising activities, providing patient assistance programs, participating in recruiting functions and conducting administrative services. Partners' Board of Directors is appointed by TCHD's Board of Managers, however the financial activities of Partners are insignificant and therefore have been excluded from TCHD's combined financial statements.

**8. CHANGES IN AGENCY FUND - MHMRTC**

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

	<b>Balance September 1, 2004</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance August 31, 2005</b>
Cash	<u>\$ 465</u>	<u>\$ 3,249</u>	<u>\$ 3,386</u>	<u>\$ 328</u>
Client custodian funds payable	<u>\$ 465</u>	<u>\$ 3,249</u>	<u>\$ 3,386</u>	<u>\$ 328</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, 2005 (in thousands):

Worker's Compensation      \$ 8,274

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

## 10. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2005 and for the year then ended (in thousands):

Transfer From	Amount	Transfer To	Explanation
General Fund	\$ 12,422	Capital Projects Fund	Supplement Capital funds
General Fund	325	Internal Service	Supplement Internal Service fund
General Fund	331	Grants Fund	Required match and supplement fund sources
Road and Bridge	3,938	Capital Projects Fund	Supplement Capital funds
Capital Projects Fund	267	Debt Service Fund	Supplement Debt Service fund
Other Governmental	698	General Fund	Supplement courthouse security activity
Internal Service	393	Other Governmental	Forfeited contributions
Grants Fund	830	Other Governmental	Required match and supplement fund sources
Grants Fund	17	Grants Fund	Required match and supplement fund sources
Other Governmental	170	Other Governmental	Required match and supplement fund sources
	<u>\$ 19,391</u>		

Funds Due From	Amount	Funds Due To	Explanation
Grant Fund	\$ 8,626	General	Short-term loan
Other Governmental	211	General	Short-term loan
	<u>\$ 8,837</u>		

Advance From	Amount	Advance To	Explanation
Capital Project Fund	<u>\$ 2,299</u>	Resource Connection	Repayment for HVAC system to be repaid as funds are available. \$200,000 to be paid in 2006.

## 11. TEXAS DISPROPORTIONATE SHARE PROGRAM – TCHD

In response to the growing number of uninsured patients, urban violence, drug abuse, and the rising costs of health care, the Texas Legislature established the Texas Medicaid Disproportionate Share III program ("Dispro III") effective July 30, 1991. The program was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. Dispro III allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas. The program expired in June 1994. However, the Texas Legislature enacted a similar program that extends indefinitely, but it could be discontinued at any time. During fiscal year 2005, TCHD recorded revenues of approximately \$73,000,000 from Texas Disproportionate Share programs (primarily Dispro III). The significant increase in disproportionate share revenue for fiscal year 2005 is related to reconciliation payments received for prior years of \$15,200,000.

## **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 559 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 9.86% for the months of the accounting year in 2005, and 10.16% for the months of the accounting year in 2004. The contribution rate payable by the employee members for calendar year 2005 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, 2005, the annual pension cost for the TCDRS plan for its employees was \$17,015,720 and the actual contributions were \$17,015,720. 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 2005. The December 31, 2004 actuarial valuation is the most recent valuation.

<b>Actuarial Valuation Information</b>			
Actuarial valuation date	12/31/2002	12/31/2003	12/31/2004
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20 years	20 years	20 years
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

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

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

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Sept 30, 2003	\$ 17,491,028	100%	\$ -
Sept 30, 2004	17,733,031	100%	-
Sept 30, 2005	17,015,720	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 569 retirees and 330 of their dependents receiving benefits. For the year ended September 30, 2005, the County incurred \$3,966,014 in health insurance premiums and claims. Retirees' contributions for the year ended September 30, 2005 totaled \$1,360,527 and the County paid the remaining amount of the claims. The County pays the entire cost for EAP coverage of \$17,817 while the retirees pay the entire cost of the dental insurance premiums.

**TCHD**

**a. Plan Description**

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

**b. Funding Policy**

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

Plan members are required to annually contribute 1% of their compensation. TCHD makes contributions, which are actuarially determined to pay the plan's total cost (determined as a level percentage of total participant compensation) less the projected employee contributions. TCHD contributes amounts for each plan year that equal the amount that is actuarially determined through an annual actuarial valuation. This amount is the normal cost using the aggregate actuarial cost method. The employer contributions were 6% of estimated participant compensation for the plan year ended September 30, 2005. 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, 2005, TCHD's annual pension cost was \$4,100,000, the same as the annual required contributions determined in the October 1, 2004 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2005 were based on the results of the actuarial valuation as of October 1, 2004 using the aggregate actuarial cost method and were in

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

**d. Other Benefit Plans**

TCHD has an IRC Section 401a plan that includes an employer match calculated as 50% of an employee's contribution up to 4% of pay. The contributions for the employer match on the plan were approximately \$780,000 for the year ended September 30, 2005. These amounts are included in salaries and related expenses.

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

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

TCHD has a Governmental Excess Benefit Arrangement Plan for executives approved by the Board of Managers; this plan is to provide participants in the defined benefit plan that portion of a participant's benefits that would otherwise be payable under the terms of the defined benefit plan except for the limitations on benefits imposed by Section 415(b) of the Internal Revenue Service Code. As of September 30, 2005 no benefits are due under this plan.

TCHD has an incentive compensation plan for management personnel annually designated by the Board of Managers; the designated individuals are eligible for various levels of incentive compensation based on critical success factors annually agreed to by the Board of Managers. The financial statements include approximately \$592,000 for the year ended September 30, 2005 for the incentive compensation plan expense.

**MHMRTC**

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



Amounts contributed are invested in various investments, including equity securities, mutual funds, and cash management funds. For the year ended August 31, 2005, covered payroll was approximately \$17,213,137 total payroll, excluding temporary service personnel, was approximately \$33,585,255. The required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Percentage Contributed</b>
2003	\$ 1,559,829	\$ 974,893	100%
2004	1,436,355	897,722	100%
2005	1,377,051	860,656	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 2005 was \$1,300,880, and \$2,600,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2005.

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, 2005 are as follows (in thousands):

<b>Year Ending August 31,</b>	<b>Operating Leases</b>	<b>Capital Leases</b>
2006	\$ 1,398	\$ 93
2007	659	76
2008	140	42
2009	37	
2010	1	
Total minimum lease payment	<u>\$ 2,235</u>	211
Less amount representing interest		<u>(7)</u>
Present value of future minimum lease payments		<u>\$ 204</u>

At the end of the year, MHMRTC entered into a capital lease agreement with Toshiba America Information Systems, Inc. for the lease of approximately \$1,000,000 of computer hardware, licensing agreements, and other computer system items. Delivery and implementation of these items is scheduled to occur in fiscal year 2006. Following substantial delivery, the terms of the lease agreement call for monthly payments in the amount of \$29,665 for thirty-six months. When fully implemented, annual minimum lease payments for this agreement will be \$355,980 for each of the next three fiscal years.

## 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, 2005 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, 2005 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, 2005 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, 2005 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, 2005.

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, 2005, 3,152 and 2,867 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):

	2005	2004
Beginning liability	\$ 10,808	\$ 9,039
New claims/adjustments	3,857	4,313
Claims paid/adjustments	(3,857)	(4,313)
Other - change in estimate	(1,077)	1,769
	<u>\$ 9,731</u>	<u>\$ 10,808</u>
Ending liability		
Amount due within 1 year	\$ 3,542	\$ 3,567

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

**TCHD**

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

Self-insurance reserves for professional and general liability are estimated for asserted and unasserted claims based on TCHD's historical experience and opinion of legal counsel and actuarial determination rendered by certified actuaries. Professional and general liability reserves totaled \$3,100,000 at September 30, 2005. It is the opinion of TCHD's management that the estimated reserves at September 30, 2005 are adequate to provide for potential losses resulting from pending or threatened litigation and asserted and unasserted claims.

Self-insurance reserves for workers' compensation and health insurance represents TCHD's management's estimate of losses and claims incurred based on the District's loss history and actuarial valuations. Workers' compensation and health insurance reserves totaled \$5,200,000 at September 30, 2005, which is recorded in other accrued liabilities. Claims paid during 2005 related to workers' compensation and health insurance totaled approximately \$15,400,000. Expenses related to workers' compensation and health insurance totaled approximately \$14,300,000 during 2005.

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

	<b>2005</b>	<b>2004</b>
Beginning liability	\$ 16,028	\$ 11,328
New claims	14,185	38,538
Claims paid	<u>(21,856)</u>	<u>(33,838)</u>
Ending liability	<u>\$ 8,357</u>	<u>\$ 16,028</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 2005
City of Grapevine	100%	\$ 525
City of Fort Worth #3	100%	335
City of Southlake	100%	254
City of Colleyville	100%	291
City of Grand Prairie #2	75%	136
City of North Richland Hills #2	100%	264
City of Fort Worth #4	100%	130
City of Keller	66%	124
City of Arlington #1 (maintenance and operation rate only)	100%	53
City of Burleson	100%	102
City of North Richland Hills #1	100%	15
City of Grand Prairie #3	75%	151
City of Benbrook #1	100%	1

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 2005.

\* \* \* \* \*

**REQUIRED SUPPLEMENTARY**  
**INFORMATION**

**TARRANT COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM TREND DATA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN**  
**FOR THE EMPLOYEES OF THE COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**

(Amounts in thousands)  
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2002	\$ 341,306	\$ 420,305	\$ 45,666	81.20%	\$ 168,481	46.88%
12/31/2003	385,506	461,543	76,036	83.53%	177,441	42.85%
12/31/2004	422,562	499,780	77,218	84.55%	177,515	43.50%

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes, licenses and permits	\$ 217,395	\$ 217,395	\$ 219,395	\$ 2,000
Fees of office	27,792	27,832	29,797	1,965
Intergovernmental	9,697	9,697	11,001	1,304
Investment income	1,988	1,988	3,238	1,250
Other revenues	6,818	6,778	5,611	(1,167)
Transfers	691	691	698	7
Total Revenues	\$ 264,381	\$ 264,381	\$ 269,740	\$ 5,359
EXPENDITURES:				
General Administration				
County Judge	\$ 242	\$ 243	\$ 241	\$ 2
County Administrator	1,172	1,256	1,216	40
Non-Departmental	45,740	42,826	22,210	20,616
Auditor	4,297	4,455	4,455	-
Budget/Risk Management	482	494	484	10
Tax Assessor / Collector	9,282	9,624	9,410	214
Elections Administration	3,247	3,267	3,249	18
Information Technology	21,441	21,770	21,047	723
Human Resources	2,204	2,250	2,164	86
Purchasing	1,238	1,330	1,327	3
Facilities	2,804	2,864	2,559	305
Sheriff	26,705	26,742	25,853	889
Sheriff - Confinement	51,620	51,668	47,906	3,762
Constable Precinct 1	667	678	675	3
Constable Precinct 2	652	654	650	4
Constable Precinct 3	619	622	612	10
Constable Precinct 4	466	468	468	-
Constable Precinct 5	471	465	461	4
Constable Precinct 6	441	461	461	-
Constable Precinct 7	587	573	554	19
Constable Precinct 8	611	659	659	-
Medical Examiner	5,019	5,120	5,120	-
Fire Marshal	332	280	275	5
Community Supervision	77	77	22	55
Juvenile Services	12,680	12,918	12,793	125
Pretrial Services	1,038	1,060	1,038	22
Buildings	15,418	15,547	13,972	1,575
17TH District Court	197	197	192	5
48TH District Court	195	205	205	-
67TH District Court	180	173	171	2
96TH District Court	191	191	187	4
141ST District Court	186	206	202	4
153RD District Court	197	197	192	5
236TH District Court	198	198	198	-
342ND District Court	179	177	177	-
348TH District Court	201	201	197	4
352ND District Court	201	201	201	-
Criminal District Court 1	900	1,031	1,016	15



TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Criminal District Court 2	1,083	1,056	1,004	52
Criminal District Court 3	1,221	1,331	1,328	3
Criminal District Court 4	1,111	980	907	73
213TH District Court	993	953	894	59
297TH District Court	1,093	1,237	1,223	14
371ST District Court	1,162	1,216	1,187	29
372ND District Court	986	1,073	1,055	18
396th District Court	1,094	1,169	1,148	21
Magistrate Court	520	520	516	4
231ST District Court	392	384	384	-
233RD District Court	385	392	387	5
322ND District Court	385	408	406	2
323RD District Court	2,089	2,372	2,304	68
324TH District Court	417	420	411	9
325TH District Court	410	401	393	8
360TH District Court	416	422	417	5
Special Judges	411	394	380	14
Criminal District Court Support System	216	220	220	-
Grand Jury	139	139	136	3
Criminal Attorney Appointment	165	222	191	31
County Court at Law #1	315	313	312	1
County Court at Law #2	315	318	316	2
County Court at Law #3	326	341	341	-
County Criminal Court #1	560	562	540	22
County Criminal Court #2	598	598	574	24
County Criminal Court #3	548	533	510	23
County Criminal Court #4	514	572	561	11
County Criminal Court #5	949	949	893	56
County Criminal Court #6	505	485	460	25
County Criminal Court #7	526	526	504	22
County Criminal Court #8	538	523	501	22
County Criminal Court #9	505	505	464	41
County Criminal Court #10	495	495	459	36
Probate Court 1	1,066	1,105	1,102	3
Probate Court 2	946	974	970	4
Justice of the Peace Pct. 1	395	390	388	2
Justice of the Peace Pct. 2	391	409	408	1
Justice of the Peace Pct. 3	391	392	382	10
Justice of the Peace Pct. 4	498	506	499	7
Justice of the Peace Pct. 5	304	310	310	-
Justice of the Peace Pct. 6	346	352	332	20
Justice of the Peace Pct. 7	448	442	420	22
Justice of the Peace Pct. 8	329	334	318	16
District Attorney	26,410	26,995	26,994	1
District Clerk	7,531	7,694	7,608	86
County Clerk	6,604	6,762	6,644	118
Domestic Relations	4,729	4,832	4,628	204
Jury Services	1,344	1,347	1,159	188
Courts / Judiciary	1,955	1,175	617	558
Human Services	3,923	3,961	3,954	7
Child Protective Services	1,508	1,508	1,440	68

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Public Assistance	179	179	179	-
TX Cooperative Extension	625	629	562	67
Veterans Services	244	250	246	4
Historical Commission	<u>70</u>	<u>72</u>	<u>71</u>	<u>1</u>
Total Expenditures	\$ 293,995	\$ 293,995	\$ 263,376	\$ 30,619

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 1	\$ 1	\$ 1	\$ -
Fees of office	23,414	23,414	23,189	(225)
Intergovernmental	32	32	33	1
Investment income	160	160	273	113
Other revenues	<u>520</u>	<u>520</u>	<u>207</u>	<u>(313)</u>
Total Revenues	\$ 24,127	\$ 24,127	\$ 23,703	\$ (424)
EXPENDITURES:				
Buildings	\$ 28	\$ 28	\$ 19	\$ 9
Commissioner Precinct 1	4,366	4,417	4,114	303
Commissioner Precinct 2	3,307	3,348	3,219	129
Commissioner Precinct 3	3,381	3,428	3,357	71
Commissioner Precinct 4	4,863	4,923	4,809	114
Right of Way	8,107	8,164	7,300	864
Transportation	1,833	1,858	1,774	84
Road and Bridge Non-Departmental	<u>7,998</u>	<u>7,717</u>	<u>4,791</u>	<u>2,926</u>
Total Expenditures	\$ 33,883	\$ 33,883	\$ 29,383	\$ 4,491

## TARRANT COUNTY, TEXAS

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2005

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

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

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

## 2. Reconciliation to Fund Statements

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

	<b>General Fund</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Budgetary Basis	\$ 269,740	\$ 23,703
Transfers in	(698)	
Accrued in 2004, received in 2005	(440)	
Accrued in 2005, to be received in 2006	371	210
	<u>268,973</u>	<u>23,913</u>
Revenues on modified accrual (GAAP) basis	268,973	23,913
<b>Expenditures</b>		
Budgetary Basis	263,376	29,383
Transfers out	(13,078)	(3,938)
Incurred in prior years, paid in 2005	1,293	246
Incurred during 2005, payable in future years	(1,111)	(364)
Inventory adjustments not budget relevant	(57)	45
	<u>250,423</u>	<u>25,372</u>
Expenditures on modified accrual (GAAP) basis	250,423	25,372
<b>Other Financing Sources (Uses)</b>	<u>(12,380)</u>	<u>(3,938)</u>
Changes in Fund Balance	<u>\$ 6,170</u>	<u>\$ (5,397)</u>

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



**NONMAJOR GOVERNMENTAL FUNDS**

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

**LAW LIBRARY FUND**

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

**RECORDS PRESERVATION & AUTOMATION FUNDS**

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

**EDUCATION FUND**

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

**PUBLIC HEALTH CONTRACT**

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

**DISTRICT ATTORNEY CONTRACTS**

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

**SHERIFF CONTRACTS**

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

**MISCELLANEOUS CONTRACTS**

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

**COURT DESIGNATED FUNDS**

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

**VEHICLE INVENTORY TAX FUND**

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

**CONSUMER HEALTH FUND**

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



#### HOUSING FINANCE CORPORATION

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

#### INDUSTRIAL DEVELOPMENT CORPORATION

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



TARRANT COUNTY, TEXAS

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
<u>ASSETS</u>					
Cash and investments	\$ 581	\$ 6,316	\$ 53	\$ 1,652	\$ 1,322
Other receivables, net of allowance for uncollectibles	14	46			
Supplies and prepaid items	9		10	5	
TOTAL ASSETS	<u>\$ 604</u>	<u>\$ 6,362</u>	<u>\$ 63</u>	<u>\$ 1,657</u>	<u>\$ 1,322</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 42	\$ 20	\$ 9	\$ 73	\$ 23
Other liabilities	6	34		81	983
Due to other funds					
Total liabilities	<u>48</u>	<u>54</u>	<u>9</u>	<u>154</u>	<u>1,006</u>
<u>FUND BALANCES</u>					
Reserved:					
For encumbrances	11	950		45	5
For supplies and prepaid items	9		10	5	
Unreserved, undesignated	536	5,358	44	1,453	311
Total fund balances	<u>556</u>	<u>6,308</u>	<u>54</u>	<u>1,503</u>	<u>316</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 604</u>	<u>\$ 6,362</u>	<u>\$ 63</u>	<u>\$ 1,657</u>	<u>\$ 1,322</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>
\$ 752	\$ 2,882	\$ 728	\$ 219	\$ 95	\$ 3,109	\$ 79	\$17,788
	170	11					241
<u>11</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>35</u>
<u>\$ 763</u>	<u>\$ 3,052</u>	<u>\$ 739</u>	<u>\$ 219</u>	<u>\$ 95</u>	<u>\$ 3,109</u>	<u>\$ 79</u>	<u>\$18,064</u>
\$ 38	\$ 162	\$ 40			\$ 69		\$ 476
7	25	3	\$ 1	\$ 11			1,151
<u>          </u>	<u>211</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>211</u>
<u>45</u>	<u>398</u>	<u>43</u>	<u>1</u>	<u>11</u>	<u>69</u>	<u>          </u>	<u>1,838</u>
106	77		17				1,211
11							35
<u>601</u>	<u>2,577</u>	<u>696</u>	<u>201</u>	<u>84</u>	<u>3,040</u>	<u>\$ 79</u>	<u>14,980</u>
<u>718</u>	<u>2,654</u>	<u>696</u>	<u>218</u>	<u>84</u>	<u>3,040</u>	<u>79</u>	<u>16,226</u>
<u>\$ 763</u>	<u>\$ 3,052</u>	<u>\$ 739</u>	<u>\$ 219</u>	<u>\$ 95</u>	<u>\$ 3,109</u>	<u>\$ 79</u>	<u>\$18,064</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes, licenses and permits					
Fees of office	\$ 1,005	\$ 4,892	\$ 17	\$ 1,128	\$ 324
Intergovernmental			98	6,156	
Investment income	15	139	2	25	12
Other revenues	31				433
Total revenues	1,051	5,031	117	7,309	769
EXPENDITURES:					
Current:					
General government		2,164		217	
Public safety			105		
Judicial	17	134	30		815
Community services	1,075			6,303	
Capital outlay	0	409			6
Total expenditures	1,092	2,707	135	6,520	821
Excess (deficiency) of revenues over (under) expenditures	(41)	2,324	(18)	789	(52)
OTHER FINANCING SOURCES (USES) -					
Transfers in					
Transfers out				(170)	
Total other financing sources (uses)				(170)	
Change in fund balance	(41)	2,324	(18)	619	(52)
FUND BALANCES, beginning of year	597	3,984	72	884	368
FUND BALANCES, end of year	\$ 556	\$ 6,308	\$ 54	\$ 1,503	\$ 316

<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>
	\$ 183	\$ 1,310	\$ 19	\$ 628			\$ 19
	1,685	80					9,487
\$ 22	48	20	88	2	\$ 73	\$ 2	8,019
940	649				366	1	448
							2,420
962	2,565	1,410	107	630	439	3	20,393
	1,208	300	46		395	4	4,334
989	64	94					1,252
	1,465	305					2,766
	521			601			8,500
43	34	53	7	12			564
1,032	3,292	752	53	613	395	4	17,416
(70)	(727)	658	54	17	44	(1)	2,977
	1,393						1,393
		(698)					(868)
	1,393	(698)					525
(70)	666	(40)	54	17	44	(1)	3,502
788	1,988	736	164	67	2,996	80	12,724
<u>\$ 718</u>	<u>\$ 2,654</u>	<u>\$ 696</u>	<u>\$ 218</u>	<u>\$ 84</u>	<u>\$ 3,040</u>	<u>\$ 79</u>	<u>\$ 16,226</u>



**BUDGETARY COMPLIANCE**



TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (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	\$ 25,588	\$ 25,588	\$ 25,748	\$ 160
Investment income	140	140	352	212
Other revenues	1,024	1,024	1,372	348
Transfers			266	(266)
Total Revenues	<u>\$ 26,752</u>	<u>\$ 26,752</u>	<u>\$ 27,738</u>	<u>\$ 454</u>
EXPENDITURES:				
Debt service	<u>\$ 28,378</u>	<u>\$ 28,378</u>	<u>\$ 27,281</u>	<u>\$ 1,097</u>
Total Expenditures	<u>\$ 28,378</u>	<u>\$ 28,378</u>	<u>\$ 27,281</u>	<u>\$ 1,097</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 344	\$ 344	\$ 90	\$ (254)
Investment income	226	227	1,112	885
Other revenues	166	285	704	419
Bond proceeds		12,045	12,045	-
Transfers	16,360	16,360	16,360	-
<b>Total Revenues</b>	<b>\$ 17,096</b>	<b>\$ 29,261</b>	<b>\$ 30,311</b>	<b>\$ 1,050</b>
<b>EXPENDITURES:</b>				
County Administrator	\$ 4	\$ 4	\$ 4	\$ -
Non-Departmental	6,772	7,123	1,111	6,012
Auditor	10	10	9	1
Tax Assessor / Collector	13	13	12	1
Elections Administration	2,580	170		170
Information Technology	5,211	5,262	4,238	1,024
Facilities	372	372	161	211
Sheriff	181	190	188	2
Sheriff - Confinement	109	100	87	13
Constable Precinct 1	1	1	1	-
Constable Precinct 2	1	1		1
Constable Precinct 6	2	2	2	-
Medical Examiner	137	116	105	11
Community Supervision	3	3	3	-
Juvenile Services	19	19	16	3
Pretrial Services	1	1	1	-
Buildings	38,116	41,325	22,901	18,424
Resource Connection	61	1,841	45	1,796
48TH District Court	4	4	4	-
96TH District Court	4	4		4
141ST District Court	4	5	5	-
352ND District Court	1	1	1	-
Criminal District Court 4	2	2		2
County Criminal Court #4	1	1	1	-
Justice of the Peace Pct. 1	8	8	8	-
Justice of the Peace Pct. 2	7	7	7	-
Justice of the Peace Pct. 5	7	7	7	-
Justice of the Peace Pct. 7	7	7	7	-
Justice of the Peace Pct. 8	8	8	7	1
District Attorney	101	101	93	8
District Clerk	144	144	64	80
County Clerk	19	19	19	-
Domestic Relations		6	4	2
Human Services	4	4	3	1
TX Cooperative Extension	2	2	2	-
Commissioner Precinct 1	1,075	1,075	980	95
Commissioner Precinct 2	495	362	362	-
Commissioner Precinct 3	4,481	5,602	5,006	596

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

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	<u>Capital Projects</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Commissioner Precinct 4	1,164	1,164	914	250
Transportation	944	900	899	1
Road and Bridge Non-Departmental	<u>200</u>	<u>200</u>	<u>          </u>	<u>200</u>
Total Expenditures	\$ 62,275	\$ 66,186	\$ 37,277	\$ 28,909

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (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	\$ 930	\$ 930	\$ 1,003	\$ 73
Investment income	8	8	15	7
Other revenues	32	32	32	-
Total Revenues	\$ 970	\$ 970	\$ 1,050	\$ 80
EXPENDITURES:				
Law Library	\$ 1,567	\$ 1,567	\$ 1,094	\$ 473
Total Expenditures	\$ 1,567	\$ 1,567	\$ 1,094	\$ 473
	<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	\$ 4,615	\$ 4,615	\$ 4,891	\$ 276
Investment income	30	30	139	109
Total Revenues	\$ 4,645	\$ 4,645	\$ 5,030	\$ 385
EXPENDITURES:				
Information Technology	\$ 695	\$ 695	\$ 349	\$ 346
District Clerk	122	122	100	22
County Clerk	7,604	7,604	3,144	4,460
Total Expenditures	\$ 8,421	\$ 8,421	\$ 3,593	\$ 4,828

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 16	\$ (1)
Intergovernmental		99	98	(1)
Investment income			2	2
Total Revenues	\$ 17	\$ 116	\$ 116	\$ -
EXPENDITURES:				
Sheriff	\$ 55	\$ 140	\$ 107	\$ 33
Constable Precinct 1	1	2	1	1
Constable Precinct 2	1	3	1	2
Constable Precinct 3	1	2	1	1
Constable Precinct 4	4	5		5
Constable Precinct 5	2	3		3
Constable Precinct 6	5	6	2	4
Constable Precinct 7	1	2	1	1
Constable Precinct 8	3	5		5
Probate Court 1	10	10	10	-
Probate Court 2	9	9	9	-
District Attorney	2	6	3	3
Total Expenditures	\$ 94	\$ 193	\$ 135	\$ 58

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,122	\$ 1,122	\$ 1,128	\$ 6
Intergovernmental	6,157	6,157	6,156	(1)
Investment income	15	15	25	10
Total Revenues	\$ 7,294	\$ 7,294	\$ 7,309	\$ 15
EXPENDITURES:				
Buildings	\$ 319	\$ 319	\$ 208	\$ 111
Public Health	6,402	6,402	5,676	726
Operating Subsidy	961	961	796	165
Total Expenditures	\$ 7,682	\$ 7,682	\$ 6,680	\$ 1,002

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	District Attorney			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 370	\$ 370	\$ 327	\$ (43)
Investment income	5	5	11	6
Other revenues	178	178	433	255
Transfers		1	1	-
Total Revenues	\$ 553	\$ 554	\$ 772	\$ 218
EXPENDITURES:				
District Attorney	\$ 971	\$ 972	\$ 831	\$ 141
Total Expenditures	\$ 971	\$ 972	\$ 831	\$ 141

	Sheriff Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Investment income	\$ 11	\$ 12	\$ 20	\$ 8
Other revenues	750	793	888	95
Total Revenues	\$ 761	\$ 805	\$ 908	\$ 103
EXPENDITURES:				
Sheriff	\$ 497	\$ 497	\$ 171	\$ 326
Sheriff - Confinement	1,014	1,059	939	120
Total Expenditures	\$ 1,511	\$ 1,556	\$ 1,110	\$ 446

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 41	\$ 221	\$ 183	\$ (38)
Intergovernmental	632	1,989	1,711	(278)
Investment income	19	18	47	29
Other revenues	233	583	649	66
Transfer	838	875	1,393	518
Total Revenues	\$ 1,763	\$ 3,686	\$ 3,983	\$ 297
EXPENDITURES:				
Non-Departmental	\$ 35	\$ 235	\$ 37	\$ 198
Elections Administration	1	819	782	37
Self Insurance	726	952	411	541
Sheriff	2	7	2	5
Medical Examiner	41	41	20	21
Fire Marshal	51	51	51	-
Juvenile Services	1,296	1,326	1,063	263
Pretrial Services		180		180
323RD District Court	13	13	2	11
District Attorney	114	114	96	18
Domestic Relations	15	15	14	1
Courts / Judiciary	4	4		4
Public Health	427	534	444	90
Human Services	38	188	84	104
Child Protective Services	376	485	297	188
Historical Commission	54	54	1	53
Peace Officers Memorial Monument	17	17		17
Total Expenditures	\$ 3,210	\$ 5,035	\$ 3,304	\$ 1,731

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,347	\$ 1,347	\$ 1,314	\$ (33)
Intergovernmental	80	80	80	-
Investment income	7	7	20	13
<b>Total Revenues</b>	<b>\$ 1,434</b>	<b>\$ 1,434</b>	<b>\$ 1,414</b>	<b>\$ (20)</b>
EXPENDITURES:				
Non Departmental	\$ 1,173	\$ 1,173	\$ 999	\$ 174
Medical Examiner	131	131	94	37
Appeals Court	451	451	199	252
Probate Court 1	249	249	52	197
Probate Court 2	134	134	93	41
<b>Total Expenditures</b>	<b>\$ 2,138</b>	<b>\$ 2,138</b>	<b>\$ 1,437</b>	<b>\$ 701</b>

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes			\$ 19	\$ 19
Investment income	\$ 52	\$ 52	88	36
<b>Total Revenues</b>	<b>\$ 52</b>	<b>\$ 52</b>	<b>\$ 107</b>	<b>\$ 55</b>
EXPENDITURES:				
Tax Assessor/Collector	216	216	70	146
<b>Total Expenditures</b>	<b>\$ 216</b>	<b>\$ 216</b>	<b>\$ 70</b>	<b>\$ 146</b>



TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

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	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 596	\$ 603	\$ 628	\$ 25
Investment income			2	2
Total Revenues	\$ 596	\$ 603	\$ 630	\$ 27
EXPENDITURES:				
Public Health	\$ 610	\$ 617	\$ 613	\$ 4
Total Expenditures	\$ 610	\$ 617	\$ 613	\$ 4



**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, 2005 (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	\$ 7,024	\$ 5,361	\$ 331	\$ 12,716
Other receivables, net of allowance for uncollectibles	284	5		289
Total current assets	7,308	5,366	331	13,005
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	150	4	45	199
Other liabilities	758	369	3,173	4,300
Deferred revenue	28			28
Total current liabilities	936	373	3,218	4,527
Noncurrent liabilities:				
Other noncurrent liabilities		801	5,387	6,188
Total noncurrent liabilities	-	801	5,387	6,188
Total liabilities	936	1,174	8,605	10,715
 <u>NET ASSETS</u>				
Unrestricted	6,372	4,192	(8,274)	2,290
Total net assets (deficit)	\$ 6,372	\$ 4,192	\$ (8,274)	\$ 2,290

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User Fees	\$ 9,048	\$ 1		\$ 9,049
County Contributions	27,567		\$ 3,760	31,327
Other revenues	986	1,024	221	2,231
Total operating revenues	37,601	1,025	3,981	42,607
OPERATING EXPENSES:				
Building & Equipment	1	44	1	46
Self insurance claims	23,357	97	3,533	26,987
Insurance Premiums	11,598			11,598
Other Expenses	1,316	46	136	1,498
Total operating expenses	36,272	187	3,670	40,129
Operating income	1,329	838	311	2,478
NONOPERATING REVENUES :				
Investment income	180	122	3	305
Income before transfers	1,509	960	314	2,783
OTHER FINANCING SOURCES (USES)				
Transfers in		325		325
Transfers out	(393)			(393)
Total other financing sources and uses	(393)	325	-	(68)
Change in net assets	1,116	1,285	314	2,715
Total net assets (deficit)-beginning	5,256	2,907	(8,588)	(425)
Total net assets (deficit)-ending	<u>\$ 6,372</u>	<u>\$ 4,192</u>	<u>\$ (8,274)</u>	<u>\$ 2,290</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 37,589	\$ 1,021	\$ 3,981	\$ 42,591
Payment to suppliers		(187)		(187)
Payments on behalf of employees	<u>(36,226)</u>	<u>(1,033)</u>	<u>(3,738)</u>	<u>(40,997)</u>
Net cash flows provided by (used in) operating activities	1,363	(199)	243	1,407
INVESTING ACTIVITIES:				
Investment income, net	180	122	3	305
NONCAPITAL FINANCING ACTIVITIES:				
Advance from other funds			(75)	(75)
Transfers in		325		325
Transfers out	<u>(393)</u>			<u>(393)</u>
Net cash flows provided by (used in) noncapital financing activities	<u>(393)</u>	<u>325</u>	<u>(75)</u>	<u>(143)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,150	248	171	1,569
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,874</u>	<u>5,113</u>	<u>160</u>	<u>11,147</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 7,024</u>	<u>\$ 5,361</u>	<u>\$ 331</u>	<u>\$ 12,716</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Income from operations	\$ 1,329	\$ 838	\$ 311	\$ 2,478
Changes in assets and liabilities:				
Other receivables	(40)	(4)		(44)
Accounts payable	(70)	(20)	(3)	(93)
Other liabilities	116	(1,013)	(65)	(962)
Deferred Revenue	<u>28</u>			<u>28</u>
Net cash flows provided by (used in) operating activities	<u>\$ 1,363</u>	<u>\$ (199)</u>	<u>\$ 243</u>	<u>\$ 1,407</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, 2005 (AMOUNTS IN THOUSANDS)

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<u>ASSETS</u>	Payroll Clearing	Fee Office	Total
Current assets:			
Cash and investments	\$ 3,554	\$ 25,535	\$ 29,089
Other receivables	9	134,100	134,109
Restricted asset		45,593	45,593
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,563</u>	<u>\$ 205,228</u>	<u>\$ 208,791</u>
<u>LIABILITIES</u>			
Current liabilities:			
Due to third parties	<u>\$ 3,563</u>	<u>\$ 205,228</u>	<u>\$ 208,791</u>
TOTAL LIABILITIES	<u>\$ 3,563</u>	<u>\$ 205,228</u>	<u>\$ 208,791</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005 (AMOUNTS IN THOUSANDS)

	Balance October 1, 2004	Additions	Deletions	Balance September 30, 2005
<b>PAYROLL CLEARING:</b>				
Cash and investments	\$ 2,231	\$ 821,676	\$ 820,353	\$ 3,554
Other receivables	15	35	41	9
	<u>\$ 2,246</u>	<u>\$ 821,711</u>	<u>\$ 820,394</u>	<u>\$ 3,563</u>
Due to third parties	<u>\$ 2,246</u>	<u>\$ 821,711</u>	<u>\$ 820,394</u>	<u>\$ 3,563</u>
	<u>\$ 2,246</u>	<u>\$ 821,711</u>	<u>\$ 820,394</u>	<u>\$ 3,563</u>
<b>FEE OFFICE:</b>				
Cash and investments	\$ 25,539	\$ 2,808,697	\$ 2,808,701	\$ 25,535
Other receivables	132,031	2,109,578	2,107,509	134,100
Restricted assets	52,881	39,488	46,776	45,593
	<u>\$ 210,451</u>	<u>\$ 4,957,763</u>	<u>\$ 4,962,986</u>	<u>\$ 205,228</u>
Due to third parties	<u>\$ 210,451</u>	<u>\$ 4,957,763</u>	<u>\$ 4,962,986</u>	<u>\$ 205,228</u>
	<u>\$ 210,451</u>	<u>\$ 4,957,763</u>	<u>\$ 4,962,986</u>	<u>\$ 205,228</u>
<b>TOTAL:</b>				
Cash and investments	\$ 27,770	\$ 3,630,373	\$ 3,629,054	\$ 29,089
Other receivables	132,046	2,109,613	2,107,550	134,109
Restricted assets	52,881	39,488	46,776	45,593
	<u>\$ 212,697</u>	<u>\$ 5,779,474</u>	<u>\$ 5,783,380</u>	<u>\$ 208,791</u>
Due to third parties	<u>\$ 212,697</u>	<u>\$ 5,779,474</u>	<u>\$ 5,783,380</u>	<u>\$ 208,791</u>
	<u>\$ 212,697</u>	<u>\$ 5,779,474</u>	<u>\$ 5,783,380</u>	<u>\$ 208,791</u>



**STATISTICAL SECTION**

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

Year	General Government	Buildings	Public Safety	Transportation Support	Judicial	Health/ Welfare	Capital	Debt Service	Total
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
2005	73,783	(2)	81,721	23,583	111,827	51,787	46,873	27,408	416,982

(1) Includes general, road and bridge, debt service, capital projects, grants and other governmental funds.

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

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

<u>Year</u>	<u>Taxes, Licenses &amp; Permits</u>	<u>Fees Of Office</u>	<u>Inter- governmental</u>	<u>Other</u>	<u>Total</u>
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)
2005	245,148	60,529	72,274	20,346	398,297 (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>
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%
2005	89,600,000	0.272500	244,160	239,933	98.27%	4,227	1.73%



**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	
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	99,152,796	85.73%
2005	80,509,862	86,569,744	17,690,825	18,051,862	8,600,687	89,600,000	104,621,606	85.64%

**TARRANT COUNTY, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**September 30, 2005**  
(Amounts in thousands)  
(UNAUDITED)

Assessed Value of Real Property		\$ 80,509,862
Debt Limit Rate (1)		<u>0.25</u>
Amount of Debt Limit		20,127,466
Road Bonds Outstanding		<u>-</u>
Legal Debt Margin		<u>\$ 20,127,466</u>
Assessed Value of All Taxable Property		\$ 89,600,000
Debt Limit Rate (2)		<u>0.05</u>
Amount of Debt Limit		4,480,000
Total General Bonded Debt	\$ 167,040	
Less Debt Service Fund Cash and Investments	<u>(2,274)</u>	
Total Net Bonded Debt		<u>164,766</u>
Amount of Debt Margin		<u>\$ 4,315,234</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	1996	1997	1998	1999	2000
Tarrant County					
Operating Fund	\$0.202045	\$0.205246	\$0.209062	\$0.208638	\$0.212890
Debt Service Fund	0.064558	0.059590	0.055774	0.056198	0.051946
Total County Funds	0.266603	0.264836	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	0.266603	0.264836	0.264836	0.264836	0.264836
Tarrant County Hospital District	0.239840	0.234070	0.234070	0.234070	0.234070
Tarrant County College District	0.055460	0.057720	0.057690	0.106410	0.106410
Tarrant County Regional Water District	0.000000	0.020000	0.019823	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	0.000000	0.000000	0.000000	0.000000
Emergency Service District	0.000000	0.030000	0.050000	0.080000	0.080000
Total	<u>\$0.809903</u>	<u>\$0.824626</u>	<u>\$0.844419</u>	<u>\$0.923139</u>	<u>\$0.923139</u>

TABLE VI

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$0.230460	\$0.235486	\$0.237419	\$0.241757	\$0.244048
<u>0.044325</u>	<u>0.039299</u>	<u>0.035081</u>	<u>0.030743</u>	<u>0.028452</u>
0.274785	0.274785	0.272500	0.272500	0.272500
<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>
0.274785	0.274785	0.272500	0.272500	0.272500
0.234070	0.234070	0.232400	0.235397	0.235397
0.106410	0.106410	0.139380	0.139380	0.139380
0.020000	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	0.100000	0.080000	0.070000
<u>\$0.933265</u>	<u>\$0.933265</u>	<u>\$0.982280</u>	<u>\$0.965277</u>	<u>\$0.955277</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>
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
2005	1,628	89,600,000	167,040	2,274	164,766	0.18%	101.21

**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>
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%
2005	19,970	7,438	27,408	416,982 (1)	6.57%

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

**TARRANT COUNTY, TEXAS**  
**ESTIMATED CONSOLIDATED OVERLAPPING DEBT**  
**September 30, 2005**  
(Amounts in thousands)  
(UNAUDITED)

TABLE IX

<u>Taxing Jurisdiction</u>	<u>Total Funded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Overlapping Funded Debt 6/30/2005</u>
Tarrant County	\$187,010	100.00%	<u>\$187,010</u>
Special Districts:			
Tarrant County Fresh Water Supply District #1	515	100.00%	515
Tarrant County Hospital District	1,190	100.00%	1,190
Tarrant County College District	66,755	100.00%	66,755
County Line Special District:			
Trophy Club Municipal Utility District #1	4,021	0.53%	<u>21</u>
Total Special Districts			<u>68,481</u>
Cities:			
Arlington	292,660	100.00%	292,660
Bedford	60,530	100.00%	60,530
Benbrook	12,910	100.00%	12,910
Colleyville	26,840	100.00%	26,840
Crowley	18,425	100.00%	18,425
Dalworthington Gardens	1,969	100.00%	1,969
Eules	59,375	100.00%	59,375
Everman	3,235	100.00%	3,235
Forest Hill	9,665	100.00%	9,665
Fort Worth	296,111	99.69%	295,193
Haltom City	33,330	100.00%	33,330
Haslet	2,240	100.00%	2,240
Hurst	24,850	100.00%	24,850
Keller	117,560	100.00%	117,560
Kennedale	5,540	100.00%	5,540
Lake Worth	15,885	100.00%	15,885
North Richland Hills	56,170	100.00%	56,170
Pantego	1,405	100.00%	1,405
Richland Hills	4,960	100.00%	4,960
Saginaw	21,455	100.00%	21,455
Samsom Park	152	100.00%	152
Watauga	18,535	100.00%	18,535
Westlake	18,810	97.87%	18,409
Westover Hills	410	100.00%	410
White Settlement	4,370	100.00%	<u>4,370</u>
Total Cities			<u>1,106,073</u>

**TARRANT COUNTY, TEXAS**  
**ESTIMATED CONSOLIDATED OVERLAPPING DEBT**  
**September 30, 2005**  
(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 6/30/2005</u>
<b>County Line Cities:</b>			
Azle	\$9,620	78.94%	\$7,594
Burleson	33,639	9.26%	3,115
Grand Prairie	148,100	45.24%	67,000
Grapevine	144,460	99.64%	143,940
Mansfield	82,680	77.52%	64,094
Southlake	131,427	99.16%	130,323
Total County Line Cities			<u>416,066</u>
<b>School Districts:</b>			
Arlington Independent School District	489,396	100.00%	489,396
Birdville Independent School District	140,315	100.00%	140,315
Carroll Independent School District	145,767	100.00%	145,767
Castleberry Independent School District	21,105	100.00%	21,105
Eagle Mountain Saginaw Independent School District	167,493	100.00%	167,493
Everman Independent School District	688	100.00%	688
Fort Worth Independent School District	358,150	100.00%	358,150
Hurst Eules Bedford Independent School District	232,440	100.00%	232,440
Keller Independent School District	399,479	100.00%	399,479
Kennedale Independent School District	39,815	100.00%	39,815
Lake Worth Independent School District	26,994	100.00%	26,994
White Settlement Independent School District	56,388	100.00%	56,388
Total School Districts			<u>2,078,030</u>
<b>County Line School Districts:</b>			
Aledo Independent School District	78,761	3.49%	2,749
Azle Independent School District	33,015	63.04%	20,813
Burleson Independent School District	64,320	25.81%	16,601
Crowley Independent School District	146,683	96.15%	141,036
Godley Independent School District	9,070	9.52%	863
Grapevine Colleyville Independent School District	230,091	98.99%	227,767
Mansfield Independent School District	483,874	82.26%	398,035
Northwest Independent School District	216,403	22.46%	48,604
Total County Line School Districts			<u>856,468</u>
<b>Total Overlapping Funded Debt</b>			<u>4,525,118</u>
<b>Total Direct and Overlapping Funded Debt</b>			<u>\$ 4,712,128</u>



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

Year	Residential Construction		Bank Deposits (in thousands)
	Number of Permits	Value	
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
2004	17,288	249,600	16,950,000

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

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

Taxpayer	Nature of Property	2004/2005 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
TXU/Oncor Electric	Electric Utility	\$823,166	0.92%
American Airlines	Terminals & Facilities	518,963	0.58%
Southwestern Bell	Telephone Utility	438,597	0.49%
Opryland Hotel	Hotel	262,066	0.29%
Albertson, Inc.	Retail & Distributing Facility	256,610	0.29%
Textron, Inc.	Helicopter Manufacturing Facility	221,674	0.25%
Grapevine Mills Ltd. Partnership	Retail Facility	165,639	0.18%
CAE Simuflite	Aviation Training	160,021	0.18%
Alcon Laboratories Inc.	Pharmaceuticals	157,419	0.18%
General Motors Corp.	Automobile Manufacturing	146,282	0.16%
		<u>\$3,150,437</u>	<u>3.52%</u>

# TARRANT COUNTY, TEXAS

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## GENERAL INFORMATION

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Date of incorporation.....	1849
County seat	
Birdville.....	1849-1856
Fort Worth.....	1856-present
Area - square miles.....	863
Governing body	
County Judge.....	1
Commissioners.....	4
Elected officials.....	69
Non-elected employees.....	4,173

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## POPULATION

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1920 Census	153,000
1930 Census	163,000
1940 Census	256,000
1950 Census	361,000
1960 Census	538,000
1970 Census	716,000
1980 Census	861,000
1990 Census	1,170,000
2000 Census	1,446,000
2001 Estimated	1,472,000
2002 Estimated	1,490,000
2003 Estimated	1,554,000
2004 Estimated	1,589,200
2005 Estimated	1,628,200

Source: North Central Texas Council of Governments

## TARRANT COUNTY, TEXAS

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### POPULATION DISTRIBUTION

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	<u>17 - UNDER</u>	<u>18 - 24</u>	<u>25 - 34</u>	<u>35 - 49</u>	<u>50 - OVER</u>
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
2004	27.9	9.9	16.1	23.2	22.9

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

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

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	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Construction	41	39	39	40
Manufacturing	93	93	90	97
Trade, Transportation & Utilities	173	169	175	181
Education & Health	74	72	68	69
Service	232	223	228	225
Government	95	95	90	92
Total	708	691	690	704

Sources: Texas Workforce Commission

# TARRANT COUNTY, TEXAS

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

	NUMBER OF EMPLOYEES				
	2004	2003	2002	2001	2000
AMRCorp./American Airlines	24,578	26,700	28,500	28,492	28,600
Lockheed Fort Worth Division	16,700	16,800	16,800	11,400	10,500
Fort Worth Independent School District	10,615	11,200	9,930	12,513	11,900
Arlington Independent School District	7,831	8,082	8,000	6,723	6,700
Texas Health Resources	7,808	7,268	13,100	8,800	6,700
City of Fort Worth	5,548	5,400	5,740	5,480	5,400
U.S. Postal Service	5,200	4,231	4,231	3,462	4,300
Bell Helicopter-Textron	4,900	5,053	6,000	6,249	6,400
SBC Southwestern Bell	4,443	4,000	N/A	N/A	N/A
Tarrant County Government	4,213	4,373	4,197	4,196	4,100

N/A-Not available

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

	Unemployment Rate	Income Per Household
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
2004	5.7	31,054

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

Dallas-Fort Worth International Airport	
Opened	1974
Longest Runway	13,400 feet
Scheduled Airlines	23
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	600
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

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## EDUCATION

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The Fort Worth Independent School District serves as the largest single school district in Tarrant County. The 144 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 (27) alternative schools. The Fort Worth School District employs approximately 4,793 classroom teachers to instruct the 80,335 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 14,088 students in the top 28 schools.

### TARRANT COUNTY PUBLIC SCHOOL ENROLLMENT

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
2004	292,000

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

	Spring 2005 Enrollment	Type of Institution Year Founded	Type of Degrees Available
Tarrant County College (NE, NW, South, and SE Campuses)	32,700	Community college/1965	Associate's and certificates of completion
University of Texas at Arlington	24,153	State/1895	Bachelor's, master's, and doctorate
Texas Christian University	7,991		Bachelor's, master's, doctorate, and professional
Southwestern Baptist Theological Seminary	2,831	Theological Seminary/ 1908	Master's and doctorate
Texas Wesleyan University	2,300	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



